

HOUSE OF REPRESENTATIVES

FRIDAY, JUNE 26, 1959

The House met at 12 o'clock noon.

The Chaplain, Rev. Bernard Braskamp, D.D., offered the following prayer:

Romans 12: 9: *Abhor that which is evil; cleave to that which is good.*

O Thou who hast spoken unto us through Thy Holy Word, we beseech Thee to build within us those resources of strength and hope which will lift us out of the lowlands of doubt and defeat into the highlands of faith and victory.

Grant that none of the hardships and handicaps of life may cause us to be fainthearted, but may we accept them without complaint and have the courage and patience to carry on faithfully and bravely.

We humbly confess that frequently we are content to stand on the sidelines and be neutral, as far as the moral values are concerned, and ready to agree with almost anything, just to be agreeable.

Make us proud and unashamed of our commitments as spiritually minded men and women, and may we declare ourselves to be for whatsoever things are true and just, without question or compromise.

Hear us in Christ's name. Amen.

The Journal of Wednesday, June 24, 1959, was read and approved.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Ratchford, one of his secretaries, who also informed the House that on June 25, 1959, the President approved and signed bills of the House of the following titles:

H.R. 1758. An act for the relief of Gerald M. Cooley;

H.R. 2011. An act for the relief of Leonora Holmes Mola;

H.R. 2100. An act for the relief of John F. Carmody;

H.R. 2286. An act for the relief of Joseph E. Gallant;

H.R. 3825. An act for the relief of Dr. Gordon D. Hoople, Dr. David W. Brewer, and the estate of the late Dr. Irl H. Blaisdell;

H.R. 4245. An act relating to the taxation of the income of life insurance companies;

H.R. 6914. An act to donate to the Confederated Tribes of the Warm Springs Reservation, Oreg., approximately 48.89 acres of Federal land; and

H.R. 7120. An act to amend certain laws of the United States in light of the admission of the State of Alaska into the Union, and for other purposes.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. McGown, one of its clerks, announced that the Senate had passed without amendment bills of the House of the following titles:

H.R. 5515. An act to amend the 1956 act authorizing the disposal of certain obsolete locks and dams on the Big Sandy River, Ky.-W. Va., for the purpose of increasing the authorization relating to dam No. 3 on the Big Sandy River, Ky.; and

H.R. 7749. An act to increase the amount of obligations, issued under the Second Lib-

erty Bond Act, which may be outstanding at any one time.

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 6769. An act making appropriations for the Departments of Labor, and Health, Education, and Welfare, and related agencies, for the fiscal year ending June 30, 1960, and for other purposes.

The message also announced that the Senate insists on its amendments to the foregoing bill, requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. HILL, Mr. CHAVEZ, Mr. RUSSELL, Mr. MAGNUSON, Mr. STENNIS, Mr. PASTORE, Mr. MONRONEY, Mr. BIBLE, Mr. BYRD of West Virginia, Mr. KUCHEL, Mrs. SMITH, Mr. HRUSKA, and Mr. ALLOTT to be the conferees on the part of the Senate.

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 7176. An act making appropriations for the Executive Office of the President and sundry general Government agencies for the fiscal year ending June 30, 1960, and for other purposes.

The message also announced that the Senate insists on its amendments to the foregoing bill, requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. MAGNUSON, Mr. HILL, Mr. ELLENDER, Mr. ROBERTSON, Mr. ALLOTT, Mr. SALTONSTALL, and Mr. YOUNG of North Dakota to be the conferees on the part of the Senate.

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 7523. An act to provide a 1-year extension of the existing corporate normal-tax rate and of certain excise-tax rates.

The message also announced that the Senate insists on its amendments to the foregoing bill, requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. BYRD of Virginia, Mr. KERR, Mr. FREAR, Mr. LONG, Mr. WILLIAMS of Delaware, Mr. BENNETT, and Mr. BUTLER to be the conferees on the part of the Senate.

The message also announced that the Senate insists upon its amendments to the bill (H.R. 7086) entitled "An act to extend the Renegotiation Act of 1951, and for other purposes," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. BYRD of Virginia, Mr. KERR, Mr. FREAR, Mr. WILLIAMS of Delaware, and Mr. CARLSON to be the conferees on the part of the Senate.

PROVIDING A 1-YEAR EXTENSION OF EXISTING CORPORATE NORMAL-TAX RATE AND OF CERTAIN EXCISE-TAX RATES

Mr. MILLS. Mr. Speaker, I ask unanimous consent to take from the Speaker's

desk the bill (H.R. 7523) to provide a 1-year extension of the existing corporate normal-tax rate and of certain excise-tax rates, with Senate amendments thereto, disagree to the Senate amendments and agree to the conference asked by the Senate.

The Clerk read the title of the bill.

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

Mr. McGOVERN. Mr. Speaker, reserving the right to object, I had intended to offer a motion today that the House conferees be instructed to accept the Senate amendments to H.R. 7523 which included an amendment repealing the 10-percent passenger transportation tax. I think this tax should have been repealed a long time ago. It was added as a wartime measure for the purpose of discouraging travel. Certainly, that reason no longer exists for justification of the tax. But in view of the present parliamentary situation, I have agreed not to offer the motion at this time. I take this time to express my earnest hope that the House conferees will agree to that particular provision added by the Senate to the bill.

In my judgment the passenger transportation tax is unsound economically and an unfair handicap both to the traveling American public and our transportation industry. I hope that it will be repealed.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas? [After a pause.] The Chair hears none and appoints the following conferees: Messrs. MILLS, FORAND, KING of California, SIMPSON of Pennsylvania, and MASON.

Mr. MILLS. Mr. Speaker, I ask unanimous consent that the conferees may have until midnight Saturday night next to file a conference report on the bill H.R. 7523, and that rule XXVIII relating to printing in the RECORD in this instance be waived.

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

There was no objection.

DEPARTMENTS OF LABOR, AND HEALTH, EDUCATION, AND WELFARE AND RELATED AGENCIES APPROPRIATION BILL, 1960

Mr. FOGARTY. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 6769) making appropriations for the Departments of Labor, and Health, Education, and Welfare, and related agencies, for the fiscal year ending June 30, 1960, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Rhode Island? [After a pause.] The Chair hears none, and appoints the following conferees: Messrs. FOGARTY, DEN-
TON, CANNON, LAIRD, and TABER.

**SUPPLEMENTAL APPROPRIATION
BILL, 1960**

Mr. THOMAS, from the Committee on Appropriations, reported the bill (H.R. 7978) making supplemental appropriations for the fiscal year 1960 (Rept. No. 579), which was read a first and second time and, together with the accompanying papers, referred to the Committee of the Whole House on the State of the Union and ordered to be printed.

Mr. OSTERTAG reserved all points of order on the bill.

VETERANS OF THE FRENCH RESISTANCE GROUP

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

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

There was no objection.

Mr. SIKES. Mr. Speaker, it is with particular pleasure that I announce to the House that among our guests at the Capitol today there is a group of 45 brave and dedicated men and women who are veterans of the resistance group which served so valiantly in France during the dark days of World War II. These loyal patriots are here as guests of the Veterans of the Office of Strategic Services of the United States. It will be recalled by my colleagues in the House that this group worked very closely with representatives of our own Nation in achieving the victory that finally was gained for the allied cause. Their service to France and to the Allies was monumental and was at great risk to themselves.

It is always with pride that I recall the fact that France is our oldest ally, and that the bonds which cement our friendship are forged in mutual trust and understanding. Our guests today are representative of the finest traditions of that great nation. By their bravery and devotion during World War II, these members of the resistance group helped to keep alive the flame of love for liberty and democracy which in France has always characterized that great and freedom-loving democracy.

I submit for printing in the CONGRESSIONAL RECORD a list of those who are here as representatives of all who served in the French resistance movement:

Gilbert Grandval, Paris, secrétaire général à la Marine Marchande; Jean Baldensberger, Raymond Basset, Mlle. Anne-Marie Bauer, Mme. de la Begassiere, Paris; Albert Marcel Blot, Meudon; Edmond Bricout, Gouy; Gilbert Bugeac, Limoges; Rene Cailleaud, Michel Calsacy, Paris; Noel Abbe Carlotti, Indre; Marcel Chaumien, Mme. Denise Collin, Jean Joseph Coppler, Paris; Mlle. Madeleine Desanges, Grasse; Marcel Descours, Lyon; Pierre Deshayes, Lille; Mme. Laure Diebold, Lyon; Robert Dupuis, Charleville; Maxime Leon Fischer, Pierre Fourcaud, Paris; Charles Franc, Malaville; Henri Guillermin, Vanves; Maurice Hechmann, Toul; Pierre Henneguier, Montmorency; Andre Jarrot, Paris; Jean Lardan, Lyon; Jean Lapeyre-Mensignac, Nontron; Albert Le Lay, Bayonne; Roger Paul Lebas, Paris; Roger Lebon, Boulogne; Mme. Elizabeth de Lipkowski, Roger Marie Lucien Louis, Paris; Mme. Jacqueline de Marcilly, Versailles; Andre

Charles Mawoix, Foch-Jarville; Joseph Monjaret, Chatou; Louis Mouchon, Paris; Rene Obadia, Rouen; Hubert Paul Perin, Paris; Roger Perrin, Marseille; Lucien Picard, Seurre; Rene Jean Pouzet, Nouvelle Cite; Jean Francois Praslon, Corbigny; Jean Pierre Rosselli, Paris; Paul Schmidt, Versailles; Joel Le Tac, Mme. Yves Le Tac, Jean de Roquefort, Philippe M. de Vomecourt, Andre de Wavrin, Paris.

Mr. McCORMACK. Mr. Speaker, will the gentleman yield?

Mr. SIKES. I yield to the distinguished majority leader.

Mr. McCORMACK. The Speaker and I have had the honor and the pleasure through the courtesy of the gentleman from Florida [Mr. SIKES] and our friend, the gentleman from Iowa [Mr. HOEVEN], of meeting the distinguished ladies and gentlemen, and I want to join my friend in the remarks that he has made and express the pleasure that both the Speaker and I had in meeting these distinguished and courageous ladies and gentlemen.

Throughout the ages we have heard the clarion call of men and women everywhere who want to be free, and that has been "Where law ceases, tyranny starts." Another clarion call which we in America are more familiar with is "Give me liberty or give me death." Those phrases or slogans represent the hopes and aspirations of men and women of all generations of yesterday who believed in freedom, the inherent rights possessed by the individual, who believed in a "Government of laws under God." These ladies and gentlemen, in the most trying period in the world's history, have evidenced the strength of the spirit of the individual who wants to be free under their own laws, and that they would rather die than be denied freedom. It is that spirit that we need in the world of today, the spirit of men and women everywhere, not only in the United States but throughout the entire world, who want to possess liberty under their own laws, in accordance with their own cultures. These ladies and gentlemen are living evidences and symbols, through hard experience under the most cruel conditions imaginable, of the determination of the human being for liberty and for independence. And, as long as that spirit exists, we need never fear the forces of totalitarianism, vicious or otherwise.

Mr. SIKES. Mr. Speaker, I am sure the House and the Nation are grateful for the comments of the distinguished gentleman from Massachusetts.

Mr. BYRNES of Wisconsin. Mr. Speaker, will the gentleman yield?

Mr. SIKES. I yield to the gentleman from Wisconsin.

Mr. BYRNES of Wisconsin. I would like to express the feeling of great and high respect which I am sure we all hold for these people for whom liberty has meant so much to them that they were willing to undergo the sacrifices that they have made. I think to all of us the word "liberty" or "liberte" has been identified with France. It was one of the rallying cries and symbols of that great Republic. These people certainly personify the greatest determination that liberty is not just a word but is

something to suffer and, if need be, to die for. We are all honored for their presence in the Capitol today.

Mr. HOEVEN. Mr. Speaker, will the gentleman yield?

Mr. SIKES. I shall be happy to yield.

Mr. HOEVEN. Mr. Speaker, it was my privilege this morning to greet our distinguished guests in behalf of the minority leader who is necessarily absent today.

I do not know how freedom-loving people can adequately express their appreciation to this splendid group of freedom fighters and the many thousands of others they represent. It is my understanding that this group of 45 represents 100,000 of these valiant heroes of France. They suffered untold hardships and suffered many adversities, but uppermost in their minds was their love for freedom, not only freedom for their beloved country, France, but freedom for all the freedom-loving nations of the world. And so it is a real privilege to have them here, to wish them Godspeed and to assure them that their friends here in America deeply appreciate their valliant efforts and the fine contribution they have made to world peace.

Mr. SIKES. May I thank the distinguished acting minority leader for his comments.

**TRADE AGREEMENTS PROGRAM—
MESSAGE FROM THE PRESIDENT
OF THE UNITED STATES (S. DOC.
NO. 31)**

The SPEAKER laid before the House the following message from the President of the United States, which was read, and, together with the accompanying papers, referred to the Committee on Ways and Means:

To the Congress of the United States:

I hereby transmit the third annual report on the operation of the trade agreements program. This report is submitted to the Congress pursuant to section 350 (e) (1) of the Tariff Act of 1930, as amended.

Through the trade agreements program the United States plays a sound role in fostering the healthy and mutually beneficial international trade so necessary to the economic well-being of the free world and the promotion of higher standards of living in all nations, including the United States.

Although total world trade declined somewhat from 1957, several developments in 1958 hold great promise for the future. The treaty establishing the European Economic Community entered into effect. The currencies of most Western European countries were made convertible for nonresidents, a move which should facilitate early and substantial progress in the further elimination of quantitative trade restrictions. And at home the 4-year extension of the trade agreements legislation enabled the United States to begin preparations for reciprocal tariff negotiations among the countries participating in the General Agreements on Tariffs and Trade.

In the coming months and years there will be many complex problems connected with the emergence of the Euro-

pean Common Market and with possible developments toward regional economic integration in other areas of the world as well. In addition we shall continue to face the problems of the less developed countries and the Communist attempts at economic penetration throughout the free world. Such problems emphasize anew the compelling need for wise policies in the field of trade. For U.S. leadership in these matters the trade agreements program will remain an indispensable instrument.

DWIGHT D. EISENHOWER.
THE WHITE HOUSE, June 25, 1959.

ADJOURNMENT UNTIL MONDAY NEXT

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet on Monday next.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

DISPENSING WITH CALENDAR WEDNESDAY NEXT WEEK

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that Calendar Wednesday of next week be dispensed with.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

TWENTY-FIFTH ANNIVERSARY OF FEDERAL CREDIT UNION

Mr. PATMAN. Mr. Speaker, I offer a resolution and ask unanimous consent for its immediate consideration.

The Clerk read the resolution, as follows:

HOUSE RESOLUTION 308

Whereas June 26, 1959, marks the 25th anniversary of the enactment of the Federal Credit Union Act; and

Whereas the year 1959 marks the 50th anniversary of the passage of the first State law to permit the chartering of credit unions in the United States; and

Whereas more than 19,000 credit unions in the United States are now providing such illustrious service to our citizens; Now, therefore, be it

Resolved, That the House of Representatives extends its greetings and felicitations to the 10,000,000 credit-union members and volunteer officers on the occasion of the celebration of these historic anniversaries which commemorate these years of fine service.

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

There was no objection.

The resolution was agreed to.

A motion to reconsider was laid on the table.

ARTHUR FIEDLER—30TH ANNIVERSARY AS CONDUCTOR OF BOSTON POPS CONCERTS

Mr. CURTIS of Massachusetts. Mr. Speaker, I offer a concurrent resolution, and ask unanimous consent for its immediate consideration.

The Clerk read the concurrent resolution, as follows:

HOUSE CONCURRENT RESOLUTION 232

Concurrent resolution honoring Arthur Fiedler on his 30th anniversary as conductor of the Boston Pops Concerts

Whereas Arthur Fiedler has been conductor of the Boston Pops Concerts for 30 years, one of the longest tenures in musical history; and

Whereas Arthur Fiedler's personality, flair, and sound musicianship have made these concerts known throughout the world; and

Whereas Arthur Fiedler has made an enormous world public aware of the charm and satisfaction of good popular music played by a symphony orchestra; and

Whereas in these 30 years Arthur Fiedler has led over 2,000 concerts in this country and abroad heard by audiences of many millions; and

Whereas Arthur Fiedler has spread the pleasure of music to millions more by means of radio, television, and sound recordings; and

Whereas Arthur Fiedler and the Boston Pops Orchestra in these 30 years have come to occupy a unique position in the musical history of Boston, the United States of America, and the world: Now, therefore, be it

Resolved by the House of Representatives (the Senate concurring), That the Congress of the United States of America, hereby heartily congratulates Arthur Fiedler on his 30th anniversary as conductor of the Boston Pops Concerts and expresses the gratitude of the Nation for his contribution to our cultural life and musical heritage.

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

Mr. McCORMACK. Mr. Speaker, reserving the right to object, and, of course, I shall not object—I am glad to cooperate and join with my distinguished friend from Massachusetts in this resolution. Mr. Fiedler is not only highly esteemed but deeply respected by millions of music lovers throughout the world.

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

There was no objection.

Mr. CURTIS of Massachusetts. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

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

There was no objection.

Mr. CURTIS of Massachusetts. Mr. Speaker, I introduce a concurrent resolution honoring Mr. Arthur Fiedler on the 30th anniversary of his association as conductor with the Boston Pops Orchestra. Tomorrow evening, the Boston community and the musical world will pay honor to Mr. Fiedler on this special anniversary. Mr. Fiedler has not only been a great musical leader, but also a fine musical educator. The Boston Pops has been a great popularizer of musical works and has also been an important innovator and performer of first works. Moreover, Mr. Fiedler has generously and wisely guided the musical careers of many younger performers and composers. Throughout these 30 years he has maintained the highest standards of musicianship by drawing on the personnel of the Boston Symphony and

other leading musicians. Mr. Fiedler and his orchestra have not been in Boston's possession alone, but they have traveled widely in this and in foreign countries as well. Mr. Fiedler enjoys renown throughout the world, both from his live performances and from his many recordings. Everywhere in the world the Boston Pops Orchestra ranks as one of America's most inspiring cultural exports. It is only proper that we honor this American institution whose influence and traditions are international.

Mr. Fiedler's 30-year tenure with the Boston Pops is, to our knowledge, the longest current association of conductor and orchestra anywhere in the world. I hope that the Congress will pay this tribute to Mr. Fiedler by means of this resolution.

The concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

PERSONAL RESOLUTIONS

The SPEAKER. The Chair wants to make this statement. Members are coming up more often, wanting to congratulate some person or some town or some school, or something of that kind, and to ask unanimous consent to pass a resolution to that effect. If the House should start the policy or continue the policy of congratulating everybody in the United States who has done a good deed or lived a good life, we are going to fill the CONGRESSIONAL RECORD with matters of that kind. I trust that hereafter gentlemen will clear the matter with the Speaker first before they ask to be recognized for this purpose. The gentleman from Massachusetts did state to the Speaker that he had cleared his matter with everybody. I trust that this may be a notice so that we may not put into the RECORD a resolution every time somebody has done a grand deed or led a great life.

Mr. CURTIS of Massachusetts. I thank the Speaker.

GIFTS TO CHARITY

Mr. WOLF. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

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

There was no objection.

Mr. WOLF. Mr. Speaker, I am introducing a bill today which will clear away the legal "cobwebs" and administrative inequities connected with gifts to charity. This bill, which, in fact, is little more than a technical amendment, will encourage citizens to make more generous gifts by will to hospitals, schools, churches, and other charities which benefit the entire community.

Often people desire to make a gift to charity on condition that the charity match the gift by public subscription or otherwise. This happens quite frequently in middle size cities and towns.

The problem generally arises in the following manner. A citizen may desire to provide a new wing for the local hospital in his will. He knows that the total cost is more than he can give. He

feels, however, that if he makes a gift of a part of the total cost, the community can raise a like amount. The gift and the community subscription together will enable the hospital to have the improvement.

But as the law is presently written, this citizen's gift would still be fully taxed. Because of an oversight in the drafting of the code such a gift with a condition attached would not result in a charitable deduction.

The purpose of my bill is to make sure such worthy gifts to charity receive the same kind of treatment as other charitable gifts.

Because of the present restriction by oversight placed on such gifts, philanthropy for public projects which are of benefit to all of us has been discouraged.

There is no doubt that my bill will encourage gifts to charities that might otherwise not be made. This bill, in fact, guarantees greater revenues to charities. For every dollar of gift, the hospital, school, church, or like charity stands to gain a like amount from other sources. Unless we enable people of means to bequeath gifts to certain small charities which are in the public interest, it could very well become necessary for the Federal Government to commit part of our tax revenues from the whole Nation to the aid of certain charities which benefit the whole community. None of us can close our eyes to the need of these institutions.

Because I believe that such institutions as colleges and hospitals should be afforded every opportunity for growth, I am offering this bill. In my district alone, the Second Congressional District of Iowa, there are many outstanding colleges and hospitals which could be aided by this measure. And, such aid could be multiplied many times across the United States to colleges and hospitals which are in need of more funds.

In closing let me state that this bill is in the great tradition of community self-help; a tradition which should be encouraged and perpetuated by our laws. It is unfortunate that the problem of the matching charitable bequest has been overlooked. It is fortunate, however, that the correction of this previous oversight is only technical in nature and further implements the Nation's tax philosophy as it is applicable to charitable bequests.

CREDIT UNION DAY

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

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

There was no objection.

Mr. WAMPLER. Mr. Speaker, this year, 1959, marks the 25th anniversary of the enactment of the Federal Credit Union Act of 1934. It is also the golden anniversary of the beginning of the credit union movement in the United States.

In 1909, 50 years ago, through the dedicated efforts of a Boston merchant,

Edward A. Filene, the State of Massachusetts enacted the first legislation in support of credit unions. During the 25 years between 1909 and 1934 we have witnessed a growing enthusiasm for these self-help organizations. Thirty-eight States and the District of Columbia had already adopted legislation similar to the Massachusetts law, when Congress finally succeeded in providing a legal base for the operation of federally chartered credit unions.

That these financial institutions have grown at an astoundingly rapid rate since 1934 is not really surprising, for few organizations have done more to promote the economic well-being of the workingman and the members of his family. The basic principle upon which the first cooperative credit group was founded in Germany in 1848—self-help, through the pooling of resources—gave promise of success, for it is a very human trait to want to be independent.

What greater satisfaction can a man achieve than to have his character, alone, accepted as security for a loan? What deeper satisfaction can he know than that which comes from ownership and a sense of belonging? What greater source of contentment than the knowledge that thrifty use of one's resources provides a higher standard of living and a better way of life?

Credit unions have helped millions of families toward the fulfillment of these basic satisfactions. In my State of Indiana, more than 200,000 families enjoy the fruits of credit union membership. At this point, Mr. Speaker, I would like to specifically recognize and commend the Indiana Credit Union League for the excellent job it is doing within the credit union movement.

Often, the person most in need of credit has no collateral to pledge as security. For a credit union member, the most important pledges of security for a loan are integrity and honesty. This has served to boost the self-confidence of many a man who has been beset with the problems of paying off old debts or meeting current medical or dental bills, not covered in his budget. Instead of scrimping and pennypinching, through credit union loans he is able to make his money work for him, with the greatest possible results at the least cost.

All members are owners. The shares deposited by the credit union members are the funds used for loans. A credit union is operated for its members, and by its members. Each member has an equal voice in the management of the institution's affairs. All earnings, after payment of expenses and allowances for reserves, are returned to the members. The benefits from savings are double for credit union members—annual dividends are returned at a 3- to 4-percent rate on shareholdings; and the cost of money at 1 percent can save anywhere from 2 to 6 percent in interest payments.

The importance of these financial institutions is recognized by employers and employees alike. Most business establishments encourage the organization of credit unions by their employees, and provide space and time for their opera-

tion. They do so because intelligent management has found that business derives major benefits when fewer workers have money problems. By the same token, the entire national economy benefits from the successful operation of these cooperatives. The wise use of all of our financial resources—large and small—is necessary to our continued economic growth, and no one will dispute the fact that the wholesome philosophy of cooperative effort is basic to our American way of life.

PRICES OF AGRICULTURAL PRODUCTS

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

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

There was no objection.

Mr. DORN of South Carolina. Mr. Speaker, our Committee on Agriculture recently issued a report showing that retail food prices have increased 20 percent in the past decade while prices received by farmers have fallen 8 percent.

This spread means that consumers today are paying more for American-produced food while American farmers are getting lower prices. Also, it means that the increase has gone to the food processors who, like the farmers, have met with mounting costs.

This situation, however, is in contrast to the relationship between American cotton and cotton textile products. Department of Agriculture studies show that the spread between the farm value of cotton and the retail cost of cotton products has remained fairly stable since 1947.

In other words, consumers of cotton textiles have seen the retail prices for such products decline in the past 10 years while the farm value of cotton in these products increased. And both the cotton farmer and the textile manufacturer have been saddled with higher processing costs.

The farmer's share in the retail price of cotton textiles varies among products, depending upon the amount of labor required in relation to the amount of cotton used. For example, dress shirts, work shirts and sheets are typical items for which the farmer's share differs because the value added by manufacture and distribution differs in relation to the quantity of cotton required in the different products. The USDA reports that for each of these three products the farm value of cotton increased in relation to the retail prices since 1939.

In 1939 the farmer's share of the retail price of cotton sheets amounted to 23 percent. The 1947-49 average was 30 percent. And the 1955-57 average was 35 percent.

These facts are significant to cotton growers as they show clearly that the cotton industry has fared well in an inflationary period that has caught some other farm commodities in a squeeze between higher processing costs and consumer resistance to higher prices.

As the cotton farmer's share has increased, the textile manufacturer's share has decreased, and this situation should attract our special attention.

An unrealistic Government cotton program, featuring uneconomic price supports coupled with restrictions on cotton acreage, has removed cotton from the list of the Nation's growth industries. Despite all of the growth factors that mark the general economy, per capita consumption of cotton in this country is about the same as it was 20 years ago.

To further complicate the situation facing this Nation's cotton economy, the Government on August 1 will increase the subsidy on American cotton exports from 6 to 8 cents a pound. In effect, the advantages enjoyed by offshore cotton textile manufacturers are to be increased still further at the expense of the American taxpayers on one hand and the American textile industry on the other. The Government expects to dispose of about 3 million bales of surplus stocks of cotton with little or no control over the amount which will return to these shores in the form of textile products, and displace that cotton which might have been manufactured domestically. To protect the U.S. cotton farmer, the law limits raw cotton imports to 29,000 bales of the up-land type each year. Inasmuch as the equivalent of 137,000 bales entered this country in the form of textile products in the 1957-58 crop year, it would appear that the surplus disposal program is being defeated in some measure.

In view of all of the circumstances confronted by our textile industry, it is my opinion that our textile industry has made a distinct contribution in the fight against inflation in contrast to the processors of many other farm commodities. Truly, this is a remarkable performance.

THE CONGRESSIONAL RECORD

Mr. TEAGUE of California. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

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

There was no objection.

Mr. TEAGUE of California. Mr. Speaker, I take this time to call the attention of the Members of the House to the bill I introduced last week which is very apropos the admonition just given the Members of the House by the Speaker. The gentleman from Missouri [Mr. JONES] and I have each introduced measures which would limit and restrict the type of material and the number of insertions which go into the CONGRESSIONAL RECORD. It would seem to me that this is a matter of great importance if we are going to have the RECORD be the important document it was intended to be.

SPECIAL NONQUOTA IMMIGRANT VISAS FOR FOREIGN-BORN ORPHANS

Mr. HIESTAND. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

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

There was no objection.

Mr. HIESTAND. Mr. Speaker, since the passage of Public Law 316 of the 85th Congress, more than 3,000 foreign-born orphans have found homes in the United States.

Section 4 of Public Law 316 granted special nonquota immigrant visas to eligible orphans born in foreign countries. Immediately, thousands of childless couples—and many parents with children of their own—opened their homes to babies and toddlers.

Of the more than 3,000 youngsters admitted, at least one-half have been brought to this country by proxy adoptions. And mark this: Less than one-fifth of 1 percent has been unsuccessful.

The special provision of the law should be extended. It is due to expire at midnight next Tuesday. Bickerings of small merit—"lint picking," if you will—have stalled action on this legislation which has support of the administration as well as practically every other Member of Congress.

There is still time to act. Let us hope that we are privileged to approve extension of this important law before it expires on June 30. Otherwise, thousands of American homes may go without children; and thousands of unfortunate orphans may go without homes.

There is a need. The heart of the Congress is big. Let us attend to this problem.

FEDERAL EMPLOYEES LEGAL HOLIDAY BILL

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

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

There was no objection.

Mr. JOHANSEN. Mr. Speaker, I take this time to call the attention of the House to the following letter which I addressed to the general membership on the 26th of this month:

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., June 26, 1959.

DEAR COLLEAGUE: I respectfully direct your attention to the fact that an effort will be made to bring H.R. 5752, the Federal employees legal holiday bill, to the floor of the House next Monday, June 29.

It is my earnest hope, as a member of the Committee on Post Office and Civil Service, that the rule on the bill will be defeated and, failing that, that this bill will be voted down.

My objections to the proposed legislation are summed up in the minority views, found on page 11 of the enclosed committee report.

There is now additional reason why I believe the rule should be defeated. Since this report was printed, the President has issued an Executive order giving most Federal employees a 3-day holiday over the July 4 weekend. This action was recommended to the President by the chairman and ranking minority member of the committee when it appeared doubtful whether Congress would act on the bill in time to grant the Friday holiday.

So far as the July 4 Saturday holiday is concerned, the Executive order removes any occasion for this legislation. Hereafter in the next 4 years only one legal public holiday falls on a Saturday—Veterans' Day (November 11), 1961. Action designating the preceding Friday as a holiday in the case of this or subsequent Saturday holidays can, and in my judgment should, be deferred until the year in which they occur, when the matter can be handled either by act of Congress or Executive order. I am advised that the chairman and ranking minority member of the Post Office and Civil Service Committee strongly hold this view.

Of course, the proposed bill, H.R. 5752, goes far beyond designating as a legal holiday the Friday before any legal public holidays falling on Saturday. As my minority views point out, this bill will also apply to every Federal employee in any instance in which any legal public holiday falls on that employee's "regular weekly nonwork day." I strongly oppose this provision.

Such legislation is not only extravagant and unreasonable so far as Federal employees are concerned, but would set a pattern for further exorbitant holiday demands not only in Government but also in private employment.

I hope you will see your way clear to oppose the rule and the bill.

Sincerely yours,

AUGUST E. JOHANSEN,
Member of Congress.

The letter calls attention to the effort that will be made on Monday next to bring to the floor of the House the bill H.R. 5752, the Federal employees legal holiday bill. In this letter and in the minority views which I am sending out accompanying the letter I set forth the reasons for my hope that this rule will be defeated, or if it is not defeated that the bill will be turned down.

I can report, Mr. Speaker, that because of the Executive order issued by the President with respect to the Fourth of July holiday this year it is the feeling of the chairman and of the ranking minority member of the Committee on Post Office and Civil Service, of which I am a member, that the rule should be defeated.

LABOR REFORM LEGISLATION

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

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

There was no objection.

Mr. BERRY. Mr. Speaker, the shame of America does not lie in the corruption of labor leaders, but in the fact that the Congress of the United States has failed to adopt corrective legislation.

I strongly urge the Democrat leadership to stop fiddling around and get a labor reform bill before the House.

I was hopeful that labor reform legislation could be placed on the statute books before July 4 to prove the freedoms we talk about in our Independence Day speeches.

Twice this Congress has been confronted with the test of whether or not it would remove the chains of oppression and corruption from the shoulders of rank and file union members. The first test was flunked miserably last year when the 85th Congress went home with the sorry story that it could not take

action because of parliamentary procedures.

Are the American people once again going to be forced to swallow their own mandate to Congress for effective reform measures by inaction in the House? The Senate has passed legislation through adoption of the Kennedy-Ervin bill. Although the bill needs strengthening, it is a step in the right direction, and gives the House something from which to work. But this approval is fast becoming ancient history as the House stands by waiting for its leadership to bring out a labor reform bill. The public has clamored for reform legislation, newspapers and commentators have demanded curbs, and worst of all, the people who are really hurt, the labor union members, beg for relief from their leaders who have thrown democracy out the window. But the cry is not heeded, and as each day passes, the record of inaction by the House becomes more shameful.

THE CREDIT UNION MOVEMENT

Mrs. GREEN of Oregon. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the Record.

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

There was no objection.

Mrs. GREEN of Oregon. Mr. Speaker, the State of Oregon has 188 credit unions, and the majority of these are chartered under the Federal Credit Union Act. These 188 credit unions have 93,000 members whose combined savings totaled \$36,806,088, and whose combined loans totaled \$36,777,005, at the end of 1958. The most common dividend rate paid last year on savings was 4 percent. There is nothing particularly unusual about these figures, except that they indicate the thriving good health of the credit union movement in the State of Oregon. Moreover, they show that the principles of brotherhood can be carried into the field of finance with conspicuous success. Future historians writing the history of the credit union movement in the United States may well consider this to be its outstanding characteristic.

This philosophy is summed up in the motto for International Credit Union Day on October 15 this year, "We help each other; join us."

It is exemplified also, I believe, in the outstanding work credit union people in this country have done for the citizens of less privileged lands overseas.

Through the world extension program of their international association, credit unions have fostered, encouraged, and materially aided in the development of credit unions in such countries as Mexico, Central America, the West Indies, Peru, Chile, the Fiji Islands, and Australia and the Philippines. In addition, credit union training courses for native leaders in such remote areas as Vietnam, Indonesia, and Thailand have been carried out in cooperation with our Government agencies, the United Nations, and private organizations.

As the only worldwide association of credit unions, the Credit Union National Association, or CUNA, is not merely a

coordinating agency. Through it is channeled the deeply felt responsibility of the credit union movement to share the credit union idea with people in other countries, so that they too may enjoy the benefits of this self-help plan.

How does the credit union idea spread? In some countries the movement is started by persons who have read about it or observed credit unions operating elsewhere, which is how the credit union idea started in the United States, incidentally. In most cases, however, either initially or early in the process, CUNA is asked to help. This request may come from a group of private citizens, from an employer, or from an office of the foreign government. During the last few years, CUNA has given information and assistance to more than 80 different countries. CUNA also maintains a staff of four men who travel throughout the world giving on-the-spot assistance to new groups. Two of these specialists are based at the international headquarters of CUNA in Madison, Wis., the third is in the West Indies, and the fourth covers all of Latin America from his headquarters in Costa Rica.

This technical assistance program is financed entirely by credit unions, partly by dues they pay CUNA, and partly by small free-will donations. No government funds and no grants from foundations support this effort.

How successful has this international growth of credit unions been? In Africa credit unions are already in operation in Ghana, Nigeria, and Sierra Leone. Those that already exist can be expected to act as examples for the rest of the continent. Tanganyika, Kenya, the Belgian Congo, and Uganda have shown great interest in credit unions. Two African leaders are studying credit-union operations and procedures with CUNA this summer.

During 1958 the credit union movement in Australia expanded remarkably in the three states of New South Wales, Victoria, and Queensland. A central league of credit unions, affiliated with CUNA, is already operating in New South Wales.

In the Fiji Islands, the solid growth of some 233 credit unions has prepared the way for credit unions in other areas of the Pacific. Western Samoa has 10 credit unions now, and a few have begun to try their wings in New Zealand. A credit-union school for the South Pacific is now beginning in Fiji. The Fiji league is also a member of CUNA.

To keep pace with the new independent political federation of the West Indies, the credit unions there have formed a confederation. It contains more than 400 independent credit unions.

Mexico has 240 credit unions, with 23,000 members. The movement there has been successful in developing a group of dedicated volunteer workers, and a central organization of credit unions in the various States is operating.

Thirty-three leaders from all Central American countries, Mexico and Colombia attended a 2-week credit union school in Costa Rica last summer; a conference for the West Indies was held in Barbados this spring, and in the fall a South American training session will be

held in Chile, cosponsored by CUNA, various government and international agencies.

Peru has seen the growth of 60 credit unions with 10,000 members during the last 2 years. The Philippines have 300 credit unions, but need help in coordinating their efforts in an effective central organization for training and education.

In line with CUNA's policy of encouraging self-help, a basic principle of the entire credit union movement, native leaders are trained under CUNA sponsorship and then they return to their own countries to develop local credit unions. Wherever possible the trainee studies with credit unions in countries with conditions similar to his own, and in most cases, he also receives intensive training at CUNA headquarters and has a tour of duty with affiliated credit union leagues. Leaders from other countries under sponsorship of other agencies are also given credit union training.

This is an ambitious program and one which will take a long time to bear fruit. And yet, a service so well worth the effort, could not long remain untried.

Those men of vision who voted for the Federal Credit Union Act in 1934, which became law 25 years ago today, should be gratified to see their judgment confirmed in this worldwide movement for self-help and economic democracy.

TWENTY-FIFTH ANNIVERSARY OF THE FEDERAL CREDIT UNION

The SPEAKER. Under the previous order of the House, the gentleman from Texas [Mr. PATMAN] is recognized for 2 hours.

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and include therein extraneous matter; and I also ask unanimous consent that all Members of the House today may extend their remarks in the proceedings of the House and include extraneous matter.

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

There was no objection.

Mr. PATMAN. Mr. Speaker, this is a signal occasion. It was on this very day, June 26, 25 years ago, that the Federal Credit Union Act was passed by the Congress of the United States. This year credit unions of the United States are also celebrating their 50th anniversary in this country.

Federal credit unions are cooperative associations organized to promote thrift among their members and to provide a source of credit for small loans.

Annual financial and statistical reports from more than 9,000 Federal credit unions in operation at the end of 1958 have just been summarized, and they show that total assets stood at \$2,034,866,000 on December 31, 1958, an increase of 14 percent during the year. Members' savings amounted to \$1,812,017,000, also up 14 percent, and averaged \$348 per member. Federal credit unions made 3,779,000 loans, totaling \$2,022 million, during the past year, and by the end of 1958

they had more than \$1,379 million in loans outstanding to their members.

Membership in Federal credit unions exceeded 5,200,000 at the end of 1958. A large majority of these members are employed in private industry. Less than one-sixth of the Federal credit unions serve employees of Federal, State, or local government agencies.

Federal credit unions make up about one-half the total number of credit unions in the United States and its possessions. The rest are chartered under the various State laws, although six States—Alaska, Delaware, Hawaii, Nevada, South Dakota, and Wyoming—had not enacted a credit union law by the end of 1958.

The Federal law covers all 50 States, the Panama Canal Zone, and the Virgin Islands. Credit unions in Puerto Rico may be organized under the Federal act or under the local credit union law; there are no provisions for chartering credit unions in Guam.

The Bureau of Federal Credit Unions in the Social Security Administration, Department of Health, Education, and Welfare, is responsible for conducting periodic examinations of credit unions chartered under provisions of the Federal Credit Union Act of 1934. The Bureau also acts upon applications for charters from new groups and exercises general supervision over all Federal credit unions.

This is a wonderful record of accomplishment.

Men who have done great public service have sought different kinds of monuments to their works. My good friend, the late Senator Morris Sheppard of Texas, wished the Federal Credit Union Act to be a monument to his service in the Senate, and it has proved to be a growing monument indeed. I know of no law ever passed by Congress which has proved more successful. It is most gratifying to me to have been able to help in the passage of the act and to have helped in the passage of a number of other bills over the years which have improved it.

I recall when the bill was being considered in the 73d Congress. I was the only Member to appear before the committee and testify in its support. I recall also some very exciting events just prior to its becoming law. Despite all efforts to obtain early passage of the bill in the 73d Congress, the bill was not put over until the 2d session, which was the Congress of 1933 and 1934, and one, of course, involved in a great deal of momentous legislation. The credit union bill finally passed the Senate on May 10, and it was on Saturday, June 16, 1934, the day Congress was expected to adjourn, that the House took the bill, amended it, and passed it. I called for a vote, and the RECORD shows that the House voted for the bill 180 for it and only 2 against it. Fortunately, Congress recessed over until Monday, June 18, before adjourning. Otherwise, we would not have had a Federal Credit Union Act in the 73d Congress.

More than that, the postponement of the adjournment until Monday did not give us much time. The bill had not been engrossed and I recall working into

the late hours of Saturday and Sunday to make sure that the bill was in order to go before Congress Monday before adjournment. When the Federal Credit Union Act passed there were 2,200 credit unions in the country operating under State law. These had shown wonderful progress since their establishment in Massachusetts in 1909. But they had hardly begun to meet the problems faced by people of ordinary means in most parts of the country. Ordinary working people were being victimized by loan sharks in unconscionable ways. We learned of such a shocking instance of a railroad employee who borrowed \$30 from a loan shark and thereafter paid \$1,080 in interest charges and was then sued for the initial \$30.

The loans which credit unions make to their members are essentially character loans and their record in this field of personal finance is a most enviable one. Over the past 25 years loans which have not been repaid come to less than one-half of 1 percent of the several billion dollars of loans which have been repaid.

I would like to point out, as I am always proud to point out, that the first credit union to be organized under the Federal Credit Union Act is located in my home town of Texarkana, Tex. This is the Morris Sheppard Credit Union, and I am happy to report that it is doing a fine service worthy of the illustrious name it bears.

I am very much impressed with the dedicated service that so many people in the United States are performing today in this movement, without any compensation, and even to the point of giving up their vacation time and spending their own money. It is a service that in my estimation is next to the church, and that is pretty high service in my book. I want to do everything I can to encourage this high service that they render.

Volunteer in nature, credit unions are nonprofit corporations as well. The money saved by the members is lent to the members at the very low cost of 1 percent per month on the unpaid balance. For instance, a loan of \$100 repaid in 12 monthly installments would cost just \$6.50. This is the only income the credit union has, and this is what is used to pay the operating expenses. At the end of the year, any surplus not required for reserves is returned to the members mainly as dividends on their savings. Credit union members, of course, pay the usual income tax on their dividends.

Recently, credit unions in the United States and Canada have been also paying an interest refund to borrowers. At the end of last year, 14 percent of U.S. credit unions reported they paid refunds averaging 10 percent of total interest collected back to those members who had borrowed during the year. Let me point out that this, like all actions of the credit unions, is a reflection of the philosophy of these democratic organizations. Members are evidently more interested in the welfare of those who need low-cost loans, than they are in receiving a high rate of return on their savings.

Credit unions are private, voluntary associations, which serve only their members, and do not accept savings from the general public, nor do they lend to the

public. Therefore, they are not insured under any Government plans. However, members do have a number of safeguards.

In the first place, all credit unions are chartered by the Government as I stated earlier. Secondly, the Government supervises credit unions, and regularly examines their books. In the case of Federal credit unions, this is done by the Bureau of Federal Credit Unions, a division of the Department of Health, Education, and Welfare. This Bureau is entirely supported by the supervisory fees charged to each credit union, and not a cent of general tax revenue is used by the Bureau. The third safeguard is the supervisory, or auditing committee, which makes periodic passbook audits and examines the credit union's books. In addition, larger credit unions are increasingly hiring certified public accountants to make audits of their books.

Lastly, all credit union officials are bonded. Surety bonding coverage of 100 percent of the true assets of a credit union up to \$2 million is available through the Credit Union National Association, and each year more and more credit unions are availing themselves of this additional protection for their members.

Here in Washington, D.C., we have credit unions in the Federal Reserve System, we have credit unions in the U.S. Treasury, we have credit unions in the Bureau of Engraving and Printing. We have credit unions in all the different Government agencies, and even in the House and Senate. We have about 170 credit unions, I believe, here in this small area of the District of Columbia. I feel that they are in the public interest and that they should be encouraged in every way possible.

Excessive rates of interest are burdensome to the economy, and in many areas the money lender charging extortionate rates is still a threat to our citizenry.

For instance: Last year, the attorney general of a Western State brought an injunction suit against a nationally known organization, to enjoin them from charging 72 percent interest to people who were purchasing automobiles and appliances. That is a rate of interest that is absolutely unconscionable, and that is going on all over the country. I don't know of any organization that is doing more to save the people from such unconscionable charges than the credit unions.

There are many important and unique features of credit unions. First, these thrift groups serve primarily working people: the wage earners who are the solid-rock foundation of our Nation. These people band together with others like themselves in order to promote their mutual economic welfare. They do this by pooling their savings and making low-cost loans to each other; in this way the combined financial strength can be thrown squarely behind any member in his time of need.

