

to the U.S. adherence to the World Court statute by the support of the Minnesota State Bar Association as officially expressed in a resolution adopted at its convention in Duluth, Minn., on June 17, 1960.

Arguing that repeal of the self-judging reservation presently invoked by the United States is essential to strengthening the International Court of Justice in its striving toward world peace through an effective system of international law, the Minnesota Association joins the house of delegates of the American Bar Association which in 1947 first sought repeal of the Connally amendment.

Mr. President, I would hope that the calm, reasoned appeal of our Nation's legal experts would be heard before the emotional appeals of the extremely vocal minority opposing my proposal, Senate Resolution 94.

Mr. President, I ask unanimous consent that the resolution of the Minnesota State Bar Association calling for repeal of the Connally amendment be printed in the RECORD, and appropriately referred.

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

RESOLUTION OFFICIALLY ADOPTED BY THE MINNESOTA STATE BAR ASSOCIATION ON JUNE 17, 1960, IN CONVENTION ASSEMBLED AT DULUTH, MINN.

Whereas the American Bar Association is taking a lead in emphasizing the role of law in international affairs through the activity of its special committee on world peace through law, and by promoting the observance of May 1 as "Law Day"; and

Whereas the International Court of Justice is the tribunal set up by the charter of the United Nations to resolve disputes between nations according to law, but its effectiveness has been restricted by reservations to the Court's jurisdiction like the so-called Connally amendment, by which the United States in 1946 reserved to itself the right to decide whether a dispute brought to the Court involved a matter essentially within the domestic jurisdiction of the United States; and

Whereas the American Bar Association took a stand in 1947 for the repeal of the so-called Connally amendment, and in today's shrinking world it is important as never before that disputes between nations be resolved by rule of law: Be it therefore

Resolved, That the house of delegates of the American Bar Association is memorialized to reaffirm its 1947 stand for repeal of the so-called Connally amendment.

#### ADDITIONAL REPORT OF A COMMITTEE

The following additional report of a committee was submitted:

By Mr. ERVIN, from the Committee on the Judiciary, with amendments:

H.R. 2339. An act to revise, codify, and enact into law, title 39 of the United States Code, entitled "The Postal Service" (Rept. No. 1763).

#### SOCIAL SECURITY ACT AMENDMENTS OF 1960—ADDITIONAL CO-SPONSORS OF AMENDMENT

Under authority of the orders of the Senate of June 24, and June 27, 1960, the names of Senators YOUNG of Ohio,

RANDOLPH, LONG of Hawaii, MOSS, McGEE, MANSFIELD, CHAVEZ, DODD, BARTLETT, JACKSON, PROXMIER, MURRAY, HARTKE, JOHNSTON of South Carolina, CLARK, DOUGLAS, YARBOROUGH, and HUMPHREY were added as additional cosponsors of the amendment, intended to be proposed by Mr. BYRD of West Virginia to the bill (H.R. 12580) to extend and improve coverage under the Federal old-age, survivors, and disability insurance system and to remove hardships and inequities, improve the financing of the trust funds, and provide disability benefits to additional individuals under such system; to provide grants to States for medical care for aged individuals of low income; to amend the public assistance and maternal and child welfare provisions of the Social Security Act; to improve the unemployment compensation provisions of such act; and for other purposes, submitted by Mr. BYRD of West Virginia on June 24, 1960.

#### ENROLLED BILL PRESENTED

The Secretary of the Senate reported that on today, June 28, 1960, he presented to the President of the United States the enrolled bill (S. 3117) to treat all basic agricultural commodities alike with respect to the cost of remeasuring acreage.

#### ADJOURNMENT UNTIL 11 A.M. TOMORROW

Mr. HARTKE. Mr. President, I move that the Senate now adjourn, pursuant to the order previously entered.

The motion was agreed to; and (at 8 o'clock and 5 minutes p.m.) the Senate adjourned, under the order previously entered, until tomorrow, Wednesday, June 29, 1960, at 11 o'clock a.m.

#### NOMINATIONS

Executive nominations received by the Senate June 28, 1960:

##### DIPLOMATIC AND FOREIGN SERVICE

Andrew G. Lynch, of New York, a Foreign Service officer of class 1, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Somali Republic.

##### DEPARTMENT OF AGRICULTURE

Carl J. Stephens, of Iowa, to be General Counsel of the Department of Agriculture, vice Frank A. Barrett, resigned.

##### IN THE ARMY

The following-named officers for temporary appointment in the Army of the United States to the grades indicated under the provisions of title 10, United States Code, sections 3442 and 3447:

##### To be major generals

Brig. Gen. Chester Arthur Dahlen, O19020, Army of the United States (colonel, U.S. Army).

Brig. Gen. Robert Hackett, O18380, U.S. Army.

Brig. Gen. Alfred Dodd Starbird, O18961, U.S. Army.

Brig. Gen. Carl Willard Tempel, O18284, Medical Corps, U.S. Army.

Brig. Gen. George Robinson Mather, O18696, U.S. Army.

Brig. Gen. Van Hugo Bond, O18601, U.S. Army.

Brig. Gen. Gunnar Carl Carlson, O18515, U.S. Army.

Brig. Gen. Edgar Collins Doleman, O19131, Army of the United States (colonel, U.S. Army).

##### To be brigadier generals

Col. Andrew Jackson Boyle, O19924, U.S. Army.

Col. John Hart Caughey, O19885, U.S. Army.

Col. Selwyn Dyson Smith, Jr., O20194, Army of the United States (lieutenant colonel, U.S. Army).

Col. Robert Estes Blount, O19612, Medical Corps, U.S. Army.

Col. Ferdinand Thomas Unger, O20734, Army of the United States (lieutenant colonel, U.S. Army).

Col. Charles Billingslea, O20367, Army of the United States (lieutenant colonel, U.S. Army).

Col. John Harold Daly, O20284, Army of the United States (lieutenant colonel, U.S. Army).

Col. David Woodrow Hlester, O20191, Army of the United States (lieutenant colonel, U.S. Army).

Col. Alexander Day Surles, Jr., O20622, Army of the United States (lieutenant colonel, U.S. Army).

##### POSTMASTERS

The following named persons to be postmasters:

##### ALABAMA

Thomas H. Christian, Northport, Ala., in place of C. S. Brown, resigned.

##### ARKANSAS

Harold D. Byrd, Gassville, Ark., in place of S. K. Coffee, retired.

##### FLORIDA

Richard F. Weinmann, Sorrento, Fla., in place of Floie Torbert, retired.

##### KANSAS

John J. Hein, Buhler, Kans., in place of F. F. Pauls, retired.

##### MINNESOTA

Harry L. Solberg, Goodridge, Minn., in place of C. E. Peterson, transferred.

##### NORTH CAROLINA

Joseph P. Hamilton, Whitakers, N.C., in place of M. S. Ray, retired.

##### OREGON

L. Houston Valentine, Jacksonville, Oreg., in place of L. M. Matheny, deceased.

##### SOUTH CAROLINA

J. Wade Hughston, Spartanburg, S.C., in place of H. D. Moseley, retired.

##### TENNESSEE

John B. Howe, Rogersville, Tenn., in place of G. B. Kyle, retired.

##### WISCONSIN

Earl E. Malles, Trempealeau, Wis., in place of H. W. Stimson, retired.

## HOUSE OF REPRESENTATIVES

TUESDAY, JUNE 28, 1960

The House met at 11 o'clock a.m.

The Reverend Father Alban A. Maguire, O.F.M., Holy Name College, Washington, D.C., offered the following prayer:

##### PRAYER OF ST. FRANCIS OF ASSISI

Lord, make me an instrument of your peace.

Where there is hatred, let me sow love;  
Where there is injury, pardon;  
Where there is doubt, faith;  
Where there is despair, hope;  
Where there is darkness, light;  
And where there is sadness, joy.

O Divine Master,  
Grant that I may not so much seek  
To be consoled as to console;  
To be understood as to understand;  
To be loved as to love;  
For it is in giving that we receive;  
It is in pardoning that we are pardoned,  
and  
It is in dying that we are born to eternal  
life.

### THE JOURNAL

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

### MESSAGE FROM THE PRESIDENT

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

On June 12, 1960:

H.R. 1542. An act for the relief of Biagio D'Agata;

H.R. 2645. An act for the relief of Jesus Cruz-Figueroa;

H.R. 6816. An act to amend section 57a of the Bankruptcy Act (11 U.S.C. 93(a)) and section 152, title 18, United States Code;

H.R. 8888. An act for the relief of Angela Maria;

H.R. 10572. An act to authorize and direct that the national forests be managed under principles of multiple use and to produce a sustained yield of products and services, and for other purposes;

H.R. 10646. An act to amend the Merchant Marine Act, 1936, in order to extend the life of certain vessels under the provisions of such act from 20 to 25 years;

H.R. 10964. An act to amend the Life Insurance Act of the District of Columbia approved June 19, 1934, as amended;

H.J. Res. 638. Joint resolution relating to deportation of certain aliens; and

H.J. Res. 678. Joint resolution relating to the entry of certain aliens.

On June 27, 1960:

H.R. 10000. An act to amend further certain provisions of the District of Columbia tax laws relating to overpayments and refunds of taxes erroneously collected;

H.R. 10183. An act to amend the Fire and Casualty Act regulating the business of fire, marine, and casualty insurance in the District of Columbia;

H.R. 10684. An act to amend sections 1 and 5b of the Life Insurance Act for the District of Columbia; and

H.R. 10761. An act to provide for the representation of indigents in judicial proceedings in the District of Columbia.

### MESSAGE FROM THE SENATE

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

H.R. 12415. An act to amend section 6387 (b) of title 10, United States Code, relating to the definition of total commissioned service of certain officers of the naval service.

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. 3375. An act to encourage and stimulate the production and conservation of coal in the United States through research and developments by authorizing the Secretary of the Interior to contract for coal research, 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. MOSS, Mr. GRUENING, Mr. CARROLL, Mr. ALLOTT, and Mr. KUCHEL 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. 7593. An act to provide that the Civil Aeronautics Board may temporarily authorize certain air carriers to engage in supplemental air transportation, and for other purposes.

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

H.R. 11135. An act to aid in the development of a coordinated system of transportation for the National Capital region; to create a temporary National Capital Transportation Agency; to authorize negotiation to create an interstate agency; and for other purposes.

The message also announced that the Senate insists on its amendment to the foregoing bill, requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. BIBLE, Mr. MORSE, and Mr. BEALL 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. 12231. An act making appropriations for military construction for the Department of Defense for the fiscal year ending June 30, 1961, 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. STENNIS, Mr. CHAVEZ, Mr. RUSSELL, Mr. JOHNSON of Texas, Mr. SALTONSTALL, and Mr. BRIDGES to be the conferees on the part of the Senate.

The message also announced that the Senate had passed bills and a joint resolution of the following titles, in which the concurrence of the House is requested:

S. 1964. An act to amend the act requiring certain common carriers by railroad to make reports to the Interstate Commerce Commission with respect to certain accidents in order to clarify the requirements of such act;

S. 3278. An act to amend section 701 of the Housing Act of 1954 (relating to urban planning grants), and title II of the Housing Amendments of 1955 (relating to public facility loans), to assist State and local governments and their public instrumentalities in

improving mass transportation services in metropolitan area; and

S.J. Res. 207. Joint resolution to suspend for the 1960 campaign the equal opportunity requirements of section 315 of the Communications Act of 1934 for nominees for the offices of President and Vice President.

The message also announced that the Senate agrees to the amendments of the House to a bill of the Senate of the following title:

S. 1795. An act to amend title 10, United States Code, to revise certain provisions relating to the promotion and involuntary retirement of officers of the regular components of the Armed Forces.

The message also announced that the Vice President has appointed Mr. JOHNSTON of South Carolina and Mr. CARLSON members of the joint select committee on the part of the Senate, as provided for in the act of August 5, 1939, entitled "An act to provide for the disposition of certain records of the U.S. Government," for the disposition of executive papers referred to in the report of the Archivist of the United States numbered 60-17.

### THE LATE PAUL J. KVALE

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

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

There was no objection.

Mr. ANDERSEN of Minnesota. Mr. Speaker, I regret to inform the House that death has claimed my immediate predecessor in the House of Representatives, the late Paul John Kvale.

Mr. Kvale was born in Orfordville, Wis., on March 27, 1896, and the family moved to Benson, Minn., in 1917. A veteran of World War I, he served as a sergeant in a machinegun corps from September 7, 1917, to August 4, 1919. After the war, he returned to Minnesota and attended the University of Minnesota until his appointment as editor of the Swift County News in 1920.

In 1921, Mr. Kvale joined the staff of the Minneapolis Tribune, and when his father, the late Congressman Ole J. Kvale, took office, Paul came to Washington to help his father in the capacity of secretary, serving in that position during Congressman Ole J. Kvale's 7 years as a Member of Congress.

The tragic and untimely death of the elder Kvale called for a special election which Paul won and he served our Seventh District as a Farmer-Laborite in the 71st, 72d, 73d, 74th, and 75th Congresses. He was a member of the Committee on Military Affairs and was one of the original organizers of the "maverick" group of Democratic Congressmen who at that time rebelled against what they considered a conservative House leadership. He was a champion of liberal causes and his activities in the Congress drew nationwide attention. His pleasing personality attracted many to him.

Following his retirement from Congress and active participation in politics Mr. Kvale became a patient in the veterans' hospital at Fort Snelling where, after a long illness, he recently passed



away. His many friends join us in extending our deepest sympathy to his surviving relatives.

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

Mr. ANDERSEN of Minnesota. I yield to the gentleman from Minnesota.

Mr. MARSHALL. Mr. Speaker, we were sorry to learn of the death of former Representative Paul J. Kvale, of Minnesota, at the Veterans' Administration hospital at Fort Snelling.

Representative Kvale served his district during a difficult period of our history when a great country was locked in the depths of an economic depression. He played a role in passing the recovery acts of the early years of the Roosevelt administration.

During those years he pursued an independent course and is remembered for his oratorical skill in the debates of the 1930's.

After his service in the Congress, he suffered ill health and spent most of the remaining years at the veterans' hospital in Minneapolis.

To his loved ones, we extend our heartfelt sympathy.

#### GENERAL LEAVE TO EXTEND REMARKS

Mr. ANDERSEN of Minnesota. Mr. Speaker, I ask unanimous consent that any Members who desire to do so may have permission to extend their remarks at this point in the RECORD on the life and character of the late Paul Kvale.

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

There was no objection.

#### EXTENDING DEFENSE PRODUCTION ACT OF 1950 FOR AN ADDITIONAL 2 YEARS

Mr. SPENCE. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H.R. 12052) to extend the Defense Production Act of 1950, as amended, for an additional 2 years, with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

After line 6, insert:

"Sec. 2. The second proviso to the first sentence of subsection (b) of section 304 is amended by striking out the word 'quarter' and inserting in lieu thereof the words 'six months'."

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

There was no objection.

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

#### A BILL TO PROHIBIT THE LICENSING OF CERTAIN INDIVIDUALS AS OPERATORS OF COMMUNICATIONS FACILITIES

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

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

There was no objection.

Mr. WALTER. Mr. Speaker, I have just introduced a bill providing that no individual who willfully fails or refuses to answer or falsely answers certain questions relating to Communist activities, when summoned to appear before certain Federal agencies, shall be issued radio operators' licenses.

Mr. Speaker, it is the information of the Committee on Un-American Activities that in the recent past approximately 100 persons regarded as security risks have received radio operators' licenses and that a number of other people who are likewise security risks have applications pending with the Federal Communications Commission for such licenses. I shall not attempt in this brief presentation to elaborate on the potential damage which Communists and other subversives can do to the national security when they have access to vital communications facilities. I expect at the proper time when my bill becomes the subject of hearings that we shall receive an abundance of testimony on this score.

While I do not, of course, expect that my bill will receive active consideration in the remaining days of this Congress, I am introducing it at this time so that it may be the subject of consideration by interested Federal agencies and by non-governmental groups and organizations, so that it may be the subject of hearings and legislative consideration at an early date in the next Congress.

#### CALL OF THE HOUSE

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

The SPEAKER. Evidently a quorum is not present.

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

A call of the House was ordered.

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

[Roll No. 158]

Alford	Forrester	Metcalf
Anderson,	Fountain	Mitchell
Mont.	Frazier	Morris, Okla.
Anfuso	Gallagher	Mumma
Ashley	Gray	Patman
Bailey	Halleck	Powell
Barden	Hargis	Preston
Bass, Tenn.	Healey	Scott
Blitch	Hemphill	Stratton
Buckley	Holt	Taylor
Burdick	Hosmer	Teller
Carnahan	Jackson	Udall
Coffin	Kearns	Vanik
Davis, Ga.	Kilgore	Wels
Dorn, S.C.	Lesinski	Willis
Dulski	Lindsay	Withrow
Durham	McCulloch	Zelenko
Edmondson	McSweeney	
Fallon	Mason	

The SPEAKER. On this rollcall 376 Members have answered to their names, a quorum.

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

#### COMMITTEE ON RULES

Mr. SMITH of Virginia. Mr. Speaker, I ask unanimous consent that the Committee on Rules may have until midnight tonight to file certain privileged reports.

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

There was no objection.

#### NUMBER OF CADETS AT MILITARY AND AIR FORCE ACADEMIES

Mr. KILDAY. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H.R. 12417) to amend title 10, United States Code, to bring the number of cadets at the U.S. Military Academy and the U.S. Air Force Academy up to full strength.

The Clerk read the title of the bill.

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

There was no objection.

The Clerk read the bill, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 4343 of title 10, United States Code, is amended to read as follows:*

"§ 4343. Cadets: appointment; to bring Corps to full strength

"(a) The Secretary of the Army shall determine each year the number by which the number of cadets at the Academy during the succeeding academic year will be below the authorized number. Within that determination, the Secretary may select for admission to the Academy qualified candidates who have been nominated by the persons named in clauses (1)-(6) of section 4342(a), and clause (2) of section 4342(e), of this title, and from qualified candidates holding competitive nominations under any other provision of the law who are recommended and found qualified by the Academic Board.

"(b) At least 85 per centum of those selected for admission under this section shall be selected from qualified alternates who have been nominated by the persons named in clauses (1)-(6) of section 4342(a), and clause (2) of section 4342(e), of this title, and the remainder from qualified candidates holding competitive nominations under any other provision of law. An appointment under this section is an additional appointment and is not in place of an appointment otherwise authorized by law."

SEC. 2. Section 9343 of title 10, United States Code, is amended to read as follows: "§ 9343. Cadets: appointment; to bring to full strength

"(a) The Secretary of the Air Force shall determine each year the number by which the number of cadets at the Academy during the succeeding academic year will be below the authorized number. Within that determination, the Secretary may select for admission to the Academy qualified candidates who have been nominated by the persons named in clauses (1)-(6) of section 9342(a), and clause (2) of section 9342(e), of this title, and from qualified candidates holding competitive nominations under any other provision of the law who are recommended and found qualified by the Academy Board.

"(b) At least 85 per centum of those selected for admission under this section shall be selected from qualified alternates who have been nominated by the persons named in clauses (1)-(6) of section 9342(a),

and clause (2) of section 9342(e), of this title, and the remainder from qualified candidates holding competitive nominations under any other provision of law. An appointment under this section is an additional appointment and is not in place of an appointment otherwise authorized by law."

SEC. 3. Section 52(b) of the Act of August 10, 1956 (ch. 1041, as amended (71 Stat. 463)), is amended by striking out the last two sentences thereof.

With the following committee amendment:

Page 3, line 15, strike out section 3.

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

House Resolution 577 was laid on the table.

#### COMMUNICATIONS ACT AMENDMENTS, 1960

Mr. HARRIS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (S. 1898) to amend the Communications Act of 1934 with respect to the procedure in obtaining a license and for rehearings under such act.

The motion was agreed to.

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill S. 1898, with Mr. ELLIOTT in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee rose on yesterday it was agreed that the committee amendment in the nature of a substitute now in the bill be considered as read and open to amendment at any point. It was also agreed that all time for debate on the committee amendment and all amendments thereto would be limited to 15 minutes. The time remaining under this limitation is 8½ minutes, one-half minute being reserved to the gentleman from North Carolina [Mr. JONAS].

Does the gentleman from North Carolina [Mr. JONAS] have an amendment to offer at this time?

Mr. JONAS. Mr. Chairman, I do.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. JONAS: On page 24, line 19, after "Act" strike out the period and quotation marks and insert: "Provided, That the procedures prescribed in Section 312(d) (e) and (f) shall be followed by the Commission before entering any such order of forfeiture."

Mr. JONAS. Mr. Chairman, unless this amendment is adopted, the only opportunity a licensee will have to be heard will be in court when the Department of Justice brings an action to collect the fine imposed upon him. The issues in such a suit will be very narrow.

The order of forfeiture will have been entered against him without notice,

without a hearing and without any opportunity to interpose a defense. This is not my idea of due process of law. I think any citizen should have an opportunity to be heard in his own defense before and not after the order of forfeiture has been entered. This is a reasonable amendment and should appeal to your sense of fairness. It will not harm anyone but will simply assure citizens of their constitutional right to due process.

The CHAIRMAN. The time of the gentleman from North Carolina [Mr. JONAS] has expired.

Mr. MOSS. Mr. Chairman, I ask unanimous consent to yield my time to the gentleman from Arkansas [Mr. HARRIS].

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

There was no objection.

Mr. HARRIS. Mr. Chairman, on this particular amendment, I yield myself one-half minute.

Mr. Chairman, the gentleman's amendment is similar to the one—that is, the effect of it—that he offered yesterday. As we have explained in this debate the two proceedings provided for in the act amply protect a licensee who is alleged to have violated the act or some regulation. In the case of a cease-and-desist order there is a public hearing before the Commission, and the Commission's order is subject to judicial review. The second proceeding involves forfeitures, and if the licensee fails to pay them the Department of Justice goes to court to collect the forfeitures and there again he gets his days in court.

The amendment should not be adopted.

The CHAIRMAN. The question is on the amendment offered by the gentleman from North Carolina [Mr. JONAS].

The question was taken; and on a division (demanded by Mr. JONAS) there were—ayes 76, noes 105.

So the amendment was rejected.

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

The Clerk read as follows:

Amendment offered by Mr. JONAS: On page 24, line 17, strike out "\$1,000," and insert "\$200."

The amendment was rejected.

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

The Clerk read as follows:

Amendment offered by Mr. MEADER: On page 24, line 13, after "United States" strike out the comma and all that follows on line 13, all of line 14, and to the comma in line 15.

Mr. MEADER. Mr. Chairman, my amendment would delete the language which would empower the Commission to assess a \$1,000 a day forfeiture against a respondent for each day that he defied a cease-and-desist order.

I shudder to think of the precedent these 16 words establish.

We have created a multitude of boards and commissions possessing legislative, judicial, and administrative powers ex-

ercizing regulatory authority in a wide variety of human endeavors: The Federal Trade Commission to combat unfair trade practices, the National Labor Relations Board to combat unfair labor practices, the Security and Exchange Commission to combat stock frauds, Federal Power Commission, Interstate Commerce Commission, Civil Aeronautics Board, and many others.

The most recent of these creations is the Civil Rights Commission which so far has only investigatory powers. But when we become used to it, after another extension or two, it may blossom into a full-blown, permanent administrative tribunal carrying out the general policies of the Congress and the Supreme Court to combat discrimination and may well be given power to issue cease-and-desist orders. There are also proposals to create a Fair Employment Practices Commission.

If we now grant to the Federal Communications Commission the power to impose a forfeit of \$1,000 a day for failure to comply with its cease-and-desist orders, how can we in all conscience deny that same power to other regulatory boards and commissions.

These freewheeling independent agencies are only remotely subject to the control of the President, through appointment; the Congress, through appropriations and possible repeal or modification of authority, and the courts, through limited judicial review.

Until today no one could suffer from the orders of these powerful commissions until the Commissions applied to the courts for enforcement of their cease-and-desist orders and the court decree, after hearing, was enforced by contempt proceedings, in both of which proceedings, the respondent, in a somewhat limited fashion, is given a day in court.

But now we are going to authorize a commission, before going to court, to assess up to \$1,000 forfeiture against a respondent for each day he contests and challenges the order of the Commission.

This novel, untried, and dangerous legislation will strike a telling blow at enterprise and initiative.

I happen to be one who believes that the power of the regulatory commissions is already too great and that it now inhibits the small and growing business—unable to withstand the threats and the cost of extended litigation. But it affects big business—with its writeoffs and allowances for administrative and legal expenses—only remotely, if at all.

This \$1,000-a-day forfeiture for failing to knuckle under to a commission is a tyrannical, oppressive sanction which we should never approve. We will rue the day we establish such a precedent.

The CHAIRMAN. The Chair recognizes the gentleman from Michigan [Mr. DINGELL].

Mr. DINGELL. Mr. Chairman, the gentleman from Michigan would have us believe this is a novel proceeding in the law. The gentleman is too good a lawyer, I am sure, to believe the statement that he just made. I would point out that statutes of the United States



time after time provide for forfeiture by administrative action. It is true in the case of the Coast Guard, the SEC, and a number of other Government agencies which may make such forfeiture for violation of statute and administrative order. The gentleman tells us that this particular provision in the law is going to have no judicial review. That is not at all in accordance with the facts. There is full provision for judicial review before and after the forfeiture.

I yield to the gentleman from Georgia to make further comment.

Mr. FLYNT. The gentleman from Michigan has just neglected to do his homework on that particular amendment. He remembers quite well the Aviation Act of 1958. I think he participated in the debate on the floor of the House on it. It provides for the identical type of forfeiture that is provided here. The gentleman has simply just not stated the facts as they are.

Mr. MACK. Mr. Chairman, our Committee on Interstate and Foreign Commerce has given much consideration to this problem. We have studied the regulatory agencies. I do not see anything unusual about the provisions in this bill. The SEC has similar authority. They can issue a cease-and-desist order and still suspend firms trading on the stock exchange. I do not see anything unusual about this procedure or the language of this bill. I think it will make a great contribution in solving some of the problems that exist.

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

Mr. MACK. I yield to the gentleman from Michigan.

Mr. MEADER. Is the gentleman saying that the SEC can enforce its cease-and-desist order by forfeiture of a thousand dollars a day?

Mr. MACK. No. I am saying that the SEC has greater authority. They can suspend them from trading on the stock exchanges.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

The question is on the amendment offered by the gentleman from Michigan [Mr. MEADER].

The question was taken; and on a division (demanded by Mr. MEADER) there were—ayes 64, noes 91.

So the amendment was rejected.

Mr. BENNETT of Michigan. Mr. Chairman, on yesterday, I spoke at length about the significant abuses developed by our investigation which the chairman of our committee has refused to deal with in this bill. I would now like to give you the essence of this bill as we are about to vote it up or down. It is a bill which may severely penalize many of the 3,800 radio and television stations who have not been proven guilty of any wrongdoing. In the course of our hearings we found less than a handful of station licensees guilty of any misconduct, but this bill makes the whole group villains. It is a bill providing penalties for a group of small-fry, rinky-dink diskjockeys. It completely exempts the bigtime diskjockeys whom we found

responsible for the major deceptive payola practices. It is a bill, Mr. Chairman, that continues a regulatory exemption for the real culprits, the completely dominant, all-powerful networks who, for all intents and purposes, are radio and television today. We heard many loud, headline-producing statements from the other side of the aisle at the time of our hearings, but action today speaks louder than words.

In summary, this bill hammers the little fellow over the head and lets the big monopolies, who control this industry, go scot free.

Mr. Chairman, I intend to offer a motion to recommit with instructions to report back as an amendment, the provisions of the Harris bill, H.R. 11340, which authorizes the FCC to license networks. Mr. HARRIS introduced this bill following the positive, unanimous recommendation of the Legislative Oversight Committee in its report of February 9, 1960. This recommendation, which was urged on the committee by our chairman, will be found on page 38. It reads as follows:

To bring to an end existing abuses in the use of the airwaves, and to provide greater assurance that they will be used in the public interest, the subcommittee makes the following recommendations for legislation:

A new section should be added to the act requiring that radio and television networks be licensed by and be subject to the regulations of the Federal Communications Commission for a term of not to exceed 3 years, with provisions for renewals thereof. The license and renewal should be conditioned upon a determination by the FCC after a hearing of record that the issuance or renewal is in the public interest. The section should also provide guidelines as to what constitutes the public interest as used in this section. Included in such guidelines should be a requirement prohibiting the network (a) from furnishing deceptive material to any radio or television station; (b) surrendering control of material to be broadcast to an advertiser, advertising agency, producer, or any person other than a licensee; (c) using any broadcasting facility, directly or indirectly, in promoting the sale or distribution of the product or service of any company or person in which it has any direct or indirect financial or beneficial interest; and (d) entering into any contract which would limit the ability of any station licensee to fulfill its responsibility to operate in the public interest.

I was willing to take an intermediate step providing merely for FCC regulation, not licensing, of networks. But this proposal was attacked as not being in line with the recommendation of our Legislative Oversight Subcommittee. Now, I propose to give the chairman of our committee and my colleagues on the subcommittee a chance to vote for or against the precise legislative proposal they presented to the House.

If my distinguished chairman, the gentleman from Arkansas [Mr. HARRIS], desires to sidestep a showdown on this issue on the grounds that no hearings were held on this proposal, I need only point out that the scheduling of hearings is a prerogative of the majority of a committee and especially the leader of

the majority, the chairman. I introduced H.R. 5042 in February 1959 and have repeatedly—publicly and privately—requested the chairman to hold hearings on it. Furthermore, the Legislative Oversight Committee hearings during the past 3½ years provide a valid basis for legislating on any of these questions.

Mr. Chairman, the vote on this question will determine whether we prefer a show and a sham to an effective cure of the abuses revealed in radio and television broadcasting, revealed by our committee. It will expose the desire of some to make motions and loud talk about curing abuses but visit their wrath on the little men in television and radio—the station owner—while leaving the big men—the giant monopolistic radio and television networks—as free from regulation as they now are.

And where have the abuses been. Fraudulent quiz show contests were network shows. How could the engineer twisting the dial, as the gentleman from Arkansas [Mr. HARRIS] suggests, in Cedar Rapids, Iowa, possibly know that Mr. Van Doren had been given answers in advance when he—the engineer—had no knowledge of the questions and the answers but accepted—or rather his superior accepted according to contract—whatever the networks chose to send over the air?

We tighten up already formidable controls—revocation—on the station owner and his subordinates and continue to leave free and untrammelled the monopolistic trilogy which feeds out the programs to the stations.

This is a case of punishing the innocent for the acts of the guilty. How perverted can our notion of justice become?

This bill is a sham.

It punishes the little man who may be innocent, for the acts of the greedy monopolist who puts a price tag on deception.

If we pass this bill, we will take off the heat which has been built up by 3½ years of investigation. It will be said, and the radio and television networks will do their best to spread the word, that all the evils have been cured by this bill. The public may swallow this story and that will be the end of any reform legislation. Behind such a shield and, thus armed with a clean bill of health, the networks will be more arrogant, more monopolistic and more greedy to prey on gullibility regardless of the public interest than they have been in the past.

Why deal in piecemeal fashion with abuses in broadcasting? I venture the statement based on continuous attendance at our hearings that the great bulk of the abuses in broadcasting are within the discretion and control of the networks and outside the control, for all practical purposes, of the individual stations.

The gentleman from Arkansas [Mr. HARRIS] appears to be aiming at the villain, but his shot will hit the innocent bystander. I think he knows what he is doing, but I confess I have no idea why he is doing it.

The CHAIRMAN. The Chair recognizes the gentleman from Illinois [Mr. SPRINGER].

Mr. SPRINGER. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. SPRINGER. Are there other amendments at the desk?

The CHAIRMAN. There are two amendments at the desk.

Mr. SPRINGER. I would like to take my time at the last, after all amendments have been acted upon. I would like to be recognized at that time for my 60 seconds.

The CHAIRMAN. The gentleman's name appears on the list as one of four remaining. They are the gentleman from Colorado [Mr. CHENOWETH], the gentleman from Illinois [Mr. SPRINGER], the gentleman from Arkansas [Mr. HARRIS], and the gentleman from South Carolina [Mr. HEMPHILL].

The Chair recognizes the gentleman from Colorado [Mr. CHENOWETH].

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

The Clerk read as follows:

Amendment offered by Mr. CHENOWETH. On page 24, line 1, strike out all of page 24.

The CHAIRMAN. The gentleman from Colorado is recognized.

Mr. CHENOWETH. Mr. Chairman, there seems to be some confusion as to whether or not the commission would have the power to proceed under the suspension section and also invoke the forfeiture provision. In offering this amendment, I propose to strike the forfeiture section from the bill. I think the suspension provision in this bill is ample to give the commission the power it needs without this additional penalty of \$1,000 per day. I call attention to the language in this section which states that such forfeiture shall be in addition to any other penalty. In my opinion the Commission now has adequate authority to enforce its orders without including either the suspension or forfeiture provisions in this bill. In any event, I submit it is not necessary to impose both penalties, and I feel the forfeiture section should be deleted.

I commend the committee on reporting a good bill, but I think the committee has gone too far in adopting these penalty provisions.

I have received information that there is concern in the radio and television industry over these penalty sections. I feel that the amendments we have adopted to both the suspension and forfeiture sections are most constructive and helpful. However, I contend that we do not need both of these penalties in this bill, and I hope the amendment eliminating the forfeiture provision will be adopted.

The CHAIRMAN. The Chair recognizes the gentleman from Arkansas [Mr. HARRIS].

Mr. HARRIS. Mr. Chairman, I must use the remaining 30 seconds I have in opposition to the amendment.

If this amendment is adopted, you will have no procedure whereby a lesser penalty can be imposed. Consequently, if thus the Commission feels impelled to take some action, it will have to take the station off the air for a period of time and thus deprive the community of the service rendered by the station.

The committee approved forfeitures on the basis that service to the people should be retained even though there might have been a violation. This way we can get at the violation and deal with it. If you want to make the penalty more severe for the station, just adopt this amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Colorado.

The amendment was rejected.

Mr. HARRIS. Mr. Chairman, the gentleman from Massachusetts [Mr. BATES] has received an inquiry from Parker Bros., Inc., manufacturers of games in Salem, Mass., with regard to the practice engaged in by certain leading stars of the major networks to permit use of their names by certain manufacturers of games. Then the leading stars would proceed to publicize their games editorially on radio and television programs in which they are taking leading parts.

The gentleman from Massachusetts raised the question whether anything in the present bill would prevent such practices which are injurious to Parker Bros.

In reply, I say to the gentleman that the question raised by Parker Bros. involves a possible application of section 317 in case payments are made to the network performers for the editorial mentioning of these games. However, if no direct payments are involved, section 317 does not apply. For example, if a star has a stock interest in a corporation which produces such games and then proceeds on his show to mention the game manufactured by such company, section 317 would not apply.

This section was specifically recognized in the committee report which accompanied the bill S. 1898. The report at page 19 contains the following statement:

Indirect benefits which may accrue to station licensees and their employees or other persons concerned with the selection of programs or program matter for broadcasting by reason of ownership of stock or other interests in companies engaged in the preparation or production of programs or program matter are not covered by section 317, as it is being amended, or by the proposed disclosure provisions. Disclosure of such benefits may be required by the Commission under its general rulemaking powers.

The committee report refers to a passage contained in the report to the President by the Attorney General on deceptive practices in broadcasting media, dated December 30, 1959, which at page 47 refers to the Commission's general rulemaking powers and which suggests that these powers be used to prevent improper influence with regard to programing on account of interests

owned by network performers and others concerned with the selection of program matter.

I say to the gentleman from Massachusetts that the Committee on Interstate and Foreign Commerce is deeply interested in this problem area involving indirect interests. The Special Subcommittee on Legislative Oversight, in connection with its "payola" investigation, uncovered improper practices in this regard and it is the purpose of the Committee on Interstate and Foreign Commerce to follow closely developments in the broadcast industry which might indicate improper practices in this regard. However, as suggested by the committee report and by the Attorney General, the Federal Communications Commission has general powers to seek information with respect to indirect interests and to issue rules to prevent practices which are contrary to the public interest involving indirect interests by stations, employees, networks, and others who are concerned with the selection of program matter.

The CHAIRMAN. The Chair recognizes the gentleman from Illinois [Mr. SPRINGER] for 1 minute to close the debate.

Mr. SPRINGER. Mr. Chairman, our committee has had this bill under consideration for weeks and months in open hearings and in executive sessions. We feel that this is a sound, well-drawn bill. And, may I say, this is not radical, as has been pictured on the floor; it is a rather conservative bill. We believe this is fair to the industry. We believe these are the minimum protective features that ought to be encompassed in any bill, if you are to do the job.

A statement has been made here today that this penalizes 3,400 radio and television stations which have not done anything. Nothing could be further from the facts. This is a law like any other containing a penalty that is prescribed for the one-half of 1 percent of any profession or any group of people that violate the law. There is nothing in this bill that penalizes anyone until there is a violation. In my opinion, this is a good bill and ought to be passed.

The CHAIRMAN. The question is on the committee amendment, as amended.

The committee amendment as amended was agreed to.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. ELLIOTT, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (S. 1898) to amend the Communications Act of 1934 with respect to the procedure in obtaining a license and for rehearings under such act, pursuant to House Resolution 563, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER. Under the rule the previous question is ordered. The question is on the amendment.

The amendment was agreed to.



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

Mr. BENNETT of Michigan. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. BENNETT of Michigan. I am, Mr. Speaker.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. BENNETT of Michigan moves to recommit the bill (S. 1898) to the Committee on Interstate and Foreign Commerce with instructions to report the same to the House forthwith with the same amendments proposed by the committee in the bill as reported, amended as follows: On page 8, between lines 15 and 16, insert the following section:

"PROVISIONS RELATING TO NATIONAL NETWORKS

"SEC. 2. (a) Section 3 of the Communications Act of 1934 (47 U.S.C. 153) is amended by adding at the end thereof the following new paragraphs:

"(hh) 'National network' means any person which supplies to broadcast station licensees in all or substantially all of the fifty most populous cities in the United States a schedule of programs which constitutes a substantial portion of the programs broadcast by such licensees.

"(ii) 'Operating certificate' means the instrument of authorization granted by the Commission under section 341 of this Act which must be held by any person operating as a national network."

"(b) Section 301 of such Act (47 U.S.C. 301) is amended by adding at the end thereof the following new sentence: 'No national network shall operate in any State except under and in accordance with this Act and an operating certificate in that behalf granted under the provisions of this Act.'

"(c) Title III of the Communications Act of 1934 (47 U.S.C., subchapter III) is amended by inserting immediately after part I thereof a new part as follows:

"PART I-A—NATIONAL NETWORKS

"Operating certificates for national networks

"Sec. 341. (a) Subject to the provisions of this Act, the Commission shall grant an operating certificate, or a renewal of an operating certificate, to an applicant therefor if the Commission decides after a hearing of record that the public convenience, interest, or necessity will be served by granting such certificate or renewal, as the case may be, to such applicant.

"(b) No operating certificate for a national network or renewal of such an operating certificate shall be for a longer term than three years.

"(c) Each application for an operating certificate for a national network or for a renewal of such operating certificate shall be in writing and shall set forth such facts as the Commission by regulation may prescribe as to the citizenship, character, and financial, technical, and other qualifications of the applicant to operate the national network with respect to which such application is made. The Commission, at any time after the filing of the original application and during the term of any such operating certificate, may require from an applicant for or holder of such an operating certificate further written statements of fact to assist it in deciding whether such original application should be granted or denied or such operating certificate revoked or suspended. Each such application and statement of fact shall be signed by the applicant for or holder of the oper-

ating certificate for a national network under oath or affirmation.

"National network operations

"Sec. 342. The Commission (1) may include in any operating certificate granted to a national network under section 341 of this Act such terms and conditions as it may determine to be necessary to require such national network to serve the public convenience, interest, or necessity, and (2) shall issue such rules and regulations from time to time as in its judgment the public convenience, interest, or necessity may require to insure that each national network operates in such a manner as to serve the public convenience, interest, or necessity. Included in such rules and regulations shall be such rules and regulations as the Commission may determine to be necessary—

"(A) to prohibit any national network from supplying any program, in connection with which any person has violated section 509 of this Act, to any licensee for broadcasting;

"(B) to require each national network to exercise supervision and control over the preparation of all matter supplied by such network to any licensee for broadcasting;

"(C) to prohibit any national network from giving unfair advantage, by means of any matter supplied to any licensee for broadcasting, to any person in which such network has any direct or indirect financial or beneficial interest in connection with promoting the sale or distribution of any product or service of such person; and

"(D) to prohibit any national network from entering into a contract or understanding with any broadcast station licensee which would limit the ability of such licensee to operate in such a manner as to serve the public convenience, interest, or necessity.

"Applicability of certain provisions to national networks

"Sec. 343. The provisions of sections 310, 311, 312, 313, 314, 315, 316, and 317 of this Act, insofar as they apply to any licensee, shall apply to any national network, and, insofar as such provisions apply to any station license, they shall also apply to any operating certificate."

"(d) Notwithstanding the amendments made by this section, any person which—

"(1) is a bona fide operation on the date of enactment of this Act as a national network, as defined in section 3(hh) of the Communications Act of 1934, and

"(2) files an application for an operating certificate in accordance with the provisions of section 341 of such Act within ninety days after such date,

may continue such operation without such a certificate until the date on which public notice is given of an order of the Federal Communications Commission granting or denying such application."

Mr. HARRIS (interrupting reading of the motion to recommit). Mr. Speaker, I ask unanimous consent that the motion to recommit be considered as read and printed in the RECORD.

Mr. BENNETT of Michigan. Mr. Speaker, reserving the right to object, this motion is a bill introduced by our distinguished chairman, the gentleman from Arkansas [Mr. HARRIS], to license radio and television networks. He is familiar with it, and I have no objection to his request.

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

There was no objection.

The SPEAKER. The question is on the motion to recommit.

The question was taken; and on a division (demanded by Mr. BENNETT of Michigan) there were—ayes 35, noes 149.

Mr. BENNETT of Michigan. Mr. Speaker, I object to the vote on the ground that a quorum is not present and I make the point of order that a quorum is not present.

The SPEAKER. The Chair will count. [After counting.] Two hundred and fifty-three are present, a quorum.

Mr. BENNETT of Michigan. Mr. Speaker, I demand the yeas and nays.

The SPEAKER. Seventeen have risen. Not a sufficient number.

The yeas and nays were refused.

So the motion to recommit was rejected.

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

The question was taken; and on a division (demanded by Mr. HARRIS) there were—ayes 208, noes 15.

So the bill was passed.

The title was amended so as to read: "An act to promote the public interest by amending the Communications Act of 1934, to provide a pre-grant procedure in case of certain applications; to impose limitations on payoffs between applicants; to grant authority to suspend station licenses; to require disclosure of payments made for the broadcasting of certain matter; to grant authority to impose forfeitures in the broadcast service; and to prohibit deceptive practices in contests of intellectual knowledge, skill, or chance; and for other purposes."

A motion to reconsider was laid on the table.

#### GENERAL LEAVE TO EXTEND

Mr. HARRIS. Mr. Speaker, I ask unanimous consent that all Members may have permission to extend their remarks in the RECORD on the bill just passed.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

#### MILITARY CONSTRUCTION, DEPARTMENT OF DEFENSE, 1961

Mr. SHEPPARD. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 12231) making appropriations for military construction for the Department of Defense for the fiscal year ending June 30, 1961, 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 California?

The Chair hears none, and appoints the following conferees: Messrs. SHEPPARD, SIKES, CANNON, JONAS, and TABER.

#### GORGAS MEMORIAL LABORATORY

Mr. SELDEN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the



State of the Union for the consideration of the bill (H.R. 11123) to increase the authorization of appropriations for construction and equipment of facilities for the Gorgas Memorial Laboratory.

The motion was agreed to.

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 11123, with Mr. HOLIFIELD in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. SELDEN. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, the bill now under consideration, H.R. 11123, will permit the construction of an urgently needed new building to house the Gorgas Memorial Laboratory in the city of Panama, Republic of Panama, by increasing the authorization for this purpose from \$250,000 to \$500,000.

Last year the Committee on Foreign Affairs considered a bill, S. 2219, to permit an increase in the authorization of annual appropriations for the maintenance and operation of the Gorgas Memorial Laboratory and to also authorize an appropriation for construction and equipment of facilities for the Laboratory. Rather than report a bill as the other body had done containing no limitation on the amount to be authorized for construction purposes, the committee asked the Gorgas Memorial Institute of Tropical and Preventive Medicine, the parent organization of the Laboratory, to give an estimate of the amount that would be required. From a wide range of estimates, varying from \$250,000 to \$500,000 for the probable costs of basic construction alone, the committee accepted the lowest figure of \$250,000.

After the bill was enacted into Public Law 86-296, and, incidentally, it was passed last year on the Consent Calendar, the executive committee of the Gorgas Memorial Institute here in Washington engaged the services of a competent consultant on research laboratory planning who had planned many of the buildings for the National Institutes of Health. The consultant, Mr. Clarence W. May, went to Panama to make preliminary plans of a building which would provide sufficient space, properly equipped for present-day research, to meet the immediate needs of the Laboratory and provide for projected expanded activities in the near future.

Mr. May conferred with Dr. Carl M. Johnson, the Director of the Laboratory in Panama; and they then prepared an outline of the additional working facilities that they felt were required. Mr. May also conferred with local architects. From the preliminary plans, he found that the 3-story building that was envisaged by the officers of the Institute could not possibly be constructed, with the physical equipment needed, for less than \$500,000. The committee has carefully reviewed Mr. May's report and believes that the plans are not extravagant and that the cost of \$500,000 for the building and equipment is not excessive.

The Gorgas Memorial Laboratory was established in 1929 in accordance with a law enacted by Congress in May of 1928 which also authorized a permanent annual contribution to the Gorgas Memorial Institute for the operation and maintenance of a research laboratory to be located on the Isthmus of Panama. This annual contribution now amounts to \$150,000. The Institute was named for the great American general who made possible the building of the Panama Canal by the conquest of yellow fever and malaria, Gen. William Crawford Gorgas of my home State of Alabama.

The Government of Panama made a substantial contribution by donating the land and building presently occupied by the Laboratory, with the stipulation that it be used continuously by the Laboratory to conduct investigations of tropical and preventive medicine.

The Laboratory has always been a very popular activity in Panama. Over the years, the Panamanians have shown appreciation for the Laboratory and have cooperated with its activities. Through the Republic of Panama, personnel of the Laboratory have been given ready access to other countries of Central America, making it possible for them to follow their investigations across national frontiers without the delays usually experienced in international research.

From 1929 to 1934 there were only two scientists on the staff of the Laboratory, and until 1948 never more than five. In recent years the number of permanent staff members, as well as the number of visiting scientists, has increased substantially. At the same time more long-term projects, such as the studies of yellow fever—a disease which reappeared in Panama in 1948 and has been moving northward at the rate of 13 miles a month—are being undertaken by the laboratory.

Since the institution formerly supported investigations of short duration, with the exception of malaria research, many additional facilities are needed to carry on the vital long-term projects now underway. I might interject here that it was a former director of the laboratory, Dr. Herbert Clark, who discovered after a period of several years research at the Gorgas Memorial Laboratory that malaria could be treated effectively with atabrine. His research in this respect took on tremendous importance in World War II when the U.S. imports of quinine were stopped and atabrine was used as a substitute to protect our troops fighting in the South Pacific and other tropical areas. This protection, so vital to our troops in the successful conduct of the war, would not have been possible without the benefit of research carried on at the Gorgas Memorial Laboratory.

Today the Laboratory is carrying on research in many other diseases, such as eastern equine encephalitis and St. Louis encephalitis, a type of sleeping sickness that causes many deaths in the United States annually; leishmaniasis, a troublesome skin disease which is related to the oriental sore in the eastern hemisphere; Chagas' disease, which leads to chronic heart disease; and many addi-

tional dangerous diseases that are transmitted by insects.

The most urgent need at this time is laboratory space designed specifically for virology and tissue culture. The facilities of the present buildings are not adequate to carry on additional studies in this important field, and testimony presented to the committee pointed out that they are not safe because the viruses are easily transmitted to laboratory workers. Also badly needed is space to accommodate visiting scientists who come to the Laboratory from all over the world. In addition to the necessity for more working space, many items of equipment that are now obsolete or imperfect must be replaced. Temperature controls, essential in the isolation of contagious and infectious research, require air conditioning—a feature taken for granted in the construction of new buildings for ordinary use.

The proposed new building would take care of all these needs. After some renovation, the present building would continue to be used for administrative offices, a much needed library, conference space, facilities for guest scientists not requiring laboratory equipment, and for storage. Two smaller buildings adjacent to the main building will continue to be used to house larger animals, and as an insectary.

Mr. Chairman, with new areas being opened for resettlement and for agricultural and industrial purposes, particularly in tropical areas, we can expect increased travel. New highways, such as the Pan American Highway, and expanded sea and air facilities throughout the world are not only providing new arteries of traffic, but are also providing new channels for the transmission of tropical diseases. I would like also to emphasize that every military emergency that this country has faced has shown us that we know too little of the diseases not ordinarily occurring in this country and which in both World Wars and in the Korean conflict led to unnecessary death and disability.

If the Gorgas Memorial Laboratory is to continue its extraordinarily important work or assume any obligations that may be conferred upon it in the future, it should be properly housed to do the job. The relatively modest sum of \$500,000 will provide the necessary facilities and structure for the Laboratory to operate in a safer and more efficient manner.

I therefore respectfully urge the Members of the House to act favorably on this legislation.

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

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

Mr. BOW. The gentleman has said that the people of Panama have shown appreciation for this Gorgas Memorial facility. I should like to ask the gentleman in what manner the people of Panama have shown appreciation for the Gorgas Memorial Laboratory?

Mr. SELDEN. As I pointed out in my statement, the Panamanians provided the land and the present facilities that



we are now using for the Gorgas Memorial Laboratory. The value of this property is estimated to be \$250,000. Also, the Panamanians have cooperated in the important research that is being undertaken at the Laboratory.

Mr. BOW. They might have cooperated, but the gentleman said they had shown appreciation. Will this be in the Canal Zone or in Panama?

Mr. SELDEN. It is in the Republic of Panama.

Mr. BOW. It is in the Republic of Panama and not in the Canal Zone?

Mr. SELDEN. That is correct.

Mr. BOW. So that this building that we would build would be subject to all of the regulations of the Government of Panama?

Mr. SELDEN. We hold title to this property in perpetuity as long as it is maintained for research purposes in tropical and preventive medicines. The distinguished Speaker of this House is one of the directors of the institute which determines the policies of the Gorgas Memorial Laboratory.

Mr. BOW. Has the gentleman given any consideration to the possibility of the construction of this memorial Laboratory along with the possibility of a new Gorgas Hospital in the Canal Zone so that we might have it in the zone over which we have complete control and I trust will continue to have complete control?

Mr. SELDEN. I, too, hope we will continue to have complete control in the Canal Zone. I am sure the gentleman recalls it was my resolution which passed the House earlier this year, in which our position of sovereignty in the Canal Zone was reemphasized. The Gorgas Memorial Laboratory has been in existence for some 30 years. It has been operated successfully. The land is available on which to construct the new Laboratory building. We have a lease in perpetuity for this land as long as research continues. The committee felt that instead of moving the Laboratory from this site at a tremendous cost, the new building should be built at the present location.

Mr. BOW. Would the gentleman consider an amendment to this bill which would require in this construction that any materials purchased other than in Panama would be purchased from the United States and shipped there, and not do as we did recently, build a bridge in Panama with American taxpayers' money and buy the steel abroad. Would the gentleman, perhaps, consider a buy-American provision in this legislation so that we would be sure that American steel and other products would be used in its construction?

Mr. SELDEN. I would have no objection to a buy-American provision. However, I think this legislation is important and it should be passed during this session of the Congress. I would not want to do anything that would hold it up. It passed the Senate in this same form, and it is my hope that we can pass this bill today and substitute the Senate bill for it.

Mr. BOW. I thank the gentleman.

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

Mr. SELDEN. I yield to my colleague from New York.

Mr. SANTANGELO. About 3 years ago under the chairmanship of the gentleman from Missouri [Mrs. SULLIVAN] I had the opportunity of visiting Panama and the Canal Zone and going through the Gorgas Memorial Hospital and its facilities. I recognize the importance of this laboratory in the study of tropical diseases, especially malaria, and I want to commend the gentleman from Alabama for bringing this bill to the House, because if there is one thing by which we can show the peoples of South America that we are the leaders for humanity, it is by granting additional funds to expand and build health facilities which are eliminating the scourges of those tropical countries such as malaria. If we do not grant these funds, it may be considered a refusal to recognize certain conditions by nations which are expecting us to be leaders in this field. I commend the gentleman for bringing this matter before the House.

Mr. SELDEN. I thank the gentleman for his contribution.

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

Mr. SELDEN. I yield to my colleague from Alabama.

Mr. ROBERTS. I would like to correct one impression. It is my understanding that the Gorgas Memorial Laboratory is operated under an American corporation. These funds do not go to the pan-American government, but would go to the corporation that operates the facility.

Mr. SELDEN. That is quite correct.

Mr. ROBERTS. I would like to compliment the gentleman for sponsoring this legislation. I know he feels as I do that Alabamians are extremely proud of General Gorgas' work and its recognition throughout the world. He was a leader in conquering yellow fever, malaria, and other tropical diseases. It was his work that made possible, I think, the building of the canal where others had failed.

This Laboratory is a field study station. As the gentleman pointed out, it made possible our successful occupation of many of the islands in the South Pacific during World War II. When our supplies of quinine were cut off by the enemy, this Laboratory developed atabrine, and many people who cannot take quinine can take atabrine. If for no other reason, this laboratory should be continued for its contribution to our knowledge of the treatment and conquest of tropical diseases. There is the dreaded sleeping sickness which is studied there. Of course, in this modern day of fast communications, many of these things are just as close as the next plane or the next ship. We are really helping ourselves in maintaining this Laboratory. In my opinion, unless we have such a laboratory, we could not possibly successfully operate the Panama Canal and keep our civilian employees there safe from these tropical diseases.

I might call to the attention of the committee the fact that as late as 1948 yellow fever had started on a rampage up through Central America and came

as close as the Mexican border to reaching this country. The only way that we can know our vaccines are effective is to apply them in countries where these diseases are prevalent.

Again I commend the gentleman on his efforts and I hope the House will go along with him in this bill.

Mr. SELDEN. I thank the gentleman from Alabama. I would like to point out that Mr. ROBERTS was one of the original sponsors of this legislation. His support of this measure has been outstanding.

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

Mr. SELDEN. I yield to the gentleman from Indiana.

Mr. ADAIR. I would like to add my commendation to those others which have been extended to the gentleman for bringing this worthwhile legislation before the House today. In these days we are all anxious to establish closer relations with our friends to the South, and this is certainly one means by which we can do so. Furthermore, the research which will be accomplished in this new facility will be helpful and appreciated, Mr. Chairman, throughout Central and South America.

It will bring closer together the peoples of North and South America, and will be a continuing influence for the good of mankind.

Mr. SELDEN. I thank the gentleman from Indiana.

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

Mr. SELDEN. I yield to the gentleman from Pennsylvania.

Mr. FLOOD. I would like to say, Mr. Chairman, I do not oppose this bill, of course, and that makes my friend very happy. But I have in mind the remarks of my distinguished friend from New York that this is a need because it will show our friends in Panama and in Latin America that we are interested in public health.

Mr. Chairman, if there ever was a people or a republic on the face of the earth who should be convinced beyond peradventure of intelligent doubt of the interest of the United States in public health, it is Panama. It is a classic example to the world of the heartfelt concern of our Nation for public health throughout the world.

As my friend from Alabama has indicated, this Nation has destroyed the scourge of malaria, the first place in the world that scourge was destroyed and eliminated. But let me add this: When the other body for reasons that are beyond my understanding and without proper consideration and without proper debate late one afternoon amended the treaty between Panama and the United States, the original treaty had control of sanitation and public health in the Zone and in the terminal areas, and in Panama, because the Panama Government felt it offended their national dignity and they had shown their inability to maintain sanitation and public health to the same degree this nation did there, and when there has been an incident of the increase of yellow fever down there among the Indians within the last cou-



ple of years, I say while this proposal will contribute what we have always done and will do again, we want to make it clear out of an abundance of caution that our great record should not be doubted by anyone, especially by anyone in Panama.

May I finish by saying that despite all we have done, despite the resolution passed by this House overwhelmingly, 380 to 20, which carries your proud name, a great name in your State, I say, Mr. Chairman, it is my considered judgment that before this House is adjourned 10 minutes the State Department is going to recommend to the President that the flag of Panama be flown over the Canal Zone and by ships in transit through there, I say despite everything we have done, as an affront to the dignity of the House and in violation of the treaty between the two countries, they are going to do it. I repeat, that is going to be done, and I think it will be an outrage and I know the gentleman does, too.

Mr. SELDEN. I thank the gentleman for his remarks. I regret to say that I am afraid the gentleman is correct in his prediction that the State Department will recommend to the President that the flag of Panama be flown over the Canal Zone.

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

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

Mr. BOW. I recall perhaps in the last session or at the end of the first session of the 86th Congress, we passed a bill for the creation of a pan-American sanitation building here in the city of Washington. Am I right? Is my memory correct? Up on Virginia Avenue we built some new building dealing with Panamanian sanitation.

Mr. SELDEN. I am not familiar with the details of that particular legislation.

Mr. BOW. Or Pan American Health Organization. Does anybody know how much we spent on that? What is the purpose of this new building, the Pan American Health Organization, that we are going to have here in Washington? Is there any overlapping here between what the Gorgas Memorial Laboratory will do in Panama and what the Pan American Health Organization is doing here in Washington?