The second thing we can learn about credit unions is that these groups perform a very real thrift function for their members, teaching them to save and making it so easy for them to save that many are surprised and encouraged by the way their savings mount up. Many

members, when making their first loan are persuaded to put a little something in their savings account each time they make a payment on that loan. I am told this is part of the basic credit union policy and that the amount saved is not regarded as anywhere near as important as the habit of thrift which is taught to the member. Everybody can save something, if only 25 cents a week.

The credit union idea is now over a century old; old in terms of years, perhaps, but the underlying philosophy of mutual self-help among a group of people with common interests and aspirations is as young and vital today as it was in 1849 when the mayor of a farming village in southern Germany started the first credit union among a group of poverty-stricken farmers. This man, Friedrich Wilhelm Raiffeisen, henceforth devoted his life to spreading the credit union throughout the length and breadth of Germany, and by the time of his death he had started 423 credit unions.

Boston Merchant Edward A. Filene and Massachusetts Bank Commissioner Pierre Jay combined their efforts in an attempt to persuade the Massachusetts Legislature to pass the first credit-union law in the United States. Their efforts were successful, and it is to the eternal credit of that great State that they were the first to fashion the legislative framework of a statewide credit-union movement.

In 1912 President William Howard Taft wrote to the Governors of all the States, saying, in part:

A very good law has been enacted by the State of Massachusetts, allowing the incorporation of credit unions, which should furnish an example to the other States. Their establishment is generally a matter of State legislation and encouragement; their organization and management wonderfully simple, as the European experience shows; and their success is practically inevitable when the environment is congenial and where proper laws are passed for their conduct.

Laws similar to the one in Massachusetts were passed in many States during the next few years.

In 1921 Edward A. Filene and Attorney Roy F. Bergengren formed the Credit Union National Extension Bureau, which, financed by Mr. Filene, would carry on the work of organizing credit unions throughout the Nation until the Credit Union National Association was formed to take its place in 1934. These were busy, productive years. Bergengren traveled to every nook and cranny of this great country, carrying his message of hope, speaking anywhere there were men to listen, and leaving in his wake new credit unions and optimistic people who, for perhaps the first time, held in their own hands the reins controlling their economic destinies.

Concerning the legislative program, Bergengren himself wrote:

The question has been asked as to why we did not start with a Federal law. Our feeling was that there was a certain amount of preliminary education necessary in every State, and that one way to initiate the educational work was by organizing State campaigns requiring, as would be inevitable, the formation of local committees, the enrollment of individual support, and the dis-

covery of State leadership if the campaigns were to be successful. It worked out fairly well.

This then was the background which led to the passage of the Federal Credit Union Act on June 26, 1934, about which I spoke earlier. The 50-year history of the credit-union movement in this country is one of the most illustrious chapters in the country's history. The early years of this movement are mainly the history of an untiring crusade by people who had the vision to foresee what credit unions could do to make the lives of people a little easier and a little happier, and who had also the determination to make this vision a reality.

The later years—we might say the last 25 years—have been years of growth and steady service which have established both the need and the practicality of credit unions beyond the question of the last doubt. Today there are more than 19,000 credit unions—both Federal and State—with 10 million members in this country alone.

Credit unions are nothing if not individual enterprise. They differ from most other individual enterprises only in that their motivating spirit is service and help to others rather than individual profit and private advantage. I believe that credit unions bring democracy to capitalism, which seems to me a quite obvious conclusion to draw. The fact that credit unions have stood the test of time and have gained the active approval of 10 million American families answers their critics, and supplies their definition. In a word, they are good.

Mr. BYRNES of Wisconsin. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. I am glad to yield to the distinguished gentleman from Wisconsin.

Mr. BYRNES of Wisconsin. Mr. Speaker, I think it is most appropriate that we pause to recognize the passage of the Federal Credit Union Act, 25 years ago today. In the 25 years this law has been in existence millions of people in every State of the Union, in Puerto Rico, the Virgin Islands, and the Canal Zone have made an enviable record of saving money systematically, providing credit for themselves at low cost and managing their own business.

Coming from the State of Wisconsin which was among the earlier States to have a credit union law, I am particularly pleased at this action today. In Wisconsin our credit union law was passed in 1913. As a member of the State Senate of the State of Wisconsin I had the privilege of sponsoring legislation in that body to advance and improve our State credit union act. I know that the people of Wisconsin have gained many social and economic benefits from their credit unions. I am certainly happy that the Congress saw fit back in 1934 to enact legislation making it possible for people everywhere in the United States to have the opportunity to organize and operate their own credit unions.

I think it should be pointed out that Federal credit unions do not compete with State chartered credit unions nor vice versa. The development of Federal credit unions has in many instances

stimulated the organization and growth and services of State chartered credit unions. State and Federal supervisory authorities cooperate with each other in improving the usefulness and effectiveness of credit unions. I am sure millions of people who now enjoy the benefits of credit unions, both State and Federal, could not have done so if the Federal Credit Union Act had not come into being. In fact, six States still have no credit union law.

I am particularly proud of the fact that the administration of this law has required no Federal appropriations since 1953. It is a self-sustaining operation. I think it is a tribute to the credit union members that they urged Congress to raise the fees for supervision so that they could pay their own way. This certainly is a fine example of teamwork between the people and their Government. The present Director of the Bureau of Federal Credit Unions is Mr. J. Deane Gannon, who formerly supervised the Wisconsin chartered credit union. We, of course, are proud of his coming to Washington, and we are proud of the job he is doing today in the Federal picture. Mr. Gannon told me that more than 5 million members of the Federal credit unions are adding more than one-half billion dollars a year to their savings and that during this quarter of a century members of more than 9,300 Federal credit unions have made 35 million small loans for profitable and productive purposes. These loans amount to more than \$13 billion and average about \$400 each. It certainly is a tribute to the skill and integrity of the credit-union members that only \$1.80 has been charged off on each \$1,000 of loans that have been made because members either failed or were unable to repay their loans. This certainly is a remarkable record.

Mr. Speaker, I take this occasion to commend the Congress of 25 years ago for their foresight in enacting this law, and I would commend other Congresses too for amending that law to assure its effectiveness and usefulness. I commend the people who are participating in these credit unions for their ability in doing things for themselves, and I commend them for this very fine exemplification of American free enterprise.

Mr. MADDEN. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. I yield to our colleague, the gentleman from Indiana.

Mr. MADDEN. Mr. Speaker, I want to commend the gentleman from Texas for setting aside this time to commemorate the 25th anniversary of the enactment of the Federal credit union legislation by the Congress of the United States. This date also commemorates the 50th anniversary of the credit union movement in this country. The gentleman from Texas 25 years ago saw at that early date during the depression the necessity of passing a law to help in the formation of an organization that would free millions of families and millions of people in this country from the chains of the loansharks and the short-time moneylenders who had been gouging the people for generations. He certainly was one of the pioneers in a great movement.

The credit unions, Mr. Speaker, have accomplished a great deal to help millions of families throughout America to tide themselves over periods of temporary financial distress.

Credit unions represent democracy functioning at its best. They, in a number of cases, prove to be social as well as civic organizations. Millions of families over the years have successfully weathered financial storms which might have led to chaos and misery.

They are a source of financial aid which have served to lift many who were in financial reverses back to economic stability and security.

They also built character and a sense of real confidence and independence among the thousands throughout the country who have taken advantage of the opportunity to borrow money at a low rate of interest, not only possibly to pay debts but also to improve the economy of themselves and their families.

Mr. Speaker, I represent a great congressional district called the Calumet industrial area of northwest Indiana. There are numerous credit unions in the mills and factories of my area as well as in city, county, and Federal Government institutions. There are 457 credit unions in Indiana with assets in excess of \$110 million and a membership of more than 250,000. Approximately one-eighth of the entire population of Indiana belong to some kind of credit union in the State.

Again I commend the gentleman from Texas [Mr. PATMAN] for bringing this anniversary to the attention of the Congress, and I join with him as well as the thousands of the credit unions and their membership over this Nation in celebration of this occasion.

Mr. PATMAN. Mr. Speaker, I yield to the gentleman from Wisconsin [Mr. LAIRD].

Mr. LAIRD. Mr. Speaker, I join with the gentleman from Texas in commemoration of the 25th anniversary of congressional action on Federal credit union legislation. We in Wisconsin are indeed proud of the many successful Wisconsin credit unions. These credit unions in our State have grown up since the State legislature enacted legislation in 1913.

It was my privilege several years ago to attend dedication ceremonies in Madison, Wis., for the National Association of Credit Unions building. This building was placed in Wisconsin for many reasons but among them was our early leadership in the field of the credit union legislation. The National Director of the Bureau of Federal Credit Unions is a Wisconsin citizen, J. Deane Gannon, and we in Wisconsin are indeed proud to join in this celebration of the 25th anniversary of Federal legislation. I commend the gentleman from Texas for calling it to the attention of the Congress.

Mr. PATMAN. Mr. Speaker, I yield to the gentleman from Indiana [Mr. DENTON].

Mr. DENTON. Mr. Speaker, I want to join the gentleman from Texas and my other colleagues in extending felicitations to credit unions on their 50th

anniversary and on this the 25th anniversary of the passing of the Federal Credit Union Act.

I want to call attention also to the fact that Mr. Greenwood, a former Member of Congress from Indiana, from 1920 to 1938, was very active in this field and did much to aid passage of this act.

Mr. Speaker, today, June 26, is Credit Union Day, and at this time, I would like to pay tribute to the credit unions here in the United States.

The credit union idea is not a new one. An American, Edward A. Filene, learned about credit unions during a trip to India in 1907, and was so impressed that he spent about a million dollars getting credit unions started in the United States. The Massachusetts Legislature was the first to legalize credit unions, and passed a law for that purpose in 1909. Since that time, the credit union movement has grown rapidly. There are now about 24,000 credit unions in the Western Hemisphere—about 19,000 of which are in the United States alone, and the number is growing each year.

A credit union is defined as a group of people who agree to save their money together and to make loans to each other at low interest. Usually a credit union is organized by members of a particular group: for instance, people working for the same employer; people who belong to the same fraternal order, church, or labor union; or people who live in the same closely knit community. Membership is open to all in the group, regardless of race, creed, or color, and credit unions are democratic because the members elect their own officers and set policies at annual meetings.

There are many advantages to joining a credit union. Some of them are:

First. Members are encouraged to save regularly. At this time, credit union members have accumulated over \$4 billion in their credit union accounts. From this accumulated capital, loans are made to members at low interest and earnings remaining after expenses are paid and reserves set aside are returned to the members in the form of dividends.

Second. Interest rates on credit loans are very low, and are never more than 1 percent per month on the unpaid balance, without any other charges. These low rates save members money, thus giving them more money for other things. Because of such low rates, members saved over \$175 million in interest in 1957 alone.

Third. Credit unions are financially sound because they operate under law, the books are examined regularly, and reserves are set aside each year to cover any uncollectible loans.

Fourth. Credit unions have a remarkable record for repayment of loans: less than one-fifth of 1 percent are not repaid. The feeling of loyalty to the credit union, which is owned and operated by the members, accounts for this; and

Fifth. Credit unions build leadership and give people an opportunity to learn democratic management of their affairs. This typically American characteristic of

credit unions is perhaps the main reason for their popularity in the United States.

For these reasons, and many more, it is appropriate to pay tribute today to the work of credit unions in the United States. I know that my colleagues join me in the hope that the credit union movement will continue to grow and benefit an increasing number of people.

Mr. PATMAN. Mr. Speaker, I yield to the gentleman from Colorado [Mr. CHENOWETH].

Mr. CHENOWETH. Mr. Speaker, I wish to join the gentleman from Texas in paying tribute to the Federal credit union movement on this, the 25th anniversary of the passage of the Federal Credit Union Act. I have been very much impressed with the credit union movement as I have observed it in operation in Colorado, and some of my most pleasant associations have been with the officers and members of the credit unions in my district. It certainly gives me great pleasure to extend my very best wishes to the credit unions of Colorado, and the entire Nation, on this happy occasion.

I feel that the credit union movement has filled a very distinct purpose and place in our economy, and I have been, as I say, very much impressed with the success achieved during the past 25 years. I am sure that the achievements during the next quarter of a century will be even more remarkable.

Mr. Speaker, the State of Colorado has 204 credit unions at this time. They serve some 150,000 citizens of our State. They are organized under almost every type of common bond conceivable, and serve a large cross-section of our people.

We have credit unions in Colorado which serve teachers, factory workers, church groups, farmers, labor union members, housewives, policemen, and members of fraternal organizations. Most of them are relatively small, serving less than 250 people, and very few of them have full time paid employees.

The officers of credit unions serve without pay. Many times the office is no more than an extra drawer in the treasurer's desk. Under the law the treasurer is the only officer who may receive compensation. I have been impressed with the fact that there are no frills to credit unions, or heavy overhead expenses. They represent people who have grouped themselves together to save their money, and to lend to each other at the lowest possible interest rate.

I salute the credit union movement, and particularly the credit unions in Colorado. I wish them continued success in the years ahead, and I am sure they will continue to render a most valuable service to their members.

Mr. PATMAN. Mr. Speaker, I yield to the gentleman from California [Mr. GEORGE P. MILLER].

Mr. GEORGE P. MILLER. Mr. Speaker, I want to join the gentleman from Texas in paying tribute to the credit unions. I also want to express my appreciation to the gentleman from Texas for having sponsoring the credit union movement in Congress. He said a moment ago that the credit unions represent democracy; they are actually

democracy in action. Here is where men bind themselves together, each lending that which he can spare so that others may benefit and make a better way of life for themselves and their families.

The credit unions of this country have demonstrated the honesty and sincerity of the American people, particularly the working people, the little people of the country, because the loans are primarily character-type loans. The fact that an infinitesimal percentage of the loans is not paid back indicates that the people working in cooperation and in the cooperative spirit, recognizing their responsibility are good people, and the members of the credit union constitute the backbone of this country.

Mr. PATMAN. Mr. Speaker, I yield to the gentleman from Maine [Mr. OLIVER].

Mr. OLIVER. Mr. Speaker, it is a real pleasure for me to stand on this floor and commend the credit union movement of the United States on the 25th anniversary of the Federal Credit Union Act.

It is interesting to note that in the State of Maine we have some 50,000 people who are now members of the State and Federal credit unions and that they have been working out their own destiny so to speak, as far as credit facilities are concerned, and doing very well at it, too.

About 20 years ago I became interested in getting credit unions in my State, particularly along the coast where the fishermen did not have many credit facilities available to them. The equipment these men use in their work is expensive and each purchase represents, for the fisherman involved, a carefully considered outlay of capital. I am happy to say that several fine credit unions now exist which are of material assistance to these men, and represent greater financial security for them and for their families.

When I heard that the Federal Credit Union Act might be revised, I made it my business to contact as many Maine credit unions as possible, including every single credit union in my district, to get their views on the matter. I would like to point out here that every reply which I have received has been enthusiastically in favor of this legislation. It seems to me that the overwhelming support for this measure evidenced by those who are familiar with credit union needs is the most effective testimony for its passage.

We in the State of Maine pride ourselves on our tradition of rock-ribbed Yankee individualism, and the credit unions of the State, serving fishermen, farmers, and factory workers, are prime examples of this quality.

The citizens of Maine have long respected the man who took care of himself, and they have a similar respect for these financial institutions with which a group of people with the same interests band together to take care of their own finances. Thrift, too, is a traditional Yankee quality, and the \$17 million in assets of the Maine credit unions is eloquent testimony to the ability of the Maine credit union members to put aside something for a rainy day. In all, credit unions are a prime example of the finest qualities of our State's citizens.

The passage of the Federal Credit Union Act in 1934 was a wonderful piece of work which has materially aided the development of credit unions throughout the United States and its Territories. These groups have become a part of the American economy, because they answered a definite need of the American people. Today, they continue to serve and to grow, and the Congress of the United States has a duty to modernize credit union law in order to bring it into line with the rapidly changing economic picture of our times, and the equally rapid development of the needs of 10 million U.S. credit union members.

Credit unions are the essence of democratic capitalism at its finest; they are the epitome of the free enterprise system for every average wage earner in this land. Credit unions are established by a limited group of people in order that they may obtain for themselves alone certain well-defined objectives. They own the credit union. They elect, on a one-member-one-vote basis certain people from among their own group to control its affairs, and to act as their agents in the day-to-day conduct of its business. These officers are volunteers, serving without pay in the majority of cases, and many of them make great personal sacrifices in point of their spare time and vacations in order to serve the needs of the group. Few groups in the country can match the selfless devotion of the credit union volunteers.

I know that the credit-union movement has also done fine work in other countries, supplying encouragement and training leaders for credit unions in other countries. As a result, credit unions similar to our own are now operating in Latin America, on the islands of the West Indies, in South America and even far away in the South Pacific. The development of these financial thrift societies in remote areas is due to a great degree to the feeling of credit union members in this country that they have a responsibility to help others as they themselves have been helped, and so they have contributed generously to this effort, without any expectation of financial return.

Their activities in these countries cannot fail to reflect credit on our country and its citizens. As these credit unions grow and benefit their members as our own credit unions have benefited our members, they may yet prove to be one of the most popular exports of the United States to the citizens of the world.

So, Mr. Speaker, it is with great personal pleasure and satisfaction that I join with other Members of this body to help record today's session of the House as a symbol of the respect which the credit union movement in America has generated for itself over the 25 years of operation under the Federal Credit Act of 1934.

Mr. Speaker, I wish to take advantage of this opportunity to express to the gentleman from Texas [Mr. PATMAN] my appreciation for arranging this opportunity to speak here this afternoon in behalf of this credit union movement under the Federal Credit Union Act of 1934.

Mr. BREEDING. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Kansas.

Mr. BREEDING. Mr. Speaker, I want to congratulate the distinguished Member from Texas on his work for the credit unions and to join with him and other Members of the House in paying tribute to the credit union movement in the country on this its anniversary.

The State of Kansas enjoys many credit union organizations and we are mighty proud of them.

Mr. Speaker, although credit unions are not as numerous in the State of Kansas as they are in some of the more industrial and more highly populated States of the Union, they are nevertheless performing a very vital and worthwhile service for our citizens.

As you may know, the great majority of credit unions are organized among groups whose common bonds are employment in the same office, plant, or agency. However, many other groups also have credit unions, such as professional and fraternal associations, members of a particular church or parish, members of another cooperative, and in some cases, small communities within a well-defined geographical area.

Most of these last are organized in rural areas where thrift and credit facilities are not readily available.

The role played by these rural credit unions in the economy of our farm communities is tremendously significant. In 1957 there were 40 rural credit unions in the State of Kansas, and approximately 525 in the United States. I understand this figure has grown rapidly. During the first 8 months of 1958 at least 30 new rural credit unions were chartered in the State of Kansas alone. Most rural credit unions are sponsored by farm organizations, rural churches, and other rural groups.

Farm bureau cooperative associations, the Grange, and the Farmers Union, have all promoted and sponsored rural credit unions. Those credit unions organized in farm areas are an important source of credit for the financing of feed supplies, and equipment purchases of their members. Because of the seasonal and irregular nature of farm income, families who earn their income from the soil require constant and readily available credit facilities. Farmers today have the family credit needs of city folks, plus their farm credit needs. By their very nature, credit unions are ideally suited to serve these needs.

Colleagues, the farmers of the State of Kansas are a hardy race. They work hard and long to grow the wheat that goes into our daily bread. Sometimes, however, the gamble with nature does not pay off, and the farmer comes out on the short end.

Just a few short years ago, we Kansans were smack in the middle of the worst drought in our history. Starting in 1952, and lasting through 1956, it made those 5 continuous years the worst for our farmers since the Dust Bowl years of the thirties. The tenacity with which these men and women clung to their land is a tribute, I believe, to the stock from which they come; but they themselves would be the first to admit the impor-

tance to them during this time of struggle of their credit unions.

Let me give you some actual examples.

In 1952, the first of the drought years, a Kansas farmer named Lawrence Bergstrom joined the McPherson Federal Credit Union in McPherson, Kans. Bergstrom bought a \$5 share. In April of 1954 he borrowed \$300 and repaid it in October. In November he borrowed another \$250; repaid it in June of 1955. In April 1958 he borrowed \$1,500, and paid it off at \$150 a month until he was down to \$900; and then in August he refinanced it back to \$1,500. The credit union's security on that \$1,500 is 10 Holstein cows, 1 yearling, and 4 two-year-olds.

Without the availability of financing like this, where a man can borrow from his neighbors at a low rate of interest, farming would be a very dangerous gamble, indeed, for some.

The June 1959 issue of "News for Farmer Cooperatives," published by the U.S. Department of Agriculture, Farmer Cooperative Service, contained an article entitled "Kansas Credit Unions Develop Different Loan Methods." I would like to quote from that article now:

Rural credit unions and farmer cooperatives in Kansas have developed several useful patterns or techniques for handling member accounts. Of course, farmers with credit-union share accounts may either withdraw from or borrow against the accounts to finance purchases from their cooperative or for other farm operations.

Farmers with savings accounts and farmers who borrow from their rural credit unions have the advantage of special life insurance coverage provided by the credit union without extra cost. In case of death or disability, the credit union's loan-protection insurance pays off the outstanding loan and the share insurance increases or doubles the member's share balance in the credit union.

This service enables the credit union to be more adaptable and of greater use to the farmer and to the farmer cooperatives in handling the farmer's accounts. Much of the risk of borrowing money is eliminated, too.

Once the farmer's loan is approved and the check is issued, he may follow one of the several patterns.

First, he may elect to redeposit his check in the credit union and withdraw from his account as necessary throughout the year for purchases at the cooperative or elsewhere. When this pattern is followed, the farmer receives loan-protection insurance on his loan balance outstanding and share-insurance coverage on his unused share account. He also receives dividends as earned on the unused portion of his credit-union account.

Secondly, he may deposit the check with the cooperative, putting himself on a fully prepaid basis for the year. When this pattern is followed, the farmer may receive discounts for cash trading, interest on the co-op deposit, and loan-protection insurance.

Thirdly, the farmer may redeposit with the credit union and then re-borrow against his share account for purchasing certificates of indebtedness, where offered by the cooperative. These certificates of indebtedness are also interest bearing.

In these and other ways Kansas rural credit unions are helping their farmer members solve their problems of finance.

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

Mr. PATMAN. I yield to the gentleman from Minnesota.

Mr. WIER. Mr. Speaker, this occasion gives all of us an opportunity to express our congratulations to the credit unions of America and in particular for this occasion today, made possible by arrangements and long years of effort by our colleague the gentleman from the State of Texas [Mr. PATMAN].

I think I can safely say that, per capita, Minnesota has as many credit unions as any one of the 50 States, and we are very proud of the remarkably fine job they have done.

In addition to providing personal credit, credit unions foster habits of thrift among their members and render valuable assistance in counseling on personal financial problems.

In connection with the credit union movement, Minnesota should note with particular pride that one of the early pioneers of the credit union development nationwide, was a citizen of the State of Minnesota. Thomas W. Doig was a young clerk in the Minneapolis post office in 1923 when he heard about the early work being done by the Credit Union National Extension Bureau under the direction of Edward A. Filene and Roy F. Bergengren. He organized the Minneapolis Postal Employee's Credit Union, and was its treasurer. I believe this was the first credit union in Minnesota.

Mr. Doig had the vision and imagination to see in these first struggling isolated groups the seeds of the great social movement credit unionism was to become. The organization of new credit unions, and the extension of their unique services to an ever increasing number of people became the guiding motivation of his life. He was a man of rare ability and would have gone far in Government of public life, but decided to devote his life to this service.

Between 1925 and 1929, he worked as a volunteer organizer of credit unions, helping to organize the Minnesota Credit Union League in 1927. In 1930, he joined Mr. Bergengren and Mr. Filene as a staff member of the extension bureau to organize credit unions throughout the Middle West. In 1934, Doig was one of those who helped draft the constitution of the Credit Union National Association. Mr. Doig personally organized 1,000 credit unions during his 30 years of service to the credit union ideal.

In 1945, Doig succeeded Bergengren as managing director of CUNA, a position he was to hold until ill health forced his retirement 10 years later, just a few short months before his death.

After 26 years in credit union work, this outstanding pioneer of credit unions, said, "It is the business of the credit union not only to accumulate savings and to make loans, but to insert a little of humanity, a little of Christianity, and a little of brotherly love into that effort. This last is probably the most important function of the credit union."

Two years before his death, Doig was awarded an honorary degree of doctor of law from St. Francis Xavier University at Antigonish, Nova Scotia. The citation read, in part:

Noted for his steadfast dedication, his untiring energy, his top executive ability,

Thomas W. Doig ranks high among those responsible for the rapid growth of credit unionism in North America. In honoring Mr. Doig, the university recognizes 8 million members of credit unions in Canada, the United States, and other countries who have brought about a miracle of modern finance.

Minnesota can always feel proud to have produced such a noble man who did so much to develop this people's movement of credit unions to the important place it now holds in our American economy.

Mr. WIER. Mr. Speaker, I ask unanimous consent that the gentleman from Minnesota [Mr. BLATNIK] may extend his remarks at this point in the Record.

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

There was no objection.

Mr. BLATNIK. Mr. Speaker, as my distinguished colleague from Minnesota, the Honorable Roy WIER, has already mentioned, we in the State of Minnesota have particular reason to be proud of the credit union movement and the dedicated men and women who gave years of their lives in order that more than 10 million people in the United States today might have credit union benefits.

Now in Minnesota we have 457 of these mutual self-help thrift societies, and they have given us good reason to be proud of them. They have a fine record in our State, a reputation earned by the worthwhile work they do for their members, and, indeed, for the whole community.

More important, the influence of these credit unions extends far beyond the limited boundaries of their own membership. Wherever a town has one or two flourishing credit unions serving a significant proportion of the population, that community will be more prosperous and economically more stable because of it. Credit union members are informed about the use of money, they are thrifty.

The record of service painstakingly built up by millions of the rank and file of our citizens can be nothing else than a source of great pride and satisfaction on this 25th anniversary.

Mr. PATMAN. I would like to state here I knew Mr. Thomas W. Doig might well. He was with Mr. Bergengren when the Federal Credit Union Act was passed here in the Congress, and he did some very effective work. I am glad to know he is from the section of the country represented by the gentleman from Minnesota [Mr. WIER].

Mr. McCORMACK. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Massachusetts [Mr. McCORMACK].

Mr. McCORMACK. Mr. Speaker, I remember well 25 years ago when the bill establishing the Federal Credit Union was pending in the Congress of the United States. I was a strong supporter of that bill and I voted for it with great pleasure. I feel that subsequent events have confirmed the fact it was an important step forward in strengthening the economic system of our country and of greater importance in strengthening the family life of our

country by enabling through voluntary action millions of Americans to obtain loans at reasonable rates rather than having to go to the loan sharks, as the gentleman from Indiana [Mr. MADDEN] mentioned a few moments ago.

We all know the history of usury. It is ancient. It is recorded in the Bible, and we know that type of person who preys upon human beings in their economic weaknesses and in exacting large interest rates. We all realize the terrible situation that follows in the exacting they make from those they get within their grasp.

The credit union system has been of inestimable value and importance, not only to the Nation but to the several States of the Nation, in meeting a situation which was developed as a result of the most abject kind of materialism, the desire of certain people to get money through the charging of usurious rates of interest. It is a happy coincidence with me that I am still a Member of the House on this occasion of the silver jubilee anniversary of the passage of the Federal law.

With my other colleagues, I congratulate my great friend the gentleman from Texas [Mr. PATMAN] who to me has been a source of inspiration throughout the years in the spirit he reflects, the depth of his thinking and the courage that he has so constantly displayed in fighting for what he considered to be right, in fighting for those things he thinks is for the best interest of our country and our people.

Reference has been made to the late Edward A. Filene, of Boston, who was my very dear and close friend.

I can picture him now. He was one of the great men of all times. He represented the spirit of goodness, and that is what we stand for; what we represent or symbolize; what is in our minds; the spirit that we are possessed of and which we convey to others with whom we are associated. Edward A. Filene was one of the greatest men who ever lived. He was years ahead of his time, always looking into the future; a man who was the head of a great department store in Boston, who paid his employees higher wages than the adjoining stores; who received and incurred the enmity of other great department stores and companies, because he endeavored to treat his employees right and fair and give them a living wage. Edward A. Filene was not only interested in this movement, but in all progressive movements that concerned human beings and which benefited the human being.

So, on this 25th anniversary of the establishment of this system, with my other colleagues, I am so glad to pay tribute to the gentleman from Texas [Mr. PATMAN], who so richly deserves commendation, and I am also pleased to refer to that very close friend of mine, a great American and, more than that, a good man, a great man, who has passed on to the Great Beyond, the late Edward A. Filene.

Mr. PATMAN. I thank the gentleman very much.

Mr. O'HARA of Illinois. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. I am glad to yield to

the distinguished gentleman from Illinois.

Mr. O'HARA of Illinois. Mr. Speaker, I am happy to be here today on an anniversary occasion that marks a half century of progress. No greater contribution to the economic functioning of democracy has been greater than that of the credit unions.

Until the advent of the credit unions, the worker in the hour of his need, because of illness in his family or other cause, had no place to turn except to the moneychangers. And the moneychangers literally took his hide. The doors of the banks were closed to him for lack of security. Unlike the farmer, who borrowed on the security of his acres, or the businessman, who borrowed on the security of his assets, or the individual man of wealth, who borrowed on the security of gilt-edge stocks, the worker had no collateral except his employment and his character. He was the forgotten man in our banking setup.

I think back to the years immediately following the turn of the century when the loan sharks howled over the homes of workers, by misfortune thrown into their grasp, and the interest frequently was 10 percent or more a week. I do not know how many homes were wrecked, how many workers were driven to despair and, in some cases, to suicide, but the figures of the period will show that very few whom misfortune threw into the hands of the loan sharks ever escaped the bondage of a cruel and heartless greed. The money earned by hard labor just could not stretch to meet the demand for food and dwelling and education of children if so large a part was drained in paying interest at 10 percent and more a week.

State laws came in part to curb the evil by making the legal interest rate on a small loan, made on the security alone of employment and character, higher than the interest rate on secured loans, but restricting it to something like 10 percent a month. As a result of State legislation of this character and reforms in practices undertaken by more responsible persons who entered the small-loan industry, there was an improvement.

But the fact remained that loans on employment and character were not bankable. Some of the small-loan companies, rapidly expanding under new State laws legalizing interest rates of 10 percent or so a month, got their working capital from the very banks that would not accept from the workers their unsecured loans, but accepted them when offered as security for loans to the small-loan companies. Thus, we had the situation of the largest and most conservative banks in the country making loans running into the millions at around 4 percent a year and accepting as security for these loans the unsecured loans of workers on which the workers were paying at least 10 percent a month interest. The question naturally arose, Why should the character note of a worker be unacceptable when offered to the bank by the worker himself and be solicited by the bank as a choice loan

offering when presented en masse by a small-loan company?

Finally the banks themselves saw the light. Today in my own city of Chicago even the First National Bank has its small-loan department processing loans secured only by character and employment. In some very large banks the small-loan department now is handling a larger volume of business than the commercial department.

There are still some very bad small loan companies that are guilty of a practice in exacting usury that would have shamed the old loan sharks, if to them any kind of shame had been possible. But there are other companies that abide strictly by the law, do not have insurance hookups and mysterious service charges, and protect the borrower from unjustified garnishment and threatened loss of employment when through illness or other misfortune they cannot meet a payment. These are the companies that will survive.

Mr. Speaker, I think it is proper that I should have sketched briefly, as I have attempted to do, this background that the significance of the anniversary we are observing today should be made clear. For the change that has come the credit unions in a very large measure are responsible. To the credit unions all our hats are off.

The credit unions have proved how much the workers can get for themselves, in justice and in the true functioning of democracy, when they put their means and their efforts into co-operative ventures. When a little while ago I heard the great statesman, the gentleman from Texas [Mr. PATMAN], one of the really great statesmen of our country, say that of the millions of loans made by the Federal credit unions defaults had occurred in less than one-half of 1 percent I realized the magnitude of the contribution of credit unions to our country on all the fronts—economic, banking, social, political.

The credit unions based their faith on the honesty of the American workers. At a time when the banks demanded the security of lands, stocks, assets of material value, the credit unions took the position that of all the values in the world none is greater than a man's word. Largely because of the faith and the experiences of the credit unions the largest banks in the country today recognize the soundness of loans secured only by character and employment.

I join with my colleagues in heartiest congratulations to the credit unions, to the Federal credit union, whose 25th anniversary we celebrate today, may I say that in the enviable record it has made in its 25 years it has most richly rewarded and justified the distinguished gentleman from Texas [Mr. PATMAN] for his herculean efforts in its behalf from the time of its inception down through the years.

I venture to say that when the history of these decades in the Congress of the United States is written no name will stand out brighter than that of the gentleman from Texas [Mr. PATMAN] whose service as one of the fathers of the Federal credit union is but one of the countless services he has rendered in the

cause of the small man, the average American in business, in farming, and in other pursuits. The gentleman is internationally recognized as one of the outstanding authorities of our country on banking and on money, and I am deeply indebted to him for the inspiration and guidance he gave me in the years when I served, much junior to but in association with the distinguished gentleman from Texas, on the Banking and Currency Committee.

Mr. PATMAN. I thank the gentleman from Illinois for his very complimentary remarks, particularly those concerning the credit unions. Naturally I appreciate those concerning myself.

Mr. BURDICK. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from North Dakota.

Mr. BURDICK. Mr. Speaker, I wish to compliment our distinguished colleague from Texas, the Honorable WRIGHT PATMAN, for his remarks made upon the 25th anniversary of the creation of credit union legislation. On behalf of the thousands of credit union members in North Dakota, I am pleased to join in and associate myself with his remarks. I might also state that I am a cosponsor with Mr. PATMAN, and other colleagues in this House, of the legislation now pending to amend the Federal Credit Union Act which became law 25 years ago.

One great milestone has been passed. Those last 25 years have been marked by the growth of a savings and service institution which has operated to the benefit of thousands of our citizens across the length and breadth of this land. The unconscionable money lender was effectively challenged and, in many places, stopped.

It is well that we celebrate this anniversary and look back upon the accomplishments of the past, but there is much to be done. The necessity for credit unions still exists. Let us enact the necessary legislation to aid in this program. More credit and more service to more people, at reasonable rates, helps to build a healthier and stronger economy.

Mr. PATMAN. I thank the gentleman.

Mr. KASTENMEIER. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Wisconsin.

Mr. KASTENMEIER. Mr. Speaker, I am proud today to join my distinguished colleague, the gentleman from Texas [Mr. PATMAN], in commemorating the 25th anniversary of the signing of the original Credit Union Act. The present recognition and status of the credit union movement is in large measure attributable to his career-long efforts in behalf of this great organization.

I represent the Second Congressional District of Wisconsin, and in the heart of the most populous county within my district lies the international headquarters of the organization which has fostered the growth of credit unions throughout the world, the Credit Union National Association, better known by its initials, CUNA.

Last fall I took advantage of CUNA's invitation to visit Filene House and meet

with the people who work for this organization, whose activities extend to every State in the Union, every Province in Canada, and to many countries overseas as well. In a sense, therefore, I feel a particular interest in every credit union anywhere in the world.

I also take particular pride in the credit unions within the State of Wisconsin. We have more than 700 credit unions whose 300,000 members have savings totaling more than \$157 million. I am told Wisconsin ranks eighth among the States in the number of credit unions presently in operation.

Our Wisconsin farms occupy an important place in the State's economy and many of our farmers belong to credit unions in their community through their agricultural associations. I am happy to learn that contemplated changes in the Federal Credit Union Act include a provision which would increase the maturity limit on credit union loans. With this change, rural credit unions could more adequately meet the credit needs of farm families to help them purchase farm equipment and supplies. Federal credit unions would be able to participate more actively in extending loans for home improvement and modernization, and many other benefits would also be derived.

The Credit Union National Association, headquartered in Madison, Wis., is an international, nonprofit association of more than 25,000 credit unions throughout the world. CUNA is owned by the credit union leagues organized in each State, Province of Canada, Central America, and similarly well defined political areas abroad. The leagues, of course, are owned and controlled by the credit unions and their individual members.

CUNA carries out the planned program and policies of the credit union movement, as established by the volunteer directors of the association elected by the leagues. To do this job, CUNA employs a staff of professional and technical workers in such fields as education, advertising, law, public relations, insurance, management, economics, and organization.

The majority of CUNA's services are directed toward credit union leagues, which in turn use these services in their own areas to help the member credit unions.

CUNA is also responsible for the conduct of credit union affairs at national and international levels. Its international duties include giving information and assistance to people in any part of the world in the formation and development of credit unions. CUNA also works closely with agencies of the United Nations and similar international groups.

CUNA is entirely supported by the dues of its members and uses no public funds of any kind. Some of the things these dues are used for include the organization of new credit unions; the education of credit union officers, almost all of whom are unpaid volunteers; research into problems of consumer economics and the collection and evaluation of statistics on the credit unions.

In its task of aiding the worldwide credit union movement, CUNA is joined

by two affiliates, which are also headquarters in Filene House in Madison. CUNA Mutual Insurance Society provides loan protection and life savings insurance exclusively to credit unions. Loan protection is insurance which automatically pays off the loan if an insured credit union borrower dies or becomes permanently disabled; life savings insurance can double the savings of an insured member up to a limit of \$2,000 in most areas in case of his death. Both these policies are purchased by the credit unions for the benefit of their members at no extra cost to them.

Of course the major share of CUNA Mutual Insurance covers credit union members in the United States and Canada, the society's policy is to extend its operations side by side with the credit union movement anywhere in the world. For example, CUNA Mutual now insures credit unions in both Peru and the Fiji Islands, which are affiliated with CUNA. During 1958 CUNA Mutual passed the \$4 billion mark in insurance in force and paid a total of \$21 million in claims.

The other CUNA affiliate is CUNA Supply Cooperative which provides printed materials for credit unions. Such things as standard accounting forms, ledgers, credit union passbooks, posters, brochures, and other promotional materials leave CUNA Supply's plant every day on their way to credit unions all around the world.

The activities of Credit Union National Association are known to hundreds of thousands of persons throughout the world, but more intimately to the many members at the local level it has been our credit union that has helped so many individuals in their moments of financial distress. It is no wonder that the credit union movement continues to expand. On the occasion of the 25th anniversary of the signing of the Credit Union Act, this fine organization whose internationally recognized headquarters, Filene House, is located in my own district stands proudly for a job well done.

I am certain that the leaders of CUNA, at both the international and local levels, will continue to serve their members as they have so well in the past.

Mr. WOLF. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. WOLF. Mr. Speaker, I too rise to congratulate the distinguished gentleman from Texas [Mr. PATMAN]. I am always happy to listen to his thoughts and ideas. He has made an enviable record as the protector of the people's rights.

He has consistently fought for the less fortunate citizens.

I am happy to join my distinguished colleague and to state my support of the credit union movement on this, its 25th anniversary.

The people of my district in Iowa have long actively participated in credit union work. We have thousands of people in many communities enjoying the benefits of these very helpful institutions.

Credit unions, where character is equated on the balance sheet as an asset.

Credit unions, where human needs and compassion are also equated.

Credit unions, where need is the criteria, not success.

Mr. Speaker, in view of the rapid changes in our economy both nationally and in my State, Iowa, I am asking that this Congress support necessary changes in the Federal credit union law.

The credit unions, as you know, have contributed a great deal to the high standard of living our American families enjoy.

As a result of this institution's steady growth, more and more families in weak economic positions have been able to enjoy some of the comforts and necessities once enjoyed by only the rich in our society.

People in all walks of life—in churches, schools, manufacturing, and in many other occupations have had their needs and desires met through credit union loans and savings.

This is especially true of geographic areas in the heartland of America, like Iowa, where credit unions have been grassroots movements, dedicated to the highest ideals of a mobile and democratic society.

Credit unions have come of age and this should be recognized by Federal law.

At present, most credit unions in my State are chartered under State law rather than under Federal law because the credit unions feel that the State law is more in keeping with the realities of today's economy, and more conducive to the continued health growth of the State's credit union movement.

The modernization of Federal credit union legislation can do much to facilitate the efficient operation of the individual credit unions which meet the provident and productive purposes of low and middle income families and individuals.

The self-help quality of these institutions is a refreshing and welcome part of our economic and social scene and they are to be encouraged through legislation which will help them to continue their success and to grow as more and more consumer goods become available to our people.

In the revision of the Federal law on this subject no expenditures of Federal funds is necessary.

These nonprofit corporations are entirely self-supporting, and, in fact, the fees they pay the Federal Government for the supervisory services of the Federal Bureau of Credit Unions are the sole support of that agency.

In conclusion again I wish to take this opportunity to congratulate our federally chartered credit unions on their 25th anniversary.

Mr. HECHLER. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. HECHLER. Mr. Speaker, this is an historic occasion, the silver anniversary of the signing of the Federal Credit Union Act of 1934. Nine years ago I was in Madison, Wis., with that great champion of the credit unions, Harry S. Truman, when he dedicated Filene House to the memory of the great Boston philanthropist, Edward A. Filene, who did so much for the formation and establishment of credit unions. We have over 36,000 credit union members in my own State of West Virginia. There are

over 10 million credit union members throughout this country. This is a movement which has helped to strengthen America financially, economically, and socially.

Mr. Speaker, it is a great honor for me to join in this salute to the credit union movement today, and also to pay tribute to the gentleman from Texas [Mr. PATMAN] who has always battled for the small businessman and for the average person in this country.

Mr. Speaker, this country has been built and sustained by a people devoted to independence and self-reliance. I think that our credit unions, both those chartered under State and Federal law, are wonderful examples of these principles. These credit unions and their 10 million members work for their common good because they feel a responsibility to manage their own financial affairs in their own way, and that responsibility cannot be satisfied in any other manner.

When a worker in a factory, or a schoolteacher, or a farmer buys a share in his credit union, he knows he is saving in a financial institution that is owned by himself and by people like him; he knows that he and his friends have an equal influence on how that credit union will be managed; and he knows that if the time should come when he needs help he will get it from his credit union.

The people who make up that 10 million figure are as representative a cross section of the American people as you will find anywhere. They include Catholics, Protestants, and Jews; unskilled laborers and highly trained scientists; schoolteachers and cross-country truck-drivers; Hollywood movie actors, members of fraternal groups, bank employees, secretaries, and U.S. Congressmen. I do not think there is an occupation in this country that is not served by at least one credit union.

Nevertheless, the number of credit-union members in this country is still a small percentage of our population. We know that credit unions are private corporations where only members can save and borrow, and that they do not conduct their affairs with the general public.

However, the influence of a credit union extends far beyond the limitations of its membership. It touches the merchant who finds that his credit union customers can make their income go farther, by budgeting their large purchases with the help of a credit union loan. It touches the town banker, who knows that the credit union encourages saving in hundreds of small accounts; money that might well not be saved at all, were it not for the credit union. The credit unions serve as a stabilizing factor for the whole community when, as has happened in many places, a large source of income such as a factory is suddenly withdrawn due to a strike or disaster.

The motto of the credit union movement is, "Not for profit, not for charity, but for service." It means exactly and precisely what it says. Credit union people are not interested in making a profit on their investment; they want to make sure that when one of their members is

in financial need, the answer will be available. Because service to their members is their primary motivation, they have made and continue to make many loans for extremely good purposes that another lender guided by a need for profit and the principles of safe business practices could not afford to make at all. Therefore, credit unions are unique.

Finally, U.S. citizens now have a total of \$3.9 billion in their credit union savings accounts. They know that someone must save before someone can borrow, since credit unions don't "create" money as some other lenders do. Therefore, credit unions provide a noninflationary source of credit for their 10 million members.

Mr. Speaker, credit unions occupy a unique and unassailable position in our lives, and I am most proud to salute them on this anniversary.

Mr. PATMAN. I thank my colleague.

Mr. AVERY. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. AVERY. Mr. Speaker, I want to associate myself with the gentleman from Texas, the chairman of the Small Business Committee and ranking majority member of the House Committee on Banking and Currency, and with the other Members of the House on both sides of the aisle in paying tribute today to the credit unions of America on this their 25th anniversary.