Mr. JUDD. Mr. Chairman, if the gentleman will yield, perhaps I can shed a little light on that. The Pan American Sanitary Bureau, as it was originally called, was the first regional organization in the world in the field of health. Now it is called the Pan American Health Organization. Its primary purpose is not research. Its primary purpose is the application of existing public health measures and knowledge to situations that arise or that already exist. The laboratory for which this building is to be constructed, is strictly a research laboratory. It is run by the Gorgas Memorial Institute for tropical and preventive medicine, which is here in Washington. The Laboratory has to do with research on tropical diseases. It cannot do that research in Washington. It has to do it in the areas where the diseases are, and most of them are found in Cen-

tral and Latin America. This is not a laboratory to help just Panama. This bill will enable us to build adequate and well-equipped facilities in Panama in an area where the diseases to be studied exist, in order to help ourselves, the whole hemisphere, and the world.

Mr. BOW. Will the gentleman from Minnesota tell us why—and I think this is a \$5 million hospital we are going to build in Panama—why we do not do it at the Gorgas Hospital, if the purpose is to help Panama. Why do we not use the Gorgas Hospital and save this money?

Mr. JUDD. I think the basic reason is that this Institute was set up by the Congress in 1928. The Republic of Panama gave the land and gave the buildings in which the Laboratory is presently operating. It was constructed originally for a medical school. It is completely unsuitable for a laboratory. A lot of the facilities are in a big auditorium without cubicles or precautions for proper isolation. Panama has donated a very desirable piece of land on which to build these additional facilities so that the laboratory can do a better job. This is to be done for the whole world.

Mr. BOW. The gentleman has not yet answered why it could not be done at the Gorgas Hospital in Panama in the Canal Zone. The gentleman knows as well as I do that they may have given us this land, but how do we know when they will want it back again? We have a treaty dealing with the canal, but they may want it back.

Mr. JUDD. In general you will not find research organizations of this sort in connection with hospitals. They are dealing with viruses and diseases that are extremely communicable and dangerous, and the research laboratories ought to be apart from the hospital where general patients are being treated.

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

Mr. SELDEN. I yield to the gentleman from Iowa.

Mr. GROSS. I would like to point out to the gentleman from Minnesota that at Walter Reed Hospital there is a laboratory on the same grounds carrying out research in diseases.

Mr. JUDD. That is right. Some persons who have tropical diseases are brought here for study and treatment. But many of these diseases cannot be transmitted from one patient to another except through certain types of mosquito or other insect vectors which are not found in Washington.

Mr. GROSS. The gentleman says we do not have them coordinated. You have them all over the world that way, and the gentleman knows it.

Mr. JUDD. Some diseases are transmitted by vectors which we do not have here, fortunately. The necessary vectors are present only in tropical areas, and patients and vectors should not be handled together with patients with other kinds of ailments than the ones the researchers are dealing with in this laboratory.

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

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

Mr. JACKSON. I should like to associate myself with the presentation made by the distinguished chairman of the subcommittee. I think the proposal is very much worthwhile and I support it strongly.

Mrs. SULLIVAN. Mr. Chairman, will the gentleman yield?

Mr. SELDEN. I yield to the gentleman from Missouri.

Mrs. SULLIVAN. Mr. Chairman, I am very much in favor of this legislation before us now, but I do want to bring up a subject to carry on what the gentleman from Pennsylvania brought out. That is, the State Department's action once Congress adjourns. There is a very strong rumor, and I think it has a basis in fact, that the moment we adjourn the Panama Line is to be discontinued. The Panama Line is run especially to provide service needed to supply the Canal Zone, to take care of the traffic and the commissary needs, and so forth; that is, to take care of our people down there. I understand that the basis for discontinuing these ships is the Drake report that has not been made available to anyone in Congress to study. It was turned over to the executive department, and to the Bureau of the Budget. Why the Bureau of the Budget should be able to take upon itself the closing off of the Panama Line I would like to know.

There is one other thing. I think we should all be aware of the fact that if these ships are stopped it means that the Grace Line, the line that is pressing for this action, would have to put another ship in service; and remember, the Grace Line is a subsidized line. So the taxpayers would be paying for something that is now being paid for under the general revenue by the tolls paid by ships using the Panama Canal Company.

Mr. SELDEN. I thank the gentleman for her contribution, and I share her concern.

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

Mr. SELDEN. I yield to the gentleman from Florida.

Mr. FASCELL. Do I understand that this authorization covers renovation of existing buildings and construction of a new building on the same site as that of the present operation?

Mr. SELDEN. That is correct.

Mr. FASCELL. If the gentleman will yield further, I certainly support this legislation and would like to associate myself completely with the presentation made by our distinguished chairman of the subcommittee. It would seem to me that an operation that has been in existence for 31 years, under a very fine partnership arrangement, which has made outstandingly significant contributions to medical research such as this Laboratory has made, as well as this Institute, and which has a potential to continue in the future, certainly ought to be supported by the action of this Congress through the adoption of this legislation.

Mr. SELDEN. I thank the gentleman from Florida.

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



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

Mr. O'HARA of Illinois. Mr. Chairman, I desire to commend the able chairman of our subcommittee for introducing one of the most meritorious measures we have had before this body. Either we rebuild hemispheric solidarity and enter a more wholesome climate of understanding and friendship, or else our country will be very seriously handicapped in its march into the future. This measure that the distinguished and dedicated chairman of our subcommittee has introduced will make a marked contribution to hemispheric solidarity.

Mr. SELDEN. I thank the gentleman from Illinois.

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

The CHAIRMAN. The time of the gentleman from Alabama [Mr. SELDEN] has expired.

Mr. JUDD. Mr. Chairman, I yield the gentleman from Alabama 2 minutes.

Mr. SELDEN. Mr. Chairman, I yield to the gentleman from Washington [Mr. HORAN].

Mr. HORAN. Mr. Chairman, do I understand that the gentleman's subcommittee took into consideration the rather extensive remodeling of the present Gorgas Hospital for which funds have already been appropriated?

Mr. SELDEN. No, we did not take into consideration the remodeling of the present Gorgas Hospital. Our study was confined to the Gorgas Memorial Laboratory.

Mr. HORAN. I think it is lamentable that the study of the rather extensive work that is going to be done to bring the Gorgas Hospital up to date was not considered in connection with this matter.

Mr. SELDEN. I might say to the gentleman that the Gorgas Hospital, located in the Canal Zone, does not come under the jurisdiction of the Committee on Foreign Affairs.

Mr. HORAN. Mr. Chairman, we have allowed, I believe, \$5 million for a rather complete modernization of this very fine hospital. I am not complaining about the objective this subcommittee had, but it seems to me some study of the relationship of the use of Federal moneys in this case should have been fully considered by the subcommittee when it reported out this bill or while it was having hearings on it.

Mr. JUDD. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I want to make clear at the outset just what this bill does. It does not authorize the construction of a new laboratory—that has already been done. The bill does not set up any new program or project. This bill merely increases by a quarter of a million dollars the existing authorization enacted by the Congress last year for the construction of this research Laboratory in Panama.

As has been said, the Gorgas Memorial Institute of Tropical and Preventive Medicine has been in existence a little more than 30 years. It is here in Washington. It carries on a variety of activities in the field indicated by its name.

One is research in tropical diseases, and it has made a brilliant record. Its main laboratory for research in tropical diseases is in Panama and has been for 31 years. These facilities are antiquated and very inadequate. So the Committee on Foreign Affairs last year held hearings and decided to report out a bill to authorize the construction and equipment of a new research building.

I myself am responsible, I suppose, for H.R. 11123 being before us today, because the original authorizing bill before the House committee last year did not have any limitation on the amount authorized. I have never liked to authorize appropriation of funds without a limitation stated in the act. So I asked the proponents how much they estimated the new Laboratory would cost—\$100,000, \$500,000, \$10 million, or what? They considered it over night and the next day said they thought \$250,000 would be enough, so I offered an amendment in committee which was adopted, that not to exceed \$250,000 was to be appropriated for this purpose. It passed the House and became law.

When they sent their architect and expert consultant down to Panama to make actual plans, they found that amount simply is not enough to do a good job. Clearly, if we are going to build a new laboratory it is too bad not to do it adequately. The patriarch of our Public Health Service, Dr. Louis Williams, brought this to my attention. I checked with the National Institutes of Health which strongly concurred. They agreed the amount needed was approximately \$480,000. So the gentleman from Alabama [Mr. SELDEN] and I introduced bills to increase the authorization from \$250,000 to \$500,000. That is all this bill does.

I think nobody will question the merit of the Gorgas Memorial Laboratory, and I do not believe anybody can think it is unreasonable to put \$500,000 into a building, which has to have special air conditioning and other equipment to provide for maximum efficiency and safety in dealing with these dangerous diseases. Since we are going to build a new laboratory anyway, since the authorization for \$250,000 is already there, the only question before us in this bill is, Shall we do half a job or a good job? Good judgment dictates the latter.

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

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

Mr. JONAS. Please clear up this matter for me. The bill provides for an increase in the permanent annual appropriation for the maintenance and operation of the Laboratory from \$250,000 to \$500,000.

Mr. JUDD. No; this bill does not. There is an existing authorization of \$250,000 a year for the operation of this laboratory. The Committee on Appropriations has regularly approved roughly \$150,000 a year. This bill does not change the annual authorization for operations. This merely changes the limitation on the amount that can be spent for the construction of a new laboratory from \$250,000 to \$500,000.

Mr. JONAS. Are we considering the bill H.R. 11123?

Mr. JUDD. Yes.

Mr. JONAS. May I quote what it says then and ask the gentleman to explain it.

Mr. JUDD. Yes.

Mr. JONAS. It says:

That section 4 of the act entitled, "An act to authorize a permanent annual appropriation for the maintenance and operation of the Gorgas Memorial Laboratory" \* \* \* is amended by striking out "\$250,000" and by inserting in lieu thereof "\$500,000."

Mr. JUDD. The gentleman failed to read, "as added by section 2 of the act of September 21, 1959." That act added to the original act whose title the gentlemen read, a new section 4 authorizing the construction of new facilities. If the gentleman will look at the Ramseyer rule part of the committee report, it is perfectly clear that the first three sections of the existing act deal with this institution and the authorizations for financing its operations are in those sections. The bill before us amends only section 4 of that act. You will notice at the top of page 7, the striking out of the "\$250,000" and putting in "\$500,000," so that the section reads:

There are hereby authorized to be appropriated not to exceed \$500,000 for construction and equipment of facilities for the Gorgas Memorial Laboratory.

And so on.

Mr. JONAS. Mr. Chairman, will the gentleman again yield?

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

Mr. JONAS. Therefore this is not an annual authorization?

Mr. JUDD. It is not.

Mr. JONAS. This is a lump sum of \$500,000 for construction?

Mr. JUDD. That is correct. This does not change the existing authorization for operation of the Laboratory. This is a one-shot authorization for construction which will then go to the Committee on Appropriations to provide the funds as they are needed for the construction of the new Laboratory.

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

Mr. JUDD. I yield to the gentleman from Iowa.

Mr. GROSS. Of course that is not what the bill says.

Mr. JUDD. I think it does say that. It reads "that section 4 of the act entitled \* \* \* is amended." If you will look at the committee report, page 7, you will see that section 4 is an authorization for construction as follows:

SEC. 4. There is hereby authorized to be appropriated not to exceed \$500,000 for construction and equipment of facilities for the Gorgas Memorial Laboratory, including preparation of plans and specifications, acquisition, alteration, expansion, and remodeling of buildings, and site improvements; but excluding the cost of the acquisition of the land.

This bill amends only section 4.

Mr. Chairman, I do not think it is necessary to argue this further. The first reason for its passage is its scientific value. This institution has a high reputation for its scientific accomplishment. It has done wonderful work. Its



record is as good as that of any research laboratory in the world in this field. We are entitled to be very proud of it. A second reason is its humanitarian value, which must be cogent with every Member.

Mr. Chairman, our own health agencies, the Public Health Service and the National Institutes of Health, responsible for the health of the people of the United States, favor this because it will enable them better to protect the health of the people of the United States.

It will also have good political benefits, I believe. I am not so much concerned about the psychological effect in Panama, as on the whole hemisphere. This bill is not primarily to help Panama, Panama and we are cooperating to build new facilities to do work beneficial to the whole world. I have heard no opposition to the bill on its merits and I hope it will be adopted promptly.

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

Mr. JUDD. I yield to the gentleman from Pennsylvania.

Mr. FLOOD. I agree with my friend, the eminent doctor, who knows much more about this than all the rest of us put together. As long as this is being an international contribution to public health, it is as important to the United States as it is to Panama. But when you introduce political aspects, well, while I agree with you, bear in mind that the flag of the United States does not fly over the Embassy in Panama today, and the reason it does not is because the Communist-inspired mobs tore down our flag and made obscene gestures about it. I agree with the gentleman and I will vote with him. I think he is right. But let us have no misunderstanding about the fanatic and unfortunate political problem there. This will not do anything about it one way or the other.

Mr. JUDD. I think that is probably right. I think it will have favorable political repercussions around the world and in the hemisphere.

Mr. Chairman, I reserve the remainder of my time, and I now yield 5 minutes to the gentleman from Ohio [Mr. Bow].

Mr. BOW. Mr. Chairman, I am not going to vote against this bill. I am not going to try to amend it. I think it should be amended on the question of the use of materials, so that we do not get the same bind we got in the use of foreign steel in the building of a bridge with American taxpayers' funds across the canal. I want to point out that we appropriated this year in a bill just passed in this House and the Senate, \$4,811,000, for the rebuilding of the Gorgas Memorial Hospital in the Canal Zone. Now that has been done. It seems to me consideration should have been given to the possibility of this memorial Laboratory being put in these facilities. Here we have one committee that has jurisdiction over one part and another committee over another part, which does not refute the fact that some consideration should be given to the entire picture, because, after all, we are spending taxpayers' funds. This is a great thing. The great General Gorgas was a won-

derful man and rich in the history of this Nation, and the gentleman from Alabama [Mr. SELDEN] and all the Alabama delegation have a right to be proud of this great man.

I just would not want this bill to be passed, Mr. Chairman, without saying that there is leaving the Panama Canal now a great general, General Potter, who has been down there doing a splendid job as Governor of the Panama Canal. He has been a great Governor of the Panama Canal.

In my opinion, if his policies would have been followed and could be continued, we would not have had some of the difficulty we have had down there.

I want to pay this tribute to General Joe Potter.

Does the gentleman from Illinois want me to yield to him?

Mr. O'HARA of Illinois. I thank the gentleman very much. The gentleman referred, I think, to the Pan American Health Organization here in Washington.

Mr. BOW. Yes.

Mr. O'HARA of Illinois. I think the gentleman will be interested to know—I realize that he knows, but to be reminded—that the Pan American Health Organization was formed in 1902. It is the oldest continuous health organization in the world. It is now the regional office of the World Health Organization. The headquarters have been in Washington all these years. Recently Mexico, Panama, and Peru sought by attractive offers to get the headquarters away from Washington. To meet this challenge and retain in the United States the head offices of the world's oldest health organization, we authorized in Public Law 395 the donation of a site of land in the District of Columbia on which the organization with its own funds can build a \$4 million building.

Mr. BOW. I thank the gentleman. He is quite right. The Gorgas Hospital in the Panama Canal also is well known throughout the hemisphere. It is unfortunate that we are not using it to a greater extent in the exchange of doctors. It seems to me that this is one place that interns could be trained, interns from all the countries of the hemisphere, in the Gorgas Hospital in the Panama Canal Zone.

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

Mr. BOW. I yield to the gentleman from Washington.

Mr. HORAN. My colleague mentioned the name of Gen. Joe Potter who has made such an outstanding reputation as the Governor of the Panama Canal Zone. I would like to add my word of commendation to that of the gentleman from Pennsylvania and the gentleman from Ohio. I have studied his work in the Panama Canal Zone. I think he has been an outstanding Governor. I express my regret that this administration did not see fit to continue his appointment in this field of public service.

Mr. BOW. I agree completely with the gentleman.

In conclusion, I urge my colleagues to support this work. This is a fine labora-

tory. But, there is also a fine laboratory and school for the study of tropical diseases and medicines in Puerto Rico. They have made a great contribution in this field.

I am not opposed to this bill; I will support the bill, but I do hope that in the future we can coordinate these activities and perhaps save the taxpayers' dollars, if we have the organizations working in the same field under the jurisdiction of one committee instead of several.

Mr. JUDD. Mr. Chairman, I yield myself one-half minute to call attention to the fact that one of the members of the board of directors of the Gorgas Memorial Institute of Tropical and Preventive Medicine is the Honorable SAM RAYBURN, Speaker of the House of Representatives.

Mr. Chairman, I yield 5 minutes to the gentleman from Iowa [Mr. GROSS].

Mr. GROSS. Mr. Chairman, the first question I should like to ask concerning the bill is how much we are spending through the United Nations and various inter-American organizations on health measures in this area of the world? Does anyone have any idea how many millions of dollars we are already spending?

Mr. JUDD. I cannot give the gentleman the figure right now, but I can get it for him. There are two main organizations, the Pan American Sanitary Bureau, now called the Pan American Health Organization, and the World Health Organization. There is also some health work under UNICEF, the United Nations International Children's Emergency Fund which deals with health problems of children.

Mr. GROSS. But the fact is that through these various health services, we are already contributing millions of dollars annually. Is that not correct?

Mr. JUDD. I cannot give you the figure but whatever we have spent on health, it has brought us greater returns than almost anything else for which we spend money.

This is the day when we are not isolated by 3,000 miles of ocean. People leave with a disease, and they are here in 8 to 12 hours. The incubation period may be from 1½ days to 3 weeks. People leave in good health, and they land in the United States a week or so later and they come down with this, that, or the other disease. It would spread in our country and, therefore, it is important to protect the American people to have health operations go on in all these areas from which persons inoculated or infected with it might bring the disease into the United States.

Mr. GROSS. Is the gentleman saying we should all have something on the order of fallout shelters or caves so we can isolate ourselves from all foreigners who come to this country?

Mr. JUDD. Not all foreigners. Actually, it is not so much foreigners who bring these diseases in as it may be Americans returning from abroad. Many of the nationals of those countries have been subjected to the diseases in repeated small exposures and they have developed immunity to them. But when



Americans go there who have never been exposed to the diseases and come down with one of them, it is much more likely to be fatal, or in a more violent form and more communicable to Americans here.

I now have the figures the gentleman referred to. The budget of the World Health Organization is about \$16 million for the whole world, of which the United States puts up about 31 percent.

Mr. GROSS. I understand that some of the fast-traveling Members of Congress touring the world have come back with serious cases of dysentery. I do not know whether that is contagious or not.

Mr. JUDD. They did not travel fast enough to miss it.

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

Mr. GROSS. I yield to the gentleman from Florida.

Mr. FASCELL. Did I understand the distinguished gentleman from Iowa to be advocating a national plan of atomic fallout shelters?

Mr. GROSS. No. I was suggesting that maybe we ought to have underground shelters so we could all dive into them when a foreigner appeared on the scene with the appearance of having some disease. I did not know until this afternoon that it is the menace some people would make it. By the way, what happened to the story we heard last year that \$250,000 would be ample for this laboratory?

Mr. SELDEN. I attempted to explain that in my opening remarks. When the bill came over from the Senate last year it had no limitation on the amount that could be spent. Since this bill was considered during the closing days of the session, we called in several directors of the Institute and asked them to give us an estimate of the amount needed. Those estimates ranged from \$250,000 to \$500,000. We selected the lowest figure, \$250,000.

Since the passage of the bill last year, an architect has gone to Panama and has submitted a detailed estimate. We have reviewed the figures submitted, and we think \$500,000 is a reasonable amount. Therefore, this bill will increase the authorization to \$500,000.

Mr. GROSS. In the meantime, as usual, somebody hired a consultant or consultants and sent them to Panama. They came back with the answer that somebody wanted. Now there is another \$250,000, or a total of a half million dollars involved in this thing. That usually happens when the Government hires consultants. The spending is usually doubled.

Mr. SELDEN. After carefully reviewing the estimates submitted, the Committee on Foreign Affairs concluded that \$500,000 was reasonable for construction of the proposed building.

Mr. GROSS. A 100-percent increase in less than a year is a pretty fair increase.

The CHAIRMAN. The time of the gentleman from Iowa has expired.

Mr. JUDD. Mr. Chairman, I yield the gentleman 1 additional minute.

Mr. GROSS. Mr. Chairman, I do not like the idea of expanding any facilities in the Republic of Panama in view of the scurrilous and profane cartoons that

appeared in the newspapers of Panama a few months ago demanding that Americans get out of that country.

I do not know what we are going to do if the Panamanians make conditions so onerous for Americans in the Republic of Panama that they cannot operate the Laboratory. Then our investment will have gone down the drain.

Will the gentleman from Alabama agree if that happens we have lost everything?

Mr. SELDEN. Let me say to the gentleman from Iowa that there certainly was no evidence submitted to the committee that would indicate that working conditions in that Laboratory for our people have not been excellent. By defeating this bill, the gentleman from Iowa would not accomplish the purpose that he seeks. However, defeat of this measure would jeopardize future research in tropical diseases which might benefit not only the people of this country but all mankind.

Mr. JUDD. Mr. Chairman, I yield myself 1 minute to make this additional statement. It so happens that there is on the floor of the House with us today, under the rules of the House, the very distinguished former Member of Congress from Kentucky who introduced in 1928 and sponsored to its passage the original bill which established the Gorgas Memorial Institute about which we are talking. He had been a close personal coworker of General Gorgas, and he has had his heart in this fine institution all of these years. He testified convincingly before our committee as to the value and the importance of it. I want to pay tribute to him also as the only surviving member of the Isthmian Canal Commission which had charge of the building of the Panama Canal. It was this Commission under General Gorgas which succeeded in organizing and carrying through the construction of the canal when others had failed. We all want, I know, to compliment and honor the distinguished gentleman from Kentucky, the Honorable Maurice H. Thatcher. It was our misfortune that none of us was privileged to serve with him, but we welcome him back today and wish him many more years of happy and useful life.

The CHAIRMAN. The time of the gentleman from Minnesota has expired. All time has expired.

The Clerk will read the bill for amendment.

The Clerk read the bill, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 4 of the Act entitled "An Act to authorize a permanent annual appropriation for the maintenance and operation of the Gorgas Memorial Laboratory", approved May 7, 1928, as added by section 2 of the Act of September 21, 1959 (Public Law 86-296; 73 Stat. 573), is amended by striking out "\$250,000" and by inserting in lieu thereof "\$500,000".*

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. HOLIFIELD, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration

the bill (H.R. 11123) to increase the authorization of appropriations for construction and equipment of facilities for the Gorgas Memorial Laboratory, pursuant to House Resolution 557, he reported the bill back to the House.

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

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

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

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

The bill was passed.  
A motion to reconsider was laid on the table.

Mr. SELDEN. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 3179) to increase the authorization for appropriations for construction of facilities for the Gorgas Memorial Laboratory.

The Clerk read the title of the bill.  
The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.  
The Clerk read the Senate bill, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 4 of the Act of May 7, 1928, as added by section 2 of the Act of September 21, 1959 (73 Stat. 573), is amended by striking out "\$250,000" and inserting in lieu thereof "\$500,000".*

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A similar House bill (H.R. 11123) was laid on the table.

#### GENERAL LEAVE TO EXTEND

Mr. SELDEN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks on the bill just passed.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

#### AMENDING FEDERAL AVIATION ACT OF 1958

Mr. WILLIAMS submitted a conference report and statement on the bill (H.R. 4049) to amend the Federal Aviation Act of 1958 in order to authorize free or reduced-rate transportation for certain additional persons.

#### INTERNATIONAL DEVELOPMENT ASSOCIATION

Mr. MADDEN. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 571 and ask for its immediate consideration.

The Clerk read as follows:  
*Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 11001) to provide for the participation of*



the United States in the International Development Association. After general debate, which shall be confined to the bill, and shall continue not to exceed two hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Banking and Currency, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

#### CALL OF THE HOUSE

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

The SPEAKER. Evidently a quorum is not present.

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

A call of the House was ordered.

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

	[Roll No. 159]	
Alford	Fountain	Metcalf
Anderson,	Frazier	Mitchell
Mont.	Gallagher	Morris, Okla.
Anfuso	Garmatz	Mumma
Auchincloss	Gubser	Norrell
Barden	Hargis	Powell
Blatnik	Healey	Smith, Iowa
Blicht	Hemphill	Smith, Kans.
Bowles	Holt	Smith, Miss.
Buckley	Karth	Steed
Burdick	Kearns	Stratton
Carnahan	Keogh	Taylor
Coffin	Kilgore	Teller
Davis, Ga.	Kluczynski	Udall
Derwinski	McMillan	Willis
Diggs	McSween	Withrow
Dorn, S.C.	Macdonald	Younger
Durham	Machrowicz	Zelenko
Edmondson	Mason	

The SPEAKER. On this rollcall 375 Members have answered to their names, a quorum.

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

#### INTERNATIONAL DEVELOPMENT ASSOCIATION

Mr. MADDEN. Mr. Speaker, I ask unanimous consent to revise and extend my remarks.

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

There was no objection.

Mr. MADDEN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, House Resolution 571 provides for the consideration of H.R. 11001, a bill to provide for the participation of the United States in the International Development Association. The resolution provides for an open rule with 2 hours of general debate.

H.R. 11001 would authorize the President to accept membership on behalf of the United States in the International Development Association, which will be an affiliate of the International Bank for Reconstruction and Development, and which is proposed as an international cooperative venture to provide development financing on flexible terms to the

less developed countries of the free world. It is designed to complement the development financing that is now available through national and international agencies providing capital to the less developed areas. Like the International Bank, it would not provide financing when such financing is available from private sources on reasonable terms.

IDA is designed to perform on a multilateral basis roughly the same functions which the U.S. Development Loan Fund performs bilaterally. Financing will be provided by the association to its less-developed members for purposes of high developmental priority and, except in special circumstances, for specific projects. This financing will not be provided if it can be obtained from private sources on reasonable terms or through a loan of the type made by the International Bank.

The initial resources of IDA will total \$1 billion, if all members of the International Bank join. For subscription purposes, member countries are divided into two groups: Seventeen designated countries will contribute about \$763 million in gold or convertible currencies; the other 51 countries will provide the remaining \$237 million—10 percent in gold or convertible currencies and the balance in their own national currencies. Subscriptions are based upon the relative capital subscriptions to the International Bank, and voting rights are roughly proportionate to subscriptions. The 90-percent portion contributed by the less developed countries may not be converted into other currencies by the IDA or used to finance exports from the country concerned without its consent.

Mr. Speaker, I urge the adoption of House Resolution 571.

Mr. Speaker, I now yield 30 minutes to the gentleman from Illinois [Mr. ALLEN].

Mr. ALLEN. Mr. Speaker, I yield 6 minutes to the gentleman from Iowa [Mr. GROSS].

Mr. GROSS. Mr. Speaker, it is almost impossible to believe that President Eisenhower would have the nerve to ask for passage of this bill and if he did that a committee of Congress would yield to such pressure and bring it to the floor of the House.

What is here proposed is the creation of a seventh international lending agency with a "soft" or "softer" loan window. In other words, and on top of the hundreds of millions of dollars that have already been ladled out in so-called loans through a variety of other international lending agencies, the pockets of American taxpayers would be picked for another \$320,290,000 under the terms of this bill. And, get this straight. That would be the initial contribution on the part of the United States.

And if these so-called loans are ever repaid it will be in the funny money of the country that gets the loans. The dollars filched from the pockets of our taxpayers will be gone where the woodbine twineth and the whangdoodle whangeth.

According to the report accompanying this bill, an interesting array of lobby-

ists appeared before the Banking and Currency Committee in support of this latest foreign handout. These included Secretary of the Treasury Anderson, who with President Eisenhower can be counted upon to scream to high heaven when some domestic program threatens to unbalance the budget.

Then we are told the U.S. Chamber of Commerce and the AFL-CIO crawled into the same bed and snuggled up to each other in support of this proposed raid on the Federal treasury to help the "less-developed" from Iceland to Timbuktu. It apparently matters not to the chamber of commerce and the AFL-CIO that industry and labor in this country are becoming "less-developed" from being plastered with foreign imports and loss of markets abroad as a result of the billions of dollars already spent—billions that were taken from American industry, labor, and farmers.

And there was Chairman McCloy of the board of New York's Chase Manhattan Bank, who along with other international bankers stand to reap a golden harvest from international financing.

And Under Secretary of State C. Douglas Dillon, another name well known in international banking circles, was on hand to describe, as usual, how the "less-developed" are "overwhelmed by massive problems."

When the issue is virtue versus sin on a global scale, and the money of other people is to be spent in behalf of virtue, there is no question about where the internationalists and freewheeling spenders will take their stand. It makes no difference that Americans—those who will pay the bills if ever paid—are bogged down with nearly a trillion dollars of debts, public and private.

Returning for a moment to the Eisenhower demand for this legislation: It was not so long ago that with a stroke of his pen he vetoed a bill providing \$251 million—not \$320 million—to provide relief for those in distressed areas of this country. This proposal is allegedly designed for the same general purpose abroad. Can it be that the fortunes of our own citizens are less important? Can it be that there are those in this country who, in yielding to a form of glorified international blackmail, would consign many Americans to the status of second-class citizens?

To be consistent, why does not the President and his supporters in this enterprise lead the drive to establish a federally financed domestic lending agency equipped with two windows—one for the "highly developed," hard-money borrowers, and the other a "soft-loan" window for the "less-developed" or "underprivileged" borrower? And let the latter pay off the so-called loan in script or some other issue of funny money.

Let us turn briefly to the basis on which the United States is contributing to this latest foreign handout program, and I call your attention to page 4 of the report on this bill, which shows that our initial contribution will be \$320,290,000. The second highest contributor is the United Kingdom, in other words, Britain, at \$131,140,000.



It was not so long ago that Congress suspended all principal and interest payments on some \$13 billion of debts the British owe us. Now the British claim they will put \$130 million into this fund, despite the billions they owe us. This is check kiting at its best.

Then there is Japan proposing to contribute \$33,590,000. It was only a few days ago in the foreign giveaway bill that Congress gave the Japanese more than \$70,000,000. That is check kiting with a vengeance.

But Members can read the list of nations in this report that are supposed to be contributors to this fund and then check for themselves the millions of dollars being handed them annually in one way or another.

In conclusion let me say to those of you who voted for the distressed areas bill, only to see it vetoed, that I would think you would have your work cut out for you to explain to your constituents how you could now vote to ransack the U.S. Treasury for more than \$300 million in interest-free money—and this is interest-free money—to hand over to a new bureaucracy to disperse abroad.

And I would think it utterly impossible for anyone who voted against the distressed areas bill to now vote to do for foreigners that which you denied your fellow Americans.

Mr. ALLEN. Mr. Speaker, I yield 5 minutes to the gentleman from Michigan [Mr. HOFFMAN].

Mr. HOFFMAN of Michigan. Mr. Speaker, naturally, when I can, and once again I can, I like to go along with the leader of the economy and efficiency of the party. And while I cannot, in his words, subscribe to all that he has said, I get the idea all right and it occurs to me that the President may be a little, as the rest of us are, inconsistent. It has been only a few days that the House, all except 40, voted to increase the pay of Federal workers. Now I understand a survey is being made to learn how many of the Members—and I was one of the 40 who voted against this bill—how many of the Members will vote to override a veto of that bill, on the theory that we cannot afford to pay the Federal workers the wage increase because we do not have the money and here we go authorizing an expenditure of \$320,290,000. Well, I do not think we can, but probably they are going to get it. But that is no excuse, to my mind, at least, for giving away the \$320-odd million mentioned in this bill. And so, without a long harangue or oration, whichever you want to designate it, the first two sections of the report and the last one convince me that I should not vote for this bill. I suppose my leader would call it a giveaway, would he not?

Mr. GROSS. I certainly would; and I did.

Mr. HOFFMAN of Michigan. And then I take it the gentleman wants to save something for our own people?

Mr. GROSS. I would like to; I certainly would like to.

Mr. HOFFMAN of Michigan. What is the idea back of that?

For the first time since I have been associated with the gentleman, he does not seem to have any answer. I sup-

pose there is no real answer—other than an interest to serve our own people. In this, shall I say, "ignorance"—will the gentleman permit me to use that word?—in his ignorance which I share in full he cannot find any real, sound reason for enslaving ourselves to give to somebody else who is not quite as industrious or does not have sufficient initiative to take care of himself. I can go along with the gentleman. Is it all right if I go along with the gentleman in his vote?

Mr. GROSS. I would appreciate it very much.

Mr. HOFFMAN of Michigan. I thank the gentleman. Perhaps I am in the same category as some of those I have criticized. I let my colleague do the real work who does so painstakingly and so thoroughly and I go along.

We all owe the gentleman a debt of gratitude.

Mr. MADDEN. Mr. Speaker, I move the previous question.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

#### AMENDMENTS TO FEDERAL DEPOSIT INSURANCE ACT

Mr. DELANEY. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 573 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

*Resolved*, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 12465) to provide for a simpler method of determining assessments under the Federal Deposit Insurance Act, and for other purposes. After general debate, which shall be confined to the bill, and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Banking and Currency, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. DELANEY. Mr. Speaker, I yield myself such time as I may consume, after which I yield 30 minutes to the gentleman from Illinois [Mr. ALLEN].

Mr. Speaker, House Resolution 573 provides for the consideration of the bill, H.R. 12465, to provide for a simpler method of determining assessments under the Federal Deposit Insurance Act, and for other purposes. The resolution is an open rule, and provides for 1 hour of general debate. I know of no opposition to the rule; as a matter of fact, I know of no opposition at all. I urge its adoption.

Mr. ALLEN. Mr. Speaker, I know of no one on this side that opposes the bill, but I should like to ask the chairman of the committee one question: How did the vote go in the Committee on Banking and Currency?

Mr. SPENCE. By a vote of 21 to 1. Mr. DELANEY. Mr. Speaker, I move the previous question.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

#### NATIONAL SCIENCE FOUNDATION—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

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 Interstate and Foreign Commerce and ordered to be printed with illustrations:

*To the Congress of the United States:*

I transmit herewith for the consideration of the Congress the First Annual Report on Weather Modification (for fiscal year 1959) as submitted to the President by the National Science Foundation.

DWIGHT D. EISENHOWER.

THE WHITE HOUSE, June 28, 1960.

#### SUSPENSION OF DUTIES ON METAL SCRAP

Mr. MILLS. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 11748) to continue until the close of June 30, 1961, the suspension of duties on metal scrap, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and request a conference with the Senate.

The Clerk read the title of the bill.

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, MASON, and BYRNES of Wisconsin.

#### INTERNATIONAL DEVELOPMENT ASSOCIATION

Mr. SPENCE. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 11001) to provide for the participation of the United States in the International Development Association.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 11001, with Mr. SISK in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from Kentucky [Mr. SPENCE] will be recognized for 1 hour, and the gentleman from New York [Mr. KILBURN] will be recognized for 1 hour.

The Chair recognizes the gentleman from Kentucky [Mr. SPENCE].

Mr. SPENCE. Mr. Chairman, I yield myself 10 minutes.



Mr. Chairman, this bill is the result of a meeting of the minds of 68 nations, practically all of the free nations of the world, practically all of those who wish us well. This meeting was instigated by authorities of the United States. Those nations were invited to come here, and they met here, and they formed the charter for this organization. They believed that we would ratify this charter, by providing for the participation of the United States in the organization. They went home confident of that. In many of the legislative bodies of the world this same question is being submitted to them. I am sure they will ratify it.

We assumed leadership of the world in finance and forward-looking legislation when we asked them to organize this International Development Association. If we repudiate that now, it was a tragic mistake we made when we asked them to come here.

I know many of you do not believe in foreign aid, but you who are opposed to foreign aid—and it is an accepted policy now—you who are opposed to foreign aid ought to vote for this bill. This bill does by cooperative effort, by multilateral approach, what we have been carrying on alone heretofore.

We have with us 16 other developed nations of the world saying they are willing to carry this burden with us. We appropriate \$320 million. They appropriate \$443 million. The underdeveloped nations contribute \$237 million. Part of that \$237 million, it is true, is in local currencies, but I do not anticipate that when those loans are made for the economic growth and development of those countries, that we will be paid in soft currencies. I think this organization will follow a policy of requiring payment in the currencies loaned; the special accommodation will come in the form of longer maturities, low interest rates, and other favorable terms rather than in permitting repayment in local currencies. These loans will help the less developed countries develop the sound economies needed to service more conventional loans.

Expedition is essential, because to carry out our agreement we will have to have the legislation to authorize the appropriation. The organization bill probably be perfected late this year, before the next Congress meets. Our first payment should be made at the time the organization is perfected. To delay that payment would produce lack of confidence in our sincerity in carrying out the agreements made by our representatives at the conference which drew up this charter. I hope the Congress without delay will pass this bill. I hope this act will instill friendship in these other nations that are looking to us for leadership. I think it would be a tragic thing if we should refuse to do this. I think instead of doing what we hope it will do and what I think it will do, bring friendship to us by the cooperation of these nations in a common enterprise, it will bring lack of confidence and an unfriendly attitude.

I do not think this is a trivial matter. We have spent billions of dollars for the friendship of foreign nations. It may be said that in many instances we have

found ingratitude. Whether we have or not, who knows what would have happened had we not resorted to this method? Who knows what chaos there might have been in foreign countries? Who knows what the condition would be now with instrumentalities of warfare so powerful as to destroy mankind? Who knows what there would have been had we not resorted to these measures?

I think now we are approaching it in a very much better way, a very much better way for us, and a better way to spend our funds, a better way to bring friendships to our Nation.

I cannot conceive of any argument that could be made against this bill unless you believe that we ought to have no relationship with our neighbors, unless you believe we ought to stop giving any foreign aid, unless you believe we should live behind a Chinese Wall and do nothing at all to help those upon whom we rely and upon whom we must rely should we be attacked.

I hope you will vote for the bill and I hope it will be passed expeditiously. I hope the countries of the world will know we have kept our agreement. I do not say that we could not repudiate a bad agreement, if the agencies of the United States have made one, but we should support this beneficial agreement, beneficial to our country and its people. To me this is the best method that has been devised for doing the things that we are trying to do; it is the best method that has ever been devised to help the underdeveloped countries of the world.

Those who argue that we have not done anything for our own distressed areas cannot shake their gory locks at me, for I have done all I could, as chairman of the Committee on Banking and Currency. I introduced the area development bill. I did what I could to see that it was passed.

It was passed, and the President saw fit to veto it. I think he made a mistake, but whether he did or not that certainly has nothing to do with the vote you should cast on this proposition.

This is a new proposition, this is the best thing that has yet been proposed if we are going to continue to help those we consider our friends. It is essential not only to pass this bill, but to do so expeditiously.

Under leave to extend my remarks, I include an excerpt from the President's message to the Congress on this bill:

The peoples of the world will grow in freedom, toleration, and respect for human dignity as they achieve reasonable economic and social progress under a free system. The further advance of the less-developed areas is of major importance to the nations of the free world and the Association provides an international institution through which we may all effectively cooperate toward this end. It will perform a valuable service in promoting the economic growth and cohesion of the free world. I am convinced that participation by the United States is necessary, and I urge the Congress to act promptly to authorize the United States to join with the other free nations in the establishment of the Association.

Mr. KILBURN. Mr. Chairman, I agree with our very distinguished chairman, the gentleman from Kentucky. I

think he has done a masterful job in explaining this bill.

Mr. Chairman, I now yield 10 minutes to the gentleman from New Jersey [Mr. WIDNALL] the ranking minority member of the committee considering this matter.

Mr. WIDNALL. Mr. Chairman, our distinguished chairman, Mr. SPENCE, has ably stated the reasons for H.R. 11001, and I heartily support his views. This legislation is not something that comes fresh and new on the scene. To those who may have forgotten, this proposal dates back to February 24, 1958, when Senator MONROE of Oklahoma introduced Senate Resolution 264 in the 85th Congress, 2d session, calling for the establishment of a new institution in the field of international development and finance. Hearings were held in March 1958, at which time testimony was taken from many branches of the Government.

A study was made by the National Advisory Council. This was requested by the resolution that had been passed by the Senate. An interim report was made on January 16, 1959, to the Foreign Relations Committee of the Senate which had been assigned the responsibility for consideration of the proposal.

On August 14, 1959, the Council submitted its report.

This agreement would constitute a new international institution known as the International Development Association. Actually, it is the first opportunity we have had as a Nation to participate in something where we have the minority interest. We have been carrying the load in respect to efforts to develop underdeveloped nations of the world in one program after another. The Development Loan Fund and mutual security programs use our money entirely.

In this proposal the original contributions of \$1 billion would be made up as follows:

The United States would put in in gold or hard currencies \$320 million, or 32 percent of the total amount.

Sixteen other developed countries would put in \$443 million, or 44 percent.

The less developed countries would put in \$24 million in hard currency or gold, and \$213 million in their own soft currencies.

The amount contributed by the United States totaling \$320 million would be spread over a 5-year period. In the first year, 1961, the amount would be \$74 million. Incidentally, this amount was included in the President's budget as submitted to the Congress this year, so this is not a new proposal involving spending that was not in the original budget. The second year's contribution would be \$62 million and like contributions for the ensuing 3-year period in 1963, 1964, and 1965.

Under the proposal the voting rights would be based on 500 votes plus 1 for each \$5,000 original subscription. The United States would have 64,500 votes, or 28 percent of the total. The other 16 developed countries would have 96,600 votes, or 41 percent of the total. The 51 less-developed countries would have 29,000 votes, or 31 percent of the total.

The organization itself would be operated in the same framework as the



International Bank for Reconstruction and Development. And, I think we can look forward to sound leadership, sound programing, sound policies in the operation of this new agency. Every witness that appeared before us emphasized this. Here is a chance, the first opportunity for us to participate in a program without making the majority contribution; the first time that we will be in a program where we cannot be attacked as having purely selfish interests—dollar diplomacy—as we have bitterly been charged in the past. I feel that it is a great opportunity for us to get out of the type of foreign aid lending in which we have been involved.

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

Mr. WIDNALL. I yield to the gentleman from Virginia.

Mr. POFF. I wonder if the gentleman could explain what kind of loans IDA would make which the International Bank for Reconstruction and Development does not now make.

Mr. WIDNALL. The International Bank for Reconstruction and Development makes hard money loans. This would enable soft currency loans to be made, repayable in soft currencies of the countries that are to obtain the loans. There are many underdeveloped countries in the world that do not have hard currencies and they do not have the ability to obtain funds that will enable the development of those countries.

Mr. POFF. When the repayments are made in soft currencies, will the soft currencies become a part of a revolving fund?

Mr. WIDNALL. Yes. They will be retained in the bank and reutilized for additional loans.

Mr. POFF. What additional authority, if any, would have to be obtained from this body or the legislative body of any member of the association to make new loans from the revolving fund in each new fiscal year?

Mr. WIDNALL. As I understand, there will be no new authority for re-lending of money that is in the original institution. If there were to be any additional hard currency contributions on the part of the United States, it would be necessary for Congress to act on such a proposal.

Mr. POFF. Will any interest be paid by the fund to the contributing nations on their contributions?

Mr. WIDNALL. I do not believe that there is any contemplated interest to any of the contributing nations for their initial capital contribution.

Mr. POFF. I thank the gentleman.

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

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

Mr. HIESTAND. Can it be said that the organization of this fund would relieve the pressure on the Development Loan Fund, a part of the Mutual Security Act?

Mr. WIDNALL. I believe it definitely would.

Mr. HIESTAND. In that event, it would spread the responsibility and the contribution?

Mr. WIDNALL. That is right. The gentleman from California might be interested in who are the other nations that would participate in making hard-currency contributions to this fund: Australia, Canada, France, Germany, Norway, United Kingdom—I have a list of them here.

Mr. HIESTAND. The purpose of my question was to bring out that this is a more desirable and a more businesslike way than simply the United States contributing everything or running the program.

Mr. WIDNALL. Far more businesslike, and I think it has far more appeal to our people to know that it is on a loan basis and to know that it is participated in by the other countries we have helped in the past.

Here are the names of the other countries making this hard-currency contribution. I will start again. Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Italy, Japan, Luxembourg, Netherlands, Norway, Sweden, Union of South Africa, United Kingdom, for a total of \$442.78 million. Of the total of \$763 million we contribute \$320 million.

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

Mr. WIDNALL. I yield to the gentleman from Iowa.

Mr. GROSS. Would the gentleman state how many of the countries he has just identified get no assistance of any kind from the United States through the foreign giveaway program or any other handout program?

Are there any of those countries that do not get some assistance from the United States?

Mr. WIDNALL. I do not have any figures in my possession to indicate whether they do or do not.

Mr. GROSS. That question was not asked when the hearings were held?

Mr. WIDNALL. I do not believe it was.

Mr. GROSS. On page 8 of the report I notice this sentence:

Financing can thus be provided to less-developed member countries or to less-developed dependent and associated territories of members of the Association.

My question is, Does that mean that States and territories of the United States can borrow from this fund, as well as foreign countries?

Mr. WIDNALL. I believe—and I hope my chairman will correct me on this—that they would have the opportunity to borrow. Am I correct in making that statement, that territories of the United States could borrow from this fund?

Mr. GROSS. And the States of the United States.

Mr. MULTER. Political entities within a country do not qualify for this borrowing. The United States has its own institutions and agencies which will take care of the States and their political subdivisions, such as territories.

Mrs. DWYER. Mr. Chairman, will the gentleman yield?

Mr. WIDNALL. I yield to the gentleman from New Jersey.

Mrs. DWYER. Mr. Chairman, I rise to support this legislation and wish to

associate myself with my distinguished colleague from New Jersey in the remarks that he has made.

Mr. Chairman, this is one of the most constructive and far-reaching proposals Congress has ever had before it. The International Development Association will make it possible for the free world to do a much more effective job of helping the less-developed countries strengthen their economies and provide greater opportunities for their people.

In the context of the worldwide competition between the free and the Communist worlds, this new endeavor is certain to become one of our most valuable instrumentalities.

It will place an increasing amount of our economic assistance activities on a multilateral, rather than unilateral, basis by bringing into active cooperation with the United States the other industrialized nations of the free world.

As a supplement to the World Bank, the International Development Association will enable us to reach many of the newer nations and many of their most necessary projects with long-term loans at reasonable rates of interest.

As an international agency, the IDA will help provide a new and constructive use for the increasing supply of local currencies owned by the United States as a result of our sales of agricultural surpluses. While the United States is faced with many practical restrictions on the use of these soft currencies, an international agency like IDA will be able to make maximum use of these resources.

It would be useful to recall, Mr. Chairman, that the great growth and expansion of the United States during the 19th century was made possible in large measure by the financial investment of foreign interest. In effect, we now have an opportunity to adopt this far-sighted course ourselves and invest our own resources in the future of freedom and opportunity in the new and less fortunate countries of the world.

This is a sound and practical and eminently wise endeavor, Mr. Chairman, and I urge the House to approve the legislation and authorize United States participation in the International Development Association.

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

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

Mr. O'HARA of Illinois. The gentleman was asked the question if this would not lessen the strain on the Development Loan Fund and he said he thought so. Is it not a fact that it very definitely would lessen the strain on the Development Loan Fund just as the International Bank lessens the strain upon the Export-Import Bank?

Mr. WIDNALL. One would expect that to be the result, but I do not know that you can say positively it would happen.

Mr. O'HARA of Illinois. But that is part of the expectation?

Mr. WIDNALL. Yes, it is.

Mr. O'HARA of Illinois. I thank the gentleman.

Mr. SPENCE. Mr. Chairman, I yield 10 minutes to the gentleman from Texas [Mr. PATMAN].

**DISTRESSED AREAS BILL FOR COUNTRIES OUTSIDE OF THE UNITED STATES**

Mr. PATMAN. Mr. Chairman, this bill is, in effect, a distressed-areas bill for foreign countries. As one who has previously supported foreign aid and loan programs, I appreciate both the reasoning and the motives of those Members of Congress who now support this legislation. In good conscience, however, I cannot agree to this bill, or to any similar proposal for establishing still another foreign lending agency. I cannot reconcile the totally different attitudes and policies of our Federal Government toward the economic problems of our own people and those of people in foreign lands.

Only a few weeks ago the President vetoed a distressed-areas bill which was intended to help spark economic recovery in the distressed areas of the United States. That bill proposed to use only \$251 million of Federal funds for this purpose. The present bill proposes to use another \$320 million of Federal funds for such purposes abroad.

Two years ago the President vetoed a similar bill to help distressed areas in the United States. Yet at that time our Government was already operating or contributing to four different agencies making foreign loans for economic development. Meanwhile the administration has requested Congress to authorize, and Congress has authorized, two additional agencies to make foreign loans for these purposes. This now gives us a total of six as follows:

The Export-Import Bank of Washington.

The International Bank for Reconstruction and Development—World Bank.

The International Cooperation Administration.

The Development Loan Fund.

The International Finance Corporation.

The Inter-American Development Bank.

This bill would establish still a seventh agency. In addition, there are at least 17 other foreign lending agencies in operation by the Western nations.

Please ask for a copy of the hearings on this bill and turn to page 50. Mr. John J. McCloy was testifying. He lists in the record about 25 agencies in the international lending field today. I sent a written request to the chairman of the committee asking that he obtain the names of these agencies; they appear at page 50 of the hearings, as named by Mr. McCloy, who is chairman of the Chase Manhattan Bank. This will make about the 26th agency in the international field making loans to other countries, other distressed areas, but not a penny for our own country for the same purposes.

Mr. HOFFMAN of Michigan. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. HOFFMAN of Michigan. I should like to thank the gentleman for consolidating and making clear the situa-

tion, doing some of the work I should have done. Does not the gentleman think we ought to have a quorum to hear that?

Mr. PATMAN. No, I do not.

Mr. HOFFMAN of Michigan. I do.

Mr. Chairman, I make the point of order that a quorum is not present.

Mr. PATMAN. No, the gentleman should not do that.

Mr. HOFFMAN of Michigan. How else can the gentleman get this before the Members of the House?

Mr. PATMAN. The gentleman has been here as long as I have.

Mr. HOFFMAN of Michigan. Yes, I know; but I have not learned as much, and I do not know how.

The CHAIRMAN. Does the gentleman from Michigan withdraw his point of order?

Mr. HOFFMAN of Michigan. No, I do not. I want the rest of the Members to hear it. It is the most informative statement I have heard in a long time.

The CHAIRMAN. The Chair will count. [After counting.] One hundred and eight Members are present, a quorum.

Mr. PATMAN. Mr. Chairman, when this administration came into office there were 2 foreign lending agencies already established and in operation, one the Export-Import Bank of Washington, the other the International Bank for Reconstruction and Development—the World Bank. Yet the administration has asked Congress to approve new foreign lending agencies, and the Congress has approved them, at the rate of better than one new agency every 2 years. The new agencies were not intended to replace, and have not replaced, the old agencies.

These agencies are duplicating. I am not criticizing any Member for his vote on this bill; I know that many are in sympathy with its purpose, but I wonder what you must think of having 7 different foreign lending agencies in Washington and 17 others in the other Western nations, all to do practically the same thing.

Any other country in the world, except the United States and the Iron Curtain countries can get aid from the 25 different agencies to help in economic development of their distressed areas. We are the only free country that is excepted. Our own people are not eligible even to apply for this aid.

How ridiculous can this Congress get? People are going to ask how ridiculous we can get. We now have more foreign lending agencies than we have personnel to staff them. The new agency to be created by this bill is to be manned by the personnel of the International Bank. The new agency is to have the same directors, the same officers, and the same staff. The only real difference between the new agency and the present World Bank is that the new agency is to make what are called soft loans. That has been the usual justification for almost all of the new foreign lending agencies set up during these past 8 years. The new agencies were needed, we were told, to make softer loans than the older agencies could make. These soft loan agencies

are now making loans to help the borrowing countries make the payments due on the hard loans previously made to them.

Here is an agency that is to be superimposed upon another agency in its entirety. Its purpose is only to make softer loans. It is to make long-term loans at low rates of interest—at 2 percent or 1 percent—or at no interest at all; and the repayment of the loan, if any, can be in the local currency of the country borrowing the money.

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

Mr. PATMAN. I will be glad to yield if the gentleman can give me a little more time.

Mr. SPENCE. Mr. McCloy has the greatest respect for the American people. When he mentioned all of these agencies, was he testifying for or against this bill?

Mr. PATMAN. I assume he was testifying for it, but he was not advancing the cause of the bill when he said there were 25 other agencies doing the same thing.

Mr. SPENCE. He was testifying for the bill, was he not?

Mr. PATMAN. Certainly he was; you would not have had him here otherwise.

The following appears at page 50 of the hearings:

In Mr. John J. McCloy's testimony (p. 42), a reference is made to "a considerable number of agencies in the various countries of the West, including, of course, the international agencies, which prospective borrowers from the less-developed lands might approach." In response to a request by Hon. WRIGHT PATMAN that these agencies be identified, the following information was furnished:

**SOURCES OF FINANCIAL ASSISTANCE FOR LESSER DEVELOPED LANDS FROM GOVERNMENTS OF WESTERN COUNTRIES**

U.S. Export-Import Bank.

U.S. Development Loan Fund.

U.S. International Cooperation Administration.

U.S. Public Law 480 (not a lending agency but a source of foreign assistance).

International Bank for Reconstruction and Development.

International Finance Corporation.

Inter-American Development Bank.

United Nations Special Fund.

European Investment Bank (European Common Market).

The Development Fund (European Common Market).

Common Market Loan Fund for African Countries.

Colombo Plan (about half the 18 members lend directly through this).

Overseas Countries and Territories Loan Fund (British).

Commonwealth Development Finance Corporation (British).

Colonial Development Corporation (British).

Fonds d'Investissements pour le Développement Economique et Social des Départements d'Outre Mer (French).

Fonds d'Aide et de Coopération (French).  
Caisse Centrale de la France d'Outre Mer (French).

Ente Nazionale Idrocarburi (Italian).

Banco de Fomento Nacional (Portuguese—to dependencies only).

Direct loans from governments of Netherlands, Germany, Belgium, Switzerland.

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

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



Mr. ANDREWS. As I understand, the loans made under this bill would be repaid in soft currency.

Mr. PATMAN. In soft currency, yes. In the local currency of whatever country borrows from the agency.

Mr. ANDREWS. Is it not a fact that we have at the present time about \$3 billion worth of soft currency?

Mr. PATMAN. Oh, we own more than that. You are underestimating the amount, I believe.

Mr. ANDREWS. Will the gentleman tell me how much we do have?

Mr. PATMAN. I do not have the exact figure in mind, and I may be wrong, but it is my impression that it is in excess of \$3 billion.

Mr. ANDREWS. As a matter of fact, does not the gentleman consider repayable in soft currency to be just another form of economic aid?

Mr. PATMAN. Yes; the worst thing about this proposal is that our Government has just rejected a distressed areas bill of \$251 million for our own people, which provided for repayment in hard American dollars. We are denying our own people any aid, yet we come along and vote for this bill, which is \$320 million—and this amount is only the start—to help distressed areas in other countries outside of the United States. Does that make sense?

There is no agency and no money for doing for our own people what any of these foreign lending agencies are doing for people abroad. I do not argue that charity should begin at home. But it does seem to me that if such assistance as all of these foreign lending agencies are providing for peoples abroad is based upon sound economics, such assistance for our own people is equally sound economics. Alternatively, if this Nation cannot afford the money to help distressed areas at home, we cannot afford the money to help distressed areas abroad.

As has been indicated, this bill would provide a program of foreign lending in cooperation with, and in coordination with, other friendly nations able to contribute funds for this purpose. In this respect the bill is good. Yet the need is not, as I see it, for still another lending agency. Rather the need is for a consolidation of lending programs and a cooperative endeavor to develop a rational plan of economic development. If our efforts are to be effective in raising living standards in the underdeveloped countries, they must, I think, plan for trade as well as for local productive resources.

Mr. HOFFMAN of Michigan. Just a few moments ago I heard something when I was over on the other side of the aisle that I would like cleared up for I do not know whether the gentleman who said it meant it or not, but he said that we gave the Federal employees a raise and now we are going to take it away from them. Is that true?

Mr. PATMAN. I do not know; I cannot answer that question.

Mr. HOFFMAN of Michigan. Who is going to pay for it?

Mr. PATMAN. You have a lot of people around Washington who can say "No," but almost nobody who can say "Yes." That is one thing about a democratic government—parliamentary government—a lot of people are in bottleneck positions and can say "No," but there is hardly anybody who can say "Yes."

Mr. KILBURN. Mr. Chairman, I yield 5 minutes to the gentleman from Arizona [Mr. RHODES].

Mr. RHODES of Arizona. Mr. Chairman, I take this time in order to ask a question or two of the chairman or ranking minority member of the committee.

It is my understanding from reading the bill and the committee report that the International Development Association will be under some sort of control of the World Bank. Is that a valid observation?

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

Mr. RHODES of Arizona. I yield to the gentleman from New York.

Mr. MULTER. The answer is that the same personnel of the World Bank will operate this association. There will be no additional personnel employed as a result of this bill; they will use the same personnel from top to bottom.

Mr. RHODES of Arizona. The World Bank makes loans, as I understand, in hard currencies, and they have to be repaid in hard currencies. Is that correct?

Mr. MULTER. That is substantially correct.

Mr. RHODES of Arizona. The International Development Association, however, will make loans in hard currencies repayable in soft currencies.

Mr. MULTER. No. Will the gentleman yield further?

Mr. RHODES of Arizona. I yield.

Mr. MULTER. While they have been talking here about soft currencies, it is not quite that simple. They say these hard currency loans are repayable in soft currencies. What they should have been talking about is soft terms meaning these underdeveloped areas may get as much as 50 years at low interest rate to repay the loans.

There may be soft currency loans repayable in soft currency. Payment of loans is permitted in soft currencies if approved by the Bank. Soft currencies that are paid in will be used to make loans in soft currency repayable in soft currencies.

Mr. RHODES of Arizona. As I understand, do you mean that IDA will not be making loans in dollars payable in rupees, for instance?

Mr. MULTER. That is not intended. Dollar loans are intended to be repaid in dollars.

Mr. RHODES of Arizona. I thought this really was the same function the Development Loan Fund performs. Is this something entirely different? I now gather instead that this is similar to what the World Bank does.

Mr. MULTER. The Development Loan Fund is unilateral. Unlike this new institution, only U.S. funds are used in the Development Loan Fund.