The history of credit unions in America is similar to the history of almost every other permanent institution. There was a recognized need for additional and specialized credit to certain groups of persons with a common interest, and because that need was recognized, credit union authorization legislation was adopted by the Congress of the United States and then, in turn, received such enabling legislation as was necessary by most of the 48 States. They have performed an invaluable function in providing credit to a group of persons who could not otherwise receive credit at a rate at which they were able to pay. Those of us who serve on the Committee on Small Business as well as other Members of the House who are sincerely interested in the problems of the small businessman and the problems of the average workingman are all concerned about the problem that they have traditionally had with the small loan companies—the small loan sharks, so to speak. Despite the legislation that has been passed both by the Congress, and more particularly by the States to eliminate loan sharks, the credit union movement itself has done more to dissipate the imposition of the loan shark on the workingman than anything else that has happened.

Mr. Speaker, again I congratulate those who have dedicated their services without pay to the credit-union movement in America.

I think the credit union slogan is most appropriate, "Building for the future while serving you today." I am particularly proud of those who are working in the credit union movement in northeast Kansas.

In particular is Ray A. Webb, Topeka, Kans., who is a director of the Kansas Union League. Mr. Webb is not only interested in improving the work of the union but also he is interested in the worthwhile project of practical training for foreign students who are interested in credit union work, the World Extension Department of Credit Unions National Association for trainees who come from all parts of the world to Filene House at Madison, Wis. I personally know of Mr. Webb's interest in this particular endeavor. In fact, he has discussed the matter with me on several occasions.

The Kansas League participates by having student trainees after they have completed their training at Filene House come to Kansas and work in the credit union offices in order that they may obtain practical training. Not only are they assisting these foreign students in gaining an education which will allow them to pursue a gainful occupation, but also they are contributing to future international understanding for America.

Also, I want to pay credit to Mr. Ivy Bond, of Mission, Kans., who is working as Mr. Webb is working to promote the credit union movement and its subsidiary activities such as the training of foreign students. Mr. Webb and Mr. Bond and many others in Kansas are doing a very good job.

Mr. FLYNN. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. FLYNN. Mr. Speaker, may I congratulate the distinguished gentleman from Texas and my other colleagues in the House, on the other side of the aisle in this tribute to credit union movement on its 25th anniversary.

There are 733 credit unions in the State of Wisconsin, with more than 330,000 members and total assets exceeding \$173 million.

Wisconsin had one of the first and most progressive credit union laws in the country and in fact many of its provisions were later included in the Federal act.

These financial self-help groups encourage their members to save their money regularly, placing the emphasis on the habit of thrift rather than on the amount saved. These funds are then loaned out to the members at very low interest rates.

The interest received on the loans is the only source of income a credit union has; there are no Government subsidies of any kind. After the few operating expenses of the credit union are paid, and the required operating reserves set aside, the remaining income is distributed to members as the interest on their savings, or refunds to borrowers of part of the interest paid. Incidentally, credit union members pay income tax on these earnings just as they would on the return from any other investments.

Most credit union officers are volunteers who donate their time to this service. If the credit union is of sufficient size to afford it, they may employ a paid treasurer to manage the day-to-day affairs of the credit union. Many of these groups are operated by treasurers who

keep the credit union records in one drawer of their desk, and whose operating hours are any time a member with a problem drops by for help. Credit union treasurers get used to the sound of the phone in the middle of the night, because they know an emergency can arise anywhere or at any time for one of the members.

The credit unions of Wisconsin have built up an enviable reputation among the people of this State; their operations are very definitely in the public interest, and they deserve to be encouraged by us to the limit of our ability.

The credit union movement has earned for itself a real and beneficial place in the American way of life.

Mr. LIBONATI. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Illinois.

Mr. LIBONATI. Mr. Speaker, I rise in humble admiration to thank my distinguished colleague, the gentleman from Texas [Mr. PATMAN], for his tireless efforts to pass the Federal Credit Union Act 25 years ago. This anniversary accentuates the importance of his progressive thinking many years ago. He is accepted universally as a distinguished authority in the banking and financial field.

Only through his perseverance was Congress persuaded to act favorably on this legislation. It was a necessary step because of the financial problems of the people in the middle of the depression.

It seems natural that such a movement would be sponsored by the labor organizations, yet certainly it is true that small men with small incomes must band themselves together to give themselves financial security. The success of the program is universally evident.

The gentleman from Texas has persistently asked this Congress to rectify, by legislation, the needed requirements in the handling of public moneys by the financial institutions. As he has emphatically said, the handling of public moneys by private institutions has not been for the public benefit. I am proud to see my distinguished colleague stand before this House today on the 25th anniversary of the dedication of himself to a principle that is now the law of the land; and we bow to him again for his many attributes as a public leader in the Congress who condemns all dishonest practices and false devices used by financial institutions that seek the use of public moneys for their own selfish purposes. This is a great day in your life and I congratulate you again, Sir, for your honesty of purpose in fostering remedial legislation in this field.

Mr. PATMAN. I thank the gentleman.

Mr. Speaker, I have a number of statements from Members who could not be here. Under consent heretofore obtained I shall insert them in the proceedings today.

(The statements referred to follow:)

CREDIT UNIONS CONSTITUTE GREAT HUMANITARIAN GROUP

Mr. ANDERSON of Montana. Mr. Speaker, certainly today, the 25th anniversary of the signing into law of the

Federal Credit Union Act, is a most propitious one. The credit union movement in the United States is a fine example of those traits of the American character in which we as a people and a nation take pride. The struggles of the early credit union pioneers, and the indomitable spirit with which they surmounted the difficulties inherent in any great social movement may be likened to the struggles and similar spirit of an earlier band of pioneers who also conquered a frontier, and insured for themselves and their children a better way of life.

But anniversaries are not only a time for looking back. They are also a good time for looking to the future, and planning the campaigns which will win tomorrow's victories. That is what I would like to do here today.

Certainly these private thrift groups, credit unions, are on the threshold of a bright new era, and I think we can look forward to their becoming more and more important in the financial lives of Americans. In the State of Montana, we have 140 credit unions, with 34,784 members and combined assets totalling more than \$10 million. I look forward to the continued growth of these credit unions, which will mean increased service for their members, increased purchasing power for them, and increased financial security. This cannot help but have a beneficial effect on the broad fabric of the economy of my home State.

I believe we can look to the continued growth of the credit union movement as it enters these years of its maturity, primarily for three reasons: First, and foremost, credit unions fill a real need in their community. These thrift groups are unique in the way they serve their members with convenient, low-cost credit, and at the same time encourage these same members to save a little of what they earn, each payday, and thereby teach them that thrift can be a habit.

Gentlemen, we are all aware, I am sure, of the importance credit has come to have in our modern lives. Almost without our noticing it, the concept of buying on time, of borrowing in order to spread a large expense over a period of time, and of using personal credit to take advantage of a fleeting opportunity have become firmly imbedded in the American way of life.

Credit unions are geared to this modern way of thinking. Because they are volunteer organizations, they are immediately responsive to the needs of their members, for the very good reason that the members themselves are in complete control. At their annual meeting, these members elect from their own number the officers, directors, and committeemen who will act for them for the coming year. I would like to point out here that it is an inflexible rule of the credit union movement that each member has only one vote in the group's affairs, no matter how large his personal savings may be.

There is another side to the credit union movement, and that is the humanitarian aspect. The hundreds of thousands of credit union officers in this

country who give uncounted hours of their time to their credit unions are not motivated by thought of personal gain. By law, their work is unpaid, except in the satisfaction that comes from helping their fellows in a very real and positive way. All of us I think, enjoy giving a friend assistance when he needs it, and these men who are engaged in this work are to be envied. They have found an especially effective way of earning for themselves this kind of satisfaction.

Roy F. Bergengren, one of the first Americans to devote his life to building the credit union movement, said that, "the real job of the credit union is to prove, in modest measure, the practicality of the brotherhood of man." Credit unions do not make a profit, nor do they extend charity. They exist for one reason, and one reason only; to serve their members. They are groups of human beings, citizens of my State and yours, who have banded themselves together to find that strength that comes from each member of a group contributing to the welfare of all. They can trace their spirit back to the first settlers of this once primitive land who quickly learned there is strength and security in unity.

Today, perhaps the problems have changed, perhaps the dark woods at the edge of the clearing no longer holds a threat. But the American family faces another danger—the danger of financial insecurity, and I am reassured to find that the inherent American instinct to join together and solve such problems by their own efforts and means is still with us.

Credit unions are democratic. They are one of the highest expressions of the American principle of free enterprise, and they are helping millions of people solve their family economic problems with dignity and self-reliance. When you combine the world's reliance on money and credit systems with man's in-born desire to be useful to his fellow man, the result is 13 million people energetically cooperating with each other to do all they can to help their friends and neighbors help themselves. I cannot think of a more wholesome formula than that.

Where does this credit union movement stand today? What are the problems they face, and how will they meet the challenge of the future? Where, in short, are the 19,000 U.S. credit unions going to go from here?

Certainly they can be congratulated for having laid the solid foundations of a national credit union movement. In the United States there are more than 10½ million people who are active credit union members.

In the past few years, there has been a growing feeling within the movement that credit union service does not need to stop with lending and the encouragement of good thrift habits. For years, credit union members have been taking advantage, on an informal basis, of the information and knowledge about money matters which the average credit union treasurer learns in the course of his duties.

Quite often, the credit union treasurer is the man who works a machine next to yours, or who works at the desk next to

yours, and you are naturally going to ask his advice when you have a money problem, whether or not you need to borrow money. Credit unions encourage this. They consider it a service the member has a right to expect.

Recently they have begun to explore on a nationwide basis the possibility of instituting a family financial counseling program as a regular part of credit union services. Although still in the formative stages, conferences have been held between the credit union leadership and other consumer organizations which have an interest in how the average American family manages its financial resources. I am told that it is contemplated that someday each credit union will have on tap a trained counselor who will be available to the members to help them with their budgeting problems, all without any charge or obligation. The idea is, I think, an ambitious one, but most intriguing. Certainly with the ability they have already demonstrated, it is one possible of accomplishment.

Another project under consideration is the development of credit unions among some of the financially less fortunate groups within the American economy. Already pilot studies among some of the Indian tribes in the Southwest are being carried on with the cooperation of the Bureau of Indian Affairs, and leaders in Government and various church groups have indicated their support of similar programs for migrant workers and immigrant groups in Chicago and New York.

This too, is an interesting idea, since the very essence of the credit union is mutual self-help. I want to emphasize that this is not just another relief proposal. Credit unions for low-income groups hold out a promise of assistance that comes from within the group; a promise of relief from poverty and at the same time the special dignity and self-satisfaction that comes from solving your own problems.

Solving your own problems is fine American principle, honored by years of tradition, and one which is just as firmly established in the philosophy of the credit union movement. Let me give you an illustration.

In the early 1930's, a lineman for a power company went to his credit union and borrowed \$250 with two of his friends acting as cosigners. A few weeks later this man was killed in a tragic accident on the job. His cosigners paid off the loan, but the credit union hated to see this burden fall on these two members. This incident was one of many that dramatized the need for insurance to protect credit unions, their members, and families from loss when a borrower died or became totally disabled.

The credit union movement, still in its infancy at that time, was faced with this problem. To solve it the credit unions formed the CUNA Mutual Insurance Society, an affiliate of the Credit Union National Association, known by its initials as CUNA, which had been organized a year before in 1934.

CUNA Mutual writes primarily two types of insurance, exclusively for credit unions affiliated with CUNA. First of

all, loan protection insurance is insurance which pays off the insured borrower's loan in case of his death or total and permanent disability. In other words, if you had \$900 balance on a credit union loan when you died, or if you were totally disabled, the loan balance would be marked "paid in full" by the credit union's loan protection insurance. The member does not pay any extra charge for this insurance; the credit union pays the premiums.

The other type of insurance supplied by CUNA Mutual is life savings insurance which, in most cases, matches the members' savings in the credit union with life insurance. I say in most cases because the maximum amount of savings that can be covered by this insurance is \$2,000 in some States, \$1,000 in others.

For example, if a member died and he has insured savings of \$1,500 in the credit union, his family would not have just \$1,500 but \$3,000. Almost all credit union members are eligible for life savings insurance, but the policy does include certain age and physical requirements.

The benefits these two insurance plans have provided for credit union members are almost legendary. In many instances, the families of credit union members have been amazed at the turn of events that have experienced. Expecting to find themselves hopelessly in debt, they have often found themselves free of debt and with a sizable windfall in unexpected insurance.

However the best part I have left for the last. This insurance protection is provided by the credit union at no extra cost to the borrower; in other words it is included as a normal credit union service.

In a similar way, the credit union movement quickly found with growth that there was a great need for uniform record, accounting and educational materials, at lowest cost. To answer this need, the credit union leaders of those days again set themselves the task of helping themselves, and in 1936 the CUNA Supply Cooperative was started. Today, CUNA Supply continues to grow with the credit union movement; at the end of last year its assets totaled \$451,079. Total sales during the year amounted to \$867,711. CUNA Supply Cooperative now sends printed materials and supplies to credit unions all over the world.

Each credit union is a separate, independent nonprofit corporation. It operates under State or Federal charter with Government supervision. Fifty-seven percent of all U.S. credit unions are federally chartered. Each credit union is owned and operated entirely by its members. All earnings after expenses and necessary reserves are returned to members as dividends on shares, and interest refunds to borrowers.

When a credit union is started it usually joins the credit union league in its area. These leagues are voluntary associations of credit unions, which are supported by dues paid by their member credit unions. The leagues are governed by boards of directors elected

by member credit unions, giving credit union democratic control of their league.

Again, we see here the principle of banding together to do what the individual cannot do. These leagues perform a variety of important functions. They help groups start new credit unions, give on-the-spot assistance and guidance to credit union officials field services, conduct conferences and schools to discuss the day-to-day problems of interest to credit unions, train new credit union officials, carry on an information program, and publications to assist credit union officials to keep up to date on new developments, maintain supply depots to keep materials locally available, and do constant research into various credit union operational problems.

In addition to joining a league, many credit unions in smaller areas, such as a city, or perhaps a county, have banded together in credit union chapters. Their purpose is to stimulate education and exchange of ideas on credit union matters at the local level.

In turn, the leagues themselves have banded together to form CUNA, the Credit Union National Association. Dating from 1934, CUNA is the parent organization of the international credit union movement. It is a nonprofit organization supported by dues of members, which works for the elimination of usury in the personal finance field, through credit unions. Its job is to carry out the planned program and policies of the organized credit unions, using a professional staff in such fields as education, advertising, law, public relations, insurance, management, economics, and organization.

For the last few minutes, gentlemen, I have tried to present in a very brief fashion the outlines of what I believe to be one of the most significant and worthwhile social developments in the United States today. In view of what the credit union movement has done and continues to do for my fellow Americans, I can do no more than wish them every success in the years to come.

Mr. ROOSEVELT. Mr. Speaker, in joining with my distinguished colleague, Congressman PATMAN, in giving recognition to the credit union movement in this country, I frankly take pride in the fact that the Federal Credit Union Act was enacted 25 years ago during a Democratic administration with which I have some familiarity.

The history of the credit union movement in California is a most creditable one. My State has more than 1,600 credit unions with over a million members. These people have built the State credit union movement to the point where at the end of last year their total savings were a little over \$447 million. At the same time, outstanding loans totaled more than \$380 million. In other words, more than 85 percent of the money saved by credit union members was put back to work helping credit union people.

I like to think of this, not in terms of dollars or percents, but rather in terms of the concrete things this money is used for. That \$380 million loaned in 1958 undoubtedly helped a great num-

ber of individuals or families to make improvements on their homes, probably helped a good many weddings or permitted the purchase of a new car; or perhaps was used for vacations or as downpayment on many a young couple's dream home.

A credit union can make a big difference for a working man and his family. Not only are they provided with a convenient place to save their money and with a source of credit when they need it, but they also know they can rely on the credit union, which they own and operate, for advice and help when the problems begin to pile up.

I have been told, for example, of a credit union member who had recently come West to take a job in an aircraft factory, only to find himself seriously ill in a hospital. At this critical point in his life, his family had not been able to join him. His confinement was not made any easier by the thoughts of no friends or relatives nearby and the curtailment of income while the bills kept piling up.

However, he had joined the plant credit union as a matter of course and although he did not know it, by that act alone he had made over 1,500 friends who were ready to stand by him. The treasurer of that credit union visited him at the hospital, listened to his story, and within a few hours, the treasurer had arranged for a loan, had him endorse the check, deposited it in a local bank, and returned to the hospital with the bankbook and pad of blank checks so he could keep up with his bills, even though he could not leave his bed.

This probably is not a particularly dramatic story nor is it a particularly unusual one for credit union people. But it is service such as this that has insured for the credit union movement a secure niche in the hearts of millions of Americans.

THE IMPORTANCE OF CREDIT UNIONS

Mr. IRWIN. Mr. Speaker, befitting our recognition today of the 25th anniversary of the passage of the Federal Credit Union Act, I am proud to report on the enviable record and contributions of the 407 credit unions in my home State of Connecticut.

These nonprofit, self-supporting organizations have provided much-needed services for some quarter of a million members in Connecticut. They have offered unique opportunities for self-help for low and middle-income individuals in all walks of life.

The benefits of credit unions are twofold. First, they provide a readily accessible source of consumer credit for worthy purposes which often are not recognized by larger financial institutions. Moreover, these loans are limited to a maximum interest rate of 1 percent per month on the unpaid balance of the loan.

At the same time, the credit union movement has fostered and encouraged thrift and savings on the part of its members.

Through a system of regulated savings, Connecticut members have put aside some \$98.5 million. Many of these savings accounts are so small individually

as to be uneconomical for larger, more formal financial institutions.

Yet through the credit union intermediary, this money is put to work, helping people who need a loan at modest cost, and earning regular dividends for those who saved it.

These basic services have provided financial security and assurance for the millions of credit union members throughout the Nation.

The importance of these thrift organizations as a healthy influence upon the economy should not be overlooked, for they have acted as an anti-inflationary force. Last year, for example, loans outstanding increased 18.7 percent, while savings in the credit unions increased by a rate of 27 percent.

Because the credit unions have been able to respond through the years to the financial needs of millions of provident individuals, they have compiled a remarkable record of growth, both in membership and assets.

I am confident that credit unions will continue to contribute to the welfare of American citizens, and maintain their status as unique instruments for human welfare.

Mr. GUBSER. Mr. Speaker, it is a pleasure to join with other Members of Congress in honoring the credit unions of the United States. In my opinion, these unions have fulfilled a very definite need and are a classic example of American self-help and initiative.

Credit unions have been well accepted in my own State of California and have taken their place in the economic lives of their members. The number of credit unions in California have increased in the past 5 years from 1,063 to 1,640, a 54 percent increase in the 5-year period. Over 2,200,000 members and their families are enjoying the benefits of credit union services. Members have accumulated total savings of \$449,733,000 and total assets of \$509,952,000. Outstanding loans to 692,300 of their members total \$420,892,000. They have created required reserves of \$18,320,000. It is significant that the average savings per member is \$385, and the average borrower owes his credit union \$608.

Of the many services credit unions afford their members, one receiving increasing favor is that of interest refunds. This is the practice of returning, at year's end, a portion of the loan interest paid by a member during the preceding year, as experience allows.

Credit unions have established a very fine record in the field of consumer credit as evidenced by their low loss ratio. At the recent hearings before Subcommittee No. 3 of the House Committee on Banking and Currency, Mr. J. Deane Gannon, Director of the Bureau of Federal Credit Unions, said, "We are very proud of the fact that Federal credit unions have lost only 17 cents on every \$100 loaned."

Mr. Speaker, I strongly support a Federal Credit Union Act. H.R. 5777 will modernize legislation which makes Federal credit unions possible. These unions have proven their stability and without a doubt are here to stay. Since times and conditions have changed, it is only proper that the legislation should be brought

up to date in keeping with the progress made by these fine institutions. I sincerely urge my colleagues to support H.R. 5777.

Mr. DERWINSKI. Mr. Speaker, throughout the United States this year, we are celebrating the silver anniversary of the enactment of the Federal Credit Union Act of 1934.

The credit union movement in the United States really began to pick up momentum following the passage of a Massachusetts law in 1909—50 years ago. Edward A. Filene, merchant and philanthropist, spent millions of dollars and many hours of his time heralding the accomplishments of credit unions operating abroad, and urging that they become a part of the American economy. Mr. Filene is credited with the passage of the Massachusetts law and with the spread of interest and enthusiasm to many other States. Cooperative ventures were not new to this country when Mr. Filene began his campaign for the recognition of credit unions as a type of financial institution which could meet the credit needs of a mutual segment of the American population, but few people were acquainted with the credit cooperatives.

Since 1934, credit unions have displayed an enviable penchant for growth. There are two major reasons for the growing importance of these institutions to the American economy. First, they are organized under the fundamental belief that in a republic the rights and privileges of all of the people are of primary concern. Second, they do not seek to compete with other established financial institutions, instead they fulfill a distinct service not otherwise rendered.

How do credit unions reflect the fundamentals of a democratic way of life? The answer to this lies within the organizational structure of credit unions. These groups may be organized by any group with a community of interests. They are organized, not for profit but for service to members. Each member has one vote in the running of the association, whether he is a large shareholder or a small one. Shareholder-members, and only these members, can borrow funds. Last, but not least, the self-help nature of these credit agencies has its roots in the traditions upon which this country was founded.

There may be those who would debate my statement that credit unions do not compete with other financial agencies. But the facts speak for themselves. Most loans granted by credit unions would not be honored by any other financial institution. They would either be considered too insignificant or the borrower would be lacking in the kind of security demanded. Every individual has a right, and a need, to borrow, for the same reasons as a business or government. Credit is basic both to the economy and to every individual.

Most of the loans granted by the credit unions are actually much too small for other lending agencies to profitably process. The size of the loan needed for family emergencies or purchases of consumer durables is by no means insignifi-

cant to the credit union member seeking needed funds. This, then, is a service rendered by the credit unions which would otherwise only be available at a higher interest rate. Their lower interest rate saves members money and gives them more money to use for other things. Larger lenders would not grant many of the applications for loans which are honored by credit unions because their rigid security requirements could not be met by these borrowers. A credit union member borrower's character is the only security demanded. Does this not prove that credit unions are not displacing other lending groups, but are rather filling a need which otherwise might not be met?

I hasten to point out that this faith of the credit unions in the personal integrity and honesty of the average man has been completely justified. The losses suffered by these small lending institutions have been no greater than those experienced by other established lending agencies. According to the Bureau of Federal Credit Unions, losses since the organization of Federal credit unions have amounted to only fourteen one-hundredths of 1 percent.

As previously noted, credit unions are run by business amateurs, that is, fellow members; but their record of good management can be challenged in but few instances. They have grown into prominence in the field of consumer financing, even though their loans still account for but 17 percent of all personal loans. Credit union assets now equal almost \$4 billion.

World membership is equally significant and rapidly enlarging as more and more of the peoples of the world avail themselves of this self-help device. My own State of Illinois boasts a membership of 878,000 in 1,636 credit unions, State and federally chartered. Any Illinois worker will be glad to tell how much membership in his credit union has meant to him in personal security, in wise allocation of his financial resources, in the higher standard of living for himself and for his family.

In this period of history which has witnessed a staggering increase in programs which run the full gamut of welfare activity, it is, indeed, rewarding to watch the steady growth of these self-help organizations and the influential part they are continuing to play in teaching people to help each other in a practical manner.

May I call to the attention of the Members of the House that previous to my service in Congress, I have served as president of a savings and loan association and from personal business association with numerous credit unions in my home community I can testify as to their inherent soundness and service to their members.

Mr. HARGIS. Mr. Speaker, there are 290 credit unions in my home State of Kansas, many of them serving farmers and small rural communities. In these areas, they have proved their worth to no less a degree than have their big city brothers.

I am particularly interested in the fact that credit unions encourage savings.

This they must do, for if nobody saved, there would be no money to borrow. The simple act of saving a little on a regular basis can be a habit-forming process, building habits of thrift which will work for the member for the rest of his life. Many credit unions, I am told, urge borrowers to save even while repaying on a loan, in order that this habit of thrift may become automatic.

The money which is saved in this manner works again for the members, since most of it is loaned for provident and productive purposes. In the year 1958, 80.4 percent of credit union savings was put to productive use through loans.

Most of these organizations also provide special credit union life insurance, available through the movement's own CUNA Mutual Insurance Co., which pays an amount equal to a member's savings upon his death. In most areas this can amount to an additional \$2,000, although in a few places the top payment possible is \$1,000. This protection is provided by the credit union without cost to the members, and has been a big factor in encouraging the members to save regularly.

Mr. MEYER. Mr. Speaker, I am glad to have this opportunity to join my colleagues in observing the 25th anniversary of the passage of the Federal Credit Union Act.

The credit union movement, which this year in celebrating a number of important anniversaries, is an outstanding example of democracy. Money saved and borrowed in the credit union is furnished by members and controlled by members on a truly democratic basis.

In the 25 years since the passage of the Federal Credit Union Act, the number of credit unions in the United States has increased ninefold. Membership has increased accordingly, and in my own State of Vermont credit union membership is now in excess of 13,000. These financial institutions have assets of almost \$4 billion. This growth in number and in value is indicative of the significant role played by these institutions. Numerous individuals and families have been helped by these cooperative ventures in saving and consumer finance.

Small loans at low rates of interest have meant financial support in time of need to many members. The provident and productive purposes for which these loans are granted have been purposes which contribute to the economic well-being of a substantial segment of our population.

The Federal Credit Union Act is a measure which contributes to the general well-being of our American families, and at the same time serves as a stimulant to the Nation's economy. Many of the loans made by credit unions are the sort which commercial lenders are not interested in—small amounts for a short length of time, for example—but they can be a big help to a member who finds himself desperate for funds. Loans are made on the basis of character and reputation, and the fine record of repayment indicates the high regard the members have for these groups which they own and run themselves.

I believe that legislation to modernize the Federal Credit Union Act, bringing it up to date with the rapid changes which have been occurring in our economy is important. Congress should do whatever it can to insure the perpetuation of these groups, and the successful operation of these financial institutions depends upon adequate statutory provisions. Their contribution to the wise use of individual resources, and their consideration of individual dignity are true exemplifications of the principles upon which this country was founded.

Mr. KARTH. Mr. Speaker, on the occasion of the 25th anniversary of the signing of the Federal Credit Union Act by President Franklin Delano Roosevelt, I am pleased to salute the Federal credit union movement throughout the United States.

Conceived and born in the dark days of the great depression when the country's banking system lay in a virtual shamble and any credit was almost impossible to obtain, Federal credit unions supplied a crucial need for consumer credit which in turn helped put recovery steam back in the engines of our national economy.

It is now 25 years later and the bold idea on paper has flourished proving that the men who dreamed of providing the means to help people buy the things that they need, and that our economy is abundantly able to produce, were hard-headed realists.

The success of the Federal credit union system is heartwarming and yet disquieting because it gives us pause. The occasion recalls that great New Deal period of upheaval and yet of progress when many audacious plans and programs for the Nation's social and economic betterment were started and vigorously carried forward by an administration dedicated to the democratic ideal.

The growth of Federal credit unions since 1934 has been great. I am told that in the United States there are over 10 million members in more than 18,500 credit unions, and that their assets total greater than \$4 billion. In Minnesota the 220,000 members have 461 credit unions and \$100 million in assets.

These are most impressive statistics.

Even more important though is the fact that through Federal credit unions people are given the chance to help themselves efficiently, economically, and with dignity. This is in keeping with the finest democratic tradition.

I would be remiss if I did not give special commendation to the many thousands of members and officers who voluntarily devote time and energy to the affairs of their credit unions. Without their unstinting efforts the movement would exist as a glorious but futile idea.

Federal credit unions exist and thrive because they have an invigorating philosophy and they serve a vital function in our economy.

I am confident that the Federal credit unions of this country will flourish as long as this Republic lives.

Mr. BRADEMAS. Mr. Speaker, I should like to take this opportunity to pay tribute to the credit unions of Amer-

ica on the occasion of the 25th anniversary of this great movement.

As a member of a credit union myself, I have some personal understanding and appreciation of the splendid contributions made by these organizations to the lives of many Americans.

What is a credit union? A credit union is a group of people who agree to save their money together and to make loans to each other at low interest. It is organized by members of a particular group: for instance, people working for the same employer; people who belong to the same fraternal order, church or labor union, or people who live in the same closely knit community. Membership is open to all in the group, regardless of race, color or creed. Credit unions are democratic: the members elect their own officers and committeemen and set policies for the credit union at the annual meeting.

Mr. Speaker, in the State of Indiana, we have 451 credit unions serving more than 240,000 citizens. They have used their credit unions to save nearly \$100 million.

When they need help of a financial nature, they know they can turn to their credit union, current loans outstanding are over \$67 million.

In my State, credit union loans are used by farmers, to finance new machinery, by teachers, to finance additional training in their profession, by our younger citizens, to finance a growing family; and by our elder citizens, for trips to see their grandchildren. These are not unusual needs but taken together they represent the satisfaction of a lot of needs for a lot of people.

Indiana credit unions have also proved themselves to be excellent places to save, and most people who belong to them save regularly, even if only a few dollars every payday. Even if they are repaying a loan, members are encouraged to continue to add something to their savings account.

For many, the credit union becomes the pivot about which their family finances revolve. Even for those who are familiar with budgeting, the credit union still has much to offer. For instance, a credit union loan, repaid over 12 months, can often be the answer to the large, one time only, bill for car repairs, insurance premiums, or taxes.

Mr. Speaker, credit unions are excellent examples of the way in which Americans will find solutions to their own problems in their own way. They are in keeping with the finest traditions of American independence and self-reliance.

Mr. McDOWELL. Mr. Speaker, the State of Delaware has 28 credit unions, all operating under Federal charter, and therefore, we are doubly interested in this anniversary of the Federal Credit Union Act. Without it, some 11,000 people in my State that now enjoy credit union service, would not have it. These people have amassed savings of more than \$3 million, and they lent this money to each other and at the end of the year they had \$2.8 million outstanding in provident and productive loans to

each other, at low interest. I call that a worthwhile achievement.

I believe there are only a few States in the Union where only Federal credit unions operate, and representing such a State, I wish to go on record as being aware of the importance of this grass-roots self-help movement.

Mr. MONAGAN. Mr. Speaker, I am happy to join with my colleagues in the celebration of the 25th anniversary of the establishment of credit unions in the United States. The credit union movement has since its inception performed a very useful function in making reasonably cheap credit available to the average citizen who might otherwise be forced to go without.

Over the years innumerable individuals and families have been able to survive periods of domestic difficulty only through the help of a company or organization credit union.

The appreciation of the credit union movement has broadened because understanding of its role in the economy has increased.

I can make no better wish on this silver anniversary of the establishment of the credit union than to hope that it will continue, in the years ahead, to make its valuable and substantial contribution to the welfare and efficiency of the American economy.

Mr. CLEM MILLER. Mr. Speaker, I would like to add my voice to those today expressing appreciation of the anniversary of the Credit Union Act.

More than a million people in the State of California are credit union members.

Their savings total more than \$447 million; their outstanding loans in excess of \$382 million. The most common dividend rate on savings is 4.5 percent, and a growing number are making interest refunds to borrowers as well.

Credit unions are able to provide the type of service reflected by these figures because of their unique common bond organization. Credit unions can only be organized around a cohesive group, which insures that most, if not all, of the members will be known by reputation to each other. This has several advantages.

First, it means that a prospective borrower need have no reluctance to apply. He knows that the credit committee which will decide on his application is made up of men like himself, who have the same problems, and who are bound to be familiar with his worth as an individual. They are not strangers; they are his friends and fellow workers.

Second, the common bond permits the credit union to place its reliance on the security provided by good reputation of the borrowers. There is no need for expensive investigations to determine his trustworthiness; this information is already known.

Finally, the common bond adds to the sense of responsibility placed on the borrower. He knows that the money entrusted to him was saved in small amounts by the men he works with day in and day out. He knows how difficult saving can be for them, and he naturally feels a greater obligation to repay his

loan on time so that others may use the money.

Mr. PELLY. Mr. Speaker, I would not want the 25th anniversary of the passage of the Federal Credit Union Act to be recognized in the House of Representatives without personally participating in this rather simple but extremely important anniversary observance.

What I have to say, Mr. Speaker, comes from my personal experience and I may say, too, from my heart. This is because, shortly after the act was passed, as a businessman I was approached to find out if the concern with which I was associated would allow their employees to meet for the purpose of considering organization of a company credit union. In this connection I may say that I believe that the decision I made approving such an employee program was one of the most rewarding and meritorious acts of my business life.

Mr. Speaker, 25 years ago the country, as will be recalled, was in the depths of the worst depression it has ever experienced. It is not necessary to recall the problems that came into the lives of all our people during that time. Suffice to say that in the business firm with which I was connected, employees received the barest minimum of wages, and in all fairness let me add that the company itself had difficulty in paying those low wages and was losing great sums of money so that its stockholders got no dividends.

It was in the depression, prior to the passage of the Federal Credit Union Act, that I came face to face with tragedy after tragedy in the personal lives of the employees who worked under me. These people were desperately trying to live on their meager salaries. Many had obligations incurred in previous, more prosperous times; some were delinquent in payments on their homes; some needed money to meet hospital and medical expenses. Creditors from all sides were pressing people and garnisheeing their wages.

My experience was in retail business where each sales person had a cash fund and a cash register. There was a rule, of course, that no employee could borrow from their fund. But time and again audits disclosed that this rule was being broken and in turn certain employees developed a habit of not fully recording amounts of sale to cover up losses or thefts, which in turn resulted in apprehension, loss of jobs, and individual tragedies.

After the establishment of a credit union in the company and the development of a systematic savings program, together with establishing a source of funds when needed, I found that employees no longer had what was generally called "sticky fingers." The company in turn found that the minds of their salespeople, instead of being on personal problems, could be devoted to selling, and the long and short of this was that both the company and employees benefited. Without going into statistics or details, Mr. Speaker, I simply want to say that the credit-union movement is something which has increased employee morale and brought happiness and security into the personal lives of the individuals who are members of credit unions.

I have followed the development of credit unions in my State through the Washington Credit Union League and it is of great interest to me that a number of these credit unions now not only pay dividends on deposits, but even refund portions of interest to the members who borrow money. In 1957 there were some 10 credit unions in my State which refunded interest in this way, while in 1958, 55 credit unions made refunds of this kind to their members.

The statistical report for the year ending December 31, 1958, on credit unions in my State amazes me. It hardly seems possible that these unions could have experienced such a growth in a mere 25 years, so that now 214,000 members own assets exceeding \$89 million. Loans outstanding are in excess of \$65 million and reserves set aside are more than \$5,700,000.

I predict that the next 25 years will see a continuing growth and in particular an expanding contribution to the happiness, prosperity, and security of our income groups and workers in America. I join with all my heart in congratulating those connected with the original passage of the act. I congratulate those who are carrying on in this useful field. Let us hope, incidentally, that legislation to perfect and implement the act will always be forthcoming and in the meanwhile on this auspicious occasion let me finally conclude by saying that no tribute or words will ever fully assess or do full justice to the record of what credit unions have done for the American people.

Mr. HALPERN. Mr. Speaker, I also wish to add a few words of commendation and congratulations to the Federal credit unions on their 25th anniversary. Approximately 850 of the 1,000 credit unions in New York are federally chartered, providing an outstanding service to many thousands in New York who, but for the enactment of this Federal legislation a quarter of a century ago, would be denied the benefits of this service.

New York State ranks among the top States in the number of federally chartered credit unions, so that we have had an ample showcase for the performance of these groups. They have been established in industry, for occupational groups, for members of fraternal orders, for church groups, and others.

They have indeed merited the accolades which have been their just due. Their record of service is well known and nearly 450,000 members in New York have saved some \$140 million in the federally chartered unions.

Most of this money comes from people who do not save elsewhere and represents the accumulation of the continuing saving of small amounts by working people. The aggregate is a stirring reminder of the educational value in teaching thrift.

We should not forget that credit unions deposit their cash in banks, and that these small savings, added together, give the banks welcome sums which they can invest with a minimum of bookkeeping expenses, as compared to the cost of processing the many thousands of small

accounts they represent, even if these people were to bring their savings to the banks.

Federal credit unions have performed an invaluable service in encouraging American families to save and in providing additional capital for investment. Experience has more than borne out the wisdom of the passage of the Federal act in 1934. It is a great privilege to pay tribute to this flourishing movement on its 25th anniversary.

Mr. PRICE. Mr. Speaker, I rise to pay tribute to the credit union movement on the 25th anniversary of the Federal Credit Union Act. It seems to me that credit unions, tested in experience and proved in value, are a major example of the kind of voluntary self-help that our democratic society has a genius for discovering, or perhaps in creating, with the stimulus of a socially conscious Government.

Enlightened men of some means, social philosophers if you please, invented the idea of credit unions—or at least perfected them—something around 100 years ago in Germany. Men of means were appalled at the difficulty the working people had in earning enough for their daily needs and getting money for emergency purposes.

These enlightened men founded societies, and eventually the idea grew that workers could join in credit unions, furnish their own capital, and lend money to those among them who needed it for sound purposes. It was a cooperative idea.

There were earlier approaches toward this idea. Indeed, one writer has discovered an example of a cooperative credit society in Connecticut in 1732. The system has now grown and expanded, wherever praise should go for its origin, until it is a significant part of America.

The Federal Credit Union Act, like so many of the laws establishing socially useful institutions familiar in our lives today, was signed by President Franklin D. Roosevelt in 1934.

There are now something over 9,300 cooperative credit unions authorized and operating under Federal law, and J. Deane Gannon, director of the Bureau of Federal Credit Unions, says that 5.5 million people are now shareholder-members of Federal credit unions.

This means that the families of these 5.5 million Americans have a great measure of protection against the emergencies that arise in the lives of everyone. They can borrow money for provident and wise purposes, or for suddenly necessary purposes, from a group of shareholders with whom they have joined in creating through share-purchases a common pool of liquid capital.

They can borrow money from the pool of funds they have helped create, and borrow it at reasonable interest rates, which is the key to the whole thing. They have scored a success in solving their money problems through the device of cooperative self-help among workers.

I think that the credit union system will grow as people understand its potentialities. There is no menace, here, to commercial forms of banking and loans, any more than there was a threat

to insurance companies in the creation of the social security system. The encouragement of thrift and wise money handling spreads its benefits everywhere.

I salute the Federal Credit Union system and its accomplishments.

Mr. CUNNINGHAM. Mr. Speaker, it gives me a great deal of pleasure to join many of my colleagues in calling attention to the 25th anniversary of the signing of the Credit Union Act.

In Nebraska we have over 150 credit unions in operation, serving over 70,000 members. I know personally of the excellent service that these credit unions are performing for their members, both through encouraging thrift and through making available low-cost loans to enable members to enjoy the better things of life.

I am advised by officials of the Nebraska Credit Union League that they estimate members of credit unions in the State of Nebraska were saved approximately \$1.25 million in interest paid to their credit unions during 1955, as compared with what would normally be paid on such loans made through other institutions. The joining together for the common good and the purpose of assisting other members is a typical American tradition. The growth of credit unions in my State and in the Nation reflects the enthusiasm the credit union member has for his credit union and the obvious advantages of belonging to a credit union.

Mr. YOUNGER. Mr. Speaker, it is a real pleasure to participate in the 25th anniversary of the signing of the Federal Credit Union Act. I know of no law on the books which has done more to teach the savings habit to the employees of manufacturing plants and businesses than the Federal Credit Union Act, as well as the Credit Union Acts which have been passed in the various States.

For instance, in our own State of California, we have now 1,640 credit unions chartered under the Federal Credit Union Act, with over 2,200,000 members enjoying the benefits of Federal Credit Unions countrywide. Members in California have accumulated savings in these credit unions which now total \$271,900,000—which is a 16 percent increase over 1957. Much of these savings probably would not have been accumulated except for the activities of the Federal Credit Union within the institution where the member works.

These savings are loaned out to their own members to cover emergencies, and in many cases afford an employee or a member available financing which, in all probability, would not have been available to him had not the credit union movement been started. The average savings per member is \$385, and the average borrower has an unpaid balance with his credit union of \$608.

The credit unions have prevented many bankruptcies and have been a means of maintaining family ties in many families where they were about to break up over many bills with various establishments, and the credit union has permitted them to consolidate these obligations into one obligation which was within their budget.

I know that the credit union movement will go forward with increased velocity due to the impetus of the fine work that has been done in the last 25 years.

Mrs. CHURCH. Mr. Speaker, June 26, 1959 marks the 25th anniversary of the signing of the Federal Credit Union Act in 1934, which provided for the chartering and supervision of Federal credit unions.

These self-help associations, organized to promote thrift and to make loans at low interest rates among their members, have made outstanding progress since 1934. In that year there were 2,450 credit unions in this country; today there are over 19,166 credit unions with a membership of 10,721,595 and total assets of over \$4.4 billion. This is truly a noteworthy record.

Germany is the birthplace of credit unions as we know them today, and such cooperative credit societies in Europe and Asia have existed for more than a century. The U.S. credit-union movement started in 1909 when the State of Massachusetts passed the first State credit union law. Since that year most of the States, as well as the District of Columbia and Territories, have passed similar laws.

It is interesting to recall that at the hearings held in Massachusetts to consider proposed legislation to recognize and define the field of credit unions, one of the witnesses, Mr. Edward A. Filene, millionaire Boston merchant, testified as to the soundness of the idea of credit unions and the service which these associations rendered the people with modest incomes they were being organized to serve. His enthusiasm played a major role in getting the law passed, and his subsequent interest and work for the growth of credit unions in this country were in large part responsible for the development of the movement.

My own interest in the credit union movement is, in fact, intimate and longstanding. It was Ralph Church, my husband, who, when a young man and during the early part of his 16 years of service in the Illinois Legislature, introduced and carried to successful passage the act providing for State-chartered credit unions.

We are proud that Illinois today leads the 48 States in the number of credit unions established, both State chartered and federally chartered. As of December 31, 1958, there were a total of 1,636 credit unions in the State, with a membership of 877,980 and total assets worth over \$387,500,000. In 1958, credit unions in Illinois granted more than 875,000 needed loans in excess of \$259 million; and an added benefit, in the form of patronage rebates of a percentage of the interest paid on loans, was granted by 193 credit unions in this State. This method of alleviating the financial burden of persons of modest income is being adopted by more and more credit unions.

The credit union program has proven its capacity to promote regular thrift habits for all wage earners and small farmers; to grant convenient, low-cost credit; to promote the wise use of money; and to control and manage money in a democratic way. It has proven its ca-

capacity to operate on any economic level, and regardless of race, creed, or color.

We hail this credit-union anniversary, marking a full quarter century of achievement, and look forward to even greater expansion and service in the years ahead.

Mr. BURKE of Massachusetts, Mr. Speaker, on this 25th anniversary of the enactment of the Federal Credit Union Act, it is fitting to point out the part played by the Commonwealth of Massachusetts in the development of the credit union movement in our country. The first credit union law was enacted in Massachusetts in the year 1909, and the President shortly thereafter recommended to the Governors of other States that they, too, consider the adoption of similar credit union legislation.

Massachusetts contributed two great leaders to the credit union movement, Edward A. Filene, a Boston merchant and philanthropist, who became interested in these mutual thrift societies while traveling in India, and Roy F. Bergengren, a Boston attorney who headed the Credit Union National Extension Bureau from 1921 to 1934. Mr. Bergengren traveled throughout the country searching out leaders and creating interest in the credit union movement and later became managing director of the Credit Union National Association.

Recently the Credit Union National Association held their annual meeting in Boston, Mass., to celebrate the 25th anniversary of the enactment of the Federal Credit Union Act and the 50th anniversary of the Massachusetts credit union law. At this time an impressive monument to Edward A. Filene was dedicated on the historic Boston Common. It is also noteworthy that during these meetings another Bostonian, Mr. Julius Stone, was elected to the presidency of the Credit Union National Association.