Mr. RHODES of Arizona. I am addressing myself only to the manner of the repayment of the loans. The Export-Import Bank makes loans in American dollars repayable in American dollars, whereas the Development Loan Fund makes loans in American dollars repayable in some other currency. I had thought that IDA also made loans repayable in soft currencies.

Is that a valid statement?

Mr. MULTER. One thing that must be understood is that when they pay for commodities under the operation of Public Law 480, soft currencies are generated abroad. In such a country we can lend those soft currencies instead of lending them hard currencies.

Mr. RHODES of Arizona. Will the gentleman explain to me how this is possible? We have certain soft currencies which belong to the Government of the United States. We are going to put \$320,290,000 into the capital of this Development Loan Association. These are dollars, not local currency.

Mr. MULTER. That is right.

Mr. RHODES of Arizona. How do we get any local currencies which belong to the Government of the United States into the International Development Association?

Mr. MULTER. Every dollar that is going to be subscribed by each of these countries, and there are 68 of them, will be in U.S. dollars.

Mr. RHODES of Arizona. Correct.

Mr. MULTER. Hard currencies in hard U.S. dollars. The loans in the first instance will be made to borrowers who are members of this association in hard currencies. They will call for repayment in hard currencies. If any of those hard currencies should be used under Public Law 480 with which to buy any of our surplus commodities, which are then sent to one of these member countries, then in lieu of repaying hard currencies, those countries may be permitted to pay soft currencies and those soft currencies will in turn be used for other soft currency loans.

Mr. RHODES of Arizona. The gentleman means the International Development Association will make loans of dollars so that other countries may buy our surplus commodities under title 3 of Public Law 480?

Mr. MULTER. That is one of the ways in which this Association may operate.

Mr. RHODES of Arizona. If we are going to do that we had better repeal some of the laws we now have. I cannot imagine any country doing this when it has the opportunity now of getting such fine terms under Public Law 480.

Mr. MULTER. The purpose of this is to replace the Development Loan Fund. We hope eventually to terminate the Development Loan Fund and this in part takes the place of it, plus the fact we have all these other countries participating instead of our doing it alone.

The CHAIRMAN. The time of the gentleman from Arizona has expired.

Mr. KILBURN. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. RHODES of Arizona. Mr. Chairman, if the gentleman and the distin-



guished members of the Committee had brought in a bill which repealed the Development Loan Fund in favor of a multilateral basis of making loans in hard currency, repayable in soft, it would have found much more favor on the floor. To me all this only does multilaterally what we now do on a bilateral basis. If it is preferable to do it multilaterally—I do not say it is—then that is the route we should adopt. I think it is fine that the nations listed in the committee report are going to make contributions, so that we will not have to continue to bear this whole burden. My main objection however, is about the same as that of the gentleman from Texas [Mr. PATMAN]. It seems to me we are piling agency on top of agency, and are creating another agency which is something for us to watch, and it makes no sense at all.

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

Mr. RHODES of Arizona. I yield to the gentleman from New Jersey.

Mr. WIDNALL. I would like to read from testimony of the Secretary of the Treasury, Mr. Anderson, given before the committee:

The articles of agreement allow the Executive Directors a great deal of flexibility in setting the terms and conditions of the loans. The IDA will be empowered to make loans wholly or partly repayable in the borrower's own currency. It will also be empowered to make loans repayable in hard currencies, but with longer maturities than are possible for International Bank loans in view of the Bank's own financing conditions. Loans may be made at rates of interest which will be below the rate on Bank loans. In short, it must be understood that the International Development Association is to make loans which will bear less heavily on the balances of payments of the borrowing countries than loans of the type now made by the International Bank or the Export-Import Bank. This, indeed, is the purpose of an International Development Association.

The IDA articles specify that it will not provide financing when it is available from private sources on reasonable terms for the recipient or could be provided by a loan of the type made by the Bank.

The effect on the balances of payments of the borrowing countries will vary somewhat, depending upon the policy which the IDA evolves within the flexibility as to terms of loans that is provided by the articles. Long schedules of amortization or lower interest rates enable countries to pay off hard-currency loans at a lower annual cost. When the repayment is made in local currencies, there is, of course, no burden on the balance of payments of the borrower. By these methods the developing countries will be able to obtain more finance than they could otherwise obtain.

Mr. RHODES of Arizona. Mr. Chairman, I would like to make a comment on another provision of the bill I do like, although I do not understand.

On page 4, section (c), it is stated:

Any payment made to the United States by the association as a distribution of net income shall be covered into the Treasury as a miscellaneous receipt.

In the case of the Development Loan Fund the money never gets back to the Treasury. It is a revolving fund. Something of this may come back to the Treasury. We make the contribution in dollars. Will we be receiving dividends in local currencies, to add to our al-

ready rather large stock of local currencies, or will we actually get dollars back as a result of this transaction?

Mr. MULTER. I think it is clearly intended to mean repayment in the funds available to the International Development Association and the World Bank. Now, it is not contemplated that they are going to wind up with nothing but soft currencies. But, when the time comes to liquidate the bank and they have nothing left but soft currencies, that is what each subscribing country will get. We are very hopeful that they will wind up with hard currencies.

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

Mr. RHODES of Arizona. I yield to the gentleman from Illinois.

Mr. COLLIER. Just one question. Is it not true that in the origination of this program, it was intended to replace or to some degree replace our contribution to the International Loan Fund?

Mr. MULTER. Mr. Chairman, will the gentleman yield so that I may answer that question?

Mr. RHODES of Arizona. Yes.

Mr. MULTER. I think when you say "International Loan Fund," you should say "Development Loan Fund," which is solely a U.S. fund, set up by our country with our own money.

Mr. COLLIER. I fully understand that.

Mr. MULTER. This bill is intended to bring all these 68 countries into this new International Development Association. Eventually we can liquidate the Development Loan Fund and the United States will cease doing this on its own.

Mr. COLLIER. Does the gentleman honestly believe that this will come about in the immediate future, or is this another instance where a new program is being created with the intention that this will be done; but in reality, will we ever see the day when this will take place?

The CHAIRMAN. The time of the gentleman from Arizona has expired.

Mr. KILBURN. Mr. Chairman, I yield the gentleman 2 additional minutes.

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

Mr. RHODES of Arizona. I yield to the gentleman from West Virginia.

Mr. BAILEY. The gentleman from Arizona keeps mentioning the possibility of a dividend. How can a dividend be paid if they loan them the money without interest?

Mr. RHODES of Arizona. As I understand, the transactions of the International Development Association will bear interest as any other loan transaction would.

Mr. SPENCE. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. MULTER].

Mr. MULTER. Mr. Chairman, it is the considered opinion of the House Committee on Banking and Currency, as indicated by a vote of 21 to 1, that this is a good program and a good bill.

Mr. PATMAN. Mr. Chairman, will the gentleman yield for a correction?

Mr. MULTER. I yield.

Mr. PATMAN. I do not mind standing alone when I am right, but it hap-

pens that I have a little company in this case. The vote was 20 to 3 or something like that. I do not mind being singled out in this case, however.

Mr. KILBURN. Mr. Chairman, if the gentleman will yield, the vote was 18 to 3.

Mr. MULTER. Obviously there is a difference of opinion. Let me revise my statement to say that the Committee on Banking and Currency overwhelmingly endorses this legislation and urges its enactment.

Mr. Chairman, may I call attention to the fact that I am sure the gentleman from Texas inadvertently has given the impression that we have some 26 agencies set up to do this work. He referred to the testimony of a very distinguished gentleman, Mr. John McCloy, who, incidentally, was the first president of the World Bank, a very distinguished and honorable gentleman whose opinions are valued by all of us. We have taken his recommendations and suggestions many times on various matters.

Now, if you will look at the statement that the gentleman from Texas referred to as having been furnished to us by Mr. McCloy, you will find that he has listed there four countries outside of the United States that make direct loans. They are not agencies of this Government. They are not international agencies, even though they may be considered as making international loans; that is, loans to other countries. So, too, you will find also listed by Mr. McCloy three institutions set up by Great Britain making loans to British dominions.

You will find three institutions set up by France which are making loans to French communities. Then there is an Italian organization, and a Portuguese organization, each of which makes loans to their own dependencies.

So, if you eliminate all of those countries, and the organizations of foreign countries, and eliminate the European Investment Bank, which is just that, a European investment bank, and the Development Fund of the European Common Market, and the Common Market Loan Fund for the African Countries, you will find that all we have left are six agencies on the international scene organized or participated in by the United States, included in which are the U.S. Export-Import Bank which, as you know, is intended primarily to help Americans. There is the Development Loan Fund which has been referred to; there is the International Cooperation Administration about which I am sure you all know, the International Bank which is what we refer to as the World Bank, the International Finance Corporation and the Inter-American Development Bank.

Here, after 2 long years of hard, serious and determined negotiation, under the leadership of the distinguished former Member of this House and now a Senator from the State of Oklahoma, Mr. MONRONEY, with the aid of the Department of State and the Treasury Department, we have obtained the commitment of 68 foreign countries to participate in this joint cooperative endeavor



to help the underdeveloped countries, countries which up to now, we have been helping almost alone.

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

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

Mr. BAILEY. Is it not true that this method of approach was a choice made by the Treasury Department and the State Department, possibly on the advice of the distinguished Senator from Oklahoma, who realized that the Members of this House are getting tired of draining the United States Treasury. Setting up this kind of an organization and financing it with \$300 million-plus of American money means that this program will be carried on even if the Congress, in the future, refused to make direct appropriations for mutual aid.

Mr. MULTER. I will not attribute that motive to those who participated in this fine endeavor. I would rather think that they were motivated primarily by the desire to bring all of the free countries into one cooperative movement so that we would not be doing this job alone. Here in these trying times, with a setback at the summit and a setback in Japan, after having over 2 long years worked so hard to bring all of the free countries together in one real cooperative effort to show we can stand up against the Communist nations of the world and can fight them, not with bullets, but with the kind of aid that makes it possible for these nations to build themselves up as free countries—I say to you we dare not turn down a bill of this kind. All this bill calls for in 1961 is a total contribution to this association of \$73 million on our part and during each of the next 4 years thereafter a total contribution of \$61 million. That is all it calls for. And bear in mind this is only an authorization. There is no appropriation in this bill. After this is passed, they will then have to go to the Appropriations Committee and get \$73 million for next year and \$61 million for each of the succeeding 4 years.

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

Mr. MULTER. Yes.

Mr. BAILEY. I notice on page 50 of the hearings that Mr. McCloy, whose name has come into the discussion quite frequently, was being questioned by the gentleman from Ohio [Mr. VANIK], a member of the gentleman's committee. In reply to a question by the gentleman from Ohio [Mr. VANIK], Mr. McCloy said:

Bear in mind this is only a small portion of the aid program. A good part of the aid program today is tied to American goods.

Mr. VANIK. Yes, but it is contemplated, is it not, that this lending authority will be something that will probably increase? They undoubtedly are going to come back for more and more authority.

Mr. McCloy. If the administration of this is a success, I think it would be almost necessary that they should come back for replenishment; not only replenishment, but perhaps some expansion of the funds.

It just means that it is going to be a program to take over the program right now that is represented in direct appropriations by the Congress for mutual aid.

Mr. MULTER. It means that if we put \$320 million into this program over a 5-year period, and thus eliminate the Development Loan Fund which up to the present time has cost us, I think, about \$1.4 billion, I think IDA will have done a very good job. If in the second 5 years we have to give them another \$320 million as against a possible \$4 billion to the Development Loan Fund I think we will have done an even better job.

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

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

Mr. HIESTAND. There is one point I am sure the gentleman would like to have cleared up, and I am sure he can do it. The present terms of loaning by the World Bank are not limited, as I recall it. There is no limitation on interest rates or anything like that. They have used their judgment, and again we say it has been quite successful.

Mr. MULTER. The operation of the World Bank today has been a very successful operation even to the extent of being able to float their bonds in the open market and borrow additional funds from the money market instead of coming back to the Congress.

Mr. HIESTAND. Exactly; and the management of the proposed new fund is the same as the management of the World Bank, is it not?

Mr. MULTER. It is so provided.

Mr. HIESTAND. Therefore, it is fair to assume that there will be no loans at no interest or at ridiculous interest rates, as has been charged.

Mr. MULTER. I think they are going to run this International Development Association as an affiliate of the Bank on good sound business principles.

Mr. HIESTAND. On a sound business basis.

Mr. MULTER. I trust so.

Mr. HOFFMAN of Michigan. Mr. Chairman, will the gentleman yield?

Mr. MULTER. I yield.

Mr. HOFFMAN of Michigan. I understood the gentleman to say a few minutes ago in support of his theory that we should adopt this bill that this is only an authorization.

Mr. MULTER. That is correct. That is what I said.

Mr. HOFFMAN of Michigan. Does the gentleman not believe that an authorization is one of the strongest arguments that can be made to the Committee on Appropriations?

Mr. MULTER. There is no doubt about it, we should not authorize unless we expect the Appropriations Committee to appropriate.

Mr. HOFFMAN of Michigan. So in substance what you are doing is asking for an appropriation.

Mr. MULTER. No. We are not asking for an appropriation. If the people who are going to be charged with doing this job cannot justify the appropriation and show that they are ready to use the money, and that the money when appropriated will be used in accordance with the provisions of this bill, then the Appropriations Committee can call a halt.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. KILBURN. Mr. Chairman, I yield 3 minutes to the gentleman from New York.

I wish the gentleman would just take a minute to explain that due to the fact that the other 68 countries have passed this agreement through their parliaments or congresses, attaching any amendment to this bill is pretty nearly the same as killing it.

Mr. MULTER. There is no doubt about it. The gentleman is correct. We thought in committee we might add some amendments to it. After long and serious deliberation and conferences with those concerned in the State Department and the Treasury Department, as well as with our colleagues in the other body, it was made amply plain that any amendment to this bill will make it impossible to implement the agreement that has been entered into with all these other countries.

In that connection, I should like to say that we had some very serious reservations as to whether or not this operation would be in accordance with American public policy as laid down by the U.S. Congress in the various bills, resolutions, and sense resolutions that have been passed from time to time. We have been assured that such U.S. policy will be furthered and followed to the fullest degree in connection with the operation of the International Development Association, and that the provisions written into the enabling legislation authorizing our membership in the World Bank, will apply with equal force and effect so that U.S. policy will be implemented in connection with this operation.

I have not agreed with everything the World Bank has done. I took strong exception to the recent loan to the United Arab Republic because in my opinion that loan was in violation of U.S. policy.

Since then the Congress has written into law that U.S. policy demands that no loans or grants be made to any country which interferes with the free transit of international seaways.

We in our committee thought that we should write such a provision into this bill. Our distinguished colleague from Pennsylvania [Mr. MOORHEAD], then directed our attention to section 14 of the Bretton Woods Agreements Act—22 U.S.C. 286(K) which provides:

In the realization that additional measures of international economic cooperation are necessary to facilitate the expansion and balanced growth of international trade and render most effective the Association, it is declared to be the policy of the United States to seek to bring about further agreement and cooperation among members of the Association as soon as possible on ways and means which will best reduce obstacles to and restrictions upon international trade, promote mutually advantageous commercial relations, and otherwise facilitate the expansion and balanced growth of international trade and promote the stability of international economic relations. In considering the policies of the United States in foreign lending and the policies of the Association the Council and the U.S. representatives on the Association shall give careful consideration to the progress which has been made in achieving such agreement and cooperation.



Mr. MOORHEAD is entitled to much of the credit for having shown the way in resolving a difficult situation.

Accordingly our distinguished colleague, the gentleman from New York (Mr. HALPERN), who also was of tremendous assistance in this matter, joined me in writing to the Secretary of the Treasury, as follows:

HOUSE OF REPRESENTATIVES,  
Washington, D.C., June 1, 1960.

HON. ROBERT B. ANDERSON,  
Secretary of the Treasury,  
Washington, D.C.

DEAR MR. ANDERSON: As you know, many of our colleagues have been greatly concerned about the U.S. policies in support of the principle of the freedom of navigation of international waterways in relation to the lending policies of international financial institutions. This question arises in connection with the proposed International Development Association.

Section 14 of the Bretton Woods Agreements Act of July 31, 1945 (22 USC 286K) contains a declaration of the policy of the United States to seek to bring about further agreement and cooperation among nations and international bodies in order to facilitate the expansion and balanced growth of international trade and promote the stability of international economic relations on the basis of stated objectives. It further provides that in considering the policies of the United States in foreign lending and the policies of the International Monetary Fund and the International Bank, the National Advisory Council and the U.S. representatives on the Fund and the Bank shall give careful consideration to the progress which has been made in achieving such agreement and cooperation.

In connection with the proposed International Development Association Act, H.R. 11001, we would appreciate your informing us whether or not U.S. policy as expressed in section 14 will apply to the operations of the International Development Association.

Sincerely yours,

ABRAHAM J. MULTER.  
SEYMOUR HALPERN.

He answered as follows:

THE SECRETARY OF THE TREASURY,  
Washington, D.C., June 2, 1960.

HON. ABRAHAM J. MULTER,  
U.S. House of Representatives,  
Washington, D.C.

DEAR MR. MULTER: This is in reply to your letter of June 1, 1960, in which you refer to your concern about the policies of the United States in support of the principle of the freedom of navigation of international waterways and request advice as to whether section 14 of the Bretton Woods Agreements Act of July 31, 1945, would be applicable to the consideration by the United States of the policies of the proposed International Development Association.

I am pleased to confirm my understanding that section 14 would be applicable to the consideration by the United States of the policies of the proposed International Development Association.

The administration has been, and remains, fully in accord with the basic thought which you have expressed both publicly and privately in the recent past, that is, that freedom of navigation through international waterways is an essential condition for the growth of fruitful international trade and the further development of peaceful relations among nations. The United States has consistently urged this view through every appropriate means at its disposal, in the United Nations and through normal diplomatic channels. We feel that the International Development Association, through its overall contribution to the economic better-

ment of the less developed areas of the free world, can be of great help in supporting our broad aims of expanding international trade, free of restrictions and discrimination, including freedom of navigation of international waterways.

You may be assured that the policies of the United States in all of the foreign lending activities in which it participates are and will be formulated within the framework of these goals.

Sincerely yours,

ROBERT B. ANDERSON.

Our committee has accepted that representation as an undertaking by our Government that it will instruct our representatives to the World Bank to act and vote accordingly.

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

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

Mr. GROSS. If we accept the gentleman's statement, we are in this position, that the Congress of the United States cannot work its will on this legislation. What kind of a situation is it when a group of men can meet somewhere and lay down rules for legislation in the Congress of the United States?

Mr. MULTER. Oh, I am sure the gentleman does not intend to misinterpret what I have said. Those 68 countries have met together over a period of 2 years and have come forth with this agreement. If this agreement is bad, it should not be implemented, and we should then of course kill the bill. But after carefully considering this agreement as entered into by these different countries, if we say it is good for them and good for us and good for the free world, then we should accept the agreement and authorize the entrance of the U.S. Government into this agreement.

Mr. GROSS. But I am not willing to have some group of nonelected representatives tell this Congress what it has to do.

Mr. MULTER. Then we should repeal all legislation we have ever enacted because our Government cannot possibly operate except by delegating authority.

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

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

Mr. DENTON. This session of Congress has previously authorized expenditures of over \$4 billion for the World Monetary Fund and International Bank; \$2 billion for the Export-Import Bank; \$450 million for the Inter-American Bank and over a billion for the Development Loan Fund. Now we are coming in with this appropriation. I realize some of these loans will be paid back, but they do tend to unbalance the budget. Will you tell me how we can authorize loans of several billion to the other countries when we have a distressed area bill of approximately \$250 million vetoed because it will unbalance the budget. Should not the same rule apply at home as does abroad?

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. KILBURN. Mr. Chairman, I yield the gentleman 1 additional minute.

Mr. DENTON. If an expenditure, made in this country, which unbalances

the budget is dangerous is it not also dangerous to spend money abroad for the same purpose? Can we not do for the distressed areas of this country what we do for foreign undeveloped countries?

Mr. MULTER. This is an authorization which will not unbalance the budget. The budget as presented contemplates an authorized appropriation of \$73 million for 1961. Of course it does not include the money that will be advanced in the next 4 years. These are not grants. They are in the nature of loans. Every one of the items the gentleman referred to, except grants under ICA, are loans. The Export-Import Bank has not lost a dollar. It has been a most profitable operation, so has the World Bank.

Mr. DENTON. The ICA collected about 10 percent of the loans they made. There are the same type of soft loans?

Mr. MULTER. These are not soft loans. I must interrupt the gentleman to say these are not soft loans. There may be soft terms, meaning by that that some of these loans may run as long as 50 years, but they are not soft loans.

The CHAIRMAN. The time of the gentleman from New York has again expired.

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

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

There was no objection.

Mr. HALPERN. Mr. Chairman, I rise in support of this legislation. It is, in my opinion, a long step forward in our policy of encouraging multilateral international economic cooperation. The Association will provide financing on flexible terms to the less developed countries of the free world and will function in a capacity complementary to the World Bank. It will perform roughly, on a multilateral basis, the same functions as our own Development Loan Fund, and will enable the new, underdeveloped countries to secure financing for desperately desired capital needs. Hereafter, other nations will participate in the economic development of the less developed countries, a function that up to now has been carried on solely by us through our own Development Loan Fund. I am proud that the United States has taken the lead in the establishment of the Association.

To further promote our policy of seeking peace through law and justice I would have liked to have seen written into the legislation a declaration of principle regarding freedom of navigation in international waterways. However, unlike the unilateral mutual security bill in which such a provision was included, this measure concerns a multilateral institution involving the participation of some 67 other nations. Independent action by us would run into ratification problems and perhaps invite less honorable reservations from other countries.

In view of this, we have little choice but to accept the assurances of our Government that our representatives to the Association will, in carrying out their duties, uphold the principle that the United States is opposed to the denial



of freedom of navigation in international waterways. This assurance has been given to us by the Secretary of the Treasury who is our representative on the World Bank and who will exercise a similar function in respect to the Association.

This principle was not applied in the instance of the recent unfortunate World Bank loan to the UAR for the widening and deepening of the Suez Canal. This, regretfully, despite existing statutes relative to United States participation in the World Bank which read in part:

It is declared to be the policy of the United States to seek to bring about further agreement and cooperation among nations and international bodies, as soon as possible, on ways and means which will best reduce obstacles to and restrictions upon international trade, eliminate unfair trade practices, promote mutually advantageous commercial relations, and otherwise facilitate the expansion and balanced growth of international trade and promote the stability of international economic relations. In considering the policies of the United States in foreign lending and the policies of the Fund and the Bank, particularly in conducting exchange transactions, the Council and the United States representatives on the Fund and the Bank shall give careful consideration to the progress which has been made in achieving such agreement and cooperation.

It is heartening that since that loan Congress has expressed its feelings by adopting an amendment to the recently enacted mutual security authorization bill in support of the principle of freedom of navigation through international waterways.

It is further heartening that our Government, in the words of the Secretary of the Treasury in commenting on H.R. 11001 has made clear its full recognition of this principle.

I join my colleague from New York—whose strong views on this subject as well as my own are a part of our committee's record on this legislation—in accepting the good faith of the Secretary of the Treasury in his unequivocal statement of U.S. policy supporting the principle of freedom of navigation through international waterways.

In his exchange of correspondence with my colleague and myself, the Secretary set forth the position of our Government. Mr. Chairman, I submit herewith copies of our communications for insertion in my remarks at this point.

JUNE 1, 1960.

Hon. ROBERT B. ANDERSON,  
Secretary of the Treasury,  
Washington, D.C.

DEAR MR. ANDERSON: As you know, many of our colleagues have been greatly concerned about the U.S. policies in support of the principle of the freedom of navigation of international waterways in relation to the lending policies of international financial institutions. This question arises in connection with the proposed International Development Association.

Section 14 of the Bretton Woods Agreements Act of July 31, 1945 (22 U.S.C. 286K), contains a declaration of the policy of the United States to seek to bring about further agreement and cooperation among nations and international bodies in order to facilitate the expansion and balanced growth of inter-

national trade and promote the stability of international economic relations on the basis of stated objectives. It further provides that in considering the policies of the United States in foreign lending and the policies of the International Monetary Fund and the International Bank, the National Advisory Council and the U.S. representatives on the Fund and the Bank shall give careful consideration to the progress which has been made in achieving such agreement and cooperation.

In connection with the proposed International Development Association Act, H.R. 11001, we would appreciate your informing us whether or not U.S. policy as expressed in section 14 will apply to the operations of the International Development Association.

Sincerely yours,

ABRAHAM J. MULTER.  
SEYMOUR HALPERN.

THE SECRETARY OF THE TREASURY,  
Washington, June 2, 1960.

Hon. SEYMOUR HALPERN,  
U.S. House of Representatives,  
Washington, D.C.

DEAR MR. HALPERN: This is in reply to your letter of June 1, 1960, in which you refer to your concern about the policies of the United States in support of the principle of the freedom of navigation of international waterways and request advice as to whether section 14 of the Bretton Woods Agreements Act of July 31, 1945, would be applicable to the consideration by the United States of the policies of the proposed International Development Association.

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The administration has been, and remains, fully in accord with the basic thought which you have expressed both publicly and privately in the recent past, that is, that freedom of navigation through international waterways is an essential condition for the growth of fruitful international trade and the further development of peaceful relations among nations. The United States has consistently urged this view through every appropriate means at its disposal, in the United Nations and through normal diplomatic channels. We feel that the International Development Association, through its overall contribution to the economic betterment of the less developed areas of the free world, can be of great help in supporting our broad aims of expanding international trade, free of restrictions and discrimination, including freedom of navigation of international waterways.

You may be assured that the policies of the United States in all of the foreign lending activities in which it participates are and will be formulated within the framework of these goals.

Sincerely yours,

ROBERT B. ANDERSON.

Mr. Chairman, it is our sincere belief that the policy enunciated in the Secretary's letter will be reflected in the actions of our representatives to the Association and the Bank whenever a situation involving a violation of this principle might arise.

I have been pleased to associate myself with my New York colleague and fellow committee member [Mr. MULTER] throughout the hearings on this legislation, and through the meetings of both the subcommittee and full committee, as well as in the conferences and communications with the Secretary of the Treasury and the others concerned with

this legislation which is so vital to the free world.

We accept, together with the membership of the House Banking and Currency Committee, clarification of the U.S. position as expressed by Secretary Anderson and we have complete faith that this policy will be fulfilled in the carrying out of the duties of the U.S. representatives to the International Development Association.

Mr. KILBURN. Mr. Chairman, I yield 5 minutes to the gentleman from Wisconsin [Mr. O'KONSKI].

Mr. O'KONSKI. Mr. Chairman, I am fearful this bill will do exactly the opposite of what is intended. It is my belief that by establishing a seventh international bank you are getting the foreign countries who seek loans so confused and so worn out, going from one bank to another to find out where they can get a loan, that they will get discouraged and give up. You are not going to be able to loan any money that way. This is the seventh such international bank. There is an international bank, then a soft international bank, then a soft, soft international bank and world without end. Pray tell me if a country wants a loan which of the seven banks are they to go to?

Another thing that confuses me is all this reference to hard and soft money. I may be old fashioned, but to me there is only one kind of money, and that is hard money. It is hard to get, hard to keep, and hard to pay taxes on. It is the only kind of money the taxpayers know too. If you doubt it ask them sometimes.

This gobbledygook about hard money and soft money, hard loans and soft loans is just a means to confuse you and to confuse the people of the Nation. It is typical wordtwisting by international bankers to bleed the people. They say this is only going to cost the United States of America only \$320 million in hard money. When they say that they are propounding a falsehood and they know it. Let me give you the facts. Let us go over this list of countries that are alleged to contribute money into this seventh international bank.

Take the case of China; that is Nationalist China. We are now giving Nationalist China hundreds of millions of dollars of assistance each year. Where is Nationalist China going to get the dollars, \$30 million worth, to put into this seventh world bank?

Nationalist China of course will get the money from the United States. She may make the contribution of \$30 million, but she is going to ask us to give additional money under foreign aid to make it possible. It means we have got to give Nationalist China \$30 million more in foreign aid to make up what she will contribute to this seventh world bank. Where else could Nationalist China get the money? So we will actually pay her share.

Take another case, the island of Cuba which is down here for \$4,710,000. Do you mean to tell me that when Khrushchev goes to Havana, he is going to



allow "In-Fidel" Castro to give \$4,710,000 to this seventh international bank? Of course not. We are going to have to pay it. We will pay it by giving Castro \$150 million a year as a bonus for sugar. It is our money Cuba will put in if Khrushchev gives such permission.

Let us go through the list further. There is Afghanistan, Argentine, Bolivia, Brazil, Burma. I could go on and name every one of those countries that are already getting our foreign aid, and for every dollar they contribute to this seventh international bank, it means they are going to ask us for more money and it means that we are going to give them the money to pay it. Make no mistake about it it is only our money that will go into this international gimmick.

Let us go to the hard currency countries. Here is Japan down for \$33½ million. In the foreign aid bill we passed just here recently, we gave them \$71 million in foreign aid already for the coming year. They are now going to ask us to give them the \$33 million additional so they can contribute to this seventh bank. So this will bring up to \$100 million our foreign aid to Japan. Every one of these countries who are supposed to contribute to this seventh fiasco will just ask us for so much more foreign aid. So in the end it is our money and ours alone which will go into this misnamed seventh international bank.

It is said that it is going to cost us only \$320 million. It reminds me of a friend who came to see me when I was home last fall. He was a man who wanted to start a bank. He came to see me and was complaining about the situation. I asked him what the trouble was. He said:

All my friends who were asked to "take stock in the bank" said: "Sure we will take out stock. If you will give me \$500, I will take out \$500 worth of stock in your bank."

This is exactly what is happening here. All these countries are really saying: "Sure we will join your seventh world bank but you got to give us the money to do so."

Here is Italy down for \$18,160,000. Where will they get that \$18 million? They are already living off of us. We are giving foreign aid to Italy by the millions. They will be merely asking us to increase our aid to them so that they can afford to join this super-super soft, soft, soft seventh international bank. How silly can we be? And how long are we going to continue to fool the people of our Nation?

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

Mr. O'KONSKI. I yield to the gentleman from Illinois.

Mr. COLLIER. The gentleman from New York in summarizing his remarks said this is a good thing for the free nations of the world. Has the gentleman from Wisconsin considered Yugoslavia as a nation of the free world?

Mr. O'KONSKI. Oh, yes, there is Yugoslavia down for \$4 million. Do you know how much money is in the foreign aid bill we passed just a few days ago for Yugoslavia? It is a considerable sum, and yet they are down here for \$4 million. They will be asking us for

\$4 million more because they have to join this new world gimmick to the tune of \$4 million.

In the case of Japan it is \$33 million and they are getting \$71 million in foreign aid. This thing is going to cost us double. Instead of this thing adding up to a cost roughly of \$1 billion, the total cost will turn out to be pretty nearly \$2 billion before we get through because in reality every dollar that goes into this bank will come from one source only and that is the United States of America. For every dollar any other nation puts in they are going to ask for \$2 in additional foreign aid. How long are we going to continue this dogma of deception and outright falsification to our own people?

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

Mr. ASHLEY. Mr. Chairman, I rise in support of this measure.

Mr. Chairman, I agree implicitly with what the distinguished chairman of our committee, the gentleman from Kentucky [Mr. SPENCE], has said about the necessity for favorable consideration of this legislation and also the great importance of this legislation being acted upon promptly. There have been a number of points during this debate that have been interesting, to say the least. The notion that the 26 international lending institutions that have been referred to, the notion that all perform identical functions and, therefore, that the legislation before us is unnecessary simply has no basis in fact. The fact of the matter is, Mr. Chairman, that from a functional standpoint the bill before us is necessary to establish U.S. participation in an institution that would be unique, that would not overlap or have any duplicate functions with existing organizations.

Secondly, Mr. Chairman, the legislation now before us has been characterized as distressed area legislation, possibly with some basis in fact. Certainly the loans contemplated are soft-term loans, which will be made principally to underdeveloped countries. It has been suggested at the same time, however, that inasmuch as the domestic distressed area legislation has failed, therefore it would be improvident and inconsistent for this body to consider favorably the enactment of distressed area legislation for the underdeveloped countries of the world.

Let me say first of all, Mr. Chairman, that this body acted favorably, as did the other body of Congress, on domestic distressed area legislation. It was harpooned by Presidential veto. I do not think, however, there is anything inconsistent about the President putting forward in his budget funds for the International Development Association Act and at the same time being convinced that local distressed area legislation as presented by the Congress is wrong. I see nothing inconsistent in that. These are two separate pieces of legislation and each must be considered on its own merit.

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

Mr. ASHLEY. I yield to the gentleman from Iowa.

Mr. GROSS. The gentleman talks about consistency. Would the gentleman think that the President would veto this bill, as he did the distressed area bill?

Mr. ASHLEY. No, I do not think for a moment that he will, and there is nothing inconsistent about it. I think he was wrong in vetoing the first bill, but having done so I do not see anything inconsistent in allowing this one to come to his desk for his signature and signing it.

The best minds in the country agree that the cold war conflict in which we are engaged will be decided in the underdeveloped countries of the world. We have a tremendous stake in these countries. The issue before us, not only now, but in the House continuously, is whether or not these underdeveloped countries shall be given such assistance as to enable them to develop their economies without having to turn to the Communist camp or adopting the Communist economic system in order to establish a capital base.

It is in this regard, Mr. Chairman, that I think favorable consideration of the bill before us is essential. The purpose of this bill is good. It has been carefully considered by the Committee on Banking and Currency. We have had outstanding people with exceptional international banking experience come before the committee. We have listened to leaders of the present administration, people who presumably are familiar with the problems of our foreign affairs and the state of the underdeveloped countries. We got all the information that we could and it supports overwhelmingly the need for enactment of the bill before us.

Mr. HOFFMAN of Michigan. Mr. Chairman, will the gentleman yield?

Mr. ASHLEY. I yield to the gentleman from Michigan.

Mr. HOFFMAN of Michigan. There is no question but that there are many, many people in the executive department and some, undoubtedly, in the Congress, who know much more about the world situation than do many of us who are in the House, and who know very little about the real situation or what may happen. At the same time, some of us do know a little something about what happens when an individual or a nation continues indefinitely spending more than he or it has, and putting off payments to future generations. Does the gentleman think that is the fair thing to do—keep piling onto the debt and let somebody that comes later pay it?

Mr. ASHLEY. There has been no one who has paid more service, lipservice or otherwise, to the balancing of the budget than has the President of the United States; yet he has included this item in his budget.

Mr. HOFFMAN of Michigan. Mr. Chairman, if the gentleman will yield further, I remember well when the President told us that business and industry must hold the line. And, then



they sent somebody over to settle the steel strike. The line was not held. I remember, too, when we raised the pay of the military people. Was that holding the line? Is that consistent? I am not criticizing the President, because I am a Republican. I cannot vote for JACK KENNEDY. I admire him very, very much. I think he is a wonderful man, but I will have to vote for Mr. Nixon, because I am a Republican and so is he and his principles are those in which I have faith.

Mr. KILBURN. Mr. Chairman, I yield 5 minutes to the gentleman from Ohio [Mr. Bow].

Mr. BOW. Mr. Chairman, I think it would be rather interesting in the debate on this question to see just what our position is with the rest of the world and why we are paying the largest amount to this fund. Under contributions to be made by the various countries may I point out that Australia is going to contribute \$3,694,000 and has a per capita debt of \$369. Austria will contribute \$3,160,000 and has a per capita debt of \$101. Belgium and Luxembourg, total contribution \$6,952,000 and a per capita debt of \$737. I shall put these in the RECORD complete. But, in each one of these countries the national debt is low and the per capita debt is low. I might say that France has a debt of \$16 billion and a per capita debt of \$375. The United Kingdom is high. They have a debt of \$77 billion and a per capita debt of \$1,492.

Let me point out to you—and you will find these figures in the RECORD—that the United States has a national debt today of \$289 billion and a per capita debt of \$1,606. Now, these are the figures given to me by the Treasury during our hearings before the supplemental subcommittee just recently. These countries, none of them, have the national debt that we have. You take the combined national debt of all these countries, they do not equal ours. None of them have our per capita debt. Take Japan, for instance, that we are going to help. Japan has a per capita debt of \$29, and yet we are buying from them; we are spending our money over there, taxpayers' money, and still setting this up to give them some more.

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

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

Mr. MULTER. Is it not also true that none of these countries have either the per capita income nor the gross national income that the United States has?

Mr. BOW. Their total gross national income exceeds ours while our debt exceeds their total combined debts. Well, does the gentleman mean to say to me that because we are making more, because we have increased the national debt, that we should continue to go further and further into debt; that we will put more debts upon the unborn generations; that we will continue to increase our debt, increase our taxes? Is that what this great Committee on Banking and Currency believes in? If

that is the philosophy, I think it is about time that we do something about it, because we have a debt of \$289 billion and a per capita debt of \$1,606. Even the poor baby that is born, before it ever gets a stitch of clothing on, has a right to be crying out loud, with this great debt hanging over its neck before it comes in. Does the committee feel this is fiscal responsibility?

Mr. MULTER. My answer is, as long as the world is in its present turmoil, with the Communists on the march, those who have must share with those who have not.

Mr. BOW. The gentleman is subscribing, then—and I do not yield further—to that sort of philosophy. The gentleman is referring now to the philosophy that Mr. Lenin had that he would have the capitalist nations spend and spend and spend themselves into bankruptcy. And then what will we have?

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

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

Mr. JONAS. The gentleman from Ohio may be familiar with the story of the new father who was looking through the window in a maternity ward in the hospital and saw all of the newborn babies bawling and he turned to the nurse and said, "Why are all of the babies bawling?"

The nurse was tired, having been on duty all day, so in some impatience she turned to him and said, "Mister, if you were just 1 day old, and were wet and hungry and already owed \$1,700 on the national debt, you would be bawling, too."

Mr. BOW. I think the gentleman is absolutely correct; that is the fact. Here we have it. Here are all these other countries, low in national debt. Why are we called upon to make the greatest contribution, \$320 million under part 1? Why do not these other countries with a lesser national debt, a lesser per capita debt, come in and take their share? It is time that the rest of the free world began to accept its responsibility and began to make some of these payments. We should not be called upon constantly to make a contribution larger than that of any other nation.

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

Mr. BOW. I yield.

Mr. WIDNALL. What the gentleman has just said is exactly the purpose of this legislation, to have the other countries, the hard money countries, make the contributions which they have not made in the past, and which they are going to make to the extent of \$433 million to our \$320 million in this program.

Mr. BOW. The combined debt of all of those countries today does not anywhere near equal the national debt of this country. Does not the gentleman think their contributions ought to be a little higher? Does not the gentleman think it is about time someone else bore some of that burden, some other country put that burden upon their own taxpayers? We have to help the underprivileged, but it is time the rest of these peo-

ple, most of whom we are supporting all over the world—we are buying from them, we are taking their products—let us give the American taxpayer some little relief.

International Development Association  
SCHEDULE A—INITIAL SUBSCRIPTIONS

[In millions of U.S. dollars<sup>1</sup>]

Pt. I:	
Australia.....	20.10
Austria.....	5.04
Belgium.....	22.70
Canada.....	37.83
Denmark.....	8.74
Finland.....	3.83
France.....	52.96
Germany.....	52.96
Italy.....	18.16
Japan.....	33.59
Luxembourg.....	1.01
Netherlands.....	27.74
Norway.....	6.72
Sweden.....	10.09
Union of South Africa.....	10.09
United Kingdom.....	131.14
United States.....	320.29
Subtotal.....	763.07

Pt. II:	
Afghanistan.....	1.01
Argentina.....	18.83
Bolivia.....	1.06
Brazil.....	18.83
Burma.....	2.02
Ceylon.....	3.03
Chile.....	3.53
China.....	30.26
Colombia.....	3.53
Costa Rica.....	.20
Cuba.....	4.71
Dominican Republic.....	.40
Ecuador.....	.65
El Salvador.....	.30
Ethiopia.....	.50
Ghana.....	2.36
Greece.....	2.52
Guatemala.....	.40
Haiti.....	.76
Honduras.....	.30
Iceland.....	.10
India.....	40.35
Indonesia.....	11.10
Iran.....	4.54
Iraq.....	.76
Ireland.....	3.03
Israel.....	1.68
Jordan.....	.30
Korea.....	1.26
Lebanon.....	.45
Libya.....	1.01
Malaya.....	2.52
Mexico.....	8.74
Morocco.....	3.53
Nicaragua.....	.30
Pakistan.....	10.09
Panama.....	.02
Paraguay.....	.30
Peru.....	1.77
Philippines.....	5.04
Saudia Arabia.....	3.70
Spain.....	10.09
Sudan.....	1.01
Thailand.....	3.03
Tunisia.....	1.51
Turkey.....	5.80
United Arab Republic.....	6.03
Uruguay.....	1.06
Venezuela.....	7.06
Vietnam.....	1.51
Yugoslavia.....	4.04
Subtotal.....	236.93

Total..... 1,000.00

<sup>1</sup> In terms of U.S. dollars of the weight and fineness in effect on Jan. 1, 1960.



[Expressed in U.S. dollar equivalents]

Country	Gross debt of central governments <sup>1</sup>	
	Total debt	Per capita debt
	<i>Millions</i>	
Australia.....	\$3,694	\$369
Austria.....	716	101
Belgium-Luxembourg <sup>2</sup> .....	6,952	737
Canada.....	20,220	1,155
Denmark.....	1,190	258
Finland.....	538	122
France.....	16,037	357
Germany.....	5,867	113
Italy.....	10,050	215
Japan.....	2,653	29
Netherlands.....	4,911	433
Norway.....	1,234	345
Sweden.....	3,706	497
Union of South Africa.....	3,217	220
United Kingdom.....	77,700	1,492
United States.....	289,500	1,606

<sup>1</sup> Debt data for foreign countries as of latest dates available (Finland, 1958; other countries, 1959). Data for the United States as of May 31, 1960.

<sup>2</sup> Not available separately.

NOTE.—International comparisons of public debt data are difficult to evaluate, because of substantial economic and fiscal dissimilarities between countries. A number of foreign countries have devalued their currencies in relation to the dollar during the postwar period, thus reducing their public debt total when expressed in terms of dollars.

Mr. SPENCE. Mr. Chairman, I yield 3 minutes to the gentleman from Indiana [Mr. BARR].

Mr. BARR. Mr. Chairman, the Congress is rather a new experience to me, but I have had a lifetime of experience in investments. We are talking about an investment of \$320 million. It seems to me that the way we make investments in the Congress is to have some hearings, write a report, chew it around on the floor of the House and then decide what we are going to do about it. This is not the way I made investments. I usually put my hat on, went out, looked over the management, looked over the property, and decided whether it was worth anything. And that is what I did with reference to this institution, the World Bank.

Now I think this is probably the best bill I have seen in this Congress, in all of the 86th Congress. Let me see if I cannot give you at least one argument for the bill. I am convinced that the management of the International Bank for Reconstruction and Development is possibly the most capable, the most knowledgeable and dedicated that I have encountered in this town. Mr. Eugene Black and that staff he has put together have done a magnificent job, not only for the Bank, but for this country. This is one international institution that does not spend its time just debating. This Bank, and the Monetary Fund, run by Mr. Per Jacobsson not only debate, but they act, day after day after day on some of the most severe problems facing this Nation and the world.

When I prepare to invest my money, I want to know who is going to use it and how. The personal visit I made to the World Bank reinforces my support of this bill.

The gentleman from Ohio [Mr. Bow] has just mentioned that we are being put in an intolerable position on our national debt. I said the other day on the mutual security appropriation bill, that

while our debt is very important, still it is not as imminent as another strain that is facing this country. The critical strain on this country is our international balance of payments. I talked to the gentleman from Arizona [Mr. RHODES] about the subject. That strain is right on top of us and we cannot stave it off too much longer. We can stay with it for a while but we cannot stay with it forever.

The one point I would like to make is that here is an approach through an institution that is well handled, that does give us an opportunity to shift this load we have been carrying since 1948 to a multilateral basis supported by 68 nations, and that does offer in the future a chance to relieve the balance-of-payments strain resulting from mutual security.

I have spent 2 years on the Committee on Banking and Currency. I will state flatly I have never seen a bill come out of that committee of which I am as proud and for which I have as much hope for this country and the future of the free world.

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

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

Mr. JONAS. I want to join the gentleman in complimenting Mr. Eugene Black, President of the International Bank. He is entitled to great credit for the way he has handled the World Bank. I noticed in a recent issue of Time magazine that for the first time in history Harvard, Yale, and Princeton awarded honorary degrees to the same man, and that was Mr. Black.

Mr. BARR. The gentleman is right, and I think these universities, including my own school, Harvard, were well advised.

Mr. RHODES of Arizona. Mr. Chairman, will the gentleman yield?

Mr. BARR. I yield to the gentleman. He has asked some very intelligent questions on the floor. I wish I had some time to answer them.

Mr. RHODES of Arizona. I compliment the gentleman on the statement he has made. The question is, What effect would the \$320 million capital of the International Development Association have on the balance of payments?

Mr. BARR. It would work against a favorable balance, but I would like to state that through the IDA approach we can shift to a multilateral attack on the problems of the underdeveloped nations that should result in an eventual lessening of the strain on our balance of payments.

Mr. KILBURN. Mr. Chairman, I yield 5 minutes to the gentleman from Michigan [Mr. HOFFMAN].

Mr. HOFFMAN of Michigan. Mr. Chairman, let me drag in a personal note, which sometimes expresses your argument better than anything else. My point is that we would do well to embrace and activate the principles: work, thrift, endurance, courage, of some who suffered—some died.

Seventy-two years ago I went across the tracks in the little town of Constan-

tine to the home of a colored woman and carried home to my mother—to my own home—a little boy, no relation, whose father had skipped town, left a wife to support herself and small son. He left his wife to work in a hotel. My mother and father gave the boy a home. He had difficulty in hearing and he had difficulty in talking. Nevertheless, he had courage and ambition. Mother taught him the rules which should govern us all: honesty, patriotism, morality, courage, Christianity. A brother-in-law gave him a job in a newspaper office. He learned linotyping and typesetting and several other things.

Not long ago I read about a welfare program out in California, and another here in Washington, and I wrote him and asked "Billy, what have you got and what do you want?" He wrote back, "Well, I married a girl in the same situation as I am as to hearing and talking. We have our home. It is paid for. We have an automobile, paid for. We have a little money in the bank. All I want is the opportunity to earn and pay my own way and that I can and will do." And he and his good wife have done just that notwithstanding the handicaps which have been with them all their lives. Their example causes me to be ashamed every time I complain of some imaginary handicap.

What does all that have to do with this? He proves that he had the right kind of training, that he had endurance, that he was willing to support himself and, in spite of two serious handicaps here in this land of ours, he has done so and without a single handout. He and his wife are true Americans.

Are we to say to all the rest of the world, or certainly to a majority of them, who are just as well fixed by nature as that boy, that they cannot do anything for themselves? We may be doing more harm to the rest of the world than we can ever imagine we can do good, because we are taking away from them all their self-reliance, all their desire to do something for themselves. We are just carrying them along in idleness; making dependents of them.

I think that is wrong. The reason I speak of this today is because the man to whom reference was just made happens to be here, and I asked him once more, "Billy, what do you want?" And he said, "Nothing except opportunity which this country heretofore has given me." Are we to saddle our own folks now with a debt, so that as the gentleman from North Carolina [Mr. JONAS] told us, our children come into the world bawling and crying because of the burdens we have passed on to them? Not me.

Mr. SPENCE. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania [Mr. MOORHEAD].

Mr. MOORHEAD. Mr. Chairman, I believe that this legislation authorizing our joining the International Development Association is probably the most imaginative and constructive piece of legislation that has been presented to the 86th Congress. I think there are really four reasons why this legislation should be overwhelmingly adopted.



The first reason is just common old self-centered, self-interest. We are obviously engaged in a program of assistance to underdeveloped countries. Let us put our money into an association like this where for every \$3 we put in \$7 of hard currency will be received by the underdeveloped countries, and if soft currency is included for every \$3 we put in the underdeveloped will receive \$10. I believe we should stress the International Development Association rather than the Development Loan Fund, where the United States is the only one that contributes.

The second reason for support of IDA is that many of the underdeveloped countries have a fear, whether justified or not, that under any bilateral transaction we will try to get economic domination over them. Therefore they are reluctant to participate in our bilateral arrangement. In IDA where they are members and have a vote and have contributed their money, they are more willing to go along with the program that we favor.

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

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

Mr. BAILEY. Does the gentleman think the passage of this legislation would bring steel production back to 80 or 90 percent in Pittsburgh?

Mr. MOORHEAD. I am afraid I cannot say it would do that. But I do think it will help to keep this world from falling apart, and the underdeveloped countries from going Communist.

The third reason for IDA is that when we deal with the underdeveloped countries on a bilateral basis we cannot force them to make economic reforms and monetary policies that would make the loan reasonable, because that is the economic domination that they fear. But an international body, composed of underdeveloped and developed countries can enforce harder terms than we can do by ourselves.

The fourth and final reason for IDA is that we have an agency to run it that has an enviable record that has never been questioned. The World Bank has carried on operations for years without any question about waste or fraud or mismanagement. Let us put this money to work in a proven agency that will develop our aid in the best way for our own interests.

Finally, when we are working on a bilateral program, the talent that we must search for to manage this program is only American. In the IDA we can draw on the whole world as a pool of talent. If we wanted an engineer who had lived in Ghana, for example, there might not be such a man in America. But that is the kind of man we can develop under our program in IDA.

I say that every Member of this body should vote to support IDA. Members who wish to reduce foreign aid expenditures should vote for it and concentrate their efforts on reducing expenditures for the development loan fund and other foreign loan arrangements where we put up 100 percent of the money.

Members who are concerned about our deficit in international payments should support IDA where other nations will contribute, and concentrate cutting the programs where we alone contribute.

Members who are concerned about waste in our foreign aid program should be for IDA, because it will be managed by an institution which has an enviable reputation throughout the world of being a businesslike organization.

Members who wish to stress our economic aid over our military aid should vote for IDA. IDA will be successful as an economic assistance program, not a military program.

Mr. Chairman, much has been made of the veto of the depressed areas bill. I voted for the depressed areas bill. I think it was a mistake for the President to veto the depressed areas bill; but, Mr. Chairman, two wrongs do not make a right. We should support IDA.

Mr. Chairman, with increasing concern the supporters of foreign aid have witnessed in recent years mounting criticism of our foreign aid program. This criticism has not been limited to those persons who were outright opponents of foreign aid. It has stemmed also from many who were previously ardent supporters of the concept of economic and military aid.

The reasons for this criticism are varied. Some have felt that too much emphasis has been placed on military aid instead of economic aid. Many have been extremely critical of the heavy burden placed solely upon the United States. There has been increased alarm over the balance of payments deficit.

For these and other reasons our much-needed foreign aid program has lost in popularity.

We need a new approach to foreign aid which will answer some of these problems and rekindle the flames of enthusiasm for a dynamic foreign aid program.

The International Development Association provides such an approach. The International Development Association will inaugurate a completely new and exciting concept in the field of foreign aid. I am proud to have been a member of the Banking and Currency Committee which approved the establishment of IDA, and to add my support on the floor today.

For the first time there is now being established a multilateral international cooperative program. We have finally persuaded other countries to join with us in making "soft" loans to underdeveloped countries on terms similar to loans the United States, by itself, has been making through the Development Loan Fund.

IDA is the instrumentality devised to encourage countries which have received economic assistance from us to accept a greater responsibility to provide economic assistance to other countries.

There are already many organizations engaged in foreign assistance programs. Is there any necessity for a new one?

I believe that there is because IDA will be able to accomplish objectives no other organization can.

#### BILATERAL ORGANIZATIONS

Some existing organizations are agencies of the United States and operate exclusively with funds provided by the U.S. Government.

The Export-Import Bank, for example, finances the export of goods and services from the United States. It does not make loans which can be financed on reasonable terms by the private market, but it must have reasonable assurance of repayment in dollars. In other words, with the exception of a limited program in Public Law 480—Currencies, it makes conventional hard loans.

The International Cooperation Administration, established by the Mutual Security Act of 1954, makes loans and grants in U.S. dollars to countries included within the mutual security program. It also provides loans and grants from the local currency proceeds of sales of surplus agricultural commodities under Public Law 480.

The Development Loan Fund is another organization to assist the less developed countries. It provides for both loans and guarantees in connection with development projects. It operates under the foreign policy guidance of the Secretary of State and the Under Secretary of State is Chairman of the Board of its Board of Directors.

In all of the foregoing agencies aid is furnished exclusively by the United States without the assistance of any other country. This is appropriate under some circumstances where it is peculiarly to the advantage of the U.S. policy. In other situations, however, it may be detrimental. The leaders of a borrowing country might fear a political charge that the United States was attempting to bring about economic domination of their country. They would prefer to deal with a multilateral international agency. However, there is at present no international agency which can provide the type of assistance most needed.

#### INTERNATIONAL AGENCIES

The presently existing agencies are limited either in their geographical area or in the scope of their activities.

The new Inter-American Development Bank is similar to the IDA, except that its membership is limited to the United States and the 19 Latin American countries. Although the largest portion of its loans will be repaid in dollars or other hard currencies, it does have a fund for special operations. This fund will make loans in Latin America for projects which cannot be repaid in hard currencies, so that the loan from the special fund may be repaid wholly or partly in the currency of the borrower.

The International Finance Corporation, like IDA, is affiliated with the International Bank for Reconstruction and Development—World Bank. However, it makes investments only in private enterprises in its member countries.

The International Bank for Reconstruction and Development—World Bank—makes loans for development purposes to its member countries. Its loans, however, must be repaid in the currency loaned, principally dollars or



other hard currency. The World Bank deals in conventional, hard bankable loans.

#### REASONS FOR IDA

I believe that IDA can command enthusiastic endorsement.

There are four principal reasons for the United States to support and participate in the IDA.

The first reason is purely practical and self-centered. If the policy of the United States is to provide assistance to the underdeveloped countries, more aid can be given for each American dollar because other member countries will contribute. The United States will contribute \$320 million and the other member countries will contribute \$465 million in hard currency. Thus, for every \$3 contributed by the United States \$7 of hard currency will go to the underdeveloped countries. If the contribution of soft currencies is included \$10 of aid will go to the underdeveloped countries for every \$3 contributed by the United States. The economic advantages of this to the United States are obvious, and I would hope that in the future more and more aid could be channeled through IDA, rather than through the Development Loan Fund, in which the United States is the sole contributor.

The second reason for the use of IDA is that many of the underdeveloped countries have a fear, justified or not, that a bilateral transaction with the United States would subject them to economic domination. If the United States believes that a borrowing country should undertake fiscal, monetary or other internal reforms in order to qualify as a reasonably sound economic risk, the fears of such economic domination are intensified.

This leads logically to the third reason for IDA. IDA, in which the smaller and less developed countries are both borrowers and lenders, can, without offense, require much stricter terms and insist upon much more far-reaching internal reforms in the borrowing country than the United States could ever require. When the inevitable time for repayment comes, IDA, representing a group of nations, can be, where it is proper, more insistent than the United States acting alone could ever be.

The fourth and final reason for supporting IDA as an organization is one that is common to all organizations—the need for skilled and competent management and personnel. At least at the outset, there will be no necessity for additional personnel to manage IDA. It will be run as a separate financial entity but as an affiliate of the World Bank. The World Bank has an enviable record of good management. There has been no suggestion of scandal or waste in its operations. It has recruited talented personnel from all parts of the world. This alone gives it an advantage over any purely U.S. agency. If the World Bank or IDA wish to study a highway project for Ghana for example, they are not limited to the United States in their search for an expert engineer who is familiar with Ghana. The whole world is a pool from which talent can be obtained.

Mr. Chairman, I say that every Member should support IDA.

Members who wish to reduce American expenditures for foreign aid should support IDA, and concentrate on programs where the U.S. contribution is 100 percent rather than 32 percent.

Members who are concerned about the U.S. deficit in international payments should support IDA.

Members who are concerned about waste in our foreign aid programs should support IDA because it will be managed by the World Bank which has an enviable record of careful, able management.

Members who wish to emphasize economic over military aid should support IDA.

Mr. Chairman, as an inspiration to all other members of IDA, I hope that the House will approve it by an overwhelming vote.

Mr. KILBURN. Mr. Chairman, I yield 5 minutes to the gentleman from Iowa [Mr. GROSS].

Mr. GROSS. Mr. Chairman, I note on page 3 of the report this language:

On October 1, 1959, at the annual meeting of the Board of Governors of the International Bank, a resolution introduced by the United States urging that the executive directors formulate articles of agreement was unanimously adopted by the Governors.

Then on page 1 of the bill, line 7, is this language:

The President is hereby authorized to accept membership for the United States in the International Development Association.

I wonder if someone thinks we are gullible enough to believe that the President is accepting membership in an organization which he demanded be created?

On previous occasions I have asked the members of two committees to tell me the difference between "less developed" and "underdeveloped" countries, and I would like someone on this committee to tell me. I ask the gentleman from New York [Mr. MULTER] from the Committee on Banking and Currency, if he can tell me the difference between a "less developed" and an "underdeveloped" country?

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

Mr. GROSS. I doubt that the gentleman would have the answer since I tried previously to get it from the Foreign Affairs Committee.

Mr. JUDD. You asked for an answer.

Mr. GROSS. Yes, I did.

Mr. MULTER. May I ask the gentleman to yield to let the gentleman from Minnesota tell him?

Mr. GROSS. No; I would like an answer from the Banking and Currency Committee. Throughout consideration of this bill in committee you talked about "less developed" countries. Now I want some member of the committee to tell me the difference between "less developed" and "underdeveloped."

Mr. MULTER. We take so much of our information from members of the Foreign Relations Committee, I think it would be very satisfying if the gentleman from Iowa would permit the distinguished gentleman from Minnesota [Mr.

JUDD], who knows so much about foreign affairs and serves on that committee, to answer his question.

Mr. GROSS. He would take all of my 5 minutes.

Mr. MULTER. Give him the 1 minute you would give me.

Mr. GROSS. No; I would rather accept your admission that you cannot tell me the difference.