The Commonwealth of Massachusetts takes pride in the great part which it played in the birth and development of the credit union movement in the United States. The service to our citizens provided by these organizations today is a tribute to the vision and efforts of these credit union pioneers from the Commonwealth of Massachusetts.

Mr. ADDONIZIO. Mr. Speaker, a proper way to celebrate this silver anniversary of the enactment of the Federal Credit Union Act is to make those changes which experience and the development of the Nation's economy have made evident. Bills to bring that law up to date are before this House. Action to that end is currently under way.

The soundness of credit unions has been firmly established. This is no fly-by-night social innovation, but rather a carefully thought out financial system which has stood the test of time and proved its worth through two World Wars, a terrible depression, and has throughout this time kept pace with our rapidly developing economy. Credit unions perform their duties most competently, and I am proud of New Jersey's 497 credit unions with their 254,000 members and \$76 million in assets. These figures are, I think, a fine tribute to the thrift and industry of the people

of the State I have the honor to represent.

The New Jersey credit unions and the other credit unions throughout the country are a valuable social institution. Tangible and intangible values derive from their operations, not only to their millions of members but to society as a whole. Credit unions inculcate a spirit of thrift and self-reliance, and have enabled families of modest means to weather financial problems that could otherwise have resulted in dire misery and chaos. Credit unions represent democracy at its best.

In our complex modern society, it is important that we encourage the program of mutual self-help and neighborly concern embodied in this system.

As an illustration of the fine work these groups do, let me tell you a story which came to my attention recently. It concerns a teacher who is still an active member of the Monmouth County Teachers Federal Credit Union in the State of New Jersey. He had a good job, a fine wife, and was working toward his master's degree. In fact, he had only eight more academic credits to earn. Because the school in which he taught was some distance from his home, a car was a necessity. To finance its purchase he borrowed the money from his credit union.

He had only had the car a short time when one morning he awoke and made the shocking discovery that overnight, while he had slept, he had become blind in both eyes.

Now his wife would have to drive him everywhere he went, but the car was still unpaid for, and he faced the loss of his earning capacity.

Gentlemen, his credit union answered that problem. Through the life and disability insurance supplied by the credit union, without any extra charge to the member, the balance due on his loan was paid in full, and he was given unencumbered title to the car.

I am happy to say that the Commission for the Blind made it possible for him to complete his studies at the university, and that he has since earned his master's degree and is ready to begin supporting his family again.

This is just one of the many reasons credit union members in my State, and in yours, borrow from their credit unions. Borrowing purposes include the consolidation of old bills, taxes, medical expenses, funerals, home repairs, farm equipment, vacations, automobiles, education, weddings, and for family emergencies.

In addition, credit unions carry on a constant year-round educational campaign to get members to save regularly. Many people who had never saved before in their lives, because they didn't realize it was possible for them, have developed the thrift habit of putting aside a little each payday. Today, U.S. credit union members have accumulated more than \$4 billion in their credit union savings accounts.

These considerations coupled with the realization that credit unions cannot

create funds, in that members lend their savings to each other, makes these groups a growing anti-inflationary factor in our economy. The latest figure for total credit union savings in U.S. credit unions is \$3,927,668,745; nearly \$4 billion. In 1954, the same figure stood at a little over \$2 billion, which is quite a record of growth for 5 short years; 5 years during which prices have been continually rising.

Certainly the fine men and women who devote their lives to serving their fellow men through the medium of the credit union have real reason for pride. I know that the vast majority of them are unpaid volunteers, working on their own time, and making themselves available at any hour of the day or night to answer the emergency call for funds. When a credit union member comes to his treasurer the first question asked is "How can I help you?" To me this is the phrase that sums up the credit union idea.

Mr. COHELAN. Mr. Speaker, on the 25th anniversary of the passage of the Federal Credit Union Act, I am pleased to join other Members of Congress in paying tribute to our colleagues whose work resulted in that legislation and to the credit-union movement itself.

In this we call attention to the fact that the uncomplicated democratic institution which is a credit union has lived up to its original promise, has thrived, and in doing so has clearly demonstrated that it will play a more and more important role in years ahead.

In the State of California, as elsewhere, credit unions are a healthy and widely accepted institution, which simply means that more and more thousands of citizens have joined with fellow workers and friends to pool their savings and make loans at low interest rates. In California in the past 5 years the number of individual credit unions has increased by 54 percent. I am advised by the California Credit Union League that today members of credit unions in our State have accumulated total savings of \$499 million and total assets of \$510 million and have loans outstanding in the amount of \$420 million.

Having shared in the organizing of one such credit union in California and having served on its board, I know the credit union also as a down-to-earth workshop in the principles of democracy, as well as an entirely workable self-help agency for thrift and saving.

In the years ahead we will see continuing growth of the credit-union movement, and we can be confident that this is healthy growth.

Mr. PATMAN. Mr. Speaker, hearings have been conducted recently on amendments desired by the Federal Credit Unions. It contains the legislative history of credit unions, including the testimony of many witnesses. The hearings were conducted by a subcommittee of the Committee on Banking and Currency and contains 159 pages. A request to your Member of the House of Representatives will enable you to secure a free copy.

BRIBERY OR EXTORTION

The SPEAKER pro tempore (Mr. METCALF). Under previous order of the House, the gentleman from Michigan [Mr. HOFFMAN] is recognized for 10 minutes.

Mr. HOFFMAN of Michigan. Mr. Speaker, a story by Edward T. Follard in this morning's paper states that in 9 years the Pittsburgh Sun Telegraph paid former convict Theodore (Teddy) Cozza, president of Teamsters Local 211, of Pittsburgh, \$100,000 to avoid strikes.

This calls to mind the payment by, I think it was, the New York Times, of a substantial sum to secure delivery of, I think, a Sunday magazine.

The situation is nothing new. For many years, the racketeers and the extortionists have been shaking down first one individual, then another, first one business enterprise, then another, one at a time, until the practice has become so widespread, so brazen, that it is accepted as a customary union activity, which, of course, it is not.

Several years ago, the United States Supreme Court upheld a similar shake-down practice of the Teamsters, although, in the dissenting opinion, one Justice characterized it, as I recall, being nothing more nor less than legalized highway robbery. Then the Congress passed the Hobbs amendment, which did some good. George McKinnon, a former member of the Committee on Education and Labor, sent several Teamsters to jail from Minneapolis.

The McClellan committee has called to public notice hundreds of similar shakedown.

Supposedly wealthy corporations, like the New York Times, industrial and merchandising concerns—which supposedly have plenty of money—have paid for protection again and again.

These activities have been called to the attention of the public, of the Congress, of the press, year after year. Yet, because of political pressure, the Congress has sat idly by.

Occasionally, the press has had a temporary urge to start a crusade to end these evils. But, for one reason or another, has, with a few exceptions, usually given up.

The Chicago Tribune is a notable exception and, while Colonel McCormick was alive, the heat was incessantly on. Today, it is one of the few big dailies which continues the crusade against the crooked racketeers, not only in Chicago, but throughout the Nation.

Through the McClellan hearings, which, if compared with previous hearings on the same subject, might be designated as a Barnum and Bailey circus as compared to a one-wagon road show—though the issue is in no way comparable to a show—the people have had called to their attention the nationwide power of the crooks who are forcing tribute, not only from workers but from every consumer who makes a purchase in this country.

Mr. Speaker, I was just notified by a reporter that the McClellan committee just heard testimony to the effect that

the Detroit Times had on its payroll a representative of the Teamsters Union—that is in Mr. Hoffas home town—who is also on the payroll of the union.

Over the ticker just came this:

Senate rackets investigators were told today the Detroit Times has been paying—"to avoid any trouble"—a fulltime drivers' salary to a Teamsters official who does little work.

Charles R. Obermeyer, business manager of the newspaper, said the money has been paid for about 5 years to Joseph Prebenda, secretary-treasurer of Teamsters Local 372.

Asked whether he considered this proper, Obermeyer replied: "Absolutely not." He said the practice has been discontinued "as of last Wednesday."

"It was in the nature of a shakedown, was it not?" Chairman JOHN L. McCLELLAN asked him. "I don't know whether you would construe it that way," he replied.

"Could you construe it any other way?" McCLELLAN inquired. "I don't think so," he answered.

The press has had considerable to say about conflict of interest and about the shortcomings of Congressmen, which are altogether too many, as most of us will admit and which we are trying, each and every one of us, to correct where there is fault.

My suggestion if that is permissible would be that the press before it gets too harsh and indulges in too much criticism of Members of Congress, of the Congress and the executive department, clean up its own house, which brings me again to that old Biblical admonition that "no man can serve two masters. Ye cannot serve God and mammon."

Whether this Congress enacts legislation which will give, and the people get, relief through the enactment and enforcement of legislation which will minimize, if it does not end, this nationwide extortion depends to a very great extent upon the press. If the press of the Nation, which is fully aware of the facts, has the courage and the will to turn the light on what is happening, Congress will be forced—I repeat—forced to enact legislation which will bring relief, and to follow through with a demand that it be enforced.

The press has the knowledge, it has the skilled writers, it has the power. Will it meet the challenge? Apparently, Congress will not.

Heretofore, when a free press has been the issue, the press has not failed us.

Has it the moral courage? Or will it as a whole continue to ignore the issue?

Have enough of its representatives been "burned" by the demands of the extortionists so it will now act effectively?

Or are there enough courageous, patriotic publishers, editors willing to fight the organized extortionists, to force the Congress to do its duty?

THAILAND

Mr. MOELLER. Mr. Speaker, I ask unanimous consent that the gentleman from New York [Mr. POWELL] may extend his remarks at this point in the RECORD.

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

There was no objection.

Mr. POWELL. Mr. Speaker, today, I wish to salute the people of Thailand—the land of the free—His Majesty King Phumiphon, and His Excellency Visutr Arthayuki on this 27th anniversary of their National Day.

Situated in the heart of southeast Asia and long known as Siam, this country has been free and independent in the past while her neighbors on every side were forced under foreign domination. The Thais insist that independence for them has been historically guaranteed by wise and foresighted leadership.

Though Thailand, unlike many of her neighbors, has no Independence Day celebration for she has never experienced domination from outside, June 24 is celebrated as a national holiday for it marks the day of changeover from an absolute monarchy in 1932 to the present constitutional monarchy system. Under this form of government great strides have been made politically, socially, and economically toward preparing Thailand to take her rightful place in the rapidly changing world.

The Thai people boast that they are communism's most formidable foe in Asia and remind us that Thailand was the first nation which sent troops, naval, and air forces into Korea in response to an appeal from the United Nations for support there in 1950. In her determined resistance to communism's advance in Asia, Thailand earnestly hopes to obtain and maintain continuing assistance from the non-Communist world, especially from the United States with whom she has had a close and friendly relationship for over 100 years. A relationship which began in 1833 when the two countries signed the first treaty of amity and commerce which has consistently advanced mutual trade relations of the two countries. Since then the ties of friendship have grown consistently stronger.

Thailand has actively cooperated with the United Nations, SEATO and the United States in pursuing the ideals of the United Nations toward the advancement of small nations in their attainment of the ideals of peace and freedom and justice together with the economic and social well-being of mankind. The Thais are convinced "we can help each other in this struggle for peace with justice and that the United States can help Thailand to develop her much needed economic equilibrium, and Thailand can help the United States in strengthening the defense of freedom in southeast Asia."

TO THE CITY OF NORWICH ON ITS 300TH ANNIVERSARY

Mr. MOELLER. Mr. Speaker, I ask unanimous consent that the gentleman from Connecticut [Mr. BOWLES] may extend his remarks at this point in the RECORD.

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

There was no objection.

Mr. BOWLES. Mr. Speaker, the city of Norwich, Connecticut, is celebrating the 300th anniversary of its founding.

Since the first migration of 35 hardy souls from the nearby settlement of Saybrook in 1659, Norwich has grown to a thriving community of 40,000. The city is today a center of culture, religion, and trade for eastern Connecticut.

From its very beginnings, Norwich has enjoyed the priceless advantage of an alert and informed citizenry whose firm dedication to constant progress has made "the Rose of New England" the vital center of Connecticut life it is today.

This determination is seen today in the city's excellent schools, beautiful churches and homes, its preeminence as a center of trade and banking, and in its forwardlooking and constructive outlook for the future.

From this climate of achievement and progress have come many of our country's most prominent and effective citizens, to serve our Nation in all walks of life.

My distinguished colleague, the esteemed junior Senator from Connecticut, Senator THOMAS J. DONN, is a native of Norwich. Among the many other leaders Norwich has given to public life are such outstanding contributors in the fields of education, science, religion, commerce, and journalism as Dr. Robert L. Johnson, president of Temple University; Dr. Edwin H. Land, inventor of the Polaroid camera; Maj. Gen. Terence P. Finnegan, Chief of Air Force Chaplains and Chairman of the Armed Forces Chaplains Board; Mr. John Burke, president of B. Altman & Co.; and Mr. Robert D. Byrnes, dean of the Connecticut press corps in Washington and the respected Washington correspondent of the Hartford Courant.

The justly proud citizens of Norwich have arranged a full week of testimonial events with which to celebrate this completion of the city's third century of progress. Beginning on July 5, pageants, parades, lectures, and concerts, will serve to commemorate the city's rich past and its plans, hopes, and dreams of future growth.

In honor of this occasion, and to call to the attention of my colleagues the background of this memorable anniversary, I have asked the Library of Congress to assist me in the preparation of a tribute to the city of Norwich.

I am deeply indebted to the Legislative Reference Service for researching original Connecticut materials for use in the following historical survey.

NORWICH, THE NARRAGANSETTS, AND SACHEM'S PLAIN

The region around the site where Norwich now stands was the scene of countless Indian battles before the planting of the first white settlement.

After the Pequot Tribe had been vanquished by Capt. John Mason in 1637, the English, the Narragansetts, and the Mohegans signed a treaty of peace in 1638. Jealousy between Uncas, the Mohegan sachem, and Miantonomo, the chief of the Narragansetts, resulted in continued hostilities and to the ultimate defeat of Miantonomo. He was put to death by his conqueror, with the consent of the Court of Commissioners of the United Colonies of New England. The Narragansett chief was buried, probably sometime in

September 1643, on the plain which ever since has been called Sachem's Plain.

In 1650, the General Court judged "the thinge very disorderly" for Jonathan Brewster to have "set up a trading house at Mohigan, nevertheless, they are content he should proceed therein for the present."

"ROSE OF NEW ENGLAND"

The history of the founding of Norwich, "the Rose of New England," began just 300 years ago. In May 1659 a group of inhabitants of Saybrook applied to the General Court at Hartford for permission to make a settlement at Norwich, or, as it was then called, Mohegan.

The court considered the petition and "consented to" the desire of "ye petitioners respecting Mohegin, provided yt within ye space of three yeares they doe effect a plantation in ye place propounded."

The settlers apparently lost no time in arranging for the migration. In June 1659 the three Mohegan sachems, Onkos—or Uncas—Owaneco, and Attawanhood conveyed to the prospective settlers a tract of land beginning "at the brooke falling into the head of Trading Cove," and extending thence east, west, and north, on both sides of the river over a territory 9 miles square.

The original deed of the land has not been found. A copy recorded at Hartford in 1663 probably varied slightly from the original because the phrase "towne and inhabitants of Norwich" seems to imply that a settlement had already been made.

TOWNE OF NORWICH

The recorded copy reads as follows:

Know all men that Onkos, Owaneco, Attawanhood, Sachems of Mohegan have bargained, sold, and passed over, and doe by these presents sell and pass over unto the towne and inhabitants of Norwich nine miles square of land lying and being at Mohegan and the parts thereunto enjoyning, with all ponds, rivers, woods, quarries, mines, with all royalties, privileges, and appurtenances thereto belonging, to them and the said inhabitants of Norwich, their heirs and successors forever—the said lands are to be bounded as followeth (viz.), to the southward on the west side of the Great River, ye line is to begin at the brooke falling into the head of Trading Cove, and soe to run west nor west seven miles—from thence the line to run nor north east nine miles, and on the east side the afres'd river to the southward the line to joyne with New London bounds as it is now laid out and soe to run east two miles from the foresd river, and soe from thence the line is to run nor noreast nine miles and from thence to run nor norwest nine miles to meet with the western line. * * * In consideration whereof the sd Onkos, Owaneco, and Attawanhood doe acknowledge to have received of the parties aforesd the full and juste sum of seventy pounds and doe promise and engage ourselves, heirs and successors, to warrant the sd bargain and sale to the aforesd parties, their heirs and successors, to warrant the sd bargain and sale to the aforesd parties, their heirs and successors, and them to defend from all claimes and molestations from any whatsoever.—In witness whereof we have hereunto set to our hands this 6th of June, Anno 1659.

UNKOS (his marke).
OWANECO (marke).
ATTAWANHOOD (marke).

Witness hereunto:

JOHN MASON.
THOMAS TRACY.

In 1660 the court provided that "Vncas and other Indians and successors shalbe supplied wth sufficient planting ground at all times." The bounds were reviewed in October 1685 by an authorized committee, accompanied by the two sachems and some of the chief men of the Mohegans. The deed of 1659 was confirmed and a new deed, signed on October 5, 1685, by "Owaneca, son and heire unto Vnchas deceased," and "Josiah, son and heire unto Owaneco," was acknowledged before James Fitch, assistant.

The town plot was laid out in a winding valley which followed the course of the Yantic, and was sheltered for most of the way by abrupt, wooded hills. A broad highway, on each side of which the house lots were arranged, was opened through this vale.

NORWICH SERVES AS A HAVEN

The number of founders of Norwich is usually given as 35, which figure is based on a manuscript list made in 1767 by the Reverend Dr. Lord.

The reason for their migration from Saybrook is not known with certainty. Some may believe the tradition recorded in President Stile's diary, that the original settlers determined to leave Saybrook because of the great numbers of crows and blackbirds that infested the fields in May and June. Others are inclined to believe that the founders were influenced in their decision to migrate from their level coastal region to the land of wooded hills, sheltered valleys, and rushing streams, by Maj. John Mason, who had visited the Mohegan country on one of his numerous expeditions.

EARLY NORWICH CALLED MOHEGAN

The name Norwich was probably selected for the new town before its actual settlement, but it did not come at once into common use. For the first 2 or 3 years the town was generally known as Mohegan.

The first reference to it as Norwich is in March 1661, when "the constable of Seabrook" is required to levy a certain sum "upon ye estates of such at Norridge as are defective in their rates." The settlement seems to have been enrolled as a legal township under the government of Connecticut, in May 1662. The act is not included in the records of the general court, but during the session of October 1661, the following order was issued:

This court orders ye secretary to write a letter to Norridge, to send up a comittee [sic] in May next invested with full [power] to issue ye affair respecting settling that plantation under this government [sic].

NAMED FOR NORWICH, ENGLAND

The name was undoubtedly selected in honor of Norwich, in England. A natural supposition is that prominent persons in the new settlement came from old Norwich, but no such connection has been traced except through the Huntington brothers, and even in their case the link is uncertain.

NORWICH A PLENTIFUL OUTPOST FOR SETTLERS AND INDIANS

At the outset the founders, who had built homes previously at Saybrook, furnished themselves with simple but respectable houses and household equip-

ment. There is no record that the planters experienced any scarcity of food. Indian corn, prepared in various ways, was perhaps the principal item of their diet. Other staple foods were beans, turnips, pumpkins, fish, and wild game.

The Mohegans were eager to exchange their services for the food, clothing, and other comforts that they received from the English. Many of them erected wigwams in the vicinity of Norwich. Because of their habits of indolence, lying and pilfering, the Indians were troublesome neighbors.

The conversion of the Indians to Christianity was a cherished object of the Reverend Mr. Fitch. He continually tried to find opportunities for sowing the seed, and his earnest faith and charity made him hopeful of the harvest. But Christianity was never very popular with the chiefs. Uncas fluctuated in his attitude, but in spite of his respect for Mr. Fitch and his gratitude for the benefits heaped upon him, he could not be induced to accept without reservation the Christian doctrine. Among the poorer Indian families Mr. Fitch found willing ears and there the gospel seemed to bring peace and comfort.

KING PHILIP'S WAR

King Philip's War began in June 1675, and lasted 15 months. Norwich, being a frontier town, was kept in a state of excitement and apprehension. Uncas and the Mohegans were induced by Mr. Fitch to ally themselves with the English colonists. In November the Commissioners declared war against the Narragansetts. Preparations for war included the raising of a thousand men. The quota of Connecticut was 315, and that of Norwich was 18.

The winter of 1675–1676 was a period of fear and gloom. Bands of hostile Indians roamed the forests, killing and carrying off captives. Norwich was garrisoned by 20 or 30 soldiers, a blockhouse was built, and private houses were fortified. The town was the rendezvous and point of departure for numerous expeditions against the Indians. When Philip was killed at Mount Hope by a party of English and friendly Indians, there was little more fighting to be done.

Efforts, promoted by Mr. Fitch, to settle the Indians who had surrendered in communities near the town where they could be supervised and would be subject to the civilizing influence of the colonists, did not prove particularly successful.

TRAPPING A NECESSITY

The lands upon the Yantic, in the early days of the settlement, were infested with wolves, foxes, blackbirds, crows, and rattlesnakes. Hunting and trapping were necessary occupations rather than sports. Wolf hunts were not uncommon until after 1700. The rocks and glens of Norwich were known as the haunts of rattlesnakes and Wa-weekus Hill was famous for these reptiles, which are said to have grown to the size of a man's wrist. There is a popular tale that a violin player once went to the hill with his instrument and enticed a large rattlesnake, fascinated by his music, to follow him into the town street.

It was found necessary to offer bounties for the destruction of birds and snakes. A half-penny or sometimes a penny was paid for each blackbird or crow killed, the head to be produced as evidence. Two pence was the usual bounty for a rattlesnake. Although the bounties were small, so many birds and snakes were killed each year that the total amount paid became a considerable item in the town budget. Twenty snakes and one hundred birds were at one time brought in by a single claimant. The bounty for killing a wolf, which was 10s. 6d. appears to have been claimed only once after 1700.

BEGINNINGS OF INDUSTRY

At the time of the settlement of Norwich maize was the common grain and a mill was indispensable.

A town act of December 11, 1660, renewed a contract made at Saybrook between John Elderkin on the one hand, and the town of Mohegan on the other. It provided for the erection of a mill, either by the home lot of John Pease or at No-Man's Acre. The mill was to be completed before November 1, 1661, under penalty of forfeiting \$20. The toll was to be one-sixteenth, and a tract of land was pledged as compensation for the erection of the mill.

Elderkin's mill was erected first at No-Man's Acre, and was later moved to a location below the falls. New grants and privileges were bestowed upon the proprietor, to encourage him to continue to operate the mill. A tract of 40 acres upon the cove was given to the mill, "to lye to it with the landing place, for the use of the town," to be improved by John Elderkin, the miller. This grant covered the Indian burying ground and included a provision that the Indians were to have access to the spot and the right of sepulchre. The greater part of what is now Washington Street was included in this tract.

In order to encourage the establishment of a blacksmith shop the town made the following offer:

March 11, 1699: Granted to Joseph Backus so much land upon the hill by Thomas Post's house, as may be needful for him to set a shop and coalhouse upon, provided he improves it for the above use.

Feeling a need for another blacksmith in July 1704, the town offered a similar subsidy to the son of Captain Edmonds of Providence. That offer was not accepted but Jonathan Pierce was subsequently engaged as a smith, and land was given to him both in 1705 and 1712.

A sawmill was deemed a desirable addition to the new settlement, but it does not seem to have been easily obtained. In 1680, a grant of 200 acres was tendered to Captain Fitch to encourage him to erect a sawmill, and the offer was repeated in 1689.

When no mill had been built by 1691, the town proposed to establish one. The proposal was not carried out, and it does not appear that a sawmill was in operation within the town limits until about 1700. Some work may have been done for the early settlers at Winthrop's sawmill on the river above New London, from which place the transportation by water was easy. But most of the tim-

bers and planks that went into the first habitations were shaped by hand.

In 1690 a committee was appointed to select a suitable location for a fulling mill. In 1704 Eleazer Burnham made application for "liberty to set up a fulling mill upon the stream that runs into Shetucket River by the Chemical Spring." A tract of 30 acres was granted to encourage the undertaking and more land was promised if the enterprise succeeded. The project, however, was a failure, partly because workmen in the trade were scarce.

VARIETY OF EARLY INDUSTRY

Industry did not attain real importance in Norwich until the middle of the 18th century. The making of linseed oil was commenced at Bean Hill in 1748 by Hezekiah Huntington. In 1778 Elijah and Simon Lathrop advertised in the New London Gazette that they had established an oil mill at Norwich Falls and would exchange a gallon of oil for a bushel of well cleaned flax seed.

In 1766 a cutlery business made its appearance and various implements of husbandry which had formerly been imported were produced locally. In the same year a pottery for the manufacture of stoneware was established at Bean Hill.

At about the same time the business of weaving stockings was begun by Christopher Leffingwell. For many years it was a small concern, limited to two or three looms, but in 1701, Leffingwell had nine looms in operation, producing annually from 1,200 to 1,500 pair of hose.

He also engaged in the manufacture of paper. His paper mill on the Yantic, near No-Man's Acre, erected in 1766, was the first in Connecticut. Leffingwell was also the first to enter the field of chocolate manufacturing. His chocolate mill was in operation in 1770. Another was established in 1779 by Simon Lathrop.

In 1772 a Bean Hill blacksmith, Edmund Darrow, made from barrel hooping the first cut nails in America. Richard Collier, a brazier from Boston, made warming pans about the same time, and Noah Hidden manufactured combs in 1773.

The manufacture of clocks and watches was begun in 1773 by Thomas Harland. His watches were pronounced equal to the best imported from England. In 1790 he had 10 or 12 workmen in his employ, and it was said that he made annually 200 watches and 40 clocks.

In 1790 Dr. Joshua Lathrow established a cotton factory in Norwich. He began with five jennys, one carding machine, and six looms. This machinery was later increased and a great variety of goods was produced, probably to the amount of 2,000 yards per year, while the project was continued. But the business was not profitable and after a trial of 8 or 10 years, it was discontinued.

During the Revolution cannon were manufactured by Elijah Backus, who welded together pieces of iron to make a fieldpiece that is reported to have stood up under the weak charges used at that time.

WAR SPURS MUNITIONS MAKING

The Civil War, while it had an unfavorable effect on some of the indus-

trial interests of Norwich, gave impetus to the manufacture of firearms. Several attempts had previously been made to establish arms factories in Norwich.

In 1842 Ethan Allen and Charles Thurber had set up a pistol shop at the Falls. They made revolvers, weighing about 1½ pounds, firing six balls in less than 6 seconds. In 1853 Smith & Wesson erected a rifle and pistol factory on Central Wharf and in the following year secured a patent for a volcanic repeating pistol. Finding themselves restricted in space for their operations they later moved to New Haven, where a company was formed to continue the business on a larger scale. The pistols of the Bacon Manufacturing Co. were the only firearms being made in Norwich when the war began.

In January 1862, James D. Mowry contracted with the Government to furnish 30,000 Springfield rifles. The Norwich Arms Co., stimulated by the war, grew in size, filling successive contracts and furnishing large supplies of musketry. Other industries profited also, and the tanneries had more orders for leather for knapsacks, boots, belts, whiplashes, cartridge boxes, and drumheads than they could fill.

Today Norwich has a variety of manufacturing industries, including the production of cotton and woollen textiles, clothing, tinsel, thermos bottles, paper boxes, shoes, cordage, belting, brass fittings and machinery.

EARLY ROAD USED BY WASHINGTON

The first road from Norwich to New London, passing through the Mohegan fields, was laid out by order of the legislature, under the survey and direction of Joshua Raymond, about 1670. Raymond was remunerated for his work with a tract of land sufficient for a large farm along the route.

For more than a century the road was little better than an Indian trail. Its numerous fords, hills, and windings made it inconvenient and hazardous, and travel was chiefly by horseback or oxcart. In 1776, on his journey from Boston to New York, Washington undoubtedly traveled over the Mohegan Road from Norwich to New London.

Several prominent individuals formed an association in 1789 to make an improvement in the road. The legislature authorized them to hold a lottery, the proceeds of which were to be expended in repairing the part of the road that ran through Indian land. The lottery was drawn in June 1791, and the following May a company was incorporated to make the road a turnpike and erect a tollgate.

As a result of these efforts the distance from the courthouse on Norwich Green to the courthouse in New London was reduced to 14 miles and travel was made reasonably safe. The toll, first collected in June 1792, was 9 pence for four-wheeled carriages and 1 penny for a man and horse. This turnpike is said to have been the second to be established in America.

ROAD BECOMES VITAL LINK FOR COMMERCE

The road soon became an important thoroughfare and a heavy traffic in cattle and produce passed over it to New

London, to be shipped abroad. Repairs seem to have been needed at an early date, and we find that the commissioners had to advance \$400 from their own funds in addition to the toll collections. An act of 1805 allowed them to almost double the tolls until they were repaid.

The road subject to toll was extended from Trading Cove Bridge to Norwich Landing in 1806, and to the courthouse in Norwich in 1812. About 1817, Dr. Timothy Dwight wrote:

Few persons formerly attempted to go from one of those places (New London and Norwich) to the other and return the same day * * * the journey is now easily performed in little more than 2 hours.

After 1837 it appears that all net proceeds had to be spent on repairs, chiefly on that part of the road passing through the Indian reservation.

The New London, Willimantic, & Palmer Railroad was opened parallel to the Mohegan Road in 1849 with the result that toll collections decreased sharply. The toll gate was abolished in July 1852, by act of the general assembly. About 1900 the Montville Street Railway opened its line between New London and Norwich, following in large part the old Mohegan Road.

The turnpike was never owned by a corporation but was managed by commissioners in the interest of the road itself. In this respect it stands alone among early American roads as the only one operated throughout its existence according to the principles set forth by Charles II in 1663.

The Mohegan was not, however, the only road in early Norwich. The Norwich and Providence post road was made a turnpike in 1794. The Norwich and Woodstock Road, extending from Norwich to the Massachusetts line, was made a turnpike in 1801 and discontinued in 1846, the company having paid no dividends in 6 years. The turnpike from Norwich through Salem to Essex on the Connecticut River, commonly called the Essex Turnpike was established in 1827 and is said to have been relinquished about 1860.

The Shetucket Turnpike Co. was incorporated in 1829 to maintain a road through Preston, Griswold, Voluntown, and Sterling, to the Rhode Island boundary. This company continued in operation for more than 30 years, paying yearly a small dividend averaging 1½ percent on its capital of \$11,000. In 1861 the franchise was surrendered to the towns of Preston, Griswold, and Voluntown, in return for a payment of \$1,375.

RAPID RAILROAD DEVELOPMENT

With the coming of the railroad, the turnpike was superseded and destroyed. The Norwich & Worcester Railroad Co. was formed in 1832, the legislatures of Connecticut and Massachusetts each granting a charter for that portion of the road which lay within their respective States. The two companies were united in 1836, the combined capital amounting to \$1,700,000.

Ground was broken at Greenville, November 18, 1835, and the line was com-

pleted and trains ran the entire distance of 58¾ miles in March, 1840. Numerous cuts and a tunnel were necessary to build a water-level route. The section of the road from Norwich to Jewett City in Preston was the most laborious and expensive to construct. The course was winding and encumbered with rocks. The tunnel alone cost nearly \$30,000.

The company purchased in Norwich a small rocky promontory called the Point, located where the Shetucket contracts its course, turns, and glides into the Thames. This was leveled and a station was erected adjacent to the steamboat landing.

During the severe flood of 1841, a bar was formed in the channel of the Thames by an accumulation of sand brought down by the Shetucket. This obstruction, together with the inconvenience arising from ice in the winter season, induced the company to extend the line 7 miles to Allen's Point, near Gale's Ferry, in 1843. By an addition to the charter authority was given to extend the road to the sound but this project was never accomplished, and the part of the line from Norwich port to Allyn's Point was later dropped from the regular line of travel.

BEGINNINGS OF CENTRAL VERMONT RAILROAD

The junction of the Norwich & Worcester Railroad with the New London, Willimantic & Palmer Railroad—now the Central Vermont Railroad—was effected in 1853. In 1969 the Norwich & Worcester Railroad was leased by the Boston, Hartford & Erie. During the heyday of textiles in New England it had the reputation of having the greatest traffic density of any single-track railroad in the world. The line is now the Worcester branch of the New York, New Haven & Hartford Railroad. It is largely a freight road with diesel-powered unit passenger cars connecting with Shore Line New Haven trains.

STRONG NORWICH PATRIOTISM

Norwich showed a vigorous desire to resist oppression from the very beginning of the events leading to the American Revolution. A circular from the Boston Committee of Correspondence, dated May 17, 1774, calling for resistance to the oppressive laws of the mother country, met a cordial response.

A town meeting was convened by the selectmen, June 6, "to take into consideration the melancholy situation of our civil, constitutional liberties, rights, and privileges which are threatened with destruction by the enemies of His Majesty's happy reign and government over the American Colonies."

The town meeting which assembled as a result of this call, presided over by Jabez Huntington, voted that "we will to the utmost of our abilities assert and defend the liberties of British America," and appointed a standing committee of correspondence.

About this time subscriptions were taken in several towns in Connecticut for the poor in Boston. Norwich sent a donation of 291 sheep, followed by a second gift of cash, grain, and a flock of 100

sheep. Samuel Adams, in a letter to the committee, observed:

The part which the town of Norwich takes in this struggle for American liberty is truly noble.

When news of the Battle of Lexington reached Norwich, volunteers departed almost daily for the army at Cambridge. In May 1775 a company of 100 men from Norwich left for the scene of action in charge of Lt. Joshua Huntington. They were assigned to Colonel Putnam's regiment. Early in June a second company, raised and drilled in Norwich, marched to Boston and was annexed to the regiment commanded by Colonel Parsons. Many of these early volunteers served throughout the war.

TORIES NOT TOLERATED

Tories were not welcome in Norwich. Col. Eleazer Fitch, whose home was in Lebanon, but who had connections in Norwich, and whose four daughters were wives of Norwich citizens, went into exile, settling at St. Johns, New Brunswick.

From 1775 on many Tory prisoners were confined in Norwich. This procedure caused the town some expense, as in the case of the noted Tory, Dr. Church, who was imprisoned in Norwich from November 1775 until he was sent to Watertown, Mass., by order of Congress in May 1776. His jailer was paid £30, and an enclosure surrounded with pickets, where he was allowed to walk once a week with the sheriff, cost £19.

The great number of Tories arrested during the earlier years of the war suggests one of the trials that beset the patriot cause. They were seldom imprisoned for long but were generally released on giving bond to appear when called for, or upon taking oath not to bear arms against the colony. Some, like Thomas Leffingwell and Benjamin Butler, remained loyal to the king during the whole contest. They were exposed to insults and imprisoned, and their goods were confiscated.

DEFENSE PREPARATIONS

In the summer of 1775 a battery or redoubt was built below the landing on Waterman's Point. Benjamin Huntington and Ephraim Bill directed the work, but most of the labor was performed by Captain Lyon's company of militia, which had been sent to Norwich as a result of the fear of an invasion from vessels prowling in Long Island Sound. On the completion of the work, four 6-pounders were brought from New London and a regular guard and watch kept.

For additional defense, two wrought iron fieldpieces and several other pieces or ordnance were mounted, manned, and placed in charge of Capt. Joseph DeWitt. Those who remained at home, as well as those who went into active service, were often called on to perform military duty.

NORWICH A VITAL DEPOT DURING REVOLUTION

Early in 1776 Captain McCall and Lieutenant DeWitt organized a fine company of veteran guards for home service. The guards were often called for short tours of duty near the coast, at New London, Lyme, or Stonington.

Norwich was a depot for military supplies. On July 24, 1775, Congress sent to Norwich 2,000 barrels of flour which were needed for the Army near Boston. Molasses, rum, clothing, salt, and other supplies were stored in the town during the war.

Governor Trumbull wrote to Washington, on August 7, 1777, that—

A large quantity of powder belonging to the States being deposited at Norwich, contiguous to New London, on the appearance of a fleet of the enemy's ships off the harbor of New London, it was judged prudent to remove 100 barrels of powder to Lebanon, 100 to Coventry, and 100 to Windham, 100 still remaining at Norwich.

CIVIL WAR

When the Civil War broke out, William A. Buckingham, a citizen of Norwich, was Governor of Connecticut. The Governor's call for volunteers to fill the quota of Connecticut was issued April 16, 1861. The required 3 regiments included 12 commissioned officers and 135 enlisted men from Norwich. Volunteers from Norwich were enrolled in almost all of the regiments raised later.

EARLY CONCERN WITH EDUCATION

The town of Norwich, almost from the beginning, took an interest in education. The early laws of the colony provided that every town containing 30 families should maintain a school to teach reading and writing. These regulations were not always observed because of a lack of teachers and because the energies of the founders were directed toward producing the necessities of life. The first mention of a schoolmaster in Norwich was in 1677, when John Birchard was engaged to keep school 9 months of the year for £25, provision pay. The next item relating to schools is the following:

March 31, 1679: It is agreed and voted by the town that Mr. Danill Mason shall be improved as a school-master for the town for nine months in the years ensuing and to allow him twenty-five pounds to be payed partly by the children, * * * and each child that is entered for the full time to pay nine shillings and other children that come occasionally to allow three pence the week; the rest to be payed by the Towne.

FIRST SCHOOLHOUSE

A schoolhouse, for which an appropriation had been made in 1680, was finally erected in 1683. In 1697 Richard Bushnell was appointed to keep the school for 2 months that year, to be paid in land, and the following year David Hartshorn was engaged for the same length of time. Following this term it is probable that the town school was discontinued, for in 1700 the following item appears in the records of the county grand jury: "Norwich presented for want of a school to instruct children."

It appears that this deficiency was remedied, because the following year £6 was added to the rate for school purposes. By 1743 schools were maintained by what was called a county rate of 40 shillings on each thousand pounds, and all deficiencies were made up by the parents or guardians. Schools were distributed over the town and the term varied from one school to another. If any school was kept by a woman the time was doubled, since the pay of a schoolmistress was only half that of a schoolmaster.

SCHOOLS CONTINUE GROWTH THROUGH REVOLUTION

The schools in Norwich were not neglected during the Revolutionary War. An institution above the elementary level was maintained on the town plot through that period. It attracted students from outside Norwich and at one time attained considerable popularity. The common or free schools of the earlier periods were mostly on a primary level and tax money was not devoted to grammar schools.

When the land belonging to Connecticut in the State of Ohio, called the Western Reserve, was sold, the proceeds were set apart by the legislature in a school fund, the interest to be distributed among the districts of the State in proportion to the number of children. In Norwich the first school meeting under this act was held in October 1796.

Numerous schools of a special or a more advanced nature were established as private ventures.

In 1782 an association to maintain an academy was formed in the western part of the town. The old meetinghouse of the Separatists was purchased and repaired for the use of the institution. Samuel Austin was the first principal and the course of study included Latin, Greek, navigation, and higher mathematics. The school was continued with varying degrees of prosperity for 30 years or more.

Dr. Daniel Lathrop, who died in 1782, left a legacy of £500 to the town for the support of a free grammar school upon certain conditions. A school supported by this fund was opened in 1787 and continued for about 50 years. In 1843 the Lathrop donation was relinquished.

A proprietary school was established at the Landing in 1797 by 27 heads of families. It was assembled and organized by the Rev. Walter King; the first regular teacher was David L. Dodge.

Another school that left its mark on Norwich was the Chelsea Grammar School. It was organized in 1806, but not incorporated until 1821, when it was authorized to hold real estate to the value of \$20,000. This institution continued in operation, with some interruptions, for about 40 years, enabling its patrons to secure a classical education for their children without sending them from home.

In the education of girls, Norwich seems to have taken more than a usual interest. Numerous private schools were established for their benefit. In 1799 a school for young ladies was opened in the house of Major Whiting, upon the Little Plain, by Mrs. Brooks. It was devoted especially to such feminine accomplishments as tambour, embroidery, painting in water colors, instrumental music, and the French language. In 1812, Misses L. Huntley—afterward L. H. Sigourney—and Nancy Maria Hyde opened in Chelsea a select school for young ladies.

BEGINNINGS OF N.F.A.

No account of education in Norwich would be complete without mention of the Norwich Free Academy. In its endowment, 3 individuals gave over \$10,000 each and the whole amount, about \$100,000, was subscribed by 40 persons.

The project was initiated by the Reverend John P. Gulliver, and to his exertions it owes a great measure of its success. The academy was incorporated in 1854, and was dedicated and opened in 1856.

The Slater Memorial Building, a gift of William W. Slater to the academy, was dedicated in 1886. It contains the Slater Memorial Museum and the Peck Library. A normal department was added in 1889, and a school of art in 1890. Through the years it has exercised a powerful influence upon the life of Norwich. Today the academy serves as the public high school for Norwich. Additional educational facilities include 14 public schools, 4 parochial schools, and a State regional technical school. The total school enrollment is 6,535, and the teaching staff numbers 226.

RELIGION TIRELESSLY CHAMPIONED IN NORWICH

Religion has always occupied an important place in the life of Norwich. The Reverend James, one of the founders, labored tirelessly in the care of his little flock and in his efforts to Christianize the Indians.

The first meetinghouse was located near the southeast corner of the green. In 1673 the town engaged John Elderkin to build a second church for £428, which proved to be less than the cost. Because of the disturbed condition of the country at this period, the site selected for the new building was the summit of a hill, towering over the green.

Perched like a citadel on its rocky height, it presented a formidable and secure aspect. In 1708 Capt. René Grignon, a Huguenot exile, presented a bell to the church. A third church was built on the rocks in 1713. The fourth church, begun in 1753, stood at the corner of the green.

ROGERENE INCIDENT

The peaceful harmony of religious life was destroyed in 1725 by the Rogerene episode.

The Rogerenes, followers of John Rogers, were a small religious sect that originated in the vicinity of New London before the year 1700. The special objects of the Rogerenes were to destroy priestcraft and the idolatry of Sunday. Their history does not belong to Norwich except for certain events that took place on July 26 and 27, 1725.

On July 26 a party of eight Rogerenes were arrested in Norwich and committed to prison for traveling on the Sabbath. They were tried the next day. Some of this sect had previously been arrested in other towns and fined 5 shillings for breaking the Sabbath, and they continued to travel in defiance of the law, boasting that they could buy the idolaters' Sabbaths for 5 shillings apiece. But on arriving in Norwich, they found that the price had risen, for they were sentenced to pay a fine of 20 shillings or be whipped 10 or 15 lashes each. Not being able to pay the fine, they were obliged to submit to the latter punishment.

THE "NEW LIGHT" AND THE SEPARATISTS

About 1740, the tranquillity of religious life was again threatened by the New Light excitement. The adherents to this

movement punctuated their worship by outcries, bodily writhings, harangues, and self-confident boasting of their own piety, which offended the less excited part of the community. It does not appear that any arrests were made or fines imposed in Norwich for lay preaching or attendance at Separatist meetings unless the meetings were disorderly and the language used was slanderous.

The Separatists soon began to gather into churches. At Bean Hill they erected a plain but respectable house of worship. The church was organized with 30 male members, and Jedidiah Hide was ordained their minister on October 30, 1747. It appears that they organized five congregations within the 9-miles square. Their most flourishing period was from 1750 to 1754.

As the Separatist churches were not recognized by the legislature, their members were still taxed to support their former ministers. Refusal to pay the tax resulted in instances of prosecution and imprisonment, notably in the cases of Elizabeth Backus and Ezekial Barrett. After the introduction of universalism into the Separatist church, a considerable number of the members returned to their old home in the Congregational church and were cordially received.

EARLY INTOLERANCE REPLACED WITH GOOD WILL

Lest it be felt that Norwich was harsh in its treatment of those who deviated from the norm in religious observance, it should be remembered that in almost no place, in the 17th and 18th centuries, was religious toleration considered a virtue.

It is in this area, perhaps more than in any other, with the exception of the development of material wealth, that Norwich has shown its greatest progress. Today Norwich has 39 churches, and the members of the 15 denominations represented dwell together in harmony and good will. In August 1953, the Roman Catholic Diocese of Norwich, comprising the four eastern counties of the State, was established under the archdiocese of Hartford, and Norwich became the center of religious life for the 145,000 Catholics of eastern Connecticut.

EARLY JOURNALISM

In 1773 the first newspaper was established in Norwich. It was called the Norwich Packett and was published by Alexander Robertson, James Robertson, and John Trumbull. The press was first set up "at the foot of the Green, near the Court House," but in July 1775 was moved to a new building "near the Meeting House," which was known, for 50 years or more, as Trumbull's printing office. Green and Spooner, who set up another printing press at about the same time, issued pamphlets and books but published no paper. After the Robertsons left Norwich, the Packett was published by Trumbull alone until his decease in 1802. After Trumbull assumed the sole proprietorship the paper was entitled Norwich Packett and Country Journal.

BEGINNINGS OF THE BULLETIN-RECORD

In 1790, when Ebenezer Bushnell first published his Weekly Register, the parent paper of the Norwich Bulletin came

into existence. Bushnell was joined in 1793 by his brother-in-law, Thomas Hubbard, who bought him out and in 1796 changed the name of the paper to the Chelsea Courier. When Hubbard's son took over in 1805, the name was changed to Norwich Courier. The Reverend Dorson E. Sykes, who became editor in 1842, ran the paper as a daily and then as a triweekly until 1858. George B. Smith then ran the paper for several months, and on December 15, 1858 it was taken over by J. Homer Bliss, William D. Manning, James N. Perry, and Isaac Bromley.

On that date the Norwich Morning Bulletin came into being. With its unbroken line since 1790, the Norwich Bulletin is one of the oldest papers in the United States still being published. In 1930 the Norwich Sunday Record began publication. The Norwich Bulletin now has a daily circulation of over 24,000, and the Sunday Record has a circulation of over 20,000.

EARLY LEADERS IN EDUCATION, LITERATURE, AND POLITICS

Among the prominent people who were born in Norwich or resided there were the following: Jabez and Jedediah Huntington, both generals in the American Revolution; Samuel Huntington, signer of the Declaration of Independence, Governor of Connecticut; Timothy Dwight, president of Yale University; Daniel Coit Gilman, president of the University of California and the first president of Johns Hopkins University; Ebenezer Fitch, president of Williams College; Donald Grant Mitchell, author, who wrote under the pseudonym of Ik Marvel; Bela Lyon Pratt, sculptor; Lydia Huntley Sigourney, author; William Alfred Buckingham, Governor of Connecticut during the Civil War; and Frances Manwaring Caulkins, editor.

Norwich has had its share of distinguished visitors; but like Ebenezer Gay of Suffield, who wrote in his diary under June 30, 1775, "Took two pills. General Washington and General Lee passed through here today," the citizens of Norwich have not been unduly impressed.

Norwich, too, was visited by General Washington on at least two occasions. His third and fifth visits to Connecticut included stops at Norwich. On Monday, April 8, 1776, he was there and spent the night at the home of either Jabez Huntington or Jedediah Huntington. From Norwich, he took the old road from the green to the head of Trading Cove and so on through Montville to New London.

On March 5, 1781, Washington again passed through Norwich, probably spending the night, on his way from army headquarters at New Windsor, N.Y., to Newport, R.I.

GENERAL LAFAYETTE VISITS THE TOWN

On one of his trips to Norwich Lafayette called at the home of Jedediah Huntington. At another period he passed through with a detachment of 2,000 men and encamped for 1 night upon the plain.

Nearly 50 years afterward, on August 21, 1824, the venerable Lafayette again passed through Norwich. Some of the

old people, who remembered him, embraced him and wept; the general wept also. Rochambeau, Steuben, Pulaski, and other distinguished foreigners also visited Norwich.

It is said that John Adams and his wife spent the night at the Jesse Brown tavern on Wednesday, August 1, 1797. In 1833 President Jackson, Vice President Van Buren, the Secretaries of State, War, and Navy visited Norwich. They came over the turnpike from Hartford, accompanied by an escort of cavalry sent to meet them.

After President Jackson had laid the cornerstone of a monument to Uncas, the party went by steamer to New London. On March 9, 1860, Abraham Lincoln visited Norwich on his campaign tour for the reelection of Governor Buckingham. On July 5, 1909, President Taft arrived by special train via Putnam, to make an address on the occasion of the 250th anniversary of the town.

"THE ROSE OF NEW ENGLAND" COMMEMORATES FRIEND AND FOE

Norwich has not been unmindful of the traditions of its past. On Sachem Street in the old Indian cemetery a granite obelisk was raised in 1842 to Uncas, the Mohegan chief whose friendship and assistance were so valuable in the early days of the town. In 1841 a monument was erected to the Mohegan chief's ancient enemy, Miantonomo, on Sachem's Plain.

In 1873 the town erected a soldier's monument on Chelsea Parade to commemorate the valor of those who served in the Civil War. A boulder was dedicated in 1927 to commemorate the battle in 1643 between the Mohegan and Narragansett Indians. The Founders monument stands near Bean Hill green. On the shaft are the names of 38 of the first founders of Norwich.

Other tablets and memorials, placed there by the Faith Trumbull Chapter of the Daughters of the American Revolution, mark spots where events in Norwich history were enacted, and the homes of eminent residents. Observances in 1859 and 1909 on the occasion of anniversaries of the founding of the town, constituted conscious acts of recall of its history and traditions.

Industries, churches, schools, the hospital, and other institutions and facilities contributing to the health and welfare of the people of Norwich, are living memorials to the achievements of generations of inhabitants.

Mr. Speaker, Norwich can justly be proud of its historic past, covering three centuries. Continuing to strive in emulation of those who have built so well, its citizens can face the future with hope and confidence.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to Mr. BOWLES (at the request of Mr. MOELLER), for 30 minutes, on Monday next, June 29, 1959, and to revise and extend his remarks.

EXTENSION OF REMARKS

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

Mr. BROOKS of Louisiana in two instances and to include extraneous matter.

Mr. PATMAN in three instances and include extraneous matter.

(At the request of Mr. AVERY, and to include extraneous matter, the following:)

Mr. GUBSER in two instances.

Mr. CELLER (at the request of Mr. MOELLER) and to include extraneous matter, which is estimated by the Public Printer to cost \$303.75.

The following Members (at the request of Mr. MOELLER) and to include extraneous matter:

Mr. COHELAN.

Mr. DOWNING.

Mr. FOGARTY.

Mr. ROOSEVELT.

ENROLLED BILLS SIGNED

Mr. BURLESON, from the Committee on House Administration, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 5515. An act to amend the 1956 act authorizing the disposal of certain obsolete locks and dams on the Big Sandy River, Ky.-W. Va., for the purpose of increasing the authorization relating to dam No. 3 on the Big Sandy River, Ky.; and

H.R. 7749. An act to increase the amount of obligations, issued under the Second Liberty Bond Act, which may be outstanding at any time.

SENATE ENROLLED BILLS SIGNED

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 32. An act for the relief of Uwe-Thorsten Scobel;

S. 33. An act for the relief of Bertha Glickmann;

S. 46. An act for the relief of Ben Chassin;

S. 57. An act to extend and amend laws relating to the provision and improvement of housing and the renewal of urban communities, and for other purposes;

S. 110. An act for the relief of Yaeko Inouye;

S. 178. An act for the relief of Wong Bick Quon (Maria Wong);

S. 199. An act for the relief of Stanislaw Siedlecka (Rejman);

S. 201. An act for the relief of Chiyoko Korematsu and Aiko Korematsu;

S. 245. An act for the relief of Umeko Parker;

S. 313. An act for the relief of Collingwood Bruce Brown, Jr.;

S. 317. An act for the relief of Tatsuo Kochi;

S. 319. An act for the relief of Theodore Burtzoz;

S. 320. An act for the relief of Sofija Lalca;

S. 322. An act for the relief of Dr. Stasys Sereika;

S. 327. An act for the relief of Cwy Pinkusiewicz;

S. 328. An act for the relief of Ellen B. Mueller;

S. 330. An act for the relief of Erminio Neglia;

S. 460. An act for the relief of Gorjana Grdjc;

S. 461. An act for the relief of Androula Neofitos Stephanon (Androula Kyriacou Stephanou);

S. 524. An act for the relief of Giovanni Malara;

S. 604. An act for the relief of Christos Kartsonis;

S. 611. An act for the relief of Harry H. Nakamura;

S. 624. An act for the relief of Girolamo Naselli;

S. 626. An act for the relief of Maria Wolfram;

S. 755. An act for the relief of Siglinde Ginzinger Maxwell;

S. 848. An act for the relief of Petar Trbojevic;

S. 855. An act for the relief of Saeko Higa and Masako Higa;

S. 896. An act for the relief of Anthony Elio Monacelli;

S. 940. An act for the relief of Elias Anthony Lousedes;

S. 1037. An act for the relief of Jessie Isobel Foster;

S. 1042. An act for the relief of Stephanos Tsoukalas;

S. 1128. An act for the relief of Jurij Antin Nimylowycz;

S. 1192. An act for the relief of Angela Maria Staia Labellarte; and

S. 1887. An act for the relief of Alice V. Tenly.

ADJOURNMENT

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

The motion was agreed to; accordingly (at 1 o'clock and 33 minutes p.m.), under its previous order, the House adjourned until Monday, June 29, 1959, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1137. A communication from the President of the United States, transmitting proposed appropriations for the fiscal year 1960, in the amount of \$3,929,995,000, for mutual security programs, including a Department of State appropriation (H. Doc. No. 188); to the Committee on Appropriations and ordered to be printed.

1138. A letter from the Secretary of the Army, transmitting a letter from the Chief of Engineers, Department of the Army, dated May 27, 1959, submitting a report, together with accompanying papers and illustration, on a survey of Bakers Haulover Inlet, Fla., authorized by the River and Harbor Act approved March 2, 1945 (H. Doc. No. 189); to the Committee on Public Works and ordered to be printed with one illustration.

1139. A letter from the Comptroller General of the United States, transmitting a report on the followup review of requirements determinations and control of excess aeronautical spare parts at the Oklahoma City Air Materiel Area (OCAMA), Department of the Air Force; to the Committee on Government Operations.

1140. A letter from the Acting Secretary of the Treasury, transmitting a copy of a report of the Bureau of the Mint covering restoration of balances withdrawn from appropriation and fund accounts under the control of the Treasury Department, pursuant to the act of July 25, 1956 (70 Stat. 648), 84th Congress; to the Committee on Government Operations.

1141. A letter from the Administrator, General Services Administration, transmit-

ting the report of the Archivist of the United States on records proposed for disposal under the law; to the Committee on House Administration.

1142. A letter from the Assistant Secretary of the Interior, transmitting a draft of proposed legislation entitled "A bill to amend the law relating to the distribution of the funds of the Creek Tribe"; to the Committee on Interior and Insular Affairs.

1143. A letter from the Chairman, Pacific Marine Fisheries Commission, transmitting the 11th Annual Report of the Pacific Marine Fisheries Commission for the year 1958, pursuant to Public Law 232, 80th Congress; to the Committee on Merchant Marine and Fisheries.

1144. A letter from the Deputy Secretary of Defense, transmitting a draft of proposed legislation entitled "A bill to provide for the relief of certain members and former members of the Department of the Navy for the expenses of temporary storage of household effects"; to the Committee on the Judiciary.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule VIII, pursuant to the order of the House of June 24, 1959, the following House joint resolution was reported on June 25, 1959:

Mr. CANNON: Committee on Appropriations. House Joint Resolution 439. Joint resolution making temporary appropriations for the fiscal year 1960, and for other purposes; without amendment (Rept. No. 578). Referred to the Committee of the Whole House on the State of the Union.

[Submitted June 26, 1959]

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

Mr. THOMAS: Committee on Appropriations. H.R. 7978. A bill making supplemental appropriations for the fiscal year ending June 30, 1960, and for other purposes; without amendment (Rept. No. 579). Referred to the Committee of the Whole House on the State of the Union.

Mr. RODINO: Committee on the Judiciary. S. 726. An act to amend section 11 of the Clayton Act to provide for the more expeditious enforcement of cease and desist orders issued thereunder, and for other purposes; with amendment (Rept. No. 580). Referred to the Committee of the Whole House on the State of the Union.

Mr. LANE: Committee on the Judiciary. H.R. 7577. A bill to amend title 28, entitled "Judiciary and Judicial Procedure," of the United States Code to provide for the defense of suits against Federal employees arising out of their operation of motor vehicles in the scope of their employment, and for other purposes; with amendment (Rept. No. 581). Referred to the Committee of the Whole House on the State of the Union.

Mr. MOORE: Committee on the Judiciary. H.R. 5896. A bill to provide for the entry of certain relatives of U.S. citizens and lawfully resident aliens; with amendment (Rept. No. 582). Referred to the House Calendar.

Mr. FORRESTER: Committee on the Judiciary. H.R. 6816. A bill to amend section 57a of the Bankruptcy Act (11 U.S.C. 93(a)) and section 152, title 18, United States Code; without amendment (Rept. No. 583). Referred to the House Calendar.

Mr. FORRESTER: Committee on the Judiciary. H.R. 7233. A bill to amend section 632 of the Bankruptcy Act (11 U.S.C. 1032) by inserting the word "first" before "meeting" and by adding a new section 644 so as to require claims to be filed and to limit the time within which claims may be filed in chapter XIII proceedings (wage earners'

plans); with amendment (Rept. No. 584). Referred to the House Calendar.

Mr. FORRESTER: Committee on the Judiciary. H.R. 6556. A bill to amend subdivision c of section 39 of the Bankruptcy Act (11 U.S.C. 67c) so as to clarify time for review of orders of referees; without amendment (Rept. No. 585). Referred to the House Calendar.

Mr. DAWSON: Committee on Government Operations. House Resolution 295. Resolution to disapprove Reorganization Plan No. 1 of 1959; without amendment (Rept. No. 586). Referred to the Committee of the Whole House on the State of the Union.

Mr. MILLS: Committee of conference. H.R. 7523. A bill to provide a 1-year extension of the existing corporate normal-tax rate and of certain excise-tax rates (Rept. No. 587). Ordered to be printed.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, pursuant to the order of the House of June 24, 1959, the following House joint resolution was introduced on June 25, 1959:

By Mr. CANNON:

H.J. Res. 439. Joint resolution making temporary appropriations for the fiscal year 1960, and for other purposes.

[Introduced and referred June 26, 1959]

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

By Mr. THOMAS:

H.R. 7978. A bill making supplemental appropriations for the fiscal year ending June 30, 1960, and for other purposes.

By Mr. ALBERT:

H.R. 7979. A bill to waive section 142, of title 28, United States Code, with respect to the U.S. District Court for the Eastern District of Oklahoma holding court at Durant, Okla.; to the Committee on the Judiciary.

By Mr. BARRETT:

H.R. 7980. A bill to provide for the disposition of the Philadelphia Army Base, Philadelphia, Pa.; to the Committee on Armed Services.

By Mr. BROOKS of Louisiana:

H.R. 7981. A bill to amend the National Science Foundation Act of 1950, as amended, to provide for an immediate study of the need for, the proper composition of, and the most efficient means of obtaining a continuous up-to-date national record of scientific and technical personnel throughout the United States; to the Committee on Science and Astronautics.

H.R. 7982. A bill to amend Public Law 85-880, and for other purposes; to the Committee on Science and Astronautics.

By Mr. COOLEY:

H.R. 7983. A bill to amend the Agricultural Trade Development and Assistance Act of 1954, as amended, by extending the authorities of titles I and II, strengthening the program of disposals through barter, and for other purposes; to the Committee on Agriculture.

By Mr. CURTIS of Missouri:

H.R. 7984. A bill to amend title X of the Social Security Act to provide that, without an increase of Federal participating funds, a State plan for aid to the blind may utilize a more liberal needs test than that presently specified in such title; to the Committee on Ways and Means.

By Mr. HARRIS:

H.R. 7985. A bill to amend the Communications Act of 1934 with respect to facilities for candidates for public office; to the Committee on Interstate and Foreign Commerce.

By Mr. HUDDLESTON:

H.R. 7986. A bill relating to the tax on certain transportation of coal to the Tennessee

Valley Authority; to the Committee on Ways and Means.

By Mr. KING of Utah:

H.R. 7987. A bill to authorize the issuance of prospecting permits for phosphate in lands belonging to the United States; to the Committee on Interior and Insular Affairs.

By Mr. McDOWELL:

H.R. 7988. A bill to provide for a preliminary examination and survey of Broad Creek River from the Nanticoke River to Laurel, Del., for navigation; to the Committee on Public Works.

H.R. 7989. A bill to provide for the adoption in the Nation's Capital of the practice common to many other cities in the United States with regard to cultural activities by depositing in a special fund one mill out of each dollar of tax revenue of the government of the District of Columbia to be used for such programs, to advance the National Cultural Center and its educational and recreational programs, to provide financial assistance to the nonprofit art programs of the District of Columbia, and for other purposes, by amending the act of April 29, 1942; to the Committee on the District of Columbia.

By Mr. STEED:

H.R. 7990. A bill to provide for the conveyance of certain land of the United States to the Citizen Band of Potawatomi Indians of Oklahoma; to the Committee on Interior and Insular Affairs.

By Mr. WOLF:

H.R. 7991. A bill to amend the Internal Revenue Code of 1954 to provide that a charitable bequest or other transfer shall be allowed as a deduction for estate tax purposes even though it is conditional, if the condition is met within the time prescribed for filing the return; to the Committee on Ways and Means.

By Mr. FRAZIER:

H.R. 7992. A bill to authorize the erection of a plaque in honor of the late Honorable Sam D. McReynolds on or near the site of the Chickamauga Dam; to the Committee on Public Works.

By Mr. HALPERN:

H.R. 7993. A bill to repeal the excise tax on communications; to the Committee on Ways and Means.

H.R. 7994. A bill to amend the National Defense Education Act of 1958 to provide that payments made under title III of that act may not be used to acquire equipment manufactured in the Union of Soviet Socialist Republics; to the Committee on Education and Labor.

By Mr. SHELLEY:

H.R. 7995. A bill amending the act of February 20, 1931, as amended, with respect to a rail transit crossing across the bay of San Francisco; to the Committee on Public Works.

By Mr. FLOOD:

H.J. Res. 440. Joint resolution to provide for a commission to make available information as to the basic differences between the theories and practices of the American way of life and the theories and practices of atheistic communism; to the Committee on Education and Labor.

By Mr. VINSON:

H. J. Res. 441. Joint resolution relating to the disposition of coconut oil from the national stockpile under the Strategic and Critical Materials Stockpiling Act; to the Committee on Armed Services.

By Mr. ADDONIZIO:

H. Con. Res. 233. Concurrent resolution expressing the sense of the Congress with respect to official recognition by the United States of the centennial anniversary of the unity of Italy; to the Committee on Foreign Affairs.

By Mr. HOLIFIELD:

H. Con. Res. 234. Concurrent resolution authorizing the printing of additional copies of the hearing entitled "Organization and Management of Missile Programs"; to the Committee on House Administration.

By Mr. LIBONATI:

H. Con. Res. 235. Concurrent resolution expressing the sense of the Congress with respect to official recognition by the United States of the centennial anniversary of the unity of Italy; to the Committee on Foreign Affairs.

By Mr. O'HARA of Illinois:

H. Con. Res. 236. Concurrent resolution expressing the sense of the Congress with respect to official recognition by the United States of the centennial anniversary of the unity of Italy; to the Committee on Foreign Affairs.

By Mr. MONTROYA:

H. Con. Res. 237. Concurrent resolution expressing the sense of Congress in regard to United Nations Charter revision, and for other purposes; to the Committee on Foreign Affairs.

MEMORIALS

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

By Mr. MONAGAN: Resolution from the office of the secretary of state, State of Connecticut, requesting that the Senate and House of Representatives of the United States amend the provisions of Public Law 85-316 to include cases which fall within the fourth preference quota, in order to provide for entry of the many thousands, petitions for whom have piled up in a backlog in prior years; and that in order not to create another problem of separated families, those applicants who are married and have families be permitted to bring them; to the Committee on the Judiciary.

By Mr. MORRIS of Oklahoma: Resolution petitioning the Congress of the United States to repeal the Federal excise tax levied on telephone and telegraph services; to the Committee on Ways and Means.

By the SPEAKER: Memorial of the Legislature of the State of Alabama, memorializing the President and the Congress of the United States relative to requesting that hearings be scheduled on bills that would equalize the pay of military retirees; to the Committee on Armed Services.

Also, memorial of the Legislature of the State of Illinois, memorializing the President and the Congress of the United States relative to requesting the repeal of the Federal excise tax now imposed on telegraph service; to the Committee on Ways and Means.

PRIVATE BILLS AND RESOLUTIONS

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

By Mr. BENNETT of Florida:

H.R. 7996. A bill to exempt from taxation certain property of the National Woman's Party, Inc., in the District of Columbia; to the Committee on the District of Columbia.

By Mr. BOW:

H.R. 7997. A bill for the relief of Theofilos Skouras; to the Committee on the Judiciary.

By Mr. GRAY:

H.R. 7998. A bill for the relief of Wells Auto Sales; to the Committee on the Judiciary.

By Mr. KING of Utah:

H.R. 7999. A bill for the relief of George Kazuso Tohinaka; to the Committee on the Judiciary.

By Mr. POWELL:

H.R. 8000. A bill for the relief of Lee Pak Too; to the Committee on the Judiciary.

By Mr. PUCINSKI:

H.R. 8001. A bill for the relief of Zofia Ankerstein; to the Committee on the Judiciary.

H.R. 8002. A bill for the relief of Halina Maria Sobczak; to the Committee on the Judiciary.

EXTENSIONS OF REMARKS

The Federal Reserve System Is Spending Millions of Dollars of Taxpayers' Money Without Restraint and Without Audit

EXTENSION OF REMARKS

OF

HON. WRIGHT PATMAN

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Friday, June 26, 1959

Mr. PATMAN. Mr. Speaker, the Federal Reserve System has probably handled larger amounts of public funds and larger amounts of Government bonds and other securities than any other Federal agency. It handles tens of billions of dollars of public funds annually. Yet, it is one of the few Federal agencies which has never been audited by the General Accounting Office.

In fact, the Federal Reserve banks have never been audited except by employees of the Federal Reserve System itself. And in many cases the employees making the key audits are people who work in the very bank and very department of the bank which is being audited. In any case, the auditors are selected by the same officials who are being audited, and they make their audits in accordance with instructions issued by the Board itself. I raised serious questions about this matter several years ago, and since that time the Federal Reserve Board has, on occasion, called in a private auditing firm to review its audit procedures and to do some spot checking of its audits. But its audits are still strictly internal audits, which is a contradiction of terms. The first requirement of an audit in any true sense of the term is that it be made by outside, disinterested people.

Another most peculiar aspect of this lack of audit control over the Federal Reserve System is that the greatest transfers of funds it makes are to and from the Comptroller of the Currency. Normal financial controls, both in Government and in private business, rest very heavily on this proposition: independent audits of different agencies or firms between which financial transactions take place provide the crucial and independent check of one agency's records against the other's. Yet the fact is, or so I was informed by the General Accounting Office last year, the Office of the Comptroller of the Currency happens to be one of the other Federal agencies which is not audited.

In the latter part of 1957, I succeeded in prevailing upon Chairman Martin of the Federal Reserve Board to send copies of the System's recent audit reports up to the House Committee on Banking and Currency for my inspection. That he did, but only in part. Chairman Martin submitted parts of the audit reports for 1956 and for several earlier years. Chairman Martin refused, however, to

allow me to inspect certain crucial parts of the audit reports. These are the portions of the reports dealing with the conduct of the officers and directors of the banks, their financial interests and, if any, their speculations in the bond and securities markets. Nevertheless, those portions of the audit reports dealing with the more routine operations of the banks and with the conduct of the lower echelon personnel revealed some almost unbelievably shocking things. As a consequence, I testified before the House Committee on Banking and Currency in February of 1958, calling the committee's attention to the freehanded manner in which personnel of the Federal Reserve System is spending Government funds, as well as to quite a variety of deficiencies and mismanagements of the Government's money.

Following my testimony, on April 29, 1958, Chairman Martin wrote a long letter to the chairman of the House Committee on Banking and Currency attempting to excuse, and in some cases attempting to explain, the factual matters I had pointed to. The most frequent explanation, and one which appeared time after time in Chairman Martin's letter, was to the effect that the matters I had pointed out had already come to the attention of the Board of Governors and had been corrected or were being corrected. At that time audits covering the System's operations in 1957 had not been made.

Now, however, I have obtained copies of the audit reports—or at least parts of the audit reports—covering the year 1957. Those parts of the audit reports pertaining to the conduct of the officers and directors of the banks, their financial speculations, and so on, were again refused. I have, however, reviewed those parts of the audit reports which are comparable to those I reviewed for earlier years.

The most notable improvement I have noted in the audit reports made since I called attention to the free-handed, extravagant, and fantastic ways in which the Federal Reserve officials and employees throw away the taxpayers' money is that the new audit reports for almost all banks now carry statements such as the following:

All expenditures since our last examination were reviewed to determine their propriety and compliance with the rules and regulations of the Reserve bank and of the Board of Governors. Our review did not disclose any item of a nature warranting mention herein.

Despite these general comments that everything is according to the Board's regulations, and nothing was found worthy of comment, there are hundreds and perhaps thousands of items revealed in the detailed tables which seem to me entirely worthy of comment and worthy of public concern about how its money is being spent. I have extracted and quoted just a small percentage of such items from the 1957 reports. These are

only illustrations. For the most part I have tried not to cite examples of the same kind of thing for two or more banks. The illustrations show beyond any question, however, that the deficiencies in the managements of the Federal Reserve banks and the freehanded kinds of spending of public money which Chairman Martin reported had already been corrected or were being corrected, were still not corrected in the year 1957.

Unrestrained and careless spending of funds by the Federal Reserve System is exactly comparable to the situation that would arise if the local postmasters spent freely from the funds the local post offices take in from the sale of stamps. These are Government funds. They come out of the taxpayers' pocket. Every million dollars wasted or spent for improper purposes is a million dollars out of the taxpayers' pockets.

Congress has provided a highly unusual way for supplying money to the Federal Reserve System. Congress does not make annual appropriations as it does for other Federal agencies. Rather, Congress has simply given the Federal Reserve System a separate and private door into the Government's money vaults, by which the Board of Governors can haul out money any time it wants money and in any amount it wants. This is the way it works.

Whenever the Federal Reserve Board wants money, it simply telephones the Bureau of Engraving and Printing and orders a batch of currency printed. Then it sends an armored truck over and hauls the currency away. This currency, called Federal Reserve notes, are obligations of the U.S. Government. That is said plainly on their face. Furthermore, these Federal Reserve notes are signed by the Secretary of the Treasury and by the Treasurer of the United States, not by the Board of Governors of the Federal Reserve System. These notes cost the Federal Reserve System nothing. The System goes through the motions of paying the printing costs, but before the year is out these costs are taken out of money that would otherwise be returned to the Federal Treasury, so the Federal Reserve notes cost the Federal Reserve System nothing.

The Federal Reserve System then goes out into the market and buys interest-bearing Government bonds and other interest-bearing Government obligations, pays for these bonds with Federal Reserve notes, puts the bonds in its vaults, and thereafter collects interest payments on the obligations from the Federal Treasury. It uses all this interest money it cares to use for expenses, puts aside 10 percent more in a surplus fund, and it then pays what is left over back into the Treasury. Yet these interest payments are so great that it turns back to the Treasury much more than it spends. It chooses to call these amounts it turns

back to the Treasury interest payments for the use of the Federal Reserve notes. So it is quite clear that every dollar the Federal Reserve spends frivolously such as to build marble temples to provide rent-free quarters to bankers' associations and to clearinghouse associations, is a dollar taken out of the taxpayers' pockets.

At the present time the Federal Reserve is holding \$25.6 billion of interest-bearing obligations of the United States. It has issued \$26.9 billion of non-interest-bearing Federal Reserve notes which have gone to pay for these interest-bearing obligations, plus other things. Furthermore, this enormous hoard of Government securities—\$25.6 billion—is about five times as much as the Federal Reserve System needs to give it an interest income in an amount to which it has become accustomed. Both the Board of Governors and the American Bankers Association have agreed that this \$25.6 billion of Government securities is at least \$15 billion in excess of the amount for which it has any conceivable need. Furthermore, the Federal Reserve Board is recommending legislation sponsored by the American Bankers Association, S. 1120, which would transfer ownership of about \$15 billion of these Government-owned securities to the private banks on a cost-free basis. In plain words, the Board is recommending the biggest giveaway of all time, and the only excuse which it has given for this fantastic proposal is that transferring Government assets over to the private banks will help the banks earn more profits.

Instead of approving legislation to give away about \$15 billion of Government obligations, which the Government itself owns and does not need to own, Congress should require that these obligations be canceled immediately so as to reduce the Federal debt by this amount. Canceling \$15 billion of these obligations would make it completely unnecessary to increase the Federal debt ceiling by \$12 billion, as the administration has asked Congress to do.

In considering the attached excerpts from the audit reports of the Federal Reserve banks for the year 1957, one point should be noted. Congress has not put restrictions on the expenditures of the Federal Reserve System, but with one exception: The law does require that no new branch bank building be built without specific approval of Congress, if the building is to cost more than \$250,000, exclusive of vaults, permanent equipment, furnishings, and fixtures.

No instance has come to my attention where there has been a violation of the strict letter of the law, which is loosely worded, but the attached excerpts from the audit reports will reveal that some fabulous expenditures have been made for overhauling already existing buildings and for purchasing new capital items such as furniture, cafeteria and clubroom equipment, and so on, and that such expenditures have been charged to current expenses.

One other item should be noted. One of the members of the Board of Governors, Governor Robertson, in testifying before the Senate Committee on Bank-

ing and Currency late in 1956, made the following statement:

We have reached the point now where we think, in view of all the talk that goes on about auditing in the Federal Reserve System, that Congress should take upon itself to make mandatory the use of a firm of certified public accountants to audit the Federal Reserve Board, and that we should be required to submit these audits to the committees of the Congress and that the auditors should be obliged to come before the committees of Congress and explain any defects, and that we, the Board, ought to be obliged to submit reports with respect to every criticized item in that report.

And we also should be compelled by legislation to submit to those committees the reports of examination of the Federal Reserve banks themselves.

So far, Congress has not acted upon Governor Robertson's recommendation.

Referring back to my testimony before the House Committee on Banking and Currency in February of 1958, I will now summarize some of the main deficiencies I pointed out at that time, then add excerpts from the 1957 audit reports so that the reader may determine whether or not the deficiencies previously pointed out have actually been corrected.

I commented upon numerous unusual expenses incurred by the Federal Reserve banks, which were noted by the examiners in the previous reports. These included expenditures for all kinds of employees' recreational activities, entertainment, cruises, entertainers, expenses for wives of officers at meetings of State bankers associations, and all kinds of entertainment tickets, such as basketball, ice follies, and football. The Board's memorandum stated that these expenditures were "in connection with business meetings with direct interest or benefit to the Reserve banks. They were considered by the individual bank to be reasonable and appropriate for the occasion. In each case, however, after the matter was made an object of comment in the examination report the bank reviewed its policy and subsequently discontinued incurring expenses of the type questioned."

The most glaring example of a continuation of an expenditure commented upon in previous reports by the examiners was with respect to Christmas remembrances given by the Chicago bank. In the 1956 report, the examiners questioned a charge of \$1,909 on December 23, 1955, covering expenses of Christmas remembrances to persons other than the bank's own employees who rendered valuable service to the bank during 1955. In the 1957 report, the examiners called attention to the propriety and compliance with the rules and regulations of the Reserve bank and the Board of Governors. Again in December 1956, Christmas remembrances involving an expenditure of \$1,842.40 were commented upon as follows:

The Reserve bank believes that this type of expense should be considered a necessary business expense on the ground that gratuities of the kind mentioned are customarily made by banks and other business houses in the local financial community, and that having the good will of the persons who are the recipients of the Christmas remembrances is of material assistance in the conduct of the

bank's operations. Although it feels that the elimination of these gratuities would be unwise, the bank intends to keep their total as low as possible by careful screening of the lists of proposed donees; the list of gifts for the 1957 holiday season has been reduced to a total not in excess of \$800.

In spite of the examiners disapproval, the bank intends to continue this practice of giving Christmas remembrances to the financial community. It is inconceivable that the Federal Reserve banks would have to resort to disbursing gifts to spread good will in the financial community, particularly in view of the many free services which the Federal Reserve banks provide for the private banks. There is no indication of the policies of the Board and the Federal Reserve banks with respect to receiving gifts from bankers. I feel very strongly that the Board of Governors should take immediate steps to eliminate any taint of influence by either the giving or the receiving of gifts at the Federal Reserve banks.

In the Kansas City report, it was noted that the bank had purchased \$800 of theater tickets for resale to employees.

BANK PREMISES

There are continuing heavy outlays for new building projects, modernization, alterations, improvements in bank premises, and purchases of land and buildings. There are instances where the banks acquire properties for possible future uses. As soon as one project is completed, new projects are contemplated or undertaken. This would provide a simple expedient for circumventing the limitation on expenditures for branch buildings. Another method of reduction of costs of projects is to remove certain expenditures, i.e., kitchen equipment of \$43,000, from construction accounts into current expenses. In addition, there are large fees to architects for projects which have not been approved.

In the Dallas district, for example, the Dallas Reserve Bank "has developed plans for comprehensive building and modernization program" at an estimated cost of \$7,400,329. In addition to the extensive program at the Dallas bank, the El Paso branch has a project for a new building at a cost of \$1,200,000; at Houston, \$2,276,000 will be expended for new construction; and at the San Antonio bank a new building will be erected at a cost of \$2,055,727. By the end of 1957, the Dallas bank and branch had land, buildings—including vault—and fixed machinery and equipment costing the Government \$8.5 million and other real estate costing \$687,729, and these costs do not include any expenditures for furniture, and other construction or equipment costs which are arbitrarily charged off to current expenses. When one considers these fixed costs together with the 1957 current expenditures of \$6.8 million against the 1957 earnings of \$791,239 on loans and discounts—the only activities of the bank functioned in the Dallas district—these extravagant outlays loom preposterous. Examples:

Chicago—head office—1957:

The Reserve bank has under way a comprehensive expansion and modernization

program, the principal part of which is the construction of an addition to the present building. Remodeling work will be done in the existing building to bring it into harmony with the new addition.

As explained in our 1956 report of examination, the work of construction will proceed in stages with the objective of first erecting a seven-story unit (to be an integral part of the main section of the building) to provide space for the U.S. Fidelity & Guaranty Co. in compliance with the purchase contract covering its building, one of those acquired in assembling the site. To enable the work to proceed, the bank negotiated the termination of leases with four tenants, making settlements totaling \$98,050. * * *

Estimated costs in connection with the new construction on two contracts were \$14 million for the general contract, and \$16 million for the steel contract.

The proposed addition will have five floors above ground and three basement levels, and will contain 140,731 square feet of usable floor space. Most recent estimates place the total cost of the project at \$7,400,329.

Final detailed plans and specifications were submitted to the Board of Governors on July 25, 1957, after the Reserve bank's board of directors had approved the program "with the reservation that (it) would review the project after plans and estimated costs are approved and before bids on the project are requested." On November 20, 1957, the Board of Governors approved the program calling for the expenditure of approximately \$7,400,000 and informed the Reserve bank that it is prepared to authorize at the appropriate time the call for bids. At a meeting held on December 12, 1957, the directors gave further consideration to the project and the timing of it in relation to the economic situation and voted to review the matter again before the end of the first quarter of 1958.

Architects' fees paid to date in connection with the proposed addition to and alteration of the present head office building total \$183,210.95, and have been charged to "Suspense account—general."

As shown in the tabulation of changes in the net book value of the bank premises, presented at the beginning of these comments on bank premises, \$43,276.62 was transferred from the construction account to current expenses. The construction account was closed on June 5, 1957, by distribution of the balance of \$2,010,382.66 among the following accounts:

Land	\$46,071.48
Building (including vaults)	1,394,737.76
Fixed machinery and equipment	569,573.42
Total	2,010,382.66

Kansas City, 1957:

The remainder of the building, running from the 10th through the 18th floors and contained 84,531 square feet of usable space, is leased to outside tenants for monthly rentals totaling approximately \$23,700.

Atlanta, 1957:

A program for construction of an addition to and the remodeling of the branch building at Birmingham which will provide 47,780 square feet of usable space, as compared with 13,500 square feet in the existing building, is expected to cost \$2,900,000.

EXPENDITURES FOR BRANCH BANK BUILDINGS

No Federal Reserve bank has the authority to contract for the erection of a branch building in excess of \$250,000 without the approval of the Board of Governors. However, prior to such approval large expenditures have been made for architectural fees and other matters, such as the purchase of land

and buildings. For instance, El Paso "real estate acquired for banking house purposes" cost \$191,317.

New York—Buffalo branch—1957:

Construction account—accumulated expenditures in connection with construction of new building (in addition to \$1,185,381.71 previously expended), \$2,462,570.55.

Dallas, 1957:

Bank premises: The components of the bank premises at the head office and the three branches are set forth in the schedule section of this report. Their combined net book value aggregated \$6,243,175.88, changes in the interval between examinations being shown in the following tabulation:

Balance, Aug. 31, 1956..... \$3,424,501.90
Add:

El Paso branch:

Land: Cost of site of new branch building transferred from "Other real estate"..... 250,000.00

Construction account: Expenditures during period in connection with construction of new branch building... 1,018,021.95

Houston branch:

Construction account: Fees paid to landscape architect, transferred from "Land"..... 800.00
Expenditures during period in connection with construction of new branch building (in addition to \$135,742.32 previously expended)..... 1,482,860.37

Total..... 6,176,184.22

Dallas—San Antonio branch—1957:

Total expenditures on the building program aggregated \$2,055,727.57, recapitulated as follows:

Charges accumulated in "Construction account"..... \$2,053,659.28

Direct charges:

Land..... 35.00
Building..... 760.23
Fixed machinery and equipment..... 1,273.06

Total..... 2,055,727.57

The Board of Governors had authorized a total expenditure of \$2,085,000 for this construction.

Atlanta—Nashville branch—1957:

Architects' and engineers' fees and sundry expenses in connection with proposed new building, \$126,750.83.

USE OF BANK PREMISES BY TENANTS OTHER THAN THE FEDERAL RESERVE, SOME ON A RENT-FREE BASIS

The banks lease space in the bank buildings to private organizations, such as the American Bankers Association, American Institute of Banking, and clearinghouse associations, while at the same time leasing space outside the buildings for bank operations. Furthermore, clearinghouse associations are provided rent-free space in some of the buildings sometimes in lieu of the banks' paying dues and assessments to the associations while at the same time the banks charge Government agencies for space.

At the Pittsburgh branch, the Pittsburgh Clearing House Association, which had been occupying space in a building

leased by the branch, was removed to the new bank building. The Pittsburgh branch had gone one step farther than others banks, which were providing the clearinghouse associations rent-free space within their own quarters, to go outside the bank to rent space for such private organizations.

When members of the Board of Governors appeared before the House Small Business Committee in April of last year, Governor Shephardson objected to providing space in Federal Reserve bank buildings to small business capital banks. He said, "If they were in the same building, the public's reaction is that it is part of the same organization, and I think it would be unfortunate." Apparently, the Board of Governors protests the identification of a Government agency dedicated to small business financing with the Federal Reserve System—not the private banks' associations.

Examples:

Cleveland—Pittsburgh branch—1957:

On September 30 the check collection department and the Pittsburgh Clearing House Association were removed from Gulf Building where they were occupying rented quarters to space on the fourth floor of the new addition.

Philadelphia, 1957:

One thousand four hundred square feet furnished rent-free to the Philadelphia Clearing House Association.

St. Louis, 1957:

HEAD OFFICE BUILDINGS

Space in the annex building not used or earmarked for Reserve bank occupancy totals 52,287 square feet and is leased to outside tenants as follows: 49,366 square feet to the U.S. Army Corps of Engineers at \$10,284.58 per month; 2,216 square feet to the District Chief National Bank Examiner at \$461.67 per month; and 705 square feet to the St. Louis Clearing House Association on a rent-free basis.

San Francisco, 1957:

The building is used entirely for Reserve bank operations, with the exception of 1,450 square feet on the first floor made available to the San Francisco Clearing House Association on a rent-free basis (in lieu of the payment by the Reserve bank of association dues and assessments).

Minneapolis, 1957:

An area containing approximately 4,000 square feet, on the third floor, will be occupied by the American Institute of Banking for its offices and classrooms. * * *

The Twin City Clearing House Association uses a small area of approximately 380 square feet, on the ground floor, rent free, for the exchange of clearinghouse items.

CHARGE OFF OF CONSTRUCTION COSTS TO CURRENT EXPENSES

The Board takes the position that the chargeoff of construction costs to current expenses refers to repairs and alterations. The basic principle followed in such charges, the Board states, is "to capitalize those which add to the intrinsic value of the property and to charge to expenses the cost of repairs and alterations which keep the properties in repair and make for efficient utilization of space and operations." Although the detail of the actual installations is not set forth in the audit reports, there appear to be substantial

additions to facilities, such as vaults, security courts, furniture, equipment, and other fixed installations which would not normally be considered for business purposes properly chargeable to current expenses.

As examples of such chargeoffs to current expenses, at the Little Rock branch the renovation of the bank's quarters at a cost approximately \$145,000 was charged to current expense. This project involved extensive remodeling of the interior of the bank's building. The major features of this project were the installation of the cafeteria on the second floor; a new directors' room; modernization of the main bank lobby, and alterations in the basement and mezzanine to make more space available for operations. In addition, the cafeteria was fully equipped and the office furniture throughout the building was replaced. At the Cincinnati bank expenditures in connection with the construction of the security court of \$20,146.89 were charged off to current expenses.

Charging expenditures for capital assets, such as furniture, office equipment, additions to present buildings to current expense rather than capital assets subject to normal depreciation deprives the U.S. Treasury of current payments in the amount of 90 percent of the expenditure less depreciation. In other words, such a practice amounts to withholding from the Treasury amounts of money which would be immediately due to it and to the extent that these funds are not available to the Treasury, the Treasury must borrow in the open market and pay interest on its borrowings.

Examples:

San Francisco (Los Angeles branch), 1957:

Expenditures in connection with the building program aggregated \$4,471,475.03. As shown in the preceding tabulation, a portion of this total, in the amount of \$108,789.13, was allocated to current expenses.

Minneapolis—Helena branch—1957:

This project, now virtually completed, including the following:

1. Enlargement of the book vault on the bank floor and the conversion of it into a teller's coin vault; also, the installation therein of tiered compartments.
2. Conversion of the basement storage vault into a reserve coin vault.
3. Purchase of skids, trucks, loaders, and a powered forklift truck for the bulk handling of coin with a minimum of manual labor.
4. Extension and remodeling of the bank floor security area, with provision of a coin shipping cage.
5. Extension of the electrical sound wave burglar alarm system to include the two coin vaults.
6. Installation of an inching device on the elevator to permit leveling at the bank and basement floors when bearing heavy loads of coin.
7. Replacement of the 72-hour vault door time lock movements with 120-hour movements (to provide for occasional 3-day weekends, the Helena branch now being on a 5-day workweek).

Expenditures on this project (except for a sum of less than \$1,000 pertaining to work still to be completed) totaled \$39,005.22. These expenditures have been charged to current expenses.

PARKING AREAS FOR EMPLOYEES' AUTOMOBILES

The Board contends that "parking areas provided for bank employees are similar to those provided for employees of Government departments." The bank has acquired considerable properties which it uses for employees' parking spaces. In one instance the bank has leased bank space to a gasoline station operator for \$1 for each half year for consideration of employees' parking at a return of \$4 a month. The Chicago bank leases property at a monthly rental of \$250 for parking spaces for night force employees' automobiles. In addition, it incurs a monthly rental of \$35 for parking space for the automobile of the bank nurse assigned to employee visitation.

Throughout the System there appeared to be heavy expenditures either for the procurement of parking lots or for the building of garages for automobiles both for bank-owned automobiles as well as automobiles belonging to employees. At the St. Louis bank, expenditures totaling \$307,166.41 have been made for land, buildings, fixed machinery and equipment in connection with a garage which in 1957 had a book value of \$250,161.61.