Mr. JUDD. The gentleman does not want to get the answer.

Mr. GROSS. I want the answer to come from the Banking and Currency Committee. I tried to get the Foreign Affairs Committee, of which the gentleman from Minnesota is a member, to give me an answer in a different bill, but I was unable to get it.

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

Mr. GROSS. I yield.

Mr. MULTER. Has the gentleman, perchance, seen the special report of the National Advisory Council on the proposed International Development Association printed as House Document No. 345?

Mr. GROSS. No; I cannot keep up with all the advisory boards, bureaus, and commissions, I am sorry to say.

Mr. MULTER. This is one that has a very important bearing on the bill that is before us. It is a document of 50 pages; therefore, although we relied on it, we did not set it forth as part of our report but had it printed separately as a House document, but at the hearings it was a very important base for our thinking.

Mr. GROSS. Do not take all my time trying to sell me some pamphlet.

Mr. MULTER. This is not another pamphlet, this is the very foundation—

Mr. GROSS. Does the distinguished gentleman know the difference between a "less developed" and an "underdeveloped" country?

Mr. MULTER. Here are 50 pages that should enlighten the gentleman.

Mr. GROSS. If there is any distinction, what is it? Is there a definition in words?

Mr. MULTER. The names of the countries alone should be sufficient definition of "underdeveloped."

Mr. GROSS. That is a list of countries, and that does not give the definition. I want to ask the gentleman this question: What is the meaning of this exception on page 3, section 5:

Unless Congress by law authorizes such action, neither the President nor any person or agency shall, on behalf of the United States (a) subscribe to additional funds under article III, section 1, of the articles; (b) accept any amendment under article IX of the articles; or (c) make a loan or provide other financing to the association—

Then we come to this language—except that loans or other financing may be provided to the association by a U.S. agency created pursuant to an act of Congress which is authorized by law to make loans or provide other financing to international organizations.

What is the meaning of that?

Mr. MULTER. The meaning of that is to make clear to the agency that we are not trying to repeal or change any existing statute and, more specifically,



this would permit a better operation of Public Law 480 when integrated into this program and not do the job itself.

Mr. GROSS. What you are saying with this exception is that this bill is not limited to \$320,290,000; that this newly christened baby, known as IDA, can obtain money from any other agency now in the same business?

Mr. MULTER. It does not mean that at all.

Mr. GROSS. Of course, it does.

Mr. MULTER. Because of the limit of the authorization and because of the limit of the appropriation, it must follow the authorization and cannot exceed \$320 million over a 5-year period.

Mr. GROSS. Except that financing may be provided to the association by any agency presently in the business of putting out money on this basis. I reiterate that with this cute little exception this bill is not limited to \$320 million; it is unlimited.

Mr. SPENCE. Mr. Chairman, I yield 3 minutes to the gentleman from Colorado [Mr. JOHNSON].

Mr. JOHNSON of Colorado. Mr. Chairman, I rise in support of this legislation. We live in a capital-hungry world, and the institutions we have created and that have been referred to are designed in part to see to it that capital is available in the world, in order to expand the opportunities for growth and development and to preserve and expand freedom and opportunity in the world.

The proposition here is not to create a new agency, but simply to add a new bank account within an existing agency, to put a new wallet in the same pocket, or to add a new hat to an existing body of our International Bank. This will be in fulfillment of a recommendation, made among others, by Mr. Harry S. Truman.

Just a year ago we had a public meeting on the 10th anniversary of the point 4 program. Many Members of Congress were present to hear President Truman say that it should be the purpose of this Nation to move to multilateral rather than a bilateral program, that we expand the use of loans rather than grants, and that we rely more on economic measures than on military measures.

This is precisely what we are doing when we give approval of the International Development Association. The question has come up: "What is the alternative?" The alternative would be bilateral instead of multilateral, less use of loans, and more of grants. There is another alternative we are overlooking, however, and that is the Communist alternative. A nation that is hungry for capital can get it in a hurry by the Communist technique. If we do not offer the opportunity for these nations to achieve their own growth and development by a system which teaches them the use of freedom and the uses of our capitalistic system, then we can expect that our adversaries will encourage them to try the Communist alternative. It is to the best interest of the world that this bill be approved.

A couple of technical questions have been asked. I do not think, for instance,

there is any difference between "less developed" and "underdeveloped" countries. On page 7 will be found a listing of the countries. Those listed in No. 1 of schedule A shall pay their proportionate share in gold or convertible currencies, while those countries in part 2 of the schedule may pay in their own national currencies. The countries listed in No. 1 are those economically more advanced and which would not be expected to be recipients of financing from the Association.

Mr. Chairman, as a Nation we would like to do business with the rest of the world. We cannot do business with paupers. If we help to raise their standard of living, we can do more trading with them; we can open our factories in Pittsburgh and expand our steel mills and give employment to our coal miners. I recommend that the bill be approved.

The CHAIRMAN. The time of the gentleman from Colorado has expired.

Mr. KILBURN. Mr. Chairman, I yield such time as he may desire to the gentleman from New York [Mr. LINDSAY].

Mr. LINDSAY. Mr. Chairman, I welcome the opportunity to support the passage of H.R. 11001 which authorizes U.S. membership in the International Development Association.

The creation of the IDA will be a desirable new step forward in bringing together important amounts of capital from the economically stronger countries of the free world for the financing of sound economic development. The IDA is needed, because the kind of financing it would provide is sorely needed throughout the less developed areas of the world. It will be able to provide to these areas additional financing for worthwhile development projects on terms more flexible than are afforded by other international institutions.

In these critical times it is of major importance to us and to our Western partners that appropriate new efforts be made, on a cooperative basis, toward meeting some of the key problems of achieving economic betterment. Furthermore, it has come to be recognized more and more that the United States must be joined more actively by the other economically stronger nations in this common endeavor. These nations can now assume a greater responsibility for providing development financing, and through the establishment of the IDA they will be embarking in this field in a manner and in a scope not hitherto undertaken by them.

I think it is appropriate, too, that the IDA will be affiliated with the International Bank and be open to all members of the International Bank. This means that the important work of the Bank can continue to be carried out with a relationship with the IDA favorable for both institutions. The International Bank's success has come to be widely recognized, and its own role for the future may well be even more important than that in the past. As an affiliate of the Bank, the IDA can be administered with the same skill that has characterized the Bank's operations, and the IDA will effectively be able to devote its re-

sources in an area of operations not covered by the Bank. Coordination of the activities of the two institutions has been well thought out and well provided for.

I believe that the years of discussions which have been devoted to the IDA concept, here and abroad, and the careful preparation of the IDA Articles of Agreement will be well justified in the success of its operations. Certainly its aims are very much in accord with our own foreign economic policy objectives. I therefore wholeheartedly support the enactment of H.R. 11001.

Mr. KILBURN. Mr. Chairman, I yield 1 minute to the gentleman from Minnesota [Mr. JUDD].

Mr. JUDD. Mr. Chairman, I want to say to the gentleman from Iowa, in answer to his question, that there is no essential difference between so-called underdeveloped and less developed countries. Some use the term "less developed" and others say "underdeveloped." I think the term "less developed" is preferable, first, because it is more accurate, more precise. Just where can anyone put the demarcation between underdeveloped and developed? But it is plain that some countries are less developed than others. Secondly, it may be offensive to some countries to call them "underdeveloped," when we cannot say exactly what that means. It may carry a certain amount of stigma. But to speak of a country as less developed indicates merely that it is not as far along on the road of development as some other countries. It is in the process of development, and we are trying to help it move ahead in that process. So I think it is a good choice of terms, a sensitive change in vocabulary, to speak of countries as less developed rather than as underdeveloped.

I may add that our choice is not between putting these funds into IDA and not giving them. It is between giving them in cooperation with others who will share the burden, and giving them alone. It is just good sense for us to give less aid alone and give more aid in cooperation with others.

The CHAIRMAN. The time of the gentleman from Minnesota has expired.

Mr. KILBURN. Mr. Chairman, I yield 1 minute to the gentleman from New York [Mr. BARRY].

Mr. BARRY. Mr. Chairman, I support this legislation. I would like to point out to some of those who made statements with respect to the debt that lies on the head of every infant born today, that debt lies on the heads of those who are in favor of this legislation just as much as it does on the heads of those who do not favor it. I would like to remind the Members who made statements along this line that debt in itself is not something that we should fear. It is only our inability to repay the debt that is something that we should fear. For someone to pay a \$100,000 debt who has an income of \$5,000 a year may take a lifetime to pay, but to someone with a very high income, such a debt of \$100,000 is not a heavy debt. So, I point out the inconsistency of comparing a dollar figure of debt payable by each infant in this country to the dollar figure payable



by each infant of another country where there may not be that opportunity to repay the debt.

Mr. HOFFMAN of Michigan. Mr. Chairman, I again make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. [After counting.] One hundred and twelve Members are present, a quorum.

Mr. KILBURN. Mr. Chairman, I have no further requests for time.

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

Mr. Chairman, in my humble opinion this is one of the most important pieces of legislation that we have considered in a long time. It has been stated that we have been lavish in our expenditures in aid of our foreign allies. We have just voted an appropriation of \$3 billion for foreign aid. I do not think that is an argument against the passage of this bill. I think that this bill will materially reduce these appropriations. The money we spend through the International Development Association will be handled by businessmen who are tried and who are known to have ability, who operate a great organization, the International Bank. I am sure that eventually there will be great savings because of the way in which this will be handled and because of the associates who will share part of the burden.

Mr. Chairman, I hope the bill will pass. I think the consequences of failure to pass this bill would be tragic. We have gone too far to repudiate an agreement with the nations of the world to share with them this burden. I hope there will be no miscarriage of that obligation by reason of the action of the House.

The CHAIRMAN. All time has expired. The Clerk will read.

The Clerk read as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

#### SHORT TITLE

SECTION 1. This Act may be cited as the "International Development Association Act".

#### ACCEPTANCE OF MEMBERSHIP

SEC. 2. The President is hereby authorized to accept membership for the United States in the International Development Association (hereinafter referred to as the "Association"), provided for by the Articles of Agreement (hereinafter referred to as the "Articles") of the Association deposited in the archives of the International Bank for Reconstruction and Development.

#### GOVERNOR, EXECUTIVE DIRECTOR, AND ALTERNATES

SEC. 3. The Governor and Executive Director of the International Bank for Reconstruction and Development, and the alternate for each of them, appointed under section 3 of the Bretton Woods Agreements Act, as amended (22 U.S.C. 286a), shall serve as Governor, Executive Director and alternates, respectively, of the Association.

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

Mr. Chairman, I take this time to ask one or two questions. I was a little slow to understand some of the report. I should like to direct a question to the gentleman from New York [Mr. MULTER] or some member of the committee who may be able to answer this.

Is there a discretionary use of Public Law 480 funds, the foreign currencies; if so, what is that discretionary use, and what limitation, if any, is there in the use of these funds in addition to our subscription?

May I say to the gentleman I am looking at the report at page 7 and my question relates to the following from the report:

The United States may make available to the Association as supplementary resources currencies of other countries which it has acquired.

Is there any limitation as to how much money in our foreign currencies or counterpart funds, and so forth, we can use?

Mr. MULTER. We have been assured by the administration that they do not intend to use more than 10 percent of the funds generated by Public Law 480 for these purposes.

Mr. ALGER. That is just the administration's discretion rather than written into the bill, is that correct?

Mr. MULTER. That is correct.

Mr. ALGER. Secondly, I notice also in the report that these loans can be made to governments or to private businesses or a group of businesses. Is there any limitation there as to who may get these loans? Could a U.S. corporation or a domestic corporation in any one of these countries get a loan through this organization?

Mr. MULTER. I think not. I do not believe there is anything here to permit American corporations to apply to the International Development Association for a loan. The World Bank has in the past required a country to approve of a loan where one of its political subdivisions applied for a loan. The Bank invariably required the country in which that political subdivision was located, to guarantee the payment. We have the same situation here. If a subdivision or someone within a member country seeks a loan from the International Development Association, I am sure that in accordance with good banking practice they will not make that loan unless they get the approval and guarantee of the country which is a member of the Association.

Mr. ALGER. I appreciate the gentleman's answer.

I am looking at page 8 of the report, which states:

Private enterprises, as well as governments or public bodies—

Whatever that is—

are eligible to receive financing from the Association.

That seems to be so broad I wonder where the limitation is.

Mr. MULTER. The gentleman must bear in mind that the overall limitation in the articles themselves provides that no corporation within a country and no political subdivision of a country can get a loan without the approval of its government. This is not intended to help the United States or parts of the United States or territories of the United States, nor is it intended to help American corporations or individuals.

Mr. ALGER. A U.S. corporation in a less developed country would not be able to get such a loan?

Mr. MULTER. Certainly not without the approval or consent of the U.S. Government.

Mr. ALGER. It could get such a loan?

Mr. MULTER. Under this very broad language it could be interpreted that way, but I am sure it is not intended to be interpreted that way.

Mr. ALGER. Has the committee given any thought to how many of these loans would go to support and encourage socialistic governments at our expense, in the sense that these governments are in an ideological war with us to squeeze out free enterprise? Is there any danger of that?

Mr. MULTER. I think we have eliminated that danger in the exploration of the problem. These various gentlemen, the Secretary of the Treasury and the Under Secretary of State, gave us answers that I think clearly indicate this will not be used to aid any country which is subverting our principles and our ideas of the way the free world should operate. The specific question was asked about Castro in Cuba. The answer was that with the situation as it exists in Cuba today they would not consider making a loan to Cuba.

Mr. ALGER. How about Yugoslavia?

Mr. MULTER. The question was not asked about Yugoslavia. If Yugoslavia should find itself at some time among the countries that are looked upon as unfriendly to us, I think it, too, would be denied any assistance under this program.

Mr. SPENCE. Mr. Chairman, I ask unanimous consent that the further reading of the bill be dispensed with.

Mr. GROSS. Reserving the right to object, Mr. Chairman, this is a short bill. Why not read another page or two? This bill is only about 5 pages long. What is the hurry? I object.

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

Mr. Chairman, I rise at this time to ask a few questions of the gentleman from New York [Mr. MULTER]. There were several points in his presentation on which I seek further clarification.

I understood the gentleman to say that an agreement on this new Association had been reached among all the nations included. I am wondering, concerning the negotiation of this agreement, whether it was entered into only by the appropriate representatives of the World Bank, or whether actually representatives of all of the nations listed on page 4 were called into session and agreed that their respective countries would go along with this proposed program.

Can the gentleman answer that question?

Mr. MULTER. We have been assured that the World Bank was unanimous in recommending that we approve these Articles of Agreement. We have been assured by our own State Department and Treasury Department that each of the countries listed on page 50, which constitutes 68 countries that would participate as members of the Association,



have indicated their agreement to each of the Articles of Agreement as set forth in the report.

Mrs. CHURCH. May I ask the gentleman if the list to which he refers on page 50 is identical to the list on page 4 of the committee report?

Mr. MULTER. Yes; it is.

Mrs. CHURCH. Then a limitation exists that no funds can be given to underdeveloped or less developed countries unless they have contributed to, and have membership in, this proposed union. Is that correct?

Mr. MULTER. Yes; precisely.

Mrs. CHURCH. I would say to the gentleman that I would certainly approve of what is attempted to be done in this bill, if it would actually bring the anticipated relief to our own unilateral efforts. What bothers me, I would also say to the gentleman, is the timing of its introduction. I have demanded so long a complete review and revision of our mutual security programs, and of their effectiveness, that I would have preferred to have had such review and revision before entering upon this new effort. I must indeed express regret that we are taking a new step in another direction without first giving the entire program the review which I think is necessary. Has any assurance been given to the gentleman, in or out of committee, that the adoption of this plan and the payment of these additional moneys would actually be considered by this administration or a coming administration as a possible substitute by which we could diminish or alter our present responsibilities? Was any assurance given on that point?

Mr. MULTER. Assurance has been made on the record by the State Department and the Treasury Department that this would be a step in the direction of having the free world communities participate in doing what we are doing to a large extent unilaterally, and would relieve the burden of the United States and permit the United States to use less of its own funds for these other countries.

Mrs. CHURCH. Was there any definite assurance that some progress would be sought in that direction?

Mr. MULTER. I would hate to think that the representatives of the State Department and the Treasury Department were engaging in double talk. From their explanations and from their conferences with the representatives of all of these other countries, they expect this new program will relieve the burden on the United States, and these loans would take the place of the loans that we, the United States, are now making.

The CHAIRMAN. The time of the gentleman from Illinois [Mrs. CHURCH] has expired.

Mr. O'HARA of Illinois. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, it is because I feel so strongly on this subject and support the bill with such depth of conviction that I cannot resist the urge to contribute a few observations. This bill points the way out of our present position of a continuing drain on us for foreign aid.

I have a great deal of confidence in Mr. Dillon as a sound businessman. Mr.

Dillon is a great banker. Mr. Dillon is no visionary. When he appeared before our committee, the Foreign Affairs Committee, I said:

Mr. Dillon, my concept of the Development Loan Fund is that in each country it will build up a revolving fund of local currency. That is, the loans will be made on the same sound banking lines as the loans made by the Export-Import Bank and by the World Bank, the only difference being that some of the repayments will be made in soft currency. Then the repayments in soft currencies in each country will go into a revolving fund in that country.

And Mr. Dillon answered me in positive language. That was the concept.

Let me illustrate: Suppose we make a loan to ABC country in hard money because they have to buy goods in this country. Repayment is made in the currency of ABC country and this goes into a revolving fund of local currency in the country of its issue. From this revolving fund future loans will be made for little and big undertakings in that country, looking for its development at grassroots, and undertakings in which both labor and materials will be available in that country by payment in local currency. Thus in all these countries we will be building up revolving funds to meet future development requirements without further or at least a much lessened demand on our aid.

Mr. Dillon was before our Foreign Affairs Committee when the International Development Fund proposal was under consideration. He told us that the international organization would be a projection of the same concept on a broadened basis with many countries participating and sharing the burdens. In short, the international development program will be the companion of the Development Loan Fund exactly as the International Bank is a companion of the Export-Import Bank.

This is sound thinking and this is sound legislation. I have one more observation to make. We have now under way a \$1½ billion program of the merchant marine to build 275 new American vessels. This is a differential subsidy; and \$1.5 billion is being put in at a time when worldwide ocean tonnage is very much greater than the demand. I merely am mentioning this to show how so many things are related and must hook together in making judgments on foreign aid. If we do not build up commerce, if we do not build up the economy of other less developed countries, so that they will have products to export and markets for our exports, there will be less and less tonnage for these ships to carry and our \$1.5 billion will be money spent on ships to carry freight when there is no freight.

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

Mr. O'HARA of Illinois. I always am happy to yield to the gentleman from West Virginia.

Mr. BAILEY. The gentleman spoke of building up revolving funds. Will the gentleman tell me where this legislation makes any provision for the conversion of that soft currency into hard American dollars when time for repayment to the U.S. Treasury comes?

Mr. O'HARA of Illinois. Yes.

Mr. BAILEY. I have not been able to find out yet.

Mr. O'HARA of Illinois. If a better economy is established in any country now undeveloped so it can stand on its own feet, using the local currency in its own revolving fund for future development, the United States at least will be relieved of further demands for aid, and I think with better world conditions things will be brighter in West Virginia.

Mr. BAILEY. The gentleman is evading answering my question.

Mr. O'HARA of Illinois. I appreciate that there have been inequities. Whereas the reciprocal trade agreements have benefited my district and I am sure the country as a whole, nevertheless they have reacted unfavorably on some regions, and certainly no one has presented the case more persistently or with greater force than my good friend from West Virginia.

Mr. BAILEY. I thank the gentleman for yielding to me.

Mr. O'HARA of Illinois. I thank the gentleman for his contribution and yield back the remainder of my time.

Mr. DEVINE. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, if I may have the attention of some member of the committee, the gentleman from Ohio [Mr. Bow] made a very telling argument here in the well of the House this afternoon. Specifically, he pointed out that the overwhelming majority of so-called participants in this lending program are presently receiving benefits from the Mutual Security Act. I find it very difficult to reconcile the position of some of the Members. First, is it true that the great majority of participants in this program are already receiving mutual aid contributions from this country?

Will the gentleman from New York [Mr. MULTER] answer that question?

Mr. MULTER. I think that question might better be answered by somebody on the Appropriations Committee or somebody on the Committee on Foreign Affairs. I would venture the guess that most of those countries are getting aid under one or more of the mutual security programs.

Mr. DEVINE. It would seem to me that points up the fallacy of this bill. I have attempted to listen attentively today in an effort to find an answer where participation of the United States would be less and the participating countries would join with us in keeping up a free world and a free economy. If all these countries are receiving mutual security money from this country, then putting money into this loan program, it is a case of robbing Peter to pay Paul. We take out of one pocket and put it in another and they are not in any better position than before. They get money from the United States under the Mutual Security Act, then "generously" contribute our money as their share in this proposed additional loan program.

Mr. MULTER. Does not the gentleman think that is much better than continuing the Development Loan Fund that is financed solely by the United States?



We bring these countries into an International Development Association where they are all participants.

Mr. DEVINE. I agree definitely it is the type of thing we should encourage, but if we are giving them the money to do it, it does not appear to be very advantageous.

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

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

Mr. FARBSTEIN. Might I suggest that although it is proposed to give further moneys to these free countries that are presently receiving money, nevertheless in the future it may be unnecessary to give as much money under the present Development Loan Fund as we are doing presently. In my opinion, we may be able to reduce the appropriation for the present Development Loan Fund, besides which there are certain countries that are getting nowhere near what they need; for instance, these newly emerging countries in Africa. There is in all about \$20 million appropriated for Africa, as special assistance so loans are much more needed. Under this bill there will be money contributed not alone by this country, not alone by the Development Loan Association, but money will be contributed by all the countries that are joined in this International Development Association.

Mr. DEVINE. I appreciate the gentleman's remarks, but I am a little skeptical that these countries are going to ask for less in the future under the Mutual Security Act.

Mr. FARBSTEIN. Assuming they ask for more, there will be two funds from which they will be loaned money and, as I said a moment ago, the money that will be loaned by this country under the Development Loan Fund may be less. The money loaned from the International Development Loan Fund will make up the difference. So that in the final analysis we will save money as a result of this because the other countries that will join in the International Development Association will contribute toward loans, for instance, to these countries in Africa.

Mr. DEVINE. I am sure the gentleman is sincere in his beliefs; however, I am not so optimistic in view of the history of the foreign aid program.

Mr. RHODES of Arizona. Mr. Chairman, will the gentleman yield?

Mr. DEVINE. I yield to the gentleman from Arizona.

Mr. RHODES of Arizona. I think the gentleman referred to nations listed in the committee report. I have gone over the list very hurriedly and of the nations listed in part 2, all but eight are receiving some form of assistance under the mutual security program.

Mr. DEVINE. I thank the gentleman.

Mr. BOW. Mr. Chairman, I move to strike out the requisite number of words.

Mr. Chairman, I take this time to ask the gentleman from New York for an explanation of one paragraph I call attention to appearing on page 3 of the bill at the end of line 4, where it says, "except that loans or other financing may be provided to the Association by a

U.S. agency created pursuant to an act of Congress which is authorized by law to make loans or provide other financing to international organizations."

My question is this: Does that refer to organizations already created and existing which can make loans to this agency?

Mr. MULTER. Yes; it does.

Mr. BOW. Could the gentleman give me an example of the type of agency already created that could help in this financing of transfer funds?

Mr. MULTER. Public Law 480 is definitely included in this language.

Mr. BOW. That contemplates that under Public Law 480 transfers may be made to the International Development Association to further finance these loans to these various countries?

Mr. MULTER. One of the advantages that we hope would accrue to us, instead of these currencies being blocked in the countries that are getting Public Law 480 commodities, they would be able to use these very funds in those and other countries.

Mr. BOW. And transfer them over to this organization?

Mr. MULTER. Yes.

Mr. BOW. I assume that would be some of the other financial organizations already existing. If we were at a point, say, of liquidation, you would be able to take from that fund and put it into this agency; is that correct?

Mr. MULTER. I do not know that we contemplate the immediate liquidation of any fund, but it certainly was intended that they could, to extent permitted by an act of Congress, make these transfers.

Mr. BOW. Is it the gentleman's idea that the only time this provision could come into being would be after some association or agency is created in the future? It could be those now in existence.

Mr. MULTER. I think it is intended to refer to those which are presently authorized by law—"which is authorized by law," is the language of the bill. That means as existing now.

Mr. BOW. Existing at this time?

Mr. MULTER. Yes.

Mr. BOW. I thank the gentleman.

The Clerk read as follows:

NATIONAL ADVISORY COUNCIL ON INTERNATIONAL MONETARY AND FINANCIAL PROBLEMS

SEC. 4. The provisions of section 4 of the Bretton Woods Agreements Act, as amended (22 U.S.C. 286b), shall apply with respect to the Association to the same extent as with respect to the International Bank for Reconstruction and Development and the International Monetary Fund. Reports with respect to the Association under paragraphs (5) and (6) of subsection (b) of section 4 of said act, as amended, shall be included in the first report made thereunder after the establishment of the Association and in each succeeding report.

CERTAIN ACTS NOT TO BE TAKEN WITHOUT AUTHORIZATION

SEC. 5. Unless Congress by law authorizes such action, neither the President nor any person or agency shall, on behalf of the United States, (a) subscribe to additional funds under article III, section 1, of the articles; (b) accept any amendment under article IX of the articles; or (c) make a loan or provide other financing to the Association, except that loans or other financing may be

provided to the Association by a U.S. agency created pursuant to an act of Congress which is authorized by law to make loans or provide other financing to international organizations.

Mr. BOW. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. BOW. Mr. Chairman, I make the point of order against the language on page 3, beginning at the end of line 4 down through line 8, "except that loans or other financing may be provided to the Association by a United States agency created pursuant to an act of Congress which is authorized by law to make loans or provide other financing to international organizations."

I will say to the Chair that I have made inquiry of the committee here on the floor and the committee says that these are organizations already in existence, with the possibility of transfers being made under Public Law 480 or by other organizations now authorized to make loans to these various countries. I make the point of order that this is a transfer of appropriated funds and is an appropriation on a legislative bill.

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

Mr. MULTER. Yes, Mr. Chairman. I suggest that the point of order should be overruled. I do not think I said anything to indicate that there was any attempt to transfer any appropriated funds or any authorized funds.

May I read from page 11 of the report which refers precisely to the language now under attack by the point of order?

The excepting clause does not confer upon any U.S. agency any authority it would not otherwise have and is intended to make clear that the prohibitory language does not in any way narrow, or preclude the use of, authority which any agency of the U.S. Government, including the President, possesses under other legislation to make loans or provide other financing to international organizations, including the International Development Association.

I suggest the point of order is not well taken.

Mr. BOW. Mr. Chairman, may I reply to that and say that the one I am referring to is the exception to what the gentleman from New York has just stated.

Mr. MULTER. I have referred only to the language which begins with the words against which the point of order is made. It is that exception to which the report from which I have read is directed.

The CHAIRMAN (Mr. SISK). The Chair would like to inquire of the gentleman from New York whether or not he interprets this to be that the U.S. agencies could use funds heretofore appropriated for the purposes of this section?

Mr. MULTER. Only if so authorized by the enabling or enacting legislation and the appropriation making the funds available to such other agencies.

The CHAIRMAN (Mr. SISK). The Chair is ready to rule. Under the interpretation of the gentleman from New



York, the point of order would lie; and therefore the Chair sustains the point of order.

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

The Clerk read as follows:

Amendment offered by Mr. Gross: On page 3, line 4, after the word "Association," insert the following: "Provided, however, That the Congress hereby authorizes and directs the Association, as a condition of any contribution on the part of the United States, to make loans on the same terms and conditions to any distressed or less developed area in the several States of the United States as to any foreign state or nation.

Mr. GROSS. The purpose of the amendment, I will say to the Members of the House, is to do for the people of this country what is proposed to be done in this bill for untold numbers of foreigners. The general purposes of this bill, as I have previously stated, in my statement under the rule, are the same as the general purposes of the vetoed distressed-areas bill. The report of the committee accompanying this bill says that financing can be provided to less developed member countries or to less developed dependent and associated territories. Certainly that means the States and the subdivisions of government within the States of the United States. So why not extend the good things of life to the people of this country? Why should not the distressed areas of America have their share of this global boondoggle?

I urge that the amendment be adopted.

Mr. KILBURN. Mr. Chairman, I am very much opposed to the amendment. I do not think it is germane to the bill and I could make a point of order against it.

The CHAIRMAN. The point of order would come too late.

Mr. KILBURN. I am not making the point of order.

The CHAIRMAN. The question is on the amendment.

The question was taken; and on a division (demanded by Mr. Gross) there were—ayes 45, noes 46.

Mr. GROSS. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. Gross and Mr. MULTER.

The Committee again divided, and the tellers reported that there were—ayes 48, noes 61.

So the amendment was rejected.

The Clerk read as follows:

#### DEPOSITORIES

SEC. 6. Any Federal Reserve Bank which is requested to do so by the Association shall act as its depository or as its fiscal agent, and the Board of Governors of the Federal Reserve System shall supervise and direct the carrying out of these functions by the Federal Reserve banks.