Example:

Richmond, 1957:

Other real estate: Parcel of land in Richmond—cost of \$146,549.91, acquired in 1951, is leased to a parking lot and filling station operator at nominal rental of \$1 per half-year in consideration of his agreement to park employees' automobiles for a fee of \$4 a month.

EXPENDITURES FOR EMPLOYEES' RECREATIONAL FACILITIES AND ACTIVITIES

The Federal Reserve Board states:

Except for "buildings and land" category, all of the above (personnel activities, including training, recreation, loan funds, and employee insurance; membership dues; charitable activities; meetings and entertainment) reflect operating policies and decisions at the individual Reserve banks. The Board has taken the position that the responsibility for determining whether expenditures of this nature are necessary expenses within the meaning of section 7 of the Federal Reserve Act rests primarily with the officers and directors of the individual banks.

As examples of recreational activities, theater tickets in the amount of \$800 were purchased for which the bank had not received payment. The Cincinnati branch deposited with the Cincinnati board of parks \$55 for use of picnic grounds.

The banks are continuing to make heavy outlays to enlarge and build quarters for employees' lounges, cafeterias, assembly halls, officers' dining rooms, and other recreational facilities.

If the Board of Governors is not willing to take the responsibility of surveillance over expenditures of the individual Federal Reserve banks, certainly Congress should step in to protect the public's money from improper and wasteful handouts.

Example:

Chicago, 1957:

Deferred Charges: Undistributed charges—expenses in connection with employee welfare activities—	
Golf tournament.....	\$2,613.99
Ladies' party.....	974.06

PAYMENT BY BANKS OF OFFICERS' AND EMPLOYEES' DUES AND OTHER SERVICES, INCLUDING PURCHASE OF GOVERNMENT SECURITIES

There are several items carried on the accounts as due from officers and employees representing expenditures by banks for personal goods and services. For example, at the Boston bank, these include: Dues to bank officers associations, loans outstanding to employees, dining room service, advances to employees for expenses as officer of the American Institute of Banking; and trading post. The trading post item is \$2,002. At the Cleveland bank, loans due from bank employees amounted to \$4,215.05 and supplies purchased for officers and employees outstanding amounted to \$298.13.

At the Minneapolis bank, included in the transactions of securities functioned for member and nonmember banks were two purchases for an officer of the bank. The examiners recommended that the Reserve bank reexamine its policy with respect to handling of such transactions for members of the staff. More than that, I strongly believe that all officers of Federal Reserve banks should be prohibited from trading on inside information by speculating in U.S. Government securities. After all, the Federal Reserve by its purchase and sale of Government securities makes the market.

Examples:

Cleveland—Cincinnati branch—1957:

Registration fee—Central State School of Banking, University of Wisconsin, \$20.

San Francisco—Salt Lake City branch—1957:

Deferred charges: Advanced registration fee—meeting of Washington Bankers Association, \$40.

Boston, 1957:

Bank officers association dues.....	\$446
Loans outstanding to employees.....	315
Dining room charges.....	278
Advance to employee for expenses as officer of AIB.....	200
Trading post.....	2,002

EMPLOYEE LOAN FUNDS

Employee loan funds appeared in the accounts of most of the banks. In some instances the amounts outstanding are sizable. The audit reports do not reveal the terms of the loans nor the conditions prescribed.

The Kansas City report disclosed that loans had been given without requirement of a written loan application, and that applications for loans of over \$500 are acted upon by the discount committee. In addition, if the loan was made after the previous examination, it cannot be determined at the next examination if the loan was approved by an authorized officer. It also could not be determined by the examiners whether loans made for under \$500 were for "qualified purposes."

Examples:

New York, 1957:

Officer and employees: Loans outstanding:	
Loans for educational purposes.....	\$832.00
Other loans to employees.....	11,278.32
Transportation charges for officers and employees on assignment with mission to Vietnam.....	6,188.89

Philadelphia, 1957:

Officers and employees—loans outstanding,
\$12,367.50.

Dallas, 1957:

Officers and employees—dining
room charges..... \$2,475.12
Loans to employees..... 6,909.05

Kansas City, 1957:

EMPLOYEES' LOAN FUND

Loans aggregating \$6,033.50 were outstanding to 35 employees at the head office; 7 loans totaling \$827.50 were outstanding at the Denver and Oklahoma City branches.

Written applications for loans are not required. The applications are made orally by the employees to an officer; at the head office, to one of the three top officers; and at each branch, to the vice president in charge.

Applications for loans of \$500 or more are acted upon by the discount committee, and the purpose of the loan and the committee's approval or disapproval are recorded in the minutes.

Loans under \$500 are approved or disapproved by one of the above-mentioned officers and, if approved, the approval is evidenced by the initials of the officer on the promissory notes tendered by the employees. Hence, when a loan is repaid and the relevant note is returned to the borrower, the evidence of the approval no longer is held; and if the loan was made after the last examination, it cannot be determined at the next whether the loan was approved by an authorized officer. Also, there is no record from which to determine whether the loans in amounts under \$500 were for qualified purposes.

EXPENDITURE FOR DINNER PARTIES

The examiners questioned the appropriateness, propriety and compliance with the rules and regulations of the Reserve banks and the Board of Governors of dinner parties for officers of banks costing hundreds of dollars. At the New York bank, one dinner party cost \$501.61 and another, \$710.98. At the Minneapolis bank, a dinner party cost \$321.03 and another, \$313.91. Although my previous report to the committee had specifically called attention to costly dinner parties for officers of which their own examiners questioned the propriety, the Board failed to explain these charges. In the 1955 audit report of the Minneapolis bank, the examiners had commented on the impropriety of similar expenditures for officers' dinner parties. Apparently, neither the auditors' reports nor the rules and regulations of the Board of Governors and the Reserve banks can stop the squandering of public funds for personal use. This continuing disregard of the auditors' comments certainly illustrates the insufficiency of internal audits to control improper expenditures.

INCREASES IN SALARY EXPENSES THROUGHOUT THE SYSTEM

In 1957 the total of salaries paid to officers were \$5.9 million and to employees \$77.5 million, an increase of \$5.1 million over the previous year.

LEAVES OF ABSENCE

Leaves of absence for medical reasons had not been formalized and therefore had been granted without any established policy of the bank.

Although the Reserve Bank of Cleveland had followed the practice of grant-

ing sick leave with pay, it was not until 1957 that the bank's practice was formalized and put into a written statement of policy.

UNCLASSIFIED STATUS OF EMPLOYEES AND SALARY VARIANCES FROM ESTABLISHED RANGES

The banks carry on their rolls a number of employees who are in an unclassified status. At the Birmingham branch there were 42 such unclassified positions. The examiners found that frequently the employees were being paid at salaries below the minimums established for the position, and in some instances, above the salaries established for the positions. At the Chicago bank 55 employees at the head office were receiving salaries above the maximums for their respective job grades.

UNIVERSITY FELLOWSHIP PROGRAM

The Chicago bank instituted a university fellowship program for university graduate students for which the overall cost is approximately \$80,000.

PAYMENTS TO RETIREMENT SYSTEM

The banks make large contributions to the retirement system. For instance, a lump sum payment of \$1.1 million was paid by the Chicago bank on September 1, 1957, and in 1956 the Cleveland bank made a lump sum payment to liquidate the accrued liability for the retirement plan in the amount of \$752,928.

HOSPITALIZATION PAYMENTS BY BANKS

The Reserve banks pay a portion of the fees for the employees under the group hospitalization plan. At the Cleveland bank, for instance, the sum in 1956 amounted to \$4,384.39.

PERSONNEL TURNOVER

Personnel turnover in some of the banks has caused problems of recruitment, operations, and controls.

At the Baltimore branch, personnel turnover in 1956 was approximately 37 percent of the bank as a whole, and in the transit department, the turnover was approximately 60 percent. The separations were attributed as follows: Over one-third as a result of the employees having obtained employment elsewhere; about 15 percent because of unsatisfactory work performance or conduct, and approximately 10 percent because of dissatisfaction; and the remainder for various normal personal reasons. As a concomitant to the scarcity of applicants for positions their average quality has been below the bank's standard. In the transit department where there was high turnover, there were numerous times when substantial holdings of unprocessed checks existed. This condition prevailed throughout the last quarter of 1957.

PAYMENT OF DUES AND ASSESSMENTS TO VARIOUS PRIVATE-INTEREST ORGANIZATIONS

There are examples of increases in "Fees, other" in the expenses of the banks. As to the specific associations to which the bank pays fees, the only indication in the reports of those organizations which receive the fees is under "Deferred charges—unamortized portion of expenses paid in advance—assessments and dues."

The Board memorandum states:

The most recent revision of the matter begun in the latter part of 1956, resulted in discontinuance of certain memberships carried at bank expense.

There is no record of any discontinuances of such memberships in the reports. On the contrary, it was noted that "Fees, other" increased in several of the banks.

For example, in 1956 the New York bank fees doubled to a total of \$25,251, and at the Cleveland bank "Fees, other" in 1956 increased by \$14,197.75.

The banks continue to pay dues to the American Bankers Association, American Institute of Banking, clearinghouse associations, chambers of commerce, et cetera.

Examples:

Chicago, 1957:

Deferred charges:
Unamortized portion of expenses paid in advance—Assessments and dues:
American Institute of Banking..... \$5,264.56
Chicago Clearing House Association..... 4,459.30

Dallas, 1957:

Deferred charges:
American Institute of Banking..... \$1,166.65
American Bankers Association..... 705.01

Richmond, 1957:

Unamortized portion of expenses paid in advance, assessments and dues:
American Bankers Association..... \$408.31
Richmond Clearing House Association..... 320.76
Robert Morris Associates..... 180.81
American Management Association..... 175.00
Richmond Chamber of Commerce..... 158.27
Advanced registration fees:
The Graduate School of Banking at Rutgers University..... 1,040
Meetings of bankers' associations..... 210

New York, 1957:

Unamortized portion of expenses paid in advance—assessments and dues:
New York Clearing House Association..... \$4,375
New York State Bankers Association..... 2,475
New Jersey State Bankers Association..... 600

CAFETERIA SUBSIDIES

The banks continue to subsidize cafeteria expenses at various percentages, presumably subject to a 50-percent overall limitation, but they install and equip expensive dining rooms for officers and cafeterias for employees which are not figured into the limitation for subsidization. However, the amounts of such subsidies were higher than previous years. In the case of one bank where there is no cafeteria, the subsidy is 100 percent for the operation of a coffee bar. In the New York bank in 1956 the subsidy amounted to \$230,159.07 or 46.2 percent of the disbursements and in the Buffalo branch, \$10,811.10 or 49.2 percent of the disbursements. At the Dallas bank, kitchen equipment in the amount of \$43,276 was installed and charged to current expenses.

Examples:
Minneapolis, 1957:

A spacious cafeteria has been installed on the 12th floor, suitable for the accommodation of all employees. It is excellently lighted and attractively appointed and decorated. Connected with it is a well-designed and fully equipped kitchen. Employees' lounges and an officers' dining room are also located on this floor.

Boston, 1957:

Cafeteria

	Receipts	Disbursements	Absorbed by bank	
			Amount	Percent
Year 1956.....	\$78,696.00	\$145,832.07	\$76,136.07	49.2
Jan. 1 to May 31, 1957.....	35,242.69	65,125.05	29,882.36	45.9

ATTEMPTS TO UNIONIZE EMPLOYEES

The Federal Reserve Bank of Portland resisted attempts to unionize the employees of the bank on the grounds that the Board of Governors approves any compensation for officers or employees of the Federal Reserve Banks, as well as such matters as retirement and death benefits of employees, insurance, hospital and medical benefits, benefits upon termination of employment, and other related expenditures which are approved by the Board in accordance with System policies. On the other hand, the Board in setting forth the reasons why the Federal Reserve banks have a free hand in expenditures for personnel activities said:

The fact that employees of the Federal Reserve banks are not Government employees is particularly important when considering personnel program.

PAYMENT OF RESERVE BANK OF NEW YORK FOR TWO-THIRDS OF OPERATING EXPENSES OF NASSAU CLEARING HOUSE ASSOCIATION

The Reserve Bank of New York pays two-thirds of the total operating expenses of the county clearing bureau of the Nassau Clearing House Association. In 1956 the bank's contribution amounted to \$116,248. The bank justifies this expenditure as follows:

The bureau expedites the collection of items in the area it serves and at the same time it relieves the Reserve bank of the portion of its check-handling burden. Were it not for the bureau's operations, the Reserve bank might have had to process on its own premises substantially all such items, except "intrabank items."

SUBSTANTIAL INCREASES IN EXPENSES FOR THE FEDERAL RESERVE BANKS AND BRANCHES THROUGHOUT THE SYSTEM

While the overall increase in expenses for the year 1956 over 1955 amounted to approximately 10 percent throughout the System, the range of increases was substantially greater for individual banks and branches. For instance, at the Los Angeles branch the increase in net expenses was 30 percent in 1956 over 1955, and 18 percent above 1956 in the first 3 months of 1957. The net expenses of the Little Rock branch for the year 1956 increased 38 percent over 1955, and for the first 6 months of 1957 net expenses were 13 percent above the corresponding period of the previous year.

Examples:

Dallas—San Antonio branch—1957:

Net expenses of the branch for the year 1956 amounted to \$914,977.83, an increase of \$234,600.37 (34 percent) over 1955. For the first 9 months of 1957, net expenses were \$187,765.80 (34 percent) more than the amount for the corresponding period of the previous year.

St. Louis—Little Rock branch—1957:

Net expenses of the branch for the year 1956 amounted to \$699,644.48, an increase of \$193,728.55 (38 percent) over 1955. For the first 6 months of 1957, net expenses were \$36,231.21 (13 percent) more than the amount for the corresponding period of the previous year.

Richmond, 1957:

Net expenses for 1956 amounted to \$1,468,231, an increase of \$404,500 (38 percent) over 1955.

CONTINUATION OF PURCHASE OF INSURANCE AND INCREASES IN INSURANCE COVERAGE

The Board claims that "the Federal Reserve banks have discontinued purchasing substantial amounts of insurance." In 1957 the banks' insurance expenditures rose to \$1.2 million—\$56,526 above 1956. Although the Federal Reserve banks have surpluses of \$809 million—which by their own admission is large enough to cover any contingency—they have used the discontinuation of insurance for registered mail losses as justification for setting up a \$10 million reserve for mail losses. By this expedient, the Federal Reserve System is able to hold back these reserves from payment to the Treasury.

The Board takes the position that to insure itself would require legal knowledge on personal injury and other insurance matters. However, the banks do have the privilege of obtaining outside legal assistance, which they frequently employ.

The banks pay approximately \$750,000 annually for hospital and medical service insurance. There is nothing in the law which allows these extra benefits and no other branch of the Government pays such benefits.

In addition, the banks carry insurance for nonbank functions including medical malpractice, bodily injury and blanket athletic accident expense, including medical payments and death benefits.

Examples:

New York, 1957:

*Insured losses recovered and other settlements since date of last examination*¹

Head office:	Amount
Bankers' blanket bond: Shortage in coin division of cash department.....	\$200.00
Personal effects floater:	
Replacement of a damaged piece of luggage.....	41.50
Loss of a pair of earrings.....	2.08
Automobile: Property damage.....	350.00
Buffalo branch: Fire and lightning: Storm damage to awnings on branch building.....	175.00

¹ Exclusive of workmen's compensation claims.

St. Louis, 1957:

Head office coverage: Comprehensive general liability: Medical malpractice—bodily injury, \$250,000—\$1,000,000.

Blanket athletic accident expense:	
Medical payments, each person.....	\$500
Death benefit, each person.....	500

Richmond, 1957:

Medical expense blanket accident policy—bodily injury resulting from the playing or practicing of nonprofessional baseball or softball or train travel in connection therewith (limitation of \$50 for dental injury), amount of coverage \$500.

Minneapolis—Helena branch—1957:

Bankers' blanket bond	
Special Federal Reserve bank policy—standard coverage.....	\$500
Additional coverage:	
Burglary, robbery, etc., on premises, in excess of \$500,000.....	1,000,000
Loss arising in connection with U.S. Government securities held as fiscal agent of the Treasury Department.....	500,000
Cash letters in transit.....	10,000
Loss or damage:	
Plate glass.....	1,000
Cameras and photographic equipment.....	1,000
Legal liability arising from:	
Loss of securities lodged or deposited for safekeeping.....	500,000
Stop payment orders.....	100,000
False arrest, false imprisonment, etc.....	100,000
Expenses incurred by directors and officers in defending suits.....	5,000

OUTSIDE LEGAL FEES

Although the Board of Governors take the position that to insure themselves the banks would have to have specialized legal assistance, the banks already have authorization for paying for outside legal assistance. For instance, the Federal Reserve Bank of Kansas City in 1956 paid \$2,914.87 for legal fees.

The Federal Reserve Bank of Chicago retained outside counsel for general real estate tax litigation on a contingent fee basis equal to 15 percent of the amount of any recovery. It was stated "in keeping with the bank's established practice and in order to preserve its rights in respect of such errors and excesses which may have occurred in the 1956 tax levy, the real property tax for that year was paid under protest as to excessive and illegal tax rate."

VIOLATIONS OF BYLAWS OF RESERVE BANKS AND BRANCHES

The audit reports reveal violations of bylaws of Reserve banks and branches. At one bank where the practices were not in conformity with the bylaws, it was indicated that corrective action would be taken by amending the bylaws. The bylaws of the Reserve Bank of Kansas City provide that the board of directors shall appoint a secretary who will keep the minutes of all of the meetings of the board and of committees thereof. However, for some years a secretary was not appointed, and in lieu of having a permanent secretary the board of directors at each meeting designated a secretary pro tempore. The auditors recommended an officially designated secretary should be appointed by the board of directors, and he should be responsible for the maintenance of the minutes on a current basis. Minutes of the meetings of the board of directors held in December 1956 and in January and February 1957 were not recorded in the minutes book. Also minutes of the meetings since September 22, 1955, were not signed by the chairman or acting chairman.

The bylaws of the Federal Reserve Bank of Chicago and the Detroit branch make provisions for discount committees. Both have duly appointed discount committees but they do not hold meetings. Inasmuch as such discount committees as provided in the bylaws are given power to authorize, ratify, and approve discounts, loans, commitments and advances, these functions of discounting, and so forth, have not been carried on in conformance with the Reserve bank's bylaws.

Examples:
Chicago, 1957:

DISCOUNT COMMITTEE

Article II, section 3, of the Reserve bank's bylaws, provides that a discount committee may be appointed; that, subject to the control of the board of directors or the executive committee, the discount committee shall have power "to authorize, ratify, and approve discounts, loans, commitments and advances"; and that it "shall make a report of all such discounts, loans, commitments, and advances at the next succeeding meeting of the executive committee."

The bylaws of the Detroit branch are more specific on the subject of a discount committee. Article III, section 1, states "A committee to be known as the discount committee shall be appointed by the Detroit board. * * * The committee shall choose one of its members as a chairman, and the secretary of the board shall keep the minutes of all meetings, such minutes to be read at the next following regular meeting of the board of directors." The powers of the discount committee at the branch are the same as delegated to the committee at the head office, subject to the overriding authority of the head office and branch boards of directors.

Both the head office and Detroit branch have duly appointed discount committees, but they do not hold meetings nor keep minutes. We were advised that the situation would be studied with a view of bringing the bank's practices and the bylaws into agreement. It was indicated that the means of accomplishing this end probably will be a revision of the bylaws.

Kansas City, 1957:

MAINTENANCE OF MINUTES

In our review of the minutes of meetings of the board of directors and of the various committees, the following were noted:

Minutes of the meetings of the board of directors held in December 1956, and in January and February 1957, were not recorded in the minutes book. Also, minutes of the meetings since September 22, 1955, were not signed by the chairman (or acting chairman).

Minutes of meetings of the executive committee had not been recorded in the minutes book since the meeting of October 25, 1956.

Minutes of meetings of the discount committee had not been recorded in the minutes book since the meeting of November 13, 1956. Also, minutes of the meetings since July 11, 1956, and minutes of meetings held from March 16 to April 27, from May 9 to 18, and from June 8 to 18, 1956, were not signed by the secretary pro tempore.

Minutes of the nine meetings held by the building committee in 1956, and of four meetings held in 1957, were not prepared until after the commencement of our current examination.

The bylaws of the Reserve bank provide that the board of directors shall appoint a secretary, and specify that the secretary shall keep the minutes of all meetings of the board and of all committees thereof. However, for some years a secretary has not

been appointed, and in lieu of having a permanent secretary the board of directors at each meeting has designated a secretary pro tempore.

It appears, therefore, that an officially designated secretary should be appointed by the board of directors, and that he be responsible for the maintenance of the minutes on a current basis.

AUDIT DEPARTMENT'S FAILURE TO ABIDE BY RECOMMENDATIONS OF CONFERENCE OF GENERAL AUDITORS

The banks failed to adopt practices, particularly with respect to frequency of audits, as recommended by the Conference of General Auditors. At the Minneapolis bank, it was a longstanding practice to reconcile member bank reserve accounts, nonmember bank clearing accounts, and relating deferred availability accounts only three times in each calendar year, although a minimum frequency of 11 of such reconciliations is recommended by the Conference of General Auditors.

Example:
Minneapolis, 1957:

It has been a long-standing practice, approved by the audit committee of the board of directors, to reconcile member bank reserve accounts, nonmember bank clearing accounts, and related deferred availability accounts only three times in each calendar year. A minimum frequency of 11 such reconciliations annually is recommended by the Conference of General Auditors.

A special investigation was undertaken by the audit department during the period between February 21 and May 3, 1956, as the result of frequent small shortages in incoming coin shipments from a local member bank. From investigation, which was conducted in collaboration with the auditor of the bank concerned, it was determined that the shortages occurred after the coin had left the member bank and before it was delivered to the Reserve bank, and that no employee of the Reserve bank was involved.

FAULTY ACCOUNTABILITY FOR UNISSUED U.S. GOVERNMENT SECURITIES

The reports revealed errors in the accountability to the Treasury Department by the Federal Reserve banks and branches for unissued U.S. Government securities.

An instance of incorrect accountability was an item of \$773,000 more than the total shown by the control records of the Atlanta bank because of the failure of the Jacksonville branch through a procedural error to include in its accountability certain holdings of matured Treasury bills.

In the Chicago bank its accountability to the Treasury Department for unissued U.S. Government securities at the head office and the Detroit branch totaled \$14,308,288,035. The correct amount as determined by the verification of the auditors was \$14,311,170,660. The difference of \$2,882,625 consisted of \$2,752,000 in savings bonds that were shipped directly to an issuing agent by the Treasury Department and not entered into the records of the head office and \$132,625 representing savings bonds stubs that should have been included in the accountability figures of the Detroit branch as unclassified sales. Five differences in the accounts of the issuing agents at the head office remained unadjusted at the close of the examination.

Examples:
Chicago, 1957:

Reconciliation

Add:

Head office: Accountability for savings bonds shipped by Treasury Department direct to issuing agent—not reported	\$2,752,000
Detroit branch: Savings bond stubs forming part of total accountability for unissued U.S. Government securities—not reported	132,625

Atlanta, 1957:

The accountability of the Reserve bank to the Treasury Department for unissued U.S. Government securities at the head office and branches totaled \$3,255,157,150. This amount is \$773,000 more than the total shown by the control records of the bank because of the failure of the Jacksonville branch, through a procedural error, to include in its accountability certain holdings of matured Treasury bills.

UNNECESSARILY LARGE STOCKS OF SAVINGS BONDS

At the Minneapolis bank it was reported that the inventories of savings bonds in the hands of issuing agents were unusually high. Many had stocks in excess of 9 months and 55 agents held more than a 1-year supply. It was recommended by the auditors that a regular program for analysis of consignments accounts be instituted.

MEMBER BANK EXAMINATIONS DO NOT CONFORM WITH POLICIES

The Reserve banks make exceptions to their policies with respect to member bank examinations in; first, not examining every bank each year; second, not having joint examinations with State examiners; third, not examining branches simultaneously with the head office of a bank; and in some cases, not examining the branches at all, but only reviewing the findings of the State examiners; fourth, not examining trust departments simultaneously with commercial departments; and, fifth, not meeting their own standards of completeness of examinations.

The Board of Governors' memorandum states that a large majority of the banks not examined in a specific calendar year were examined during the latter part of the previous year, and as a general rule, during the early months of the following year. However, the trust department of the X bank was not examined during 1956 and the examination of this department did not take place until June 21, 1957, indicating at least 18 months between examinations. The reason given for this time lapse in examination was the lack of sufficient manpower.

Although it is the stated policy of the Federal Reserve banks to examine the trust departments concurrently with the commercial departments of member banks, the Richmond bank in 1956 made an exception to its policy at the request of member bank itself and examined these departments at different times. Without any further explanation, it seems unjustified to schedule bank examinations which are made for the purpose of enforcing Government regulations at the convenience of the banks to be examined.

Examples:**New York, 1957:**

All domestic branches are examined simultaneously with the main offices. In the examination of the larger branch banking organizations, the Reserve bank usually assigns examiners or senior assistant examiners to the more important branches and reviews the findings of the State examiners with respect to the other branches. With these exceptions, the Reserve bank is represented at all offices of the bank under examination.

Chicago, 1957:

One bank, * * *, was not examined in 1956 because it is too large for the Reserve bank to examine independently and the State authority was unable to join in its examination because of a shortage of manpower.

Present indications are that three State member banks in Indiana will not be examined by the Reserve bank in 1957. Three banks in the problem category have been examined twice in the current year.

Examinations of commercial departments are generally conducted jointly with the respective State supervisory authorities of the five States in the district. In 1956, however, the Reserve bank made independent examinations of 19 banks—16 in Illinois, 1 in Indiana, and 2 in Wisconsin—because the State authorities were handicapped by a shortage of personnel and were unable to join in the examinations.

The one holding company affiliate in the district is examined triennially, the most recent examination being in 1955. Four of the six companies coming under the Bank Holding Company Act of 1956 were investigated by the Reserve bank in the current year. The preliminary reports received from the two uninvestigated companies contained sufficient information, obviating any necessity for an on-the-spot investigation. Annual reports submitted by all holding companies are analyzed and summary reviews are forwarded to the Board of Governors.

LACK OF DEPARTMENTAL CONTROLS

In the operations of the Federal Reserve banks there are frequent examples of lack of adequate controls in the handling of currencies, securities, checks, and so forth, and of exceptions to the internal audits.

For instance, at the Federal Reserve bank in New York the receiving teller in the cash department did not make an immediate strapcount of currency in the denominations of \$20 or less with respect to over-the-counter deposits. Such a strapcount is deferred until the currency is later given to a currency counter for processing with various time elapsing up to as long as several weeks. In the interests of more effective internal control, the auditors recommended that all currency received should be strapcounted before it is released to the receiving teller's custody and that this verification should be accomplished by one person with another person as witness and that it should be done promptly after receipt.

There were only two audits of the check collection department in Chicago instead of three as recommended by the conference of auditors.

In a test review of the authorization on which the Reserve bank acted in making releases from custody, it was noted that in two instances securities held for the account of member banks were released on the authorization bearing the signa-

ture of only one officer, although the member banks had instructed that release be made on the authorization signed by two officers.

At the Helena branch the auditors found that the handling of cash did not provide for the necessary security. They recommended that shipments of money should be handled by two employees; that there be duplicate reports of differences on incoming shipments; that officers participate in all opening and closing of the vaults and that shields be placed over all combinations of vaults.

The auditors observed an unwarranted delay of at least one day in the receipt by the New Orleans branch of remittances from a member bank for cash letters sent to it. The amounts involved are sizable. For example, the member banks remittances of January 3 and 4, 1957, covered cash letters of \$564,233.76 and \$283,378.01, respectively.

New York, 1957:

The above figures are the balances as shown on the Reserve bank's books. The amount stated for transit items are \$1,432,452.23 less than the correct totals, the due-from-Buffalo-branch account having been understated on the head office books as the result of a duplication of entries.

New York, 1957:**INTERNAL CONTROLS**

In the interest of more effective internal controls in the collection department, it was recommended that a plan of rotation be instituted whereby key personnel in this function (collection department), without advance notice, will be temporarily replaced at least once each year for a continuous period of adequate duration by other employees engaged in unrelated activities; also, that there be another such period of temporary replacement in each instance in which the employee is not absent for vacation for a continuous period of at least 2 weeks.

Chicago, 1957:

Petty cash funds, \$10,000.

San Francisco—Salt Lake City branch—1957:

TRANSIT DEPARTMENT

In our review of the difference account, it was noted that many of the differences were the result of the failure of the transit department to balance the aggregate total of outgoing cash letters and clearinghouse items against the aggregate credits for the cash items involved. A substantial number of the differences were of large amounts, and in many cases the appropriate adjustments were not made until the errors were reported by the drawee banks.

Past due items: At the Chicago and New York banks a review of the procedures revealed that in numerous instances commercial items (notes, drafts, etc.) had been left outstanding with collecting agents in accordance with the endorsers request or approval for extended periods and in some cases for several months after their due date. The examiners recommended the adoption of a policy under which all past due items would be recalled after a reasonable time and returned to the endorsers. It was also suggested that periodic reports be submitted by the department to the officer in charge concerning all items outstanding after a reasonable time after their due date.

DELAYS IN RETURNING UNPAID CHECKS

The Federal Reserve banks have become involved in suits where the Fed-

eral Reserve bank's prior endorser refused to accept return of checks to the drawee bank on the ground that the return had been unduly delayed. In one suit a check for \$2,875.52 was involved and the district court ruled in favor of the plaintiff.

Example:

Boston, 1957:

ACCOUNTS OF MEMBER BANKS

As shown in the schedule section of this report, there was one unadjusted exception of old dating, in the amount of \$12,006.93, on the reconciliation returned by the * * * Bank, * * *, Massachusetts. This pertains to a charge by the Reserve bank on November 29, 1956, for three checks received from the * * * Bank for collection and returned to it by the Reserve bank upon refusal of the drawee bank to pay the checks, which had been drawn against uncollected funds. The charge was not accepted by the member bank on the grounds that there had been an undue delay by the Reserve bank in presenting the checks to the drawee bank for payment. It appears that the outcome of this matter is contingent upon the settlement the * * * Bank may be able to effect with its depositor.

FAULTY ACCOUNTABILITY FOR COLLATERAL AND CUSTODIES

There are instances throughout the System of faulty accountability for collateral and custodies. As examples, the following items required reconciliation at the Atlanta bank and its branches:

First. Jacksonville branch: Fiscal agency securities forming a part of the total accountability not reported, \$773,000.

Second. New Orleans branch: Securities held by other agency in own district as collateral for discounts and advances not reported, \$15,000.

Third. Head office: Duplication in reporting certain collateral for Treasury tax and loan accounts, \$300,000.

Fourth. Jacksonville branch: Overstatement of collateral for Treasury tax and loan accounts—withdrawal functioned by the head office on December 21, 1956, but corresponding entry not made in branch's records, \$250,000.

Fifth. New Orleans branch: Overstatement of new silver certificates held as special currency reserve for U.S. Treasury, \$8,860,000.

With respect to the last item, on October 15, 1956, the New Orleans branch commenced a series of weekly withdrawals of new silver certificates of \$1 denominations from the special currency reserve held for the Treasury of the United States. This program was at the request of and under a specific authorization of the Treasury. Such withdrawals were to constitute issuances to the Reserve bank for current use in lieu of regular weekly shipments of currency from Washington. The withdrawals made by the branch to the date of examination totaled \$8,860,000, but the relevant custody control account was not correspondingly adjusted and showed at examination date a holding of \$21,200,000 instead of \$12,340,000. This error could hardly be considered "exceedingly small."

Collateral deficiencies were allowed to extend over the maximum 10-day period through inadvertence, due to delay by

the Minneapolis bank in discovering these deficiencies.

In the Cleveland district, 19 banks at the time of the audit had deficiencies in collateral to secure Treasury tax and loan accounts in the amount of \$1,294,245.57.

Two member banks in the Jacksonville branch had deficiencies in collateral which existed considerably longer than the 10-day period allowed by the Treasury Department regulations. Both cases involved collateral held by New York correspondents of the depository banks subject to the order of the branch. The auditors felt that the time lapse for collecting the deficiency could have been shortened through more diligent follow-up by the fiscal agency department.

Another example of deficiencies in reserves and in collateral held to secure Treasury tax and loan accounts was the account of the X bank, which had a deposit balance of \$77.8 million with a deficiency of \$3.2 million in reserves.

"MYSTERIOUS DISAPPEARANCE" OF CASH AND SECURITIES

Audit reports show what are described as "mysterious disappearances" of cash, securities, and so forth. This is a term which the banks use to describe all shortages, the origin of which their investigations do not reveal. For instance, at the Jacksonville branch there was a disappearance of \$100 from a strap of \$20 bills included in a shipment sent to the Birmingham branch and thence to the X bank; "mysterious" disappearance of \$240 from a shipment of unfit currency to the U.S. Treasury; disappearance of \$200 in coins included in shipment forwarded by registered mail by the Jacksonville bank to a member bank; "mysterious" disappearance of two coupons from bonds held as Treasury tax and loan collateral for a member bank at the head office.

An investigation of the mysterious disappearance at Charlotte branch of \$100,000 in U.S. Treasury certificates revealed only that it was thought by all parties to the transaction that the certificates had not been removed from the envelope after delivery and that it was destroyed with trash burned up by the member bank.

Investigations between February 21 and May 3 of frequent shortages in incoming coin shipments from local banks to the Minneapolis bank determined that shortages were incurred after coins left member banks and before delivery to the Reserve bank. There was no satisfactory explanation made of the losses nor any indication that the situation had been resolved for future protection.

At the Boston bank because of assorters' failure to inspect the totalizer meter on the currency sorting machine after processing the contents of each strap it was impossible to determine in which strap and in which deposit of 15 a shortage of \$500 occurred. This shortage was reported as a mysterious disappearance. A thousand-dollar shortage in a deposit, reported by receiving teller, also was classified as mysterious. The investigation was unable to pin down the exact place of disappearance and it was

suggested that the deposit "may have been tampered with" while in transit and possibly while in possession of the X Service.

Richmond, 1957:

We reviewed the circumstances regarding the mysterious disappearance of a \$100,000 U.S. Treasury 2½ percent certificate of indebtedness, series B-1957, tax anticipation series, dated August 15, 1956, due March 22, 1957. The certificate has been allotted on a direct subscription to the _____, S.C., which requested that it be delivered to the _____ Co., _____, N.C., for safekeeping. According to the records of the branch, the certificate was one of seven lots of like securities, in the aggregate amount of \$885,000, to which were attached receipts Nos. 36 to 42, inclusive, prepared by the branch on August 15, 1956. The _____ Co., Inc., delivered the package to the _____ Co. of _____ on August 16, 1956, and obtained a signed receipt for the total amount, but the consignee bank admits it did not open the package and verify the contents at the time of delivery. When the package was later opened, it reportedly contained only six lots of securities, totaling \$785,000 to which were attached receipts Nos. 36 to 41. These receipts were duly signed on August 16, 1956, and mailed to the Charlotte branch. A clerk at the branch then or later noted that receipt No. 42, covering the missing certificate, had not been received but an inquiry was not addressed to the _____ Co. This failure to promptly alert the consignee bank placed a measure of responsibility on the branch because the consignee bank was not enabled to make a search through its waste paper (which is burned after 3 days) nor to institute other investigative measures that might have been effective if started promptly.

The Reserve bank has made inquiries of Treasury Department officials concerning replacement of the certificate. The Treasury is reluctant to take such action prior to the maturity of the certificate on March 22, 1957. The _____ Co. has stated that it would join with the Reserve bank, together with their respective insurers, in an agreement of indemnity if the Treasury Department will issue a replacement certificate.

Boston, 1957:

Two special investigations were made by the auditing department in the interval between examinations, one in November 1956 and the other in March 1957; both were in connection with shortages in incoming deposits of cash, reported by the currency and coin department.

The first of these investigations involved a shortage of \$500. Because of the assorter's failure to inspect the totalizer meter on the currency sorting machine after processing the contents of each strap, it was impossible to determine in which strap and in which deposit, of 15 different deposits, the shortage occurred. All of the member banks concerned were contacted in an effort to ascertain whether any of them had an offsetting overage, and each gave a negative report. Following this, the shortage was classified as a mysterious disappearance, a claim was filed with the Reserve bank's insurers, and the latter reimbursed the bank for the full amount of the loss.

The other investigation pertained to a shortage of \$1,000, reported by a receiving teller. The investigation disclosed that the deposit in which the shortage was found may have been tampered with while in transit to the Reserve bank, and possibly while it was in the possession of the armored car service that transported the deposit to the post office, for the depositing member bank. The latter's insurer reimbursed it for the full amount of the shortage.

VIOLATIONS OF THE BANKING LAWS

There are several examples in the reports where employees have violated the banking laws. In one bank the manager of the _____ section had been using bank personnel and equipment for carrying on an outside business for several months.

A coin assorter at another bank was convicted of embezzlement of coins from incoming shipments.

BANK LIQUIDATION RESULTING FROM DEFLATION

One State member bank was liquidated by the bank commissioner of Texas because of insolvency resulting from defalcation. As a condition of membership in the Federal Reserve System a bank is subject to examinations by the Federal Reserve. These examinations are for the protection of the public. The discovery of defalcation in the State bank apparently did not originate with the Federal Reserve examiners but rather with the bank commissioner of Texas.

INCREASES IN DISCOUNTS AND ADVANCES AND INAPPROPRIATE USE OF FEDERAL RESERVE CREDIT

The 1957 audit reports indicate that there has been extensive increased use of discounts and advances and continued use of Federal Reserve bank credit by certain member banks. In some cases, this borrowing, in effect, amounts to a continuous credit rather than for the purpose of temporary accommodations to the banks. The follow-up by the Federal Reserve banks to eliminate the continuous borrowing appears to be a haphazard approach to the banks which results in promises by them to improve the holdings in their portfolios which create their illiquidity and result in the need for such borrowing. For example, one bank promised that it would make no further additions to its holdings of Government bonds while showing considerable reluctance to dispose of present holdings at a loss.

Two banks in the Dallas district continued consistent borrowing in 1956-57 although this situation had been reported at the previous examination. One of these banks had borrowed in 43 computation periods out of 48. Although discussions had taken place with these banks, it was reported that "no discernible changes in their borrowing patterns" had taken place. Extensive use of discount facilities was attributed to heavy loan demands, declining or stationary deposits, and a reluctance to dispose of investments, particularly holdings of Government securities, at a loss.

In the Cleveland district one bank ascribed its continuance of borrowing to strong demands for loans combined with its holdings of long-term Government and municipal bonds on which it was reluctant to take a loss. It was reported that the bank is making an effort to adjust its assets' position, having sold a sizable amount of mortgage loans in May and confining its additional lending to established customers.

The auditors noted that a national bank in the Memphis branch area had borrowed almost continuously during the last half of 1956 and in February of 1957.

It appeared that this bank was borrowing for purposes other than those considered appropriate uses for Federal Reserve credit.

The Federal Reserve Act clearly requires that the Federal Reserve banks shall give consideration to "whether undue use is being made of bank credit for the speculative carrying of or trading in securities, real estate or commodities," and shall use this information "in determining whether to grant or refuse advances, rediscounts or other credit accommodations." Whenever, in the judgment of the Board of Governors, any member bank is making undue use of bank credit, the bank may suspend such banks from the use of credit facilities of the Federal Reserve System. The audit reports show numerous instances where the banks consider that Federal Reserve credit is being inappropriately used and yet there is no evidence that the Board of Governors has discontinued granting such credit. As the examples show, some of the banks have been speculating in Government bonds and then have gone to the Federal Reserve banks to get loans.

Examples:

Cleveland—Pittsburgh branch—1957:

The _____ bank has been a consistent borrower since midyear. From June 21 to September 29, or a total of 101 consecutive days in 15 reserve computation periods, it was indebted to the branch in amounts ranging from \$5 million to a high of \$100 million. The average daily borrowing for this bank was \$17 million. This bank and the three country banks had been frequent borrowers in 1956, also.

Philadelphia, 1957:

The Reserve bank has been following the practice of contacting country banks in regard to their borrowing programs after they have been borrowing continuously for 90 days. Recently, this policy was revised and now provides that the member bank will be contacted when it has borrowed continuously for 60 days. The Philadelphia banks generally borrow on 1-day notes. On occasion, the Reserve bank has held group meetings with representatives of these banks at which the subject of continuous borrowing was discussed, with emphasis directed to consecutive reserve computation periods rather than consecutive days.

Several of the banks have adjusted their asset position in order to enable them to operate on their own resources during periods not subject to seasonal or emergency stresses. However, the Reserve bank recognizes that the necessary adjustments by some banks must be gradual.

Chicago—Detroit branch—1957:

There were three banks which made consistent use of the Reserve banks discount facilities during the current year. The branch has had discussions with these banks concerning their borrowing programs. They each indicated an intention of reducing the frequency of their borrowings from the Reserve bank, but up to date of examination there had been no appreciable change in their borrowing patterns.

Chicago, 1957:

It is the Reserve bank's policy to keep the member banks that use its discount window informed as to the appropriate purposes of Federal Reserve credit. In the course of our review of member bank borrowing during the period between examinations, we noted that the Reserve banks held discussions or exchanged correspondence with a number of banks whose borrowing patterns tended to

become continuous. In most instances, the banks took themselves out of the category of steady borrowers. However, to date of examination, there had not been any appreciable change in the borrowing patterns of the banks listed in the following tabulation.

The steady borrowings of _____, Chicago, is a continuation of the pattern it followed during 1955 and 1956. In 1955, it borrowed in 48 weekly computation periods, and in 1956, in 49 such periods. Its average daily borrowings amounted to \$31 million in 1955, \$53 million in 1956, and \$59 million in the current year. An analysis by the Reserve bank indicates that the reason for the _____'s prolonged borrowing is the continued expansion of its loans without a compensating increase in deposits or reduction in its security investments.

Dallas, 1957:

The consistent borrowing by both the _____ and _____ bank is a continuation of the situation that existed at our last examination. The Reserve bank has had periodic discussions with each of these banks concerning the nature of their borrowings but to date there has been no discernible change in their borrowing patterns.

Dallas—Houston branch—1957:

In our review of member bank borrowing from the branch, it was noted that in the current year the _____ bank, Houston, Tex., was indebted in 38 of the 48 reserve computation periods for a total of 168 days. It was stated that this bank's borrowings from the Reserve bank was attributed to its reluctance to sell Government securities at a loss.

Richmond, 1957:

One bank had borrowed for 295 consecutive days and during 121 days the borrowing was greater than the bank's combined capital and surplus. The Reserve bank advised that as a result of a change in the member bank's management, the bank's investment policy would be reaffirmed and a more satisfactory loan program instituted.

Richmond, 1957:

Out of 24 computation periods, one bank borrowed in 18, for 256 days, another bank borrowed for 17 periods for 232 days.

Each of the banks experienced heavy loan demands in the latter part of the year, and adverse trend in deposits which the state treasurer of North Carolina began investing State funds in Treasury bills rather than depositing them in interest-bearing accounts with the bank.

LACK OF SECURITY IN CURRENCY VERIFICATION AND DESTRUCTION

The auditors' comments on currency verification and destruction follow very much the patterns of the previous reports. The reports comment on the lack of dual control in handling the currency; incomplete inspection of bundles; inadequate destruction equipment; failures in destroying currencies; lack of determination that the standard of fitness before destruction conforms to that prescribed by the Treasury Department; combining of cash and destruction functions in same area; violations of Treasury regulations; and inadequate tests for accuracy and integrity of the currency verification. These comments apply throughout the System.

Although the subject had been commented upon in a previous audit report, the Los Angeles branch continued to have the verification process performed in the utility cage in the cash department. The auditors believed that this

operation should be performed in a properly protected area physically located outside the cash department, in view of the provision in the Treasury Department regulations that:

The verification and destruction of unfit U.S. paper currency at each Federal Reserve bank and branch shall be a fiscal agency operation and shall be performed in a currency verification unit which should be separate and apart from other cash operations of such Federal Reserve banks and branches.

In the review of the operations at the Oklahoma City branch incident to the preparation of unfit U.S. paper currency for shipment to the head office, it was observed that the inspection of such currency for proper cancellation was made by one of the tellers engaged in the cancellation process. This practice does not conform to the provisions of paragraph 5f of the applicable Treasury Department regulations which directs that such examination "should be performed by an employee of the cash division who did not participate in the cancellation of the currency."

At the Philadelphia bank, the auditors found that procedures in the currency destruction process did not conform to the principles of dual control; that there was no verification of the contents of some bundles before destruction; that the hinges on the locks of the firebox and ashpit access doors could be opened without disturbing the locks; and that it was a common experience for the furnace-feeding mechanism to fail so that unburned bills were found in the mechanism.

The Federal Reserve banks destroy annually millions of dollars in U.S. currency. While the Treasury examiners make an annual visit to each of the Federal Reserve banks, in the interim between these visits the Federal Reserve banks are given a free hand in destroying U.S. Government money. The Boards' examiners comment year after year on the failings of the banks to verify this money before destruction and for their failure to conform to Treasury Department regulations in handling this money. It is frequently noted that the Federal Reserve banks destroy the currency without even determining whether the currency fitness was such that it should be destroyed. We have laws in this country which prevent a citizen from willfully putting a match to the coin of the realm but the Federal Reserve banks have been permitted to destroy money without even examining its condition.

Examples:

Philadelphia, 1957:

We reviewed the operations and observed the procedures followed, and have the following comments with respect to certain of the procedures and/or conditions which came to our attention.

1. Upon receipt of the canceled currency in the currency verification unit, only one strap and bundle count was made—this by all the personnel of the unit, each accounting for a portion of the total. The section head then recapitulated the individual totals and signed the receipt given to the cash department. In our opinion, this procedure does not conform to the principle of dual control. An effective dual control would require that the section head and the general

service clerk each make an independent strap and bundle count of the entire lot when received in the unit.

2. It was noted that in the handling of \$1 bills, the unit did not employ the practice of "fanning" the bundles of currency not included in the percentage count. Hence, there was no verification of the contents of the bundles.

3. The firebox and ashpit access doors were each secured by one dual lock at the closure but no provision had been made to prevent the possibility of the doors being opened at the hinge end without disturbing the locks.

4. Upon inspection of the furnace feeding mechanism, 18 unburned bills were found in the trap and 20 bills in the belt feed mechanism. This is a common occurrence, in view of which the belt and trap are inspected weekly by the section head and the designated witness.

Dallas, 1957:

We reviewed the operations and observed the procedures followed, with particular reference to security features, and in connection therewith we noted the following matters:

1. The main door to the furnace was not adequately secured. It was recommended that steps be taken to secure the door in a more satisfactory manner.

2. While the currency was being placed in the incinerator and before the locks on the door were secured, access to the area around the incinerator was not sufficiently restricted. It was recommended that access to the incinerator room be adequately restricted, at least until all currency to be burned has been placed in the incinerator and the locks secured.

Dallas—San Antonio branch—1957:

We reviewed the operations and observed the procedures followed, and noted that in the testing of the accuracy and integrity of the currency verifiers, only packages containing known overages or shortages of amounts are used.

San Francisco—Los Angeles branch—1957:

In our review of the operations and procedures, we again noted, as at last examination, that the verification process was being performed in a utility cage in the cash department. This operation, we believe, should be performed in an appropriately protected area physically located outside the cash department, in view of the following provision in the Treasury Department regulations: "The verification and destruction of unfit U.S. paper currency at each Federal Reserve bank and branch shall be a fiscal agency operation and shall be performed in a currency verification unit which shall be separate and apart from other cash operations of such Federal Reserve banks and branches."

Kansas City, 1957:

1. Dual control of the currency was not being maintained at all times in the money department from the time of its cancellation to the time of its delivery to the currency redemption unit.

2. Upon receipt of the canceled currency in the currency redemption unit, a bundle count was made by the receivers but only one strap count was made—this by the three members of the unit participating in the operation at the time, each accounting for a portion of the total. In our opinion, this procedure does not conform to the principle of dual control. An effective dual control would require that each of the receivers make an independent strap count of the entire lot when received in the unit.

3. The portion of the \$1 bills to be verified is selected by the chief of the unit but, con-

trary to instructions, the portion not to be verified is permitted to remain accessible to the verifiers, thus making it possible for them to make substitutions.

4. Some relaxation in the maintenance of dual control during the verification process also was noted. At times, the chief of unit removed the currency not to be verified from one location to another while the verifiers were occupied in the verification process and could not appropriately witness such transfers.

Kansas City—Oklahoma City branch—1957:

In our review of the operations incident to the preparation of unfit U.S. paper currency for shipment to the head office, it was observed that the inspection of such currency, for proper cancellation, was made by one of the tellers engaged in the cancellation process. This practice does not conform to the provisions of paragraph 5(f) of the applicable Treasury Department regulations, which directs that such examination "shall be performed by an employee of the cash division who did not participate in the cancellation of the currency."

Atlanta, 1957:

1. It was noted that in the handling of \$1 bills, the unit did not employ the practice of "fanning" the bundles of currency not included in the percentage count. Hence, there was no verification of the contents of the bundles or determination that the standard of fitness of the currency conformed to that prescribed by the Treasury Department.

2. The supervisor, who is one of the joint participants in preparing test errors for insertion in the packages of currency to be verified, and in supervising the incineration process, also was assisting in the actual verification of canceled currency at times of heavy volume. We believe that the security of this operation is weakened when the supervisor also participates in the verification process.

LOSSES AND DISCREPANCIES

There continued to be disappearances and shortages of money in the cash departments, the check departments, transit departments and the Government check departments. The banks usually account for these losses by subtracting the credits from the debits which are set out separately in the report before arriving at the net loss. In the 1957 report of the New York bank, however, the difference account shows only the net figures. This means that neither the Board of Governors nor the Congress can determine what the actual losses are and whether further safeguards should be instituted or investigations should be undertaken.

At the Salt Lake City branch the auditor noted that many of the differences were the result of the failures of the transit department to balance the aggregate total of outgoing cash letters and clearinghouse items against the aggregate credits for the cash items involved. A substantial number of the differences were of large amounts and in many cases appropriate adjustments were not made until the errors were reported by the drawee bank. For the year 1956 the transit department had losses of \$3,444.57 and had gains of \$1,996.82. Inasmuch as the Federal Reserve banks in their combined statement of condition, of head office and branches, report only the net figures of profit or loss, it is not a proper reflection of the total amount

and number of errors which occur in the difference accounts.

At the Chicago bank in the collection department for the year 1956, there were losses of \$20,856.04 and credits of \$16,636.78; in the period from January 1, to October 25, 1957, in the check collection department there were losses of \$28,758.58 and credits of \$40,036.96. In its memorandum, the Board takes the position that in the light of the tremendous volume of checks and securities handled by the Reserve banks, losses and discrepancies have been exceedingly small and infrequent. The continuing amounts of losses in the check department in Chicago indicate, in the least, mismanagement of checks handled. The auditor's report comments that:

In the interest of more effective controls in the collection department, it was recommended that the supervisory employees be temporarily transferred on an unannounced basis to unrelated work outside the department at least once a year for a continuous period of adequate duration and that during such period they be replaced by other employees from outside the department.

Paul D. Abramson, Jr., Awarded CAP Scholarship

EXTENSION OF REMARKS OF

HON. OVERTON BROOKS

OF LOUISIANA

IN THE HOUSE OF REPRESENTATIVES

Friday, June 26, 1959

Mr. BROOKS of Louisiana. Mr. Speaker, I am proud to announce to the House of Representatives that one of my constituents, Paul D. Abramson, Jr., has won, in the face of heavy competition, a 4-year aeronautical engineering scholarship given by the Civil Air Patrol. Forty thousand young men of the CAP competed in the contest which resulted in this award. The funds to pay the \$4,000 scholarship, which will be used to attend the Massachusetts Institute of Technology at Cambridge, Mass., this fall, come entirely from private non-Government sources.

The scholarship is named the Gen. Lucas V. Beau Scholarship, he having been a former national commander of the CAP.

I am particularly pleased to inform the House of this award as I know this young man and his family well. His father, Dr. Paul D. Abramson, was a personal friend of mine and a very prominent surgeon in Shreveport, La., until his unexpected death this past week.

Young Abramson has been an outstanding honor student at Byrd High School in Shreveport where he ranked 12th in his graduating class of 575. This, in itself, speaks very well of the ability and capabilities of this young man.

I have repeatedly recognized the urgent need for more and better scientific training of the young people of the Nation. I am happy to know that the top scientific award of the CAP this year has gone to one of my constituents.

I would like to point out that listed among young Abramson's hobbies are operating radio controlled airplanes and the study of electronics, photography and astronomy. You must admit these are not the usual hobbies of a young 17-year-old. He has also served as president of his high school science club.

While young Abramson was building his outstanding record in high school, he took time to participate in the CAP program. During his cadet career, this honor student won his certificate of proficiency with the CAP and was named a member of the National Honor Society. He is rated as excellent in every phase of cadet life by the commander of the Shreveport squadron of the Louisiana CAP wing to which he belongs.

He has in the past 2 years amassed such a splendid record that he ultimately was awarded this coveted CAP scientific scholarship which can only be used to further his training in aeronautical engineering.

In the space age into which we are now entering such scientific education will be in great demand and I strongly urge our young men to enter the various scientific fields.

The CAP is doing a grand job in encouraging such study by its cadets and the CAP offers a well-rounded basic program for its cadets. I urge all our young men to take part in the CAP program. I commend the CAP in its selection of young Abramson for the award of this scientific scholarship.

I congratulate Paul Abramson, Jr., on being awarded this scholarship and express my best wishes for his continued success at MIT during his studies there.

Central Valley Project

EXTENSION OF REMARKS

OF

HON. CHARLES S. GUBSER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, June 26, 1959

Mr. GUBSER. Mr. Speaker, there are now bills, one of which I introduced in March, pending before the House Committee on Interior and Insular Affairs, in support of the joint development of the Trinity River division of the Central Valley project in California.

Under the partnership proposal, recommended by the Secretary of the Interior, private capital would construct the power facilities at a cost of \$60 million, pay \$83 million in Federal taxes and increase the surplus available for water development in the Central Valley project by \$175 million.

Proponents of all-Federal Trinity generators are now requesting the Senate Appropriations Committee for Federal moneys. The House has already refused to include an amount for this purpose. There is no reason why the legislative committee, which intends to hold hearings on the pending bills shortly, should be bypassed, for Congress itself, in the

Trinity authorization legislation, directed the Secretary of the Interior to report back to Congress on proposals by non-Federal entities for the purchase of the Trinity falling water. It remains for Congress to consider and act upon his recommendations.

Last year extensive hearings were held on similar bills, but a vote was not permitted. This year the bills are even more favorable to the Government, as will soon be made evident during the course of the hearings before the House Interior and Insular Affairs Committee. The following article calls attention to the fact that every taxpayer in the Nation will foot the bill for all-Federal Trinity powerplants, while joint development with the Pacific Gas & Electric Co., means a lightened taxload on each citizen, for the company's offer adds \$258 million to the Federal Government's assets, in Federal taxes and Central Valley project surplus funds, and, at the same time, save the Government the expenditure of \$60 million in construction costs. The editor of the San Juan Mission News, a fine newspaper in my district, appreciates the need to stop the expenditure of Government money when private capital offers to do the job, as exemplified by the following editorial of March 13, 1959:

[From the San Juan Mission News,
Mar. 13, 1959]

THAT TIME AGAIN

Along about this time every year the cost of running our Federal Government is brought home very strongly, because it's income-tax time.

Speaking for this writer only (although I imagine I echo the thoughts of many others), I don't begrudge paying income tax for necessary operations of Government. However, the way the Washington, D.C., spending merry-go-round is whirling, it makes one wonder where it will stop.

For example, a proposed new Federal prison's cost is set at \$110 million. How many men will it hold? Six hundred. That sets the cost at about \$183,333 per man—rather expensive housing.

Another example, a proposed expenditure of \$100,000 to bring the as-yet unopened ultramodern \$3 million Air Force hospital "up to standards." The "standards" include oxygen outlets in every room, a radio station for special music, a walkie-talkie system to permit a nurse to talk with any patient.

The editorial then points out how "an avid advocate of Government power and a strong knocker of private-enterprise power is contributing to the fiscal foolishness. He is continuing his argument on the Eisenhower administration's proposal to save tax dollars and earn income for the Government through taxes for private power companies" and is opposing "the Trinity River partnership long advocated by the Eisenhower administration. He is now attempting to push through an appropriation of \$2½ million for Federal construction of the power facilities."

"Then, on top of that," the editor notes, he "declared that the budget can be balanced by cutting spending and increasing income."

"We might suggest," the editorial continues, "that one way to cut Federal spending would be to let private enter-

prise do the power job. Not only would this save money, but it would provide the Federal Government with income via taxes paid by the private companies."

Department of Justice and ASCAP Reach Agreement on Amended Decree

EXTENSION OF REMARKS

OF

HON. JAMES ROOSEVELT

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, June 26, 1959

Mr. ROOSEVELT. Mr. Speaker, last Friday, June 19, 1959, a proposed amended consent judgment was at long last presented to Judge Sylvester Ryan in the U.S. District Court for the Southern District of New York, in the Government's case against the American Society of Composers, Authors, and Publishers. I understand this proposal has not finally been accepted because, for the time being, the judge is holding it under advisement.

Early in 1958, subcommittee No. 5 of the House Small Business Committee received a multitude of complaints concerning the operations and policies of ASCAP. These complaints disclosed that a number of small business publishers and composers had been forced out of business and that others were facing a similar fate. As a result, public hearings were held during March and April 1958 at which time comprehensive and exhaustive data were developed respecting the policies and procedures applied by the society.

The witnesses that appeared before the subcommittee made it clear that changes in the operations of the society must be brought about if the smaller publishers and composers were to remain in business. This testimony seemed to establish that the larger publishers and composers had arranged to perpetuate themselves in power as controlling members of the board of directors; that the royalties collected by the society were distributed inequitably and in such manner as to thwart the growth or expansion of the smaller and newer members. ASCAP's grievance machinery was attacked by witnesses who testified that members complaining to the society were deprived of the privilege of access to the society's records. Generally speaking, the hearings demonstrated the urgency for action by the Department of Justice in connection with the entire situation.

The subcommittee, by House Report No. 1710, 85th Congress, concluded that remedies for the more important problems disclosed by its hearings may be available through appropriate action by the Department of Justice. The complete record of the testimony taken by the subcommittee, together with the subcommittee's recommendations, was promptly furnished to the Department of Justice. Almost immediately thereafter, the Department opened negotia-

tions with attorneys for ASCAP with the view in mind of determining whether agreement could be reached respecting the provisions of an amended consent decree which would remedy those evils brought to light by the subcommittee's hearings. Negotiations continued for over a year and have culminated in the proposed judgment that was presented to Judge Ryan last Friday.

As of this date, the text of the proposed agreement has not been made available to the subcommittee, but promptly upon receipt it will be carefully and thoroughly reviewed by the committee's staff.

The Honorable Robert A. Bicks, Acting Assistant Attorney General in charge of the Antitrust Division, has requested Judge Ryan to permit all interested parties, including especially the smaller publisher and composer members of the society, to have the opportunity of analyzing the terms of the agreement and of expressing their views to the court prior to its acceptance. I believe that Mr. Bicks is to be commended for this procedure which should insure that the provisions of the decree will provide the remedy intended. If the judge grants this request of Mr. Bicks, certainly the smaller publishers and composers should take advantage of the opportunity afforded and I urge them to do so.

I have always felt that consent decrees in antitrust matters should be placed in abeyance for a reasonable length of time prior to final acceptance by the court and heretofore have introduced legislation calling for such procedure. It seems to me that the public interest can be protected only when some such policy is applied.

Certainly it is gratifying to know that the Antitrust Division has taken decisive action in this case. It is hoped that this action will lead to the acceptance by the court of a decree that will provide a climate in which the smaller composers and publishers may compete effectively and be placed in a position that will permit them to receive the full benefits and fruits of their membership in the society.

Audit Reports of the Federal Reserve System—Extravagant and Improper Uses of Public Funds—Other Deficiencies in Federal Reserve Bank Management

EXTENSION OF REMARKS OF

HON. WRIGHT PATMAN

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Friday, June 26, 1959

Mr. PATMAN. Mr. Speaker, last Monday I made public a report—a fairly short report considering the nature and volume of the subject matter—based on my review of the audit reports of the Federal Reserve banks for the year 1957. I would like to insert that report in the RECORD herewith. I believe that

the introductory remarks will make it explanatory

Previously I made a much longer and more thorough review of the operations of the Federal Reserve banks, giving a review of the audit reports for 1956 and several earlier years. That report is to be found in my testimony before the Committee on Banking and Currency of the House of Representatives, 85th Congress, 2d session, on S. 145 and H.R. 7026, hearings, part 2. My testimony begins at page 1535 of the hearings, and the specific review of the audit reports begins at page 1560.

The Passing of the Tactical Bombardment Aircraft From the Arsenal of Tactical Air Command

EXTENSION OF REMARKS OF

HON. THOMAS N. DOWNING

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Friday, June 26, 1959

Mr. DOWNING. Mr. Speaker, under leave to extend my remarks in the CONGRESSIONAL RECORD, I would like to pay tribute and call attention to the fact that the 1st of July 1959 will see the passing of the tactical bombardment aircraft from the arsenal of Tactical Air Command. On this date, the 345th Bombardment Wing, Tactical, will join the roster of those units who have served their country well in peace and war, but whose moment of glory is over, at least for the time. The 345th Bombardment Wing, Tactical, then known as the 345th Bombardment Group, Medium, made an awesome name for itself as a killer of Japanese shipping and airfields in the south Pacific during World War II and won two Presidential Unit Citations as well as many battle stars. At the end of the war, along with many other units, it was inactivated only to be brought to life after the Korean war. The group's forerunner did not directly engage in that conflict but was engaged in training numbers of aircrews who did participate with distinction. The 345th was selected to receive the new Martin B-57 light jet bomber in place of their conventional Douglas B-26's. The B-27, basically a British design, was nominated to carry out the traditional role of the tactical bomber, to seek out and destroy enemy aircraft and their landing places, attack ground targets, isolate the battlefield with conventional bombs and with the newly introduced small yield atomic weapons. Built to carry an enormous load at high speed, and able to travel both "on the deck" and at altitudes unprecedented in Air Force experience, the B-57 became a potent item in the TAC inventory. Col. Albert W. Satterwhite became commander of the 345th Bombardment Wing in October 1956. He found himself in the middle of the program of converting the unit to the B-57 from the reliable B-26. There were few written guidelines.

The aircraft was new, it had growing pains like all new machines. The training program had to be built from the ground up. On the ground were the maintenance personnel, eager but inexperienced, in the sky combat crews ready and willing but requiring the guidance that a commander must extend to make them into a fighting machine. That Colonel Satterwhite succeeded is evidenced by the fact that Tactical Air Command chose the 345th to become a part of the composite air strike force which was then becoming a reality at Langley Air Force Base. This force, envisioned by the tactical genius of Gen. O. P. Weyland, TAC commander, was to prove its mettle when two international crises were met and dealt with by the far-ranging men and planes of Tactical Air Command. Brig. Gen. Perry B. Griffith arrived to take command of the 836th Air Division, of which the 345th Bombardment Wing is a portion, and found himself amid events of international importance. The 345th Bombardment Wing and the 4505th Air Refueling Wing, also of the 836th Air Division, were in place on both sides of the world and prepared for combat. General Griffith was able to visit all echelons of his command at their overseas bases and to comment favorably on their readiness. Fortunately for world peace, both threats were dispelled but the 345th Bombardment Wing and Tactical Air Command could well look with pride on their part in reducing the danger. Soon, the 345th Bombardment Wing will be only a number in a long parade of history making units in the historical files of the Air Force, but that number will always have a special place in the hearts and minds of those men who kept it prepared and ready to uphold the place of their country in the eyes of the world.

Public Health Education

EXTENSION OF REMARKS OF

HON. JEFFERY COHELAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, June 26, 1959

Mr. COHELAN. Mr. Speaker, the Seventh Congressional District of California which I represent is the home of the University of California School of Public Health, 1 of the 11 such schools providing public health training for specialists to staff agencies throughout the 48 States and in many other countries as well.

Extension of the Federal public health traineeship program as provided in H.R. 6325 authored by the gentleman from Alabama [Mr. ROBERTS] is all-important if the University of California School of Public Health is to continue to provide its share of the training of specialists so badly needed by public health agencies in their work on heart disease, cancer, mental illness, radiation and air pollution, and other programs.

Dr. Charles E. Smith, dean of our school, reports that most of the students planning to enroll for the 1959 and 1960 school years are depending on Federal stipends to make their attendance possible.

Since the Federal public health traineeship program was started with the passage of the Health Amendments Act of 1956, the number of graduate students at the University of California School of Public Health has gone from 84 in 1954 and 1955 to 165 in the term just ended—an increase of almost 100 percent. It is beyond debate that this Federal program has encouraged more public health personnel to obtain graduate training.

The support of this traineeship program on the Federal level is only equitable, because the University of California School of Public Health, like its ten other counterparts elsewhere in the United States, is not training just for local State needs, but for the Nation and the world. Of last year's 165 graduate students, 53 were from 28 other States and 22 were from 16 different foreign countries.

Mr. Speaker, in the larger view, H.R. 6325 takes care of only one phase of the problem of meeting the current needs and preparing for future public health programs. Traineeship grants are urgent, but, in truth, a much more comprehensive approach is necessary. Increased enrollment at our schools of public health means that facilities must be expanded, faculties enlarged, and research activities enriched.

The gentleman from Pennsylvania [Mr. RHODES] has introduced another bill, H.R. 6871, which would provide for the sustained, long-range investment in public health education which must soon be put into effect if we are to retrain the thousands of working public health specialists who do not have adequate knowledge of new methods and if we are to encourage new people into the field to fill the vacancies that now exist in almost every public health agency and will occur in even greater numbers in the next few years.

This bill, to which I have introduced a companion bill, H.R. 6872, was based on the recommendations of the 1959 national conference on public health training held here in Washington last July. It would not only extend the traineeship program, but also extend the grant-in-aid program created on a short-range basis by Public Law 85-544 to help meet the costs of expanding faculties and maintaining training programs. It would provide matching fund grants for construction of facilities, separate grants for training of public health nurses, our largest single professional component in health departments, and matching fund grants to States to help them meet public health training requirements.

Today our concern is with H.R. 6325, which I wholeheartedly support, not with the more comprehensive legislation I have mentioned. I do believe, however, that while we are looking at the field of public health we should take time to recognize the scope of the problems we

face and to realize that before too long we must initiate a long-range program equal in scale to those problems.

Federal Construction of the Trinity River Powerplants

EXTENSION OF REMARKS

OF

HON. CHARLES S. GUBSER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, June 26, 1959

Mr. GUBSER. Mr. Speaker, in recent months we have observed a significant change in the tune played by the California public power advocates of Federal construction of the Trinity River powerplants. Nearly a year and a half ago, the House Interior Subcommittee on Irrigation and Reclamation held 8 days of hearings, totaling over 400 pages, on the joint development proposal to construct the Trinity power facilities.

But the committee was not permitted to vote on the bills providing for joint development, although 6 months passed between the time of the extensive hearings and adjournment. I believe it is safe to state that the issue is about where it was 1½ years ago because the votes were lacking at that time to kill the bills in committee. This conclusion is supported by a statement issued on August 22, 1958, by a majority of the House Interior Committee members, urging "that the Secretary of the Interior not request funds, and the Appropriation Committees not approve funds for the Trinity project power facilities until such time as the Congress has had ample opportunity to carefully consider and act on this legislation."

An editorial of June 23, 1959, entitled "Months Delay Last Year—In a Hurry Now," from the Oroville Mercury, of California, emphasizes that partnership opponents are now "in a hurry for action on Trinity power," and that they say, "Congress should appropriate \$2.5 million now to begin Federal work on the power features." The article further relates, "Now, without a vote ever having been taken, and with the weeks of the hearings wasted," the Federal construction supporters want "to nullify the whole thing and have Congress do what would cost the country \$60 million unnecessarily in capital investment. That is bad enough; but when one considers that the city of Sacramento would get the power if the Government developed it, and would get it at half price, while farmers in the Central Valley made up the difference between the Sacramento price and the cost of production—\$80 million—it will be seen that there is something very shady in the whole matter." The article concludes with the observation that "the House Appropriations Committee, no doubt having in mind the 'dilatatory tactics' employed last year, recently turned down the request for Trinity power funds."

The Petaluma Argus Courier recently stated editorially, "This is one area of Government spending where an economy-minded President can do a little cutting of that spending," and that "it is foolish to spend taxpayers' money on such projects when private industry can do the job and do it at an actual profit for the Government. Under the partnership plan, the taxpayers would be the beneficiaries by many millions of dollars in costs saved and taxes and fees paid by the utility."

On June 23, 1959, Dave Minch's column in the Red Bluff (Calif.) Daily News related that he had talked to many residents of the area near Trinity and was "of the opinion that by far the majority" in this locality "are not in favor of Government development of any project where private capital is available. Several things have caused this change over the last few years. One is that people do not have faith in the efficiency of public development of such projects; another possibly is that quite a percentage of people in this area own stock in the Pacific Gas & Electric Co. and believe the Government is interfering in a project that could be developed much more reasonably by private capital. These are, of course, in addition to the enormous amount of taxes that would be lost if the Government did the developing." According to the company's 1958 annual report, which is available to anyone for the asking, Pacific Gas & Electric is owned by 226,180 individual and institutional investors, over 65 percent of whom have California addresses; therefore, it is quite likely, as Mr. Minch mentions, that a number of the company's nearly 150,000 California stockholders reside in the small communities of the Trinity area, such as Red Bluff. Here are some of the "little people" who are part owners of Pacific Gas & Electric and are naturally desirous of their local company's participating in the projects in their localities. This is true public ownership.

Head of Harvard Economics Department Says S. 1120 Would Be a "Great Misfortune for the Treasury"

EXTENSION OF REMARKS

OF

HON. WRIGHT PATMAN

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Friday, June 26, 1959

Mr. PATMAN. Mr. Speaker, yesterday I received a telegram from Dr. Seymour E. Harris, chairman of the Department of Economics, Harvard University. Dr. Harris makes the point that the reductions in reserve requirements contemplated by this bill would either result (a) in a serious inflation or, (b) in the transfer of billions of dollars of Government securities now owned by the Federal Reserve over to the private banks. I think we can be certain that the Fed will not allow it to result in inflation.

This kind of transfer is, of course, what we can call, without reservation, a giveaway. And the whole \$15 billion involved in the giveaway is a net giveaway, none of which will come back in taxes. As far as I know, U.S. bonds and other interest-bearing obligations, which are worth instant cash, can be given away only to the banking system and only by the Federal Reserve System without the recipients of such gifts having to pay income taxes on the principal amount of the gift.

The American Bankers Association, in its first report proposing this legislation, argued that the transfer of these securities from the Federal Reserve over to the private banks would not be a complete loss to the Treasury, for this reason. The banks pay Federal income taxes. Therefore, if these securities are transferred to the banks, the banks will be paying back 52 percent of the annual interest payments on the securities in the form of income taxes. The American Bankers Association conveniently overlooked the point, however, that the banks have a unique position under the tax laws in that they do not pay taxes on the reserves which the Federal Reserve System gives them. What is proposed by this bill is that the Fed will give the banks the reserves with which to, quote, buy, unquote, the bonds; and it will simultaneously, quote, sell, unquote, the bonds.

Incidentally, the reason I use the words "quote" and "unquote" before and after the word "buy" and the word "sell" is that the Government Printing Office has some sort of rule which requires them to take the quotation marks off copy in most instances.

For example, on June 24 I inserted in the RECORD, at page 11821, a letter from Dr. Arthur P. Becker, chairman of the Department of Economics, the University of Wisconsin, at Milwaukee, who also roundly condemned this legislation, because he said that in order to prevent the bill from creating a monetary inflation, it would be necessary for the Fed to, quote, sell, unquote, \$15 billion worth of U.S. obligations. Dr. Becker put the word "sell" in quotations for the reason that he meant to convey the idea that the word "sell" was being misused. More specifically he meant that while the transfer of bonds over to the private banks might be called a sale, it is no sale in the ordinary meaning of the term. In fact he added, and I quote: quote, these U.S. obligations will in reality be given free to the banks, unquote.

WHERE EXPLANATIONS OF THE BILL MAY BE FOUND

For those Members who might like to make a thorough review of this bill before it comes up on Tuesday, I might call attention to the analyses which I have submitted.

First, there is my testimony in the hearings before Subcommittee No. 2 of the House Committee on Banking and Currency on S. 1120.

Second, there are my dissenting views in the report of the House Committee on Banking and Currency to accompany S. 1120.

Third, there is a lengthy statement explaining the bill, explaining how bank reserves are created, explaining how the banks create money on these reserves, and so on, in the CONGRESSIONAL RECORD for June 2 at page 9617. This statement also includes extracts from the records of the testimony of Chairman Martin and former Chairman Eccles, and many other authorities on the question of who owns the Federal Reserve System, and on the question whether or not the Federal Reserve System has used the member banks' reserves to acquire its present holdings of almost \$26 billion of interest-bearing obligations of the United States. I might add, in summary, that all of these authorities have made clear that the Federal Reserve System is owned by the Government of the United States, not by the private banks; that the private banks have no ownership or claim whatever to the Federal Reserve's holdings of Government securities. Furthermore, the Federal Reserve has not used the banks' reserves to acquire these securities. The fact is the reserves which the banks have to their credit on the books of the Federal Reserve System have been created by the Federal Reserve System itself and given to the banks.

Finally, in the CONGRESSIONAL RECORD of June 15, at page 10872, there is a statement giving information which would be difficult to find elsewhere. First of all, the statement explains the bill in simple question-and-answer form for those Members who are not initiated to the mysteries of the Federal Reserve System and the banking system. But more important, following these questions and answers there are excerpts from the legislative history of the bill beginning with the American Bankers Association first report proposing the legislation, continuing with the Federal Reserve report on the legislation, then taking up the report on the bill by the Senate Committee on Banking and Currency. And finally, setting out extracts from what would normally be called the debate on the bill in the Senate.

The telegram which I received from Dr. Seymour E. Harris is inserted below: TELEGRAM FROM DR. SEYMOUR E. HARRIS, CHAIRMAN, DEPARTMENT OF ECONOMICS, HARVARD UNIVERSITY, RE S. 1120, THE BOND GIVEAWAY BILL

HON. WRIGHT PATMAN,
U.S. House of Representatives,
Washington, D.C.

The Congress, I understand, is to vote the vault-cash bill on Tuesday. This bill makes possible a reduction of reserve requirements of more than \$11 billion. As reserve requirements are reduced, the Federal Reserve will have to sell Government securities to prevent the increase of reserves from bringing about a serious inflation. The net result would be that billions of dollars of Government securities (some estimates are as high as \$15 billion) would be transferred from the Federal Reserve to the public and largely to the banks. In this manner the profits of banks would be greatly increased and the Government which falls heir to the surplus profits of the Federal Reserve would lose correspondingly as the Federal Reserve dumps securities.

I have serious doubts on this legislation which I share with Prof. Alvin Hansen, as

revealed in his recent article. At the very least there should be no legislation without much further publicity and understanding of the issues. The issues are difficult and the pros and cons should be aired more. The Senate voted the bill with a minimum attendance of the Senate. It would be a great misfortune for the Treasury and especially for the banks if this were to be interpreted later as a handout and particularly, as Professor Hansen says, to the larger banks.

If the Federal Reserve will have to sell 5, 10, or 15 billions of short-term issues in order to offset the inflationary effects of reduced reserve requirements, interest rates on Government securities will rise and rise on short-term issues sufficiently to attract the purchases of these securities by the banks.

SEYMOUR E. HARRIS,
Harvard University.

Rivers and Harbors

EXTENSION OF REMARKS

OF

HON. OVERTON BROOKS

OF LOUISIANA

IN THE HOUSE OF REPRESENTATIVES

Friday, June 26, 1959

Mr. BROOKS of Louisiana. Mr. Speaker, it has been my pleasure and honor to serve as president of the National Rivers and Harbors Congress. This nationwide organization, through the cooperation of citizens who are interested in the proper development of our water resources—and this includes many of our Members of Congress—has been instrumental in guiding needed public works. I wish to present, herewith, the report of the year's work as given to the 46th national convention of the National Rivers and Harbors Congress held in Washington, D.C., on May 15, 1959:

During the 5 years which I have been president of the National Rivers and Harbors Congress, we have gone through great periods of change. When I came into office 5 years ago, the postwar effect on the work of our great organization was apparent to everyone. Our membership was down and the income of the organization had practically ceased. Some of our bills, including salaries, were more than 6 months delinquent.

During this time I am happy to report to you today that with your great help, cooperation, and assistance, we have been able to bring our organization from one of poverty to one of affluence. The National Rivers and Harbors Congress today finds itself in better financial shape than at any time during its entire history. As of December 31, 1958, our budget stood at \$38,790.44. It has been increasing year by year in a healthy way, and should continue to increase until it reaches its full-grown strength after 58 years of active effort and influence in the cause of water development throughout the United States.

During the course of this year I have been made chairman of a most important standing congressional committee of the House of Representatives, the Committee on Science and Astronautics. During the course of our deliberations, this committee has learned much that relates to weather reporting and possible weather control. All of this information which we are developing is of vital importance to the work of the National Rivers and Harbors Congress. Our

convention presents to you a fascinating panel discussion about satellites, communications, weather reporting, and weather control.

I cannot overemphasize the importance of this new development. If we can predict weather accurately weeks and months ahead, we can save this Nation and its people billions of dollars in the course of time. Dr. Reichelderfer, Chief of the Weather Bureau, has told our committee that we can save the Lower Mississippi Valley \$500 million per year if this can be done, and he has told us further that he can save the Nation \$2 billion a year if long-range weather forecasting can be accurately given to our people.

Our Army Engineers are alert to these possibilities. They realize that long range weather forecasting and some degree of weather control together with their own engineering operations may bring about an end to floods in this Nation. Long range weather forecasting will permit them to operate their reservoirs so as to retain or release water, depending on the forecast of the future weeks and months. They can retain water for irrigation and reclamation or they can release it depending on possible needs in the future. The effect of this fact on our industries and on our increasing population will be fabulous.

Pending these exciting developments, we as an organization must proceed with our earthy problems of building dams, reservoirs, levees, improving channels, providing water for reclamation and irrigation, and developing our harbors. With this in mind I headed a committee which this year presented to the Bureau of the Budget our estimates of the needs of our water development program. We asked the Bureau of the Budget to recommend \$1 billion in the overall program, and I am glad to report that the Bureau of the Budget recommended this amount as needed to the Congress of the United States. I therefore advised the Bureau of the Budget that we as an organization would stand behind their recommended ceiling of \$1 billion overall expenditures for this purpose.

I am sorry however that the Bureau of the Budget did not take our recommendations for beginning of new starts. The Budget Bureau did not recommend new starts. We as an organization think that we must fight to prevent the stopping of new starts. Unless we continue to fight for new projects to be begun and to be constructed, our program will eventually dry on the vine and become as obsolete and dead as the dinosaurs that inhabited this globe hundreds of thousands of years ago.

I like to go down to the riverside and get my feet in the mud and wade near the river bank. I like to think of the tremendous boon rivers and waters bring to our civilization and like to forget the savagery of the floods and the destruction of uncontrolled waters. I am somehow reminded of a refrain from an old song: "It's a treat to beat your feet on the Mississippi mud."

The country is rapidly filling up with population. Three million more people each year live amongst us and many of them are living in sunken, swamped, and poorly drained areas, which 10 years ago were not considered fit for human habitation. The pace of our growing population—and we will see 200 million people in this country by the year 1975—has caused us to do things which 10 years ago would have seemed foolhardy. We then pass onto the Army Engineers the increasingly acute problems of flood control and expect them to do the job which the experiences of the people have warned us should not be attempted. In spite of this fact, our Corps of Engineers does not let us down. From the days of George Washington on to the present hours

the Army Engineers carry the banner of progress in water development, reaching out for victory after victory and writing across the skies of the future the great saga of accomplishment for our teaming millions of people to enjoy.

You will recall that when Russia fired her first sputnik, there was a stampede to cut off all public works programs and to get the money to develop satellites and missiles. At this critical time let the historic record remain that the National Rivers and Harbors Congress stood firm against any program that would stifle our internal development in order to buy rockets, satellites, and missiles for our defense. We thought then that both programs could be maintained and history has indicated that this is possible. We felt then, and we feel now, that there can be no sound defense which brings economic decay internally in order to meet the demands of armament.

In this connection you have seen a magnificent exhibit of the new St. Lawrence Seaway. This great navigation project has been the subject of interest for a lifetime and has had the support of the National Rivers and Harbors Congress from its founding.

Let me read from an editorial of the Washington Post of April 25, 1959. I feel this editorial gives a panoramic background and view of the significance of this project to many of our Great Lakes ports:

"HAIL THE SEAWAY"

"Today the dream of well over a century will be realized when North America's great chain of inland lakes is opened to ocean commerce. The official date for the inaugural of the St. Lawrence Seaway is June 26, when Queen Elizabeth of Canada (and the United Kingdom) and President Eisenhower will participate in formal ceremonies. But today a Canadian icebreaker pushing westward from Montreal through new locks and canals will actually open the Seaway for oceangoing ships.

"Since 1954 Canadian and United States projects have been underway to complete deep-water channels and works (most of them on the Canadian side) around the rapids-filled section of the St. Lawrence River in the 180 miles from Montreal to Lake Ontario. By June 1 there will be a 27-foot channel all the way to the foot of the lakes, and by 1961 the same minimum depth will prevail all through the Great Lakes system. Heretofore traffic has been limited by antiquated locks and a 14-foot canal depth in some sections.

"The organizational phase of the St. Lawrence Seaway was not altogether happy. Canada, which had the most evident immediate interest (and which proposed to do most of the work), urged Congress for years to authorize a joint development program, but to no avail. Not until Canada signified its intention of going ahead with an all-Canadian project did Congress take action over the objection of certain pressure groups. Interest was heightened concurrently with the new importance to American industry of iron ore from the developing mines in Labrador.

"Let us hope that this initial reluctance has now been forgotten in the prospect of enormous joint benefits. If anything, the United States, as the more populous country with many large cities situated on the Great Lakes, stands to gain more at first than Canada from this new access to the ocean. Buffalo, Cleveland, Toledo, Detroit, Gary, Chicago, Milwaukee, and Duluth will now be ocean ports and are feverishly anticipating new commerce.

"But the benefits will be many-sided. The lake route can be a vast stimulus to Canada's further development. Toronto, Hamilton, Windsor, Sarnia, Sault Ste. Marie, Port Arthur, and Fort William will also be

ocean ports capable of large expansion. Sizeable cargo vessels carrying up to 9,000 tons from any part of the world will be able to call at Canadian and American ports. Down-bound huge lake freighters will be able to carry as much as 25,000 tons of wheat."

This dedication is the fulfillment of a dream of a lifetime and marks a major landmark in our river and harbor program.

Another matter that has been a subject of concern to the National Rivers and Harbors Congress for many years is the Panama Canal. You can recall that in 1956 a special committee of our organization reported on the advisability of building a second sea-level canal. That able committee was headed by our own member, Hon. Henry H. Buckman, of Florida.

The other day came rumblings reaching Washington that the Republic of Panama wants to seize the Canal, despite a 1903 treaty granting the United States in perpetuity the right of using and controlling the Canal Zone. As we all know, Panama has been on the verge of a revolution and Latin America generally is threatened with major disturbances. The time for building the second canal through the Isthmus is near at hand.

This organization has revitalized our program of endorsing and supporting projects through the United States. We have weeded out the dead timber and put our work on a sound, efficient basis. The projects committee has made a major contribution over the years in this respect.

The National Rivers and Harbors Congress has set up new committees and undertaken new functions. We have the committee on industrial water use, pollution abatement, wildlife and recreation, the committee on irrigation and reclamation, a resolutions committee, and other committees of great importance to our program. They have functioned efficiently and deserve the praise of all of us.

I wish to announce the selection of several new vice presidents of our organization. Of course, we now have U.S. Senator SPESBARD L. HOLLAND, of Florida, and Representative JOE MARTIN, of Massachusetts, as vice presidents of our organization. Recently Representative JOHN A. BLATNIK, of Minnesota, and Representative ROBERT L. F. SIKES, of Florida, as well as U.S. Senator RALPH YARBROUGH, of Texas, have been selected as vice presidents. They have done great work for our organization, and we look for even greater contributions in the future than in the past.

This marks the conclusion of my service as president of this organization. It has been 5 years of active service—service that I have appreciated and have enjoyed. I have had the pleasure of making friends with people from all parts of the United States, and I hope these friends remain with me during the remainder of my active life.

It is a privilege to be able to serve a great organization such as is the National Rivers and Harbors Congress and it gives one a feeling of worthwhileness of a nationwide development program. It gives your president a feeling of accomplishment, and when we join together on a program of an investment of a billion dollars in a year placed into the future of our Nation to make it a better and fairer land in which to live, we have a program that all of us can get behind and push with the zeal and enthusiasm of one engaged in a righteous cause.

Let me thank all of you—officials, delegates, and friends of the National Rivers and Harbors Congress—for your loyal and active support in the past. Let me beseech of you the same sympathetic understanding and enthusiastic support of the incoming president, whoever he may be, that this organization may continue down the road to even greater achievement and success in the future.

Health Care of the Aged

EXTENSION OF REMARKS

OF

HON. JOHN E. FOGARTY

OF RHODE ISLAND

IN THE HOUSE OF REPRESENTATIVES

Friday, June 26, 1959

Mr. FOGARTY. Mr. Speaker, under leave to extend my remarks I include an address which I delivered at the first national conference luncheon of the Joint Council To Improve the Health Care of the Aged, Sheraton-Park Hotel, Washington, D.C., June 12, 1959:

ADDRESS OF HON. JOHN E. FOGARTY, U.S. REPRESENTATIVE, SECOND CONGRESSIONAL DISTRICT OF RHODE ISLAND, AT THE FIRST NATIONAL CONFERENCE LUNCHEON OF JOINT COUNCIL TO IMPROVE THE HEALTH CARE OF THE AGED, AT THE SHERATON-PARK HOTEL, WASHINGTON, D.C., ON FRIDAY, JUNE 12, 1959

In considering the general problem of caring for our older people, there is no question that one of the most important aspects of our concern is the health care of older persons.

Concurrent with our efforts to make them more comfortable and happier, we must extend and enlarge our health and medical efforts for preventing or treating effectively the diseases which so often characterize old age. To be able to do this, we must seek—through research—the basic reasons for these diseases so that they can be prevented, so that they can be detected early, and so that they may be cured.

In all of our concerns for the aging population—housing and income maintenance as well as health and medical care—we find ourselves sternly challenged by the demands of the present, in 1959, when there are more than 14 million persons in the United States over 65. We cannot consider the bad health of many of these people, their low income and sometimes almost desperate conditions under which they live, without realizing that we are compelled to take efficient and fast action.

They need more medical care, more short-term hospitalization, more long-term hospitalization, and more care in nursing homes and personal care homes. It is not clear at this time whether a comprehensive solution of the problem of health care can be achieved without the participation of the Federal Government.

Some fears have been expressed over the use of the Federal Government mechanism for this purpose. These fears include such questions as these:

Would the Government, in buying hospital care, be able to use the power of its money in various ways not necessarily to the best interest of hospital patients?

Would there be misuse of the Government's prepaid hospital benefits so that costs would get out of control with disastrous results to hospitals and the public?

Would it be an acceptance of health insurance for one group of the population, thus encouraging its extension to other needy groups, leading ultimately to hospital insurance for our entire population?

These are questions which must be considered.

On the other hand the use of the Federal Government mechanism to provide health care would offer great advantages—and I have particularly in mind the breadth and immediacy of coverage and of equity and adequacy of financing, that probably cannot be matched nationwide by any other system, public or private. This analysis does suggest

that unless some better method for handling the health problems of the aged is developed, and developed promptly, the advantages of the Federal Government approach may appear to our fellow citizens to be overwhelming.

There is a tremendous problem in meeting the health needs of our older citizens, and the problem is rapidly growing. The one thing that becomes increasingly more evident is the urgent need for some responsible solution to this overall matter of health care for the aged. On that we are all agreed. The need is there and something should and must be done about it. We must find some way to meet the challenge.

If we are challenged by the problems of the present, however, we are staggered by the future potential problems of the aging population. Let us look ahead just 11 years, to 1970, when the number of persons over 65 will have increased to nearly 19 million—and then, if you will, to 1975 when there will be 21 million persons over 65 in the United States, an increase over the present of one-third.

Is it reasonable for us to assume that our problems also will be increased by one-half? Does this mean that we will have a one-half greater number of older persons in the very low income brackets? Does it mean that we will have a one-half greater number of older persons in inadequate housing? Does it mean that we will have a one-half greater number of older persons in bad health?

That is a key question. For it is obvious that if we can—through research—find ways for older people to remain healthier for a longer period, they then also will be more productive, more prosperous and certainly happier. Can you imagine, for example, what a wonderful thing it would be if our advances in medical science in the next 5 or 10 years were to be such as to change the idea that a man must be made to retire at an arbitrary age? Why not a new attitude which would let us work until we wanted to quit, be it age 65, 70, 75, or even 80, depending on his type of work.

Can you imagine a day when we no longer "accepted" the scourge of heart disease among our older people, when cancer and arthritis were defeated, when our population could look forward to a healthful, dignified, active old age?

We would then see our aging population not as a problem, or not as a series of problems, but as a magnificent asset. Our older people would become substantial contributors to our expanding economy, a benefit to the entire Nation.

Our research scientists already have told us that much better health for our older people is not only possible but probable, provided we press forward with increasingly larger programs of research on every level, from studies of persons who already are old and ill, to very fundamental studies of the aging process itself in man and in lower forms of animal life.

We have made a sizable beginning in our Federal and State agencies, in our universities and in private research institutions. As an example let us take the National Institutes of Health, which is a principal focal point for medical and biological research in aging. In 1955, expenditures at NIH for research in aging as such totaled less than \$500,000. By January 31, 1958, the total had reached \$2,600,000 for research related primarily to aging and about \$2,600,000 for projects secondarily related to aging—a total of something over \$5 million. Today, a year later, NIH expenditures in aging total nearly \$10 million, involving all the different institutes and the newly established Division of General Medical Sciences which directs its attention principally toward basic research

in medicine, medical care, biology, and research training.

In considering these figures, it is significant that more than 95 percent of this money is being spent in monetary grants to non-Federal research agencies—such as the medical schools and other private research institutions. The total number of outside or extramural research and training projects is approximately 400. Various groups in nearly every State in the Nation are applying this money in diligent efforts to help solve the medical and biological problems in aging. The overall program derives much of its strength from the great diversity of research institutions and scientific minds directed toward the problem.

In two instances, there are very large projects located in universities. In such settings, the programs are able to draw on many different types of scientific disciplines and personnel, all concentrated on different facets of the aging problem. Then, periodically, the different departments hold seminars in which their respective findings are discussed and correlated with other findings. It makes for improved communication between the different fields of medical and biological research and thus speeds the process of finding the answers we need.

I confess that I am impressed by the great variety of research projects pertaining to aging. We have scientists studying various edible leaves, for example, to help determine the part that vegetable oils play in arteriosclerosis. Other scientists are carrying out very basic studies on the changes in tissue that occur with age. Others are studying longevity in rats and monkeys and such small animals as the rotifer. They are studying the relationship between the various glands of the body and aging, the possible effects of radiation and genetics. They are studying the sociological problem as a cause, and as a result of aging. I could go on here for some time listing the scores of research areas.

But what I want to emphasize is what we do not know. Despite our great start on research in aging, it is as yet only a start. We have made great progress, but our scientists will tell you very quickly that the best of their work so far has been to determine that they know much less than they probably thought they did. As a result of their work they now have just begun to realize how big the task really is.

It may not come as a surprise to most of this group to realize that scientists are still debating, for example, just what aging is, and when, exactly, it starts. Some say it starts with conception. Others say it starts after maturity. Nor are they quite sure how it begins or why it may manifest in one individual in one respect and in quite a different manner in another individual. Recently I was told of the kind of mystery they are tackling. We have two men, and let us say they are both 60 years old. They are both in about the same level of health. Both have led about the same kind of life. They are very similar, in other words, and the same age. Yet one feels fine while the other feels very, very old. One still has vigor and vitality and a great interest in life. The other is tired and has only a passing interest in life. Why? Why the difference?

Let's take another type of problem. We have two similar men of the same age who are retiring. One of them immediately gets interested in things he's always wanted to do, like boating or photography or gardening, or maybe even going into business for himself. The other man, by contrast, is overcome with a feeling of being washed up. His productivity is ended. He feels that he is of no further use and he actually gets sick. There are records of hundreds of such cases, of men who actually get sick after retirement when

actually they were quite well before retirement. But why are a few able to make the best of retirement and continue to lead productive, happy lives?

In their efforts to understand just what aging is, scientists are assuming for a number of sound reasons that aging, not unlike disease, involves alterations in the normal behavior of cells and tissues. The cells and tissues change and we must know what makes them change, when and to what extent. It is obvious, therefore, that we must increase our very basic investigations into cellular biology.

There are tremendous social and economic implications in this work. Simply stated, it can help determine whether we will ever be able to suspend or delay the biological process of aging. Most scientists now seem to be doubtful. But imagine, if you will, what it would mean to this Nation and to the world if ever we were able to delay the aging process.

Assuming we will not be able to do this, the basic biological research remains of critical importance in helping our older people to overcome those many afflictions which tend to limit their physical and mental capacities. It will help to cure their ailments or help them to live with their infirmities more comfortably and effectively.

To help point up the need for increased basic investigations into cellular biology I would like to quote Dr. Paul Weiss, of the Rockefeller Institute of Medical Research: "We do not know the physical basis of intracellular organization, the principles that sort biochemical processes and diverse molecular realms without * * * rigid mechanical frameworks. We do not know what causes orderly substance transport within cells. * * * We do not know how cells recognize each other, their foods, their enemies. * * * We still have no more than shrewd guesses about the mechanism of protoplasmic reproduction that we call growth * * * nor do we know what activates and checks and reawakens the powers for such growth in development, disease and aging."

But as vast as this is, it is certainly not the entire problem. Earlier I mentioned genetics. Scientists are giving more and more attention to the genetic influences in the manifestations of disease and in aging. It may well be that the genetic constitution of an individual is the primary determinant of his potential longevity. One scientist has observed that human beings finally may die from some "defect or weak spot that was present at birth." So that the genetic factor in aging—hardly explored at this point—is due great consideration.

But this isn't all either, of course. In studies of aging, as in our studies of disease, we must give great consideration to the level of sanitation in the living and working conditions; the organic and mineral content of the soil in which food crops are grown; the effects of weather, altitude and air pollution; and the differences in occupations, religions, and cultural habits.

So, in general, if we are really going to define and defeat the biological and medical problems in aging, we must seek to understand the most basic processes of the body and the effects of heredity, and then we must understand the effects of the environment in which the child is reared and then, as a man, works and lives.

If these are the challenges we have accepted, however, we are woefully lacking in one critical respect. And that is that at present nearly all—and I mean more than 95 percent—nearly all of our research in aging is concentrated within the continental limits of the United States. The Federal Government is supporting virtually no grants in foreign nations for research in aging. There is some exchange of information through research literature and visits by scientists—some—but this serves only to indicate more clearly the magnitude of the problem.

All of the research work I have been discussing can have its greatest meaning when it is projected onto an international level. Theories and findings about the genetic, biological, physiological, mental, and social aspects of aging, and about the methods of applied medicine for giving aged persons more dignified and healthier lives, will have firm bases only when they have been evaluated and tested under the many variables in different cultures.

As if we didn't already have enough mysteries in the matter of aging, we could find some more by looking overseas. Why, for example, do the Norwegians live longer than we do in the United States?

The answer to this kind of question, and to the hundreds of other questions plaguing our scientists, can come only when we have continued to press forward diligently in a broad program of research which includes expanded efforts in each of these three areas:

1. The basic sciences, such as the biological, wherein our scientists are studying age changes in matter and energy at the most basic levels, where the origins of the aging process probably begin.

2. The clinical sciences, wherein our scientists are continuing their battle against chronic diseases and seeking means to prevent the development of these diseases as the handmaidens of aging. It is also in the clinical sciences that we must improve our methods for caring for older people and for rehabilitating them. We can improve our procedures and certainly we can find ways of caring for our older people with more grace and dignity.

3. And the last of these three areas of research effort is the behavioral and social sciences. How many times have we heard our older citizens say, "Gosh the world has changed." Or "When I was a boy, things were different." The world is changing. And there's a question of whether it's changing too fast for our older people; and there's a question of their ability to adjust to a fast-changing world. What kind of real problems does this cause for the older person? And is this fast-changing world one of the things that makes younger men old? I feel that we must probe deeply into the significance of this. This Nation has made marvelous accomplishments in the use of its natural resources in minerals, lumber, oil and water power. We have not, however, previously made the most advantageous use of our people, who are our greatest resource, and we are not doing so today. In a sense, our older persons can represent a tremendous reservoir of trained, experienced, mature personnel that can help this Nation to even greater accomplishments. Research is again the answer, research into sociology and psychology to aid in the proper utilization of these people.

In the law which I sponsored for the White House Conference on Aging, in January 1961, there is a five-point declaration of policy. I would like to quote point 5, which calls for a " * * * stepping up of research designed to relieve old age of its burdens of sickness, mental breakdown, and social ostracism." This will be one of the most important focal points of the White House conference, one to which I shall endeavor to draw all possible Federal, State, and private attention.

The job before us is very clear. In this talk, I have given considerable attention to the work of the National Institutes of Health. But the task obviously is not one that the Federal Government can support by itself—though its support must be increased. The fine work being carried out by State and private institutions must continue to expand greatly, not only with strengthened Federal support, but also with development of State and community resources.

Even this will not be enough, however. For emphasis I want to repeat that all this research will have its greatest meaning and

value when it is projected onto an international level. The entire world already is deeply concerned with the aging problem. Other nations have seen that as they make further progress against infectious diseases they are going to have more and more people living longer lives.

Some nations may already be ahead of us in research in aging. In Sweden, for example, they were carrying out farsighted programs to aid their older persons some years before aging attracted great interest in this country.

Nearly every civilized nation today is conducting research in aging, including Central and South America, Europe, Scandinavia, and the Far East.

Research in aging, like many other national programs, can become a two-way street when we seek a cooperative interchange of effort and information with other countries. It would be to our own benefit to learn more of what other nations are doing in aging work, and to carry out research on the effects, in the aging process, of different environments overseas. It certainly seems reasonable to believe that we thus could make faster and more certain progress in research.

Let us, in turn, make available to the other nations of the world our findings and our program in aging. Let us help them with funds for training scientists and for research projects and for research facilities.

I can think of no more noble contribution toward the benefit of all mankind—including our own population.

In specific reference again to the immediate challenge of this council, we have tremendous problems in this Nation, which must be met, now. The question I would like to leave with you is whether we are going to simply accept a multiplication of these problems in number and size in the future—10 or 20 years from now—or whether we are going to redouble our efforts in medical and biological research to help ease the magnitude of our future tasks and give our Nation, on the whole, a more healthful, more productive, more prosperous population? This, obviously and unavoidably, is what we must do. We must consider the present generation and meet its problems fully; but concurrently we must provide for the future generations of the Nation. Otherwise we will be failing in the real meaning of our responsibility.

A Catholic in Politics

EXTENSION OF REMARKS

OF

HON. EMANUEL CELLER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, June 26, 1959

Mr. CELLER. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following article from the New Republic of June 8, 1959:

A CATHOLIC IN POLITICS—CONVERSATION WITH SENATOR EUGENE MCCARTHY

(Is there a Roman Catholic political line in this country? Would a Catholic majority deprive non-Catholics of their freedoms? The editor of the New Republic questions the junior Senator from Minnesota about the religious issue as it affects 1960.)

Mr. HARRISON. I wonder if we could start off by agreeing that the Catholic issue in America is not, in 1959, what it was in 1928. I don't mean merely that JACK KENNEDY is not Al Smith, but that use of the religious issue in politics is less fashionable or prevalent than it was 30 years ago.

Senator McCARTHY. I agree that the questions being raised today regarding Senator KENNEDY's candidacy or the candidacy of other Catholics are somewhat different from those which were raised regarding Al Smith, and the manner in which they are being asked is clearly different. You may find an extremist now and then who goes back to the old allegation of the domination of the country by the Pope, but the doubts usually heard today are not of that order.

Mr. HARRISON. Of what order are they? No one suggests that KENNEDY represents rum or rebellion.

Senator McCARTHY. No, we passed the rebellion stage long ago and the rum stage, too. Those who feel there is a Catholic issue in politics are, I think, concerned about whether America, or rather what's called Americanism, is threatened by firm and established religious doctrine. There is an assumption that the dogmatism of Catholicism is incompatible with the philosophy of democracy. Paul Blanshard speaks of the struggle between American democracy and the Catholic hierarchy.

Mr. HARRISON. And yet there have been a great many Presidents of the United States who have had dogmatic religious beliefs.

Senator McCARTHY. Yes; of course, believing Protestants have their own doctrines which they hold to just as strongly as Catholics hold to their beliefs. But in the case of the Catholic, there seems to be a general and added concern over the doctrine of the infallibility of the Pope, and this, I believe, leads many people to the conclusion that a Catholic President would be bound in a special way to an outside authority. A great many non-Catholics think this doctrine extends much further than it actually does and applies in detail to decisions in the practical order in a very specific sort of way. Brooks Hays is a good friend of mine, you know. Brooks was president of the Southern Baptists, and I said to Brooks, "I don't know why you worry so much about the infallibility of the Pope." I said, "If he is infallible you've nothing to lose, and if he isn't, why, we're no worse off than the Baptists are under you."

There are a number of distinctions both historical and doctrinal which we ought to make if we're going to discuss this doctrine intelligently. It applies primarily to religious and moral teachings beyond those dictated by a natural law or obtainable by human reason—questions of revealed truth and of supernatural perfection. The doctrine also applies, however, to certain actions and decisions which are a part of the temporal and political order which involve interpretation and application of ethical conclusions. Yet Protestants, too, pass judgment on the temporal scene. In a recent issue of *Look* magazine, for example, Geoffrey Fisher, the Anglican Archbishop of Canterbury, was quoted as having said: "Everything which touches the life of the Nation is of concern to the Christian. It does not escape God's judgment by becoming in the party sense political. The difficulty is that when the issue has become in that sense political, people are less ready to hear what the Christian judgment may be, since for that, patience and a perceptive mind are required."

Mr. HARRISON. But isn't it true that non-Catholics are less likely to agree on what is a moral decision than are Catholics? Isn't one of the reasons for apprehension about Catholic political power the feeling that in this gray area where political choices are involved, Catholic politicians don't decide just as individuals? It may not often be admitted publicly, but there is, I'm sure, a widespread feeling that the Catholic Church, clergy and laymen, is ruled by a few at the top and that, therefore, no Catholic is really free in the sense that other Americans are free.

Senator McCARTHY. The apprehension you refer to does exist. Whether there are ade-

quate grounds to justify it or not is another question. Let's take divorce as a relatively clear case. Actually canon law does permit divorce or separation for certain reasons, but does not permit remarriage. Catholics who are judges in the courts of the United States preside in divorce cases and render decisions. It is reasonable to expect Catholics generally to oppose easy divorce and to expect them to favor stricter laws regarding the conditions under which divorce might be granted and stricter laws to insure family stability. Here we have to distinguish between strict, rigid, religious sanctions applied within the church on her own members and the use of civil action to sustain the church position.

In the United States we have come to accept the fact of differences. Wherever you have diversity of religious beliefs and philosophical principles, some dissatisfaction is inevitable. Members of some religious groups think drinking is a sin and when their convictions are written into civil law, others are unhappy. Yet if the state permits the manufacture and sale of alcoholic beverages, the prohibitionists are dissatisfied. Whenever moral issues—which are thought also to have a religious sanction—are raised, some crusading and antagonism are inevitable. The state's function here is to eliminate extreme forms of evil and those clearly destructive of civil order. It cannot—or ought not try to—force the conscience of a citizen or attempt to make every sin a crime. Catholics—politicians or citizens—in a democracy must take into account both what they believe in principle as well as the practical situation in which they are called upon to make decisions, and they have to consider, along with everyone else who has political responsibility, the consequence of the passage of legislation and the consequence of the failure to pass it.

In the case of divorce laws, the possible effects on children, on the separated spouses, or upon general social stability and order, among other things would have to be considered. A quotation from Pope Pius XII sustains this position: "Reality shows that error and sin are in the world in great measure. God reprobates them, but He permits them to exist. Hence the affirmation: Religious and moral error must always be impeded when it is possible, because toleration of them is in itself immoral, is not valid absolutely and unconditionally. * * * The duty of repressing moral and religious error cannot therefore be an ultimate norm of action. It must be subordinated to higher and more general norms, which in some circumstances permit, and even perhaps seem to indicate as the better policy toleration of error in order to promote a greater good." In this area, it is a matter of prudence—that is, as to how far if at all, the church authorities might expect the state to provide civil sanctions. But in any case, the individual Catholic legislator or officeholder is the one who must make the final prudent judgment. He may acknowledge that his church authorities are strongly opposed to such and such a practice, but the legislator himself has to make the practical judgment whether it is conducive to the common good or not for the state to make a law in a specific area.

Mr. HARRISON. A further argument advanced by people who fear a rise in Catholic political power and particularly fear a Catholic President is that although Roman Catholics may differ on the practical applications of moral beliefs today, and may not try to write all their own moral attitudes into law, that is only because they live in a society which is not yet predominantly Roman Catholic. But what would happen to the rights of non-Catholics were Catholics a majority in this country? Take, for example, a statement published in *Civilita Catolica*, the world organ of the Jesuits, in April 1948.

I want to quote it in full because I think this is the kind of thing that inspires a good deal of Protestant suspicion of ultimate Catholic motives:

"The Roman Catholic Church, convinced through its divine prerogatives of being the only true church, must demand the right of freedom for herself alone, because such a right can only be possessed by truth, never by error. As to other religions, the church will never draw the sword but she will require that by legitimate means they shall not be allowed to propagate false doctrines. Consequently, in a state where the majority of the people are Catholic the church will require that legal existence shall be denied to error and if religious minorities actually exist they shall only have a de facto existence without opportunity to spread their beliefs. In some countries Catholics will be obliged to ask full religious freedom for all, resigned at being forced to cohabit where they alone should rightfully be allowed to live. But in doing this the church does not renounce her thesis, which remains the most imperative of her laws, but merely adapts herself to de facto conditions which must be taken into account as a practical matter."

Senator McCARTHY. It is obvious from the statement you have read that there are some Catholics who hold that point of view. However this is not the viewpoint which is held by all Catholics. Let me offer another quotation by the Catholic bishops of the United States made in the same year to set against this quotation from the Jesuit publication: "We feel with deep conviction that for the sake of both good citizenship and religion there should be a reaffirmation of our original American tradition of free cooperation between government and religious bodies—cooperation involving no special privilege to any group and no restriction on the religious liberty of any citizen. We solemnly disclaim any intent or desire to alter this prudent and fair American policy of government in dealing with the delicate problems that have their source in the divided religious allegiance of our citizens. We call upon our Catholic people to seek in their faith an inspiration and a guide in making an informed contribution to good citizenship."

I cannot, of course, foretell what might happen if a majority of the citizens of the United States were to be Catholic. The Constitution would still be a strong defense of individual liberties. It is my opinion, however, that a majority of the Catholics in the United States today—a strong majority—would support the position of the bishops stated in 1948. Usually Spain is cited as an example of what might happen if this country were to become strongly Catholic. Actually, Spain is not controlled by a majority of the Catholics in Spain. Spain is a dictatorship. On the other hand, take France. I assume that if a census were taken, a majority of the people would declare themselves to be Catholic. Yet there is religious freedom in France. Ireland affords another encouraging example to those who fear the loss of religious freedom where Catholics are in a majority. In some of the South American countries, the situation is not comparable. I remind you also that there are still established churches in England and the Scandinavian countries. I suspect that Americans of all faiths would be uneasy in any country which had an established church, no matter what religious body had the privilege.

Your question, of course, relates more to moral actions and pressures which might well be exercised without any significant change in the constitutional structure or without the establishment of a church. It is a question which is open to much speculation. It seems to me well established in the United States that Government has a right to suppress certain moral teachings

and practices which are contrary to the common good. The clearest example, of course, was Government action to forbid and suppress the Mormon practice of polygamy as destructive of the moral stability of society. A more pertinent example is that of the prohibition movement in which much of both the opposition and the support was based upon a moral position which had religious sanction.

Mr. HARRISON. I take it then that you don't think that Catholics merely grant freedom to others when they are in a minority and thus in no position to do anything else.

Senator McCARTHY. Such a position would, in my view, be indefensible. If such a policy were to be followed, it would not be a matter of Catholic doctrine. Let me give you a quotation on this point from Archbishop McNicholas, speaking as Chairman of the administrative board of the National Catholic Welfare Conference in 1948:

"We deny absolutely and without any qualification that the Catholic Bishops of the United States are seeking a union of church and State by any endeavors whatsoever, either proximate or remote. If tomorrow Catholics constituted a majority in our country, they would not seek a union of church and state. They would then, as now, uphold the Constitution and all its amendments, recognizing the moral obligation imposed on all Catholics to observe and defend the Constitution and its amendments."

Mr. HARRISON. Are your views and Archbishop McNicholas' on this subject shared by many other Catholics?

Senator McCARTHY. Certainly, I would say, by most Catholics—at least in the United States—who have given any serious attention to this problem. I don't know how you could make an inquiry effectively on this subject, but it's my opinion that a poll on which the questions were properly worded would show that Catholics by a strong majority would be opposed to the use of political power to support Catholicism to the disadvantage of other religions.

Mr. HARRISON. Well, now, isn't it true that Catholic lay organizations have acted in ways which encourage us to think they want to deprive non-Catholics of their freedom of choice? Take the Legion of Decency, or campaigns to ban books offensive to the Catholic Church. Or what about regulations that prevent doctors in Catholic hospitals from performing certain types of operations? These are the things which create fear in the minds of the non-Catholic community that should the Catholics gain greater political power, the rights of others in terms of the books they read, the motion pictures they see, the kind of medical care they may receive, would be seriously limited.

Senator McCARTHY. This is certainly a possibility. But in the cases you cite, the Catholic position is not one which is restricted to Catholics alone, nor is it one which is based solely upon faith and religious doctrine, but rather upon interpretation of the law of nature.

Let us take first the question you have raised regarding censorship. We do have censorship in this country at the Federal level through the postal regulations. Yet a majority of the citizens of the country are not Catholic and as far as I can determine the imposition of censorship under these laws is generally supported by the people of the country. Whereas the Legion of Decency does receive a great deal of public attention, there are many other organized groups such as the Protestant Motion Picture Council, the American Jewish Committee, and the American Association of University Women who publish lists involving a moral judgment on motion pictures. There are, of course, many city and State censorship boards which act just as forcefully and sometimes with less careful judgment than the Legion of Decency itself.

Mr. HARRISON. Let me press this point about how hospitable Catholics really are to the freest possible expression of differing ideas and tastes. We have heard of pressures that are put on the motion picture industry—whom they may hire or the subject matter of motion pictures. Such pressures seem to come largely from Catholic sources—in this instance, the Legion of Decency. The effect of the pressure is to curtail the American consumer's freedom of choice. Would you agree with that?

Senator McCARTHY. One may well question some of the methods used by supporters of the Legion of Decency and question their judgment of specific motion pictures; undoubtedly local groups of Catholics sometimes used rather arrogant means of expressing disapproval, and the extent to which such sanctions may be applied is, I grant, a matter of dispute. I must note, however, Ingrid Bergman's latest picture was highly recommended in the Catholic press. The concern over Catholic influence in the field of censorship may in part be a consequence of the fact that the Catholic Church perhaps lends itself somewhat more easily to organization. When Catholics speak, they are likely to speak through an organization which either is strong or gives the appearance of strength; whereas in many other religious groups there is less organization and consequently a need to develop an organization for effective action.

Mr. HARRISON. What about the matter of birth control?

Senator McCARTHY. The Catholic position in opposition to artificial birth control is well known, but again it is a position which is not exclusively Catholic. Many Protestants as well as people of other religions, including Hindus and Moslems, are opposed to birth control. The birth control laws of Connecticut and Massachusetts, for example, which have been a matter of great controversy, were put on the statute books of those States not by Catholics, but by Protestants.

Mr. HARRISON. Let's return to Mr. KENNEDY, since it's his candidacy which has stirred up much of the recent discussion about Catholics in politics. I was interested in the Gallup poll early in May in which a cross-section of citizens were asked: "If your party nominated a generally well-qualified man for President and he happened to be a Catholic, would you vote for him?" Sixty-eight percent said they would, 24 percent said they wouldn't, and 8 percent said they didn't know. But the remarkable thing to me was that when the same question was put just to Catholics, the results were more anti-Catholic: 53 percent, in other words 15 percent less than the general population, said they would vote for a Catholic candidate; 35 percent said "No," and 12 percent didn't know. If this poll has any accuracy, it raises the question of just how much Catholics do stick together in politics.

Senator McCARTHY. I am always reluctant to interpret polls. I assume that in the case of the Gallup poll to which you refer that many people were not answering the question on an abstract basis, but undoubtedly had in mind a specific candidate. This is one possible interpretation. It is generally conceded that from 60 to 70 percent of the Catholics in the country are Democrats, leaving approximately 30 to 35 percent who are Republicans. If all these Republicans were thinking of a possible Democratic Catholic candidate for President—a possibility which seems much more likely than that they would have a candidate on the Republican ticket—this would explain the 53 percent who said "No." Assuming that there might be some crossover for personal or religious reasons, it is possible, too, that some Democrats who were polled were not favorable to any one of the numerous Catholic candidates who have been mentioned and registered their protest in the poll.

I haven't made a thorough study of the election returns in my State, but I did receive just recently an article which was based upon a study of the trends in one county in Minnesota which is described as the most Catholic county in the United States. In the election of last November, my vote there was 13,465 whereas the vote of my non-Catholic opponent was 10,903. In 1954 in the same county, Senator HUMPHREY, a non-Catholic, received 13,342 and his opponent, a non-Catholic, 10,924. Insofar as I know, there were no significant variations or other factors affecting the election of 1958 as distinguished from 1954.

Mr. HARRISON. In 1958 Governor Freeman, who is not a Catholic, was also on the ticket. How did his vote in that same county compare to yours?

Senator McCARTHY. He ran a little behind me in 1958, but he ran about an equal distance behind Senator HUMPHREY in 1954 in the same county.

Mr. HARRISON. During last year's campaign were you attacked on the basis of your being a Catholic?

Senator McCARTHY. I think the word "attack" is too strong. There were letters circulated and postcards in which the religious issue was specifically raised against me, although so far as I know they were very limited in number and I'd say even less intense or violent than attacks which were directed at me through the years in my own congressional district. There was no evidence of any kind of statewide planned attack. There was also open criticism of me in at least one Catholic paper in Minnesota during the campaign.

Mr. HARRISON. On what grounds?

Senator McCARTHY. Not on religious grounds. The principle emphasis was placed upon my liberalism, my association with the Americans for Democratic Action and their approval of my voting record, and the support I received from organized labor.

Mr. HARRISON. Do you agree with Will Herberg's idea that "American Catholics still labor under the heavy weight of the bitter memory of nonacceptance in a society overwhelmingly and self-consciously Protestant"?

Senator McCARTHY. I can only speak with any degree of certainty about my own State. In Minnesota we are in a fortunate position in that when immigrants arrived, there was no established class or population. Most of the immigrants came as farmers and independent land owners. This is true of the Irish, Scandinavians, the German immigrants and even the later immigrants from Central and Southeastern Europe. Each major group soon after it arrived established its colleges and schools along with churches. The feeling of being under-privileged is one which really has never been known in Minnesota and was not reflected in Minnesota politics. The first well-known Minnesota Catholic Archbishop, John Ireland, was an outspoken Republican.

Mr. HARRISON. Do you attach any significance to the rise in recent years of the influence of Roman Catholics in the Democratic Party? The chairman of the party has been a Roman Catholic since, I think, the days of Roosevelt.

Senator McCARTHY. At least as far back as I remember.

Mr. HARRISON. There's Mike DiSalle, Lausche, and Mike Kirwan in Ohio; Pastore from Rhode Island; Governor Lawrence in Pennsylvania; Massachusetts with Kennedy, McCormack, and Furcolo; McNamara, and Phil Hart from Michigan; both Senators from Montana are Catholics; and there's Muskie in Maine. And Pat Brown in California.

Senator McCARTHY. I think the increase in the number of Catholics who have been elected as Governors of the various states is significant. The number of Catholics in the Senate today, however, is about the same as it was back in 1936 and about the same as it

was in 1948 when the Democrats had relatively strong control of the House and of the Senate.

Remember that Catholics in the United States have always been Democrats in great number. Under the old political system, I am sure that it was argued that it was wise to elect a Catholic as chairman of the Democratic party so as to keep Catholics in the party and keep them happy. This kind of reasoning no longer seems necessary. Politicians have been at fault in that they have come to believe in the necessity of such things as balanced tickets and National distribution. The old pattern of the balanced ticket and having nationalities properly represented, and religions properly represented, geographical areas properly represented—all of this seems to have passed on. I hope that it has and the signs are very strong. You cite a number of elections in which Catholics were chosen. However in the State of Connecticut, which is strongly Catholic, Abe Ribicoff has been elected and reelected as Governor. Massachusetts and Rhode Island, both of which are strongly Catholic, and Connecticut, each have one Senator who is a Catholic and one who is not a Catholic.

Mr. HARRISON. You've been in practical politics some and you're a Catholic. Have you been pressured by the church to vote for this or that bill?

Senator McCARTHY. I have never had any pressure put upon me by any member of the Catholic hierarchy to vote for any legislation that has come before the Congress in the 10 years during which I served in that body. Insofar as I can recall, I have never had even a legislative recommendation from any of the hierarchy in my own State. Of course, I have been familiar with the positions which have been taken by members of the Catholic hierarchy on a number of issues and also the position which has been expressed to Congress by such groups as the National Catholic Welfare Conference which through the years has given active support to such things as the mutual security program, a liberalization of immigration laws, improvement of the migratory farm labor legislation, and a number of other proposals.

Mr. HARRISON. You're speaking of national affairs. But what about the intervention of the hierarchy in local affairs? You may recall the fight in the State legislature of Connecticut in 1957 over a school bus bill by which the State would have provided certain assistance to Roman Catholic parochial schools. The bill finally was passed after a tie vote by the vote of the Speaker, who was not himself a Catholic. During the debate a pastoral letter from Archbishop Henry J. O'Brien, of Hartford, was read at all masses in the State on the Sunday before the vote, counselling Catholics, Catholic parents, that "since more than 62 percent of the children born in 1956 are Catholic, you should carefully observe the action taken, especially that of your local representative."

Senator McCARTHY. A number of cases exist in which similar action has been taken on other issues by members of the Catholic clergy as well as by clergymen of other denominations. The same sort of question was raised in California when the attempt was made to take away the tax exemption given to church property. Both Catholics and Protestants spoke out strongly against the proposed amendment in the course of this last campaign. The question here is one of proper methods and of balance and restraint.

Mr. HARRISON. Any discriminating citizen would probably grant that Catholics should have the same right to influence people as anybody else. But we are led to the fear of some that should they become powerful enough, Catholics wouldn't tolerate open competition. Non-Catholics bring up the statement of Leo XIII in his Encyclical on the "Constitution of States," where he said: "It is not lawful for the State any more than

for the individual either to disregard all religions or to hold in equal favor different kinds of religion." People aren't worried because Cardinal Spellman has influence, but of what might happen to dissenters should Catholics win control of the country.

Senator McCARTHY. I refer again to the statement of the Catholic bishops and the statement of Archbishop McNicholas which I quoted earlier. I am sure you are familiar, too, with the statements of Father John Courtney Murray. I, myself, wrote in an article in *Commonweal*, in 1951, as follows: "The proposition that a Catholic majority could rightfully suppress Protestant or other religious minorities teaching nothing likely to subvert the temporal common good is untenable. In the same way the argument that a Protestant or other religious majority could rightfully proscribe or interfere with religious freedom of Catholics is also untenable." I have not been excommunicated.

Mr. HARRISON. You would describe yourself as a believing Catholic?

Senator McCARTHY. Yes—and practicing. Mr. HARRISON. What connection do you personally make between the doctrines and the moral principles put forward by the church and your day-to-day political decisions?

Senator McCARTHY. It is hard to give a short answer. My thesis is that strictly speaking there is no such thing as a Catholic or Christian politics, or a Catholic or Christian political system, or a Catholic or Christian form of government, any more than you can properly speak of a Catholic physics or a Catholic geometry. It's a mistake to label a political party a Catholic party, as they do in some of the European countries, or a Christian Democratic Party as they've done in Germany.

Mr. HARRISON. Why?

Senator McCARTHY. Because it gives to what is properly political action a kind of religious overtone which is improper. There is a danger in it both to proper political procedures and a danger in it too to religion and religious institutions. The line should be kept clear. It doesn't follow from this that there is no such thing as a Catholic or a Christian approach to certain issues. If a Christian genuinely accepts the teachings of his church with regard to his obligations to his fellow man, it seems to me that this would be reflected in his approach to a problem like immigration, or famine relief to India or Haiti. But this is not strictly speaking a Christian politics.

Mr. HARRISON. You use Christian and Catholic interchangeably.

Senator McCARTHY. That's right, and in these areas the distinctions are rather hard to draw. I would include the humanists, too. I'm only saying that since the Christian does have certain beliefs those beliefs ought to be reflected in his approach to politics.

Mr. HARRISON. Apparently some Catholic editors felt that Senator KENNEDY's article in *Look* magazine didn't acknowledge sufficiently the influence religious convictions should have on political behavior. The most controversial part of that article, at least to the Catholic press, appears to have been his remark that, "Whatever one's religion and his private life, nothing can take precedence over his oath."

Senator McCARTHY. Senator KENNEDY was both criticized and defended in the Catholic press. But before commenting, I would like to divide the statement and say first that there is no conflict between Catholicism and the oath of office which one is called upon to take as President of the United States, as a Member of the U.S. Congress, or for any other Government office. And, on the other hand, to say that one's religion does have bearing upon his political activities and upon his theory of politics. The United States has never demanded of its citizens absolute submission to political power. Dean Sayre,

dean of the Episcopal Cathedral of Washington, summarized this admirably in a television program last June when he said that, "No Christian can grant to the State an absolute right over his conscience"; and went on to say that Catholics, as well as Protestants, owe "allegiance to the Lord which is over and above and beyond the allegiance that we owe to the State." In our own time, the Nazi war crimes which were committed in the name of the State were challenged and individuals were punished following the trials on the basis of the existence of a higher, although unwritten, law and responsibility.

Mr. HARRISON. We started by agreeing that a good deal of this current discussion has arisen again because of the prospect of a Catholic presidential candidate. And since the President is directly charged with responsibility for conducting our foreign affairs, it will certainly be asked whether a Catholic President wouldn't be heavily influenced by a Vatican foreign policy line.

Senator McCARTHY. I don't see any danger of that happening, really, because for one thing, the international political policy of the Catholic Church is hard to determine and insofar as it can be determined, it seems to coincide largely with U.S. foreign policy. The possibility that because the Catholic Church is aggressively anti-Communist, U.S. policy might be forced into a fixed mold which would not allow for any flexibility or adjustment seems remote.

Mr. HARRISON. You say it would be very difficult to define the international "line" of the Roman Catholic Church. Yet isn't it true that the church in every country has been anti-Socialist and disposed to conservative, rightwing parties?

Senator McCARTHY. There is some truth in what you say. It should be noted, however, that European socialism, at least in the beginning, was usually doctrinaire rather than practical or pragmatic, and as a general rule included anticlericalism if not anti-religion as accompanying that objective. In more recent years, however, this hard line has been softened. Catholic political parties and the Socialists have been working closely together for the recovery of Western Europe. In the United States, the programs which generally have been labeled as socialistic have been supported by Catholics in the Congress. The British Labor Party too, I believe, has strong Catholic support. There is certainly in Catholic teaching and writing a great body of thought supporting economic, social, and political change.

Mr. HARRISON. Do you think that in our lifetime a Catholic, assuming he is qualified, could be elected President?

Senator McCARTHY. It depends on the personality of the candidate and on the issues. Catholicism itself would not be an insuperable obstacle in my opinion.

Mr. HARRISON. How do you explain the fact that Harry Truman, a Baptist, proposed to send a representative to the Vatican and JACK KENNEDY, a Catholic, says he thinks it's a bad idea?

Senator McCARTHY. I will not undertake to explain Senator KENNEDY's position, but I have heard President Truman discuss his attitude a number of times. It was his opinion that the Vatican would provide an excellent listening post and that it would have been helpful to American policy to have an Ambassador there. It is possible that Mr. Truman overemphasized and overvalued the Vatican as a listening post. It is my opinion that the desire of the President in power on an issue of this kind should be given a great deal of weight. The question raised by Senator KENNEDY of the division which might result at home, however, is deserving of consideration also.

Mr. HARRISON. Aren't you considerably more willing to let people follow their own inclinations in terms of what they read, what they hear, what kind of medical care they are going to have, than are the majority

of your coreligionists? Isn't your brand of liberalism unusual for a Catholic?

Senator McCARTHY. I assume you're using "liberalism" as synonymous with a respect for civil liberties and civil rights, an enlightened internationalism, a willingness to experiment and to use the power of government to promote economic justice and security. Well, in this sense, I doubt whether my liberalism is unusual for a Catholic. I could name two or three Senators who are, on the record, just as liberal as I am if not more so. I think that voting records will show that certainly on the average, Catholics in both the Senate and the House are more liberal than the average of the Congress taken altogether.

Mr. HARRISON. Do you think we all ought to say in advance of the 1960 campaign that religious affiliation has no relevance and should be ruled out of the political debate?

Senator McCARTHY. No. I wouldn't say that it has no relevance or that it should be ruled out of political debate altogether. But in my opinion, only proper questions should be asked and the political debate on the issues should be kept within bounds. It is quite improper to ask a man who offers himself as a candidate for the Presidency or who is proposed by a major political party with the full knowledge that he will have to take the oath of office whether or not he will honestly fulfill that oath of office. To the extent that religious beliefs may influence political action, then inquiry into the stand of a can-

didate on those issues may have some justification. One might wish to question a Christian Scientist on the question of medical research; a Quaker on national defense policy, a Catholic on a possible national divorce law. But none should be prejudged. Unfortunately the wrong questions are too often asked or the right questions asked improperly or directed to the wrong persons.

Mr. HARRISON. Yet, no candidate for the Presidency has felt obligated in the past to discuss his relationship with the Baptist Church or the Episcopal Church. This whole discussion seems to be exclusively relevant to Catholic candidates.

Senator McCARTHY. In fairness, the questions which might be asked of one denomination I think should be asked of members of all others since on no one of these issues could one be absolutely certain of the position taken by members of the other denominations that might be involved.

Mr. HARRISON. What about such charges as were circulated in California in 1958 against Pat Brown, that the election of a Catholic as governor would result in the abolition of the public school system. Isn't that an example of an out-of-bounds use of religious affiliation as a way of discrediting a candidate?

Senator McCARTHY. Yes; since it involved a prejudgment of Pat Brown and I am sure a misrepresentation of his position. It would, of course, be in order if a person were not informed to inquire as to what stand Pat

Brown took on a current issue relating to the public school system. I am sure that on the basis of his record as attorney general that this record would be clear to most people.

Mr. HARRISON. What do you think is at the bottom of the continuing doubt and suspicion of Catholics in some liberal, egghead circles?

Senator McCARTHY. I think that basically this doubt and suspicion arises from the liberals' position that everyone should have an open mind and make his decisions issue by issue and that since, according to the liberal's judgment, Catholics are doctrinaire, they cannot approach each issue with a fully open mind. The fact is that in many cases the liberals are really doctrinaire in their way and issue by issue are inclined to be as doctrinaire as anyone else is. I think it would be helpful if the word liberal could somehow be copyrighted and used only under carefully circumscribed conditions. Perhaps its use as a noun should be outlawed so that henceforth no one would be simply a liberal, but would have to be a liberal something. In politics he would be a liberal Democrat or a liberal Republican or a liberal vegetarian. If religion were to be the substantive used to distinguish, he would be a liberal Catholic, a liberal Episcopalian, or a liberal Presbyterian or a liberal of some other denomination. This, it seems to me, would make things simpler for those who are called liberals as well as for the critics of liberals and liberalism.

SENATE

MONDAY, JUNE 29, 1959

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

Father of all men, as our yearning spirits turn toward Thee, help us to know that our coming to Thee is but futile mockery unless that coming draws us closer to each other and nearer to Thy human family—our brothers and sisters—whenever and wherever they may be.

As we open our shuttered lives to Thee, Thy boundless love so freely given without measure and limit shames us with the sobering realization that no one of us has a right to live a self-centered life or confine our concern to some small chosen group when the tides of human need, so wide and poignant, break moaning at our feet.

In Thy clear light, as in a flaming vision, we see that nothing matters in the end but how any wisdom and strength with which we are entrusted is shared with those whose arms are stretched out to us in voiceless appeal.

Solemnize us with the certainty of judgment which awaits the response to that summons, whether it be poets singing deathless songs, artists giving to beauty form and color, seekers for knowledge driving shafts into new mines of truth, or statesmen with Christlike pity and sympathy directing the destinies of nations.

Above all else, save us from the supreme folly in a crucified world, in today's agony of humanity, of holding ourselves safe and aloof.

We ask it in the dear Redeemer's name. Amen.

THE JOURNAL

On request of Mr. JOHNSON of Texas, and by unanimous consent, the reading of the Journal of the previous session was dispensed with.

MESSAGES FROM THE PRESIDENT— APPROVAL OF BILL AND JOINT RESOLUTION

Messages in writing from the President of the United States were communicated to the Senate by Mr. Ratchford, one of his secretaries, and he announced that the President had approved and signed the following act and joint resolution:

On June 29, 1959:

S. 1. An act to amend the Federal Airport Act in order to extend the time for making grants under the provisions of such act, and for other purposes; and

On June 25, 1959:

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

EXECUTIVE MESSAGES REFERRED

As in executive session,

The PRESIDENT pro tempore laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

MESSAGE FROM THE HOUSE RE- CEIVED DURING ADJOURNMENT

Under authority of the order of the Senate of June 25, 1959, the following

message from the House was received by the Secretary of the Senate:

On June 26, 1959:

That the House had disagreed to the amendments of the Senate to the bill (H.R. 6769) making appropriations for the Departments of Labor, and Health, Education, and Welfare, and related agencies, for the fiscal year ending June 30, 1960, and for other purposes; that the House agreed to the conference requested by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. FOGARTY, Mr. DENTON, Mr. CANNON, Mr. LAIRD, and Mr. TABER were appointed managers on the part of the House at the conference.

The message also announced that the House had disagreed to the amendments of the Senate to the bill (H.R. 7523) to provide a 1-year extension of the existing corporate normal-tax rate and of certain excise-tax rates; that the House had agreed to the conference requested by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. MILLS, Mr. FORAND, Mr. KING of California, Mr. SIMPSON of Pennsylvania, and Mr. MASON were appointed managers on the part of the House at the conference; and

The message further announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

S. 32. An act for the relief of Uwe-Thorsten Scobel;

S. 33. An act for the relief of Bertha Glickmann;

S. 46. An act for the relief of Ben Chassin;

S. 57. An act to extend and amend laws relating to the provision and improvement of housing and the renewal of urban communities, and for other purposes;

S. 110. An act for the relief of Yaeko Inouye;

S. 178. An act for the relief of Wong Bick Quon (Marla Wong);