#### PAYMENT OF SUBSCRIPTIONS

SEC. 7. (a) There is hereby authorized to be appropriated, without fiscal year limitation, for the subscription of the United States to the Association, \$320,290,000.

(b) For the purpose of keeping to a minimum the cost to the United States of participation in the Association, the Secretary of the Treasury, after paying the requisite

part of the subscription of the United States in the Association required to be made under the articles, is authorized and directed to issue special notes of the United States from time to time, at par, and to deliver such notes to the Association in exchange for dollars to the extent permitted by the articles. The special notes provided for in this subsection shall be issued under the authority and subject to the provisions of the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under that Act are extended to include the purposes for which special notes are authorized and directed to be issued under this subsection, but such notes shall bear no interest, shall be nonnegotiable, and shall be payable on demand of the Association. The face amount of special notes issued to the Association under the authority of this subsection and outstanding at any one time shall not exceed, in the aggregate, the amount of the subscription of the United States actually paid to the Association under the articles.

(c) Any payment made to the United States by the Association as a distribution of net income shall be covered into the Treasury as a miscellaneous receipt.

#### JURISDICTION AND VENUE OF ACTIONS

SEC. 8. For the purpose of any action which may be brought within the United States, its possessions, or the Commonwealth of Puerto Rico, by or against the Association in accordance with the articles, the Association shall be deemed to be an inhabitant of the Federal judicial district in which its principal office in the United States is located, and any such action at law or in equity to which the Association shall be a party shall be deemed to arise under the laws of the United States, and the district courts of the United States shall have original jurisdiction of any such action. When the Association is a defendant in any such action, it may, at any time before the trial thereof, remove such action from a State court into the district court of the United States for the proper district by following the procedure for removal of causes otherwise provided by law.

#### STATUS, IMMUNITIES, AND PRIVILEGES

SEC. 9. The provisions of article VII, section 5(d), and article VIII, sections 2 to 9, both inclusive, of the articles shall have full force and effect in the United States, its possessions, and the Commonwealth of Puerto Rico, upon acceptance of membership by the United States in, and the establishment of, the Association.

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

Mr. Chairman, legislation of this kind has been advocated for a long while by Members of Congress, those who favored mutual security legislation and appropriations and those who opposed it.

I well remember hearing Members who opposed mutual security legislation and appropriations in their argument of our position in the past, taking the position that legislation of this kind should be enacted into law. Now when we have it before the House we find the same Members opposing the very type of legislation they advocated in the past.

This bill is a sound bill in the world of today. Is it going to solve the world's problems? No. But certainly it is affirmative action on the part of our country and other participating countries in meeting those conditions which are strengthening communism by feeding upon and playing upon the economic

distress of people of underprivileged countries.

I can remember talking with the late John Foster Dulles on one occasion when he advocated legislation of this kind. May I say that I am one Member of this body who was a strong supporter and a great admirer of the late John Foster Dulles. To me he represented strength. To me he represented firmness. He was not afraid of the Communist mind. Khrushchev and those in the Kremlin hated John Foster Dulles because they feared him. I remember a few weeks after he died I said in this very chamber that when John Foster Dulles died his foreign policy was buried with him. How true it is. If John Foster Dulles were alive today there would have been no summit meeting at any price. There would have been a foreign ministers meeting and progress at that level before the President would have gone to a summit meeting. If John Foster Dulles were alive, I doubt if we would have had the happenings that took place in Japan. I doubt if Korea would be shaky at the present time. Even Okinawa has its problems to us. I doubt if John Foster Dulles were alive today there would have been the mistakes that were made on the U-2. I doubt if John Foster Dulles were alive the situation in Turkey would have arisen; certainly the situation in Cuba would not.

Thus, the uncertainty, the confusion, and the disintegration has taken place, so far as the administration is concerned, since John Foster Dulles died. He represented the one thing that is necessary in a democracy, he represented strength and firmness.

We need leadership for the restoration of the strength and firmness and courage of John Foster Dulles. This legislation, I remember well in a talk with him, was one upon which he laid great emphasis. Certainly some of us on the Democratic side in supporting it are justified in expecting support from others on the Republican side, and certainly those who oppose mutual security legislation and appropriations ought to support this type of legislation because it is consistent with their views. This bill will bring a lot of good and certainly it is needed in the world of today because no American can feel other than concerned over developments during the last year.

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

Mr. Chairman, I rise in support of this bill for a whole lot of good reasons. I agree with what has been said by several that whether you have been for mutual security or against mutual security in the past, you ought to be for this bill, because it is at least a start on the way to cure some of the things we have all been unhappy about in mutual security. There are about six reasons why I am for this bill.

First. Under it we get more money for development. It is not just what the United States puts in. It is what the United States and many other countries put in to carry on development programs that we all know are necessary in crucial areas of the world.



Second. Under this new International Development Association we will get more and better experts from many countries, experts with greater knowledge of the language and customs of many of the countries where work will be done. With better experts we will get better management and better cooperation from all who are mutually involved in this undertaking.

Third. We will get more work done. With more money, better management, better experts, wider knowledge of conditions, there is bound to be more development accomplished, more work done.

Another point is that people who put in their own money are more careful in the expenditure of the funds of the organization and there will be less waste.

A related point is that countries having their own money in this fund will try harder to prevent waste in other countries than they do if the money is all ours. Also other countries will not be as resentful of pressures for saving and efficiency if such pressures are brought to bear upon them by smaller countries more nearly on their own level or in their own area than they are if brought by a powerful country like ours that is always being portrayed to them by our enemies as a big, evil, and imperialistic force in the world.

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

Mr. JUDD. I yield to the gentleman from Indiana.

Mr. HALLECK. I wish to commend the gentleman for the statement he is making and join him in expressing the hope that this bill can be quickly disposed of and be passed very shortly.

Mr. JUDD. I thank the gentleman from Indiana.

Thus, Mr. Chairman, if there is more money for development and better management, more work done and less waste, naturally, there will be better cooperation among the contributing countries who put in funds. It is partly their own money, not just Uncle Sam's.

Fifth. There will result fewer frictions and more good will among all the countries involved, including the recipient countries. It is much easier for a small or poor country to receive assistance through some country that is nearer to its own level or from an international organization than from a powerful country that, as I said, is portrayed by our enemies as being a giant financial octopus, the prime example of allegedly cruel capitalism, imperialism and all the other cusswords they throw at us.

Lastly, when we get greater good will and better relations between countries, we will get a more stable world, a more secure world, one in which there is greater cooperation in mutual efforts to help all.

All these benefits—and more besides: it will enable us to save money. Our choice is not between the amount authorized in this bill and something less; it is between this amount and something more. So, under this bill, other nations will be better off, we will be better off; and it will cost our taxpayers less money, net.

Obviously we ought to support this piece of legislation.

Mr. GROSS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, when the gentleman from Indiana [Mr. HALLECK] says he hopes this bill will be quickly disposed of, I join with him. I hope it will be sunk without a trace.

I hear reports that the mining subsidies bill will be vetoed. If it is, how will President Eisenhower reconcile that action with the huge subsidy contained in this bill for foreign countries and their industries?

The gentleman from Minnesota says this bill provides more money to be given away and thrown away all over the world. He could never be more right. He speaks of the great record of the existing international lending agencies. Of course they will have good records as long as Congress approves bills like this pumping out more money to enable them to meet their obligations. But where is it proposed to get this initial \$320 million? And where is it proposed to get the rest of the money that this Government will be called upon to put up because some of the countries listed will not put up their assessments, and you know it. From what source is the \$320 million to come? Will someone on the committee answer? Is it proposed to raise taxes, or to deprive the people of this country of the things they need?

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

Mr. GROSS. I yield to the gentleman from New Jersey.

Mr. WIDNALL. The first installment was included in this year's balanced budget as submitted to the Congress of the United States. It is an item in the budget and that budget indicates a surplus for the year. If Congress takes action on other unbudgeted items it could throw the budget out of line.

Mr. GROSS. The gentleman does not have the slightest idea we are going to wind up with a \$4 billion surplus, does he?

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

Mr. GROSS. I yield to the gentleman from Virginia.

Mr. GARY. Is it not true that the balanced budget was based on an increase in postal rates, an increase in certain taxes and various other revenues for which there is absolutely no chance in the world of the Government collecting the money?

Mr. GROSS. That is exactly right. Again, I want to express my amazement that the President of the United States would veto a distressed-areas bill and then put the pressure on the Congress to approve this bill to give away \$320 million.

Mr. GARY. How many of these lending agencies do we have in operation now?

Mr. GROSS. With this new baby known as IDA I know there will be seven big ones. Someone said there are 26 of all sizes, shapes, and colors. I do not know. I cannot keep track of them.

Mr. HOFFMAN of Michigan. Will the gentleman yield?

Mr. GROSS. I yield to the gentleman from Michigan.

Mr. HOFFMAN of Michigan. The gentleman from Texas [Mr. PATMAN] said this afternoon that there were 25. If I remember correctly, he looked at his book, then, and said there were 40. Then from over on the other side came a Member who said there were 72. He said he would give me a list of them.

Mr. GROSS. I only know there are far too many of them, and if the Eisenhower doctrine or foreign policy is based on yielding to a form of international blackmail through loans of more millions of American dollars that will never be repaid then we are certainly approaching the end of the road.

Let us defeat this bill and by so doing serve notice that U.S. foreign policy is based upon something besides dollars and the dissipation of the resources of our people.

Mr. CARNAHAN. Mr. Chairman, the importance of this bill is pointed up in the events of recent weeks. During the past several weeks our foreign policy has come under renewed and vigorous attack by those sworn to bring about our downfall and defeat. The United States now finds itself the victim of a renewed propaganda assault which certainly parallels if not surpasses anything we have experienced in our lifetime as a nation.

Red China intensifies its pressures throughout Asia and extreme leftwing elements in Japan protest our security arrangements with that nation. Moscow propaganda organs continue to attack us. Communist and Communist-inspired activity has been stepped up in Central America and in South America and throughout the Caribbean. Africa is undergoing drastic changes. There is much to point to a conclusion that unrest and dissatisfaction exists throughout the Red satellite nations. This is all a part of an offensive to disgrace the United States in the eyes of its allies.

While, Mr. Chairman, I am distressed about the administration's failure to face up to the distressed areas within our own Nation I am also concerned that we might neglect opportunities to assist these friends of ours around the world who, generally speaking, live under conditions which are much more depressed. This bill is aimed at providing financing geared to the special needs of the less-developed areas of the free world.

This proposed International Development Association will be an affiliate of the International Bank for Reconstruction and Development. It is proposed as an international cooperative venture to provide development financing on flexible terms to the less developed countries of the free world. It is designed to complement the development financing that is now available through national and international agencies providing capital to the less developed areas. It would not provide financing when such financing is available from private sources on reasonable terms. This Association will work multilaterally and not bilaterally as does, for example, the U.S. Development Loan Fund. Financing will be provided by the Association to its less



developed members for purposes of high developmental priority and, except in special circumstances, for specific projects. The Association will not provide funds if financing can be provided from private sources on reasonable terms or through a loan of the type made by the International Bank.

Membership of the United States in this Association could contribute significantly toward a solution of some of the urgent problems of underdeveloped areas. In addition, an association of this type could provide an opportunity for other industrial countries to take a more active role in financing the economic development of underdeveloped areas. It is for these reasons, Mr. Chairman, that I believe it would be in the interest of the United States and of the free world in general to proceed with the establishment of this Association. I urge approval of this bill.

Mr. BOSCH. Mr. Chairman, I cannot in good conscience support H.R. 11001, providing for the participation of the United States in the International Development Association. It is inconceivable to me that we can ask the American taxpayer to assume almost one-third of the total cost of this program. As one who has been a firm believer in the fight to maintain the integrity of a sound dollar and to practice a sound fiscal and financial responsibility, I could not, in fairness to my people, support this expenditure for the benefit of foreign countries and then argue for a cutback in domestic spending as essential to the fight for a balanced budget.

Mr. Chairman, we can never hope to reduce the national debt or give relief to the American taxpayer unless we curtail some of our already overextended foreign programs. The object of this legislation can, in my opinion, be amply carried out under the some six foreign loan agencies now in existence.

There are other reasons why I cannot support this legislation and they have particular reference to that part of the legislation dealing with this agency's legal status and its, as well as its officials' and employees', privileges and immunities. They lead, in my opinion, to a laxity for the regard of law enforcement as has been exemplified in certain cases previously experienced in the field of immunity to foreign diplomatic servants here in this country.

Mr. Chairman, let us not be fooled into believing that we can balance the budget, reduce the American taxpayer's burden of taxes, and practice financial and fiscal responsibility, if we continue to pass legislation of this type.

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

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

There was no objection.

Mr. JENSEN. Mr. Chairman, I rise in opposition to this bill to authorize U.S. participation in the International Development Association.

During recent weeks, after extensive discussions on the floor of this House, authority was given, or carried over

from prior authorization, to appropriate over a billion dollars of the taxpayers' money to the International Cooperation Administration and related agencies such as the Development Loan Fund to furnish economic assistance and soft loans to various countries all over the world.

After passage of the authorizing act an appropriation bill was passed by this body on June 17, 1960, making available some one and a half billion dollars for these freewheeling agencies to spend all over the world, even in Communist countries. The record of operation of these giveaway agencies, since the inception of the first one under the prior administration, has been an unenviable one of gross mismanagement and waste.

The Congress has in the past appropriated billions of dollars of the U.S. taxpayers' funds to provide for loans and grants to so-called undeveloped nations all over the world. Most of the so-called loans have been or are being made in U.S. dollars, only to be repaid in the soft currency of the countries involved. Even though many of these transactions are called loans, under present law none of the funds advanced or the repayment made to the Development Loan Fund, for instance, will ever be returned to the taxpayers of the United States.

For a list showing the type of projects that are being financed with the U.S. taxpayers' money see page 382 of the House hearings on the mutual security administration appropriation bill for 1961.

Now we are being asked to authorize the United States to join another international giveaway agency for the stated purpose of making even softer loans than are now possible under the existing giveaway programs. How crazy can we get? A careful reading of the bill discloses that the United States is expected to provide \$320 millions in gold or convertible currency which will be more than 40 percent of the scheduled capital subscription of the proposed lending agency in such currency.

In addition, the bill as originally written would have authorized, without limit, the use of soft foreign currency owned by the United States to augment the gold and convertible capital of the new agency. Fortunately this provision was knocked out on a point of order. Besides, it is indicated that additional capital subscription can be required, subject to approval by the Congress. Once started, the past record of congressional action would indicate that such additional bites on the U.S. taxpayers' pocketbook would be forthcoming without difficulty.

We are told that this is to be an international agency scheduled to be financed by various nations of the world, as follows:

Schedule of subscriptions<sup>1</sup> in millions of U.S. dollars

PT. I	
Australia	20.18
Austria	5.04
Belgium	22.70

<sup>1</sup>In terms of U.S. dollars of the weight and fineness in effect Jan. 1, 1960.

Source: H. Rept. 1766.

Schedule of subscriptions in millions of U.S. dollars—Continued

PT. I—continued	
Canada	37.83
Denmark	8.74
Finland	3.83
France	52.96
Germany	52.96
Italy	18.16
Japan	33.59
Luxembourg	1.01
Netherlands	27.74
Norway	6.72
Sweden	10.09
Union of South Africa	10.09
United Kingdom	131.14
United States	320.29
Total	763.07

PT. II	
Afghanistan	1.10
Argentina	18.83
Bolivia	1.06
Brazil	18.83
Burma	2.02
Ceylon	3.03
Chile	3.53
China	30.26
Colombia	3.53
Costa Rica	.20
Cuba	4.71
Dominican Republic	.40
Ecuador	.65
El Salvador	.30
Ethiopia	.50
Ghana	2.36
Greece	2.52
Guatemala	.40
Haiti	.76
Honduras	.30
Iceland	0.10
India	40.35
Indonesia	11.10
Iran	4.54
Iraq	.76
Ireland	3.03
Israel	1.68
Jordan	.30
Korea	1.26
Lebanon	.45
Libya	1.01
Malaya	2.52
Mexico	8.74
Morocco	3.53
Nicaragua	.30
Pakistan	10.09
Panama	.02
Paraguay	.30
Peru	1.77
Philippines	5.04
Saudi Arabia	3.70
Spain	10.09
Sudan	1.01
Thailand	3.03
Tunisia	1.51
Turkey	5.80
United Arab Republic	6.03
Uruguay	1.06
Venezuela	7.06
Vietnam	1.51
Yugoslavia	4.04
Total	236.93

Total 1,000.00

An examination of this list, discloses that many of the countries which are expected to contribute to the capital structure are presently recipient of grants and loans of hundreds of millions of dollars of U.S. taxpayers' funds now being dispersed by existing giveaway agencies. If all the actual facts were developed, I believe it would show that, for all practical purposes, the U.S. taxpayer will be picking up the bill in hard



U.S. dollars for anywhere from 50 to 75 percent of the initial proposed \$1 billion capital of this new agency.

We are now finding out that large portions of our prior giveaways or loans have been used to develop foreign industrial plants that are now flooding the American market to the detriment of our business and wage earners. Numerous U.S. businesses are facing bankruptcy due to this competition from foreign imports made possible through the billions of U.S. taxpayers' dollars that have been given to these foreign countries.

It seems to me it is time we quit asking the taxpayers and wage earners of this country to provide the funds to create industrial development in foreign countries that take jobs and business away from our own wage earners, businessmen, factories, and farmers as well in the final analysis. This is particularly so, when there appears to be no effort on the part of the shallow thinking advocates of these giveaway programs to ever provide for eventual return of the money to the U.S. Treasury.

Mr. McDOWELL. Mr. Chairman, I rise in support of H.R. 11001.

The purpose of the International Development Association is to bring about a better means of financing our mutual security program through cooperation with our friendly allies who are ready to acknowledge their responsibility in financing this new international loan agency.

It is a modern truism that we live in a world of crisis and that the United States is called upon to accept greater responsibility than any other nation. Our wisdom, will, efforts, and actions quite literally may determine the future of mankind—at the extreme may determine whether mankind has a future.

I do not rise simply to repeat truisms. Rather I fear that this truism has become such an intimate part of our lives that we have managed to thrust it from the forefront of our consciousness. I fear that we cannot tell a truly pressing crisis in our foreign policy when we encounter one. We simply react with the feeling that all this has been said before; dismiss the crisis from our minds and go about our daily routines. But we are indeed in the midst of a most serious crisis in our foreign policy. It is essential that we look it full in the face.

Walter Lippmann, perhaps the most distinguished commentator of our times, summed up our situation when he wrote last week of the pressing need for an "unavoidable reappraisal, which must in many ways—to use the words of John Foster Dulles—be agonizing." Such a reappraisal is long overdue. The need for it cries out. But are we about to engage upon one? As I listened to the President in his address to the Nation on Monday night I had the impression that nothing could be further from his mind.

The problems pressing upon our Nation's foreign policy are so many and so difficult that I could not attempt to even touch upon them all. But some are more pressing than others and most deserving of our immediate attention.

One is our military posture. We have drifted from a position of decided superiority to a point where we are not only challenged, but where we may very well be becoming a second-class power. I do not wish to reopen the enormously complex arguments surrounding the missile gap. It is sufficient to note that such a gap does exist in favor of the Soviet Union and that the gap will reach a peak in the ensuing year or two. This is an immensely serious matter. It is not dissolved or washed away by citing what we may do or hope to do sometime in the future. Nor can we banish the specter by recalling America's moral strength. Nor is it removed by pointing to hopes for a balanced budget. This missile gap could prove so important to our country that in a few short years our concern with a balanced budget may seem a rather bad joke.

This decline of our military posture has already produced critical results in NATO, the keystone of our foreign policy. The full effect is hidden as the organizational facade of NATO continues unimpaired, but the heart and soul of NATO is rapidly being eroded away. I am reminded of C. Northcote Parkinson's rule of thumb by which one can identify decayed organizations by the very perfection and flamboyance of their facades and structures.

What has happened in NATO is that the key strategy upon which the treaty organization was founded has been outdated by time and changes in weapons systems. NATO's heart is the commitment of the United States to come to the aid of Europe, and to do so successfully. This was a feasible strategy when we had a monopoly of nuclear weapons and a decided military superiority. But these conditions no longer exist. Now Europeans, of the most responsible and pro-American sort, ask whether we would indeed come to their defense when this would be tantamount to our committing suicide. If the Soviet Union attacks Europe, they ask, would the United States retaliate on the Soviet Union, knowing as we now do, that that retaliation against Russia could bring down upon us Soviet missiles that might cause 40 million American dead. No amount of public talk about our commitment to NATO answers this question. It is a very good one. We can hardly blame Europeans for asking it, or for answering that the answer is in the negative. What is needed is a vigorous and immensely difficult, indeed agonizing, reappraisal of our whole military strategy toward Europe and NATO; a reappraisal inevitably linked with our total military posture.

In Asia we have had a policy of encircling the Communist bloc with a string of military alliances and military bases. So long as we had a monopoly of nuclear weapons, very strong arguments could be made for this policy. But it is now in need of radical reappraisal.

Asia, the Middle East, Africa, and other underdeveloped nations of the world present a problem for the United States, completely different from that in Europe. In Asia the main currents are pressing for swift and sweeping change

in the spheres of both politics and economics. Asians consider these changes first priorities, whatever we may think of them.

The United States has long been the symbol—worldwide—of the struggle for independence from colonial rule, of democracy, and of freedom linked with economic well-being. These things appeal enormously to Asians, Arabs, and Africans and it has been our policy to repeat them over and over. Our words have encouraged others to seek our goals with our support. But our actions have belied our words. Our emphasis upon military alliances, military bases, and military aid has inevitably placed us in a position of giving our strongest and fullest support to the maintenance of the status quo at all costs. Is it any wonder that American influence and American prestige has declined when we have persisted in urging these people to seek democracy and freedom while using our concrete influence and strength to prevent change in the oppressive status quo? Clearly this is a major facet of our foreign policy which most urgently needs reappraisal.

Events have caught up with us. The Government of Korea under President Rhee had the fullest and most complete support of the United States. It was overthrown by Korean young people because that Government was dictatorial and corrupt. Fortunately for us, those students still admire us. Students everywhere do not. In Turkey, the army with wide popular support moved in to end an increasingly dictatorial government which we had long supported. In Iraq, 2 years ago, we had a much sadder experience with the overthrow of a government which we had hoped would provide a keystone to the Baghdad Pact. In Japan, there is great popular admiration and support for the United States, coupled with equally great and popular antagonism to our policy of drawing Japan into a military alliance involving military bases in Japan. Most Japanese dread the idea of being caught between nuclear powers in a conflict which they could only lose, and lose totally.

Our economic and technical assistance programs have produced some success. But they have moved falteringly and we have been quick to subordinate them to outdated military considerations. It is clear that one of our most pressing tasks is a complete reappraisal of our aid to Asia and other underdeveloped countries; a reappraisal running to the very roots of our policies.

In foreign policy timing is of exceptional importance. Small matters let slide tend to become crises, and crises let slide tend to become disasters. Walter Lippman has suggested that the President is uniquely qualified to undertake the badly needed reappraisal in the last months of his term in office. Surely it is true that the President is held personally in unparalleled esteem and could, if he would, launch such a reappraisal. But all the signs are that no reappraisal is to be forthcoming. We are instead offered the President's willingness to undertake still further personal good-will journeys throughout the world. What is



needed is the leadership right here in this city to begin the monumental and agonizing task of reappraisal, including reappraisal of good-will tours by our Head of State.

In this quadrennial election year every pressure is against a serious reappraisal—every pressure but the most important and vital—the precipitous crisis in our foreign affairs. The Nation must find leadership with energy, drive, imagination and will to move forward. We have stood still and lulled ourselves far too long with fables that all the world loves us and all the troubles are just stirred up by nasty little minorities. The race in this world is to the strong and the swift. It is to those willing to make sacrifices and to those willing to combine wisdom with the energetic pursuit of successful and proper courses.

The CHAIRMAN. Under the rule the Committee rises.

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. SISK, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 11001) to provide for the participation of the United States in the International Development Association, pursuant to House Resolution 571, he reported the bill back to the House.

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

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

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

Mr. GROSS. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. GROSS. I am, unequivocally, Mr. Speaker.

The SPEAKER. The gentleman qualifies. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. GROSS moves to recommit the bill H.R. 11001 to the House Committee on Banking and Currency.

The SPEAKER. Without objection, the previous question is ordered.

There was no objection.

The SPEAKER. The question is on the motion to recommit.

The question was taken and the Speaker announced that the noes appeared to have it.

Mr. GROSS. Mr. Speaker, I object to the vote on the ground that a quorum is not present and I make a point of order that a quorum is not present.

The SPEAKER. Under the unanimous-consent agreement previously entered into, the vote will go over until tomorrow.

#### AMENDMENTS TO FEDERAL DEPOSIT INSURANCE ACT

Mr. SPENCE. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 12465) to provide for a

simpler method of determining assessments under the Federal Deposit Insurance Act, and for other purposes.

The motion was agreed to.

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 12465, with Mr. THOMPSON of Texas in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. SPENCE. Mr. Chairman, I yield myself 5 minutes.

This bill amends the Federal Deposit Insurance Act to simplify the procedures governing the assessments banks pay for deposit insurance. The principal change the bill makes in simplifying these procedures is to eliminate the special records and special reports now required for assessment purposes, and base assessments on information supplied by the banks in the regular reports of condition they now make to their Federal supervisory authorities. The second principal change is to substitute a flat percentage deduction—16½ percent of demand deposits and 1 percent of time deposits—for certain deductions from deposits which are now allowed in computing the assessment base. Because these changes, taken alone, would result in substantial increases in the assessments paid by a number of banks, the bill also provides for an increase in the refund FDIC makes to banks out of net assessment income.

By simplifying procedures the bill will cut expenses for the Federal Deposit Insurance Corporation and for the banks. Under the present system the banks keep one set of records and make one set of reports to their supervisory authorities for purposes of general supervision, and keep another set of records and make another set of reports for FDIC assessment purposes. In general, the assessment a bank must pay depends on the deposits it has; but under the law today deposits are figured one way in reporting deposit liabilities to the bank's supervisory authority and they are figured another way in reporting to FDIC how much the bank owes for deposit insurance. This not only is expensive and time consuming for the bank; it also requires special examinations by FDIC to verify the figures submitted for assessment purposes. The bill defines "deposits" the same way for both purposes, and takes other steps to make the procedures for assessments conform with the procedures for reports of condition to the supervisory authorities. This not only saves money, but it provides a much better control over assessments. The reports of condition are verified by examiners employed by the supervisory authorities; this is done at least once a year for every bank. The special assessment reports today require special FDIC field audits, at a cost of over \$500,000 a year, which cover only about 1,000 banks—out of over 13,000 insured banks—in a 3-year period. So the bill will provide a much better check on assessment liabilities as reported by the banks, at a considerable saving of money.

The standard percentage deduction I mentioned replaces certain other deductions from deposits now allowed in figuring assessments. The principal deduction now allowed which would be replaced by the percentage deduction is for "float," meaning cash items—mostly checks—the bank has received and is in the process of collecting. The law today gives a bank a choice between figuring the actual amount of float it has, or reporting a figure based on the assumption that it takes 2 days on the average to collect such items. Over 90 percent of the banks take the latter choice; it is obviously advantageous for banks which can collect these items in less than 2 days on the average. This means, generally, large banks in our larger cities. The standard, percentage deduction will be most helpful to smaller, country banks.

Because many banks will have to pay larger gross assessments as a result of these changes, the bill increases the rebate FDIC makes to banks out of its net assessment income. Today, after all FDIC's expenses are paid, and all losses provided for, FDIC splits what is left over out of its income for the year, and puts 40 percent into its capital account—insurance fund—and pays the remaining 60 percent back to the banks. The bill raises this 60-percent figure to 66½ percent. It should be understood that this refund is made only after all expenses are provided for, and only after all losses are paid—not only losses incurred in the current year, but any losses incurred in preceding years which resulted in a reduction of the insurance fund.

I feel we should encourage efforts to cut redtape and increase the efficiency of Government programs. This proposal was carefully worked out by the Federal Deposit Insurance Corporation, following a suggestion by the General Accounting Office. Federal deposit insurance has made an outstanding contribution to the stability of our economy, and I hope the House will approve this bill to increase the program's efficiency.

Mr. KILBURN. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, this is a good bill. It was very carefully considered by the committee. I would like to tell the House that the Chairman of the FDIC is our former colleague, Jesse Wolcott. He went through this bill very carefully and as you people who know him know, there was not a more intelligent, a more able legislator in Congress. He is very strongly in favor of this bill and I think you should value his opinion on it because some provisions in it are complicated.

Mr. Chairman, I now yield 5 minutes to the gentleman from California [Mr. HESTAND].

Mr. HESTAND. Mr. Chairman, this bill would seek to simplify what has been rather a complicated formula for figuring the assessment charge for bank insurance on deposits. The formula had to be somewhat complicated by reason of the fact that it had to take into consideration not only the bank assets as given on regular reports but also the



"float," which varies very greatly in differently sized and differently located banks.

The purpose of the bill, as has been stated by the chairman, is to simplify and make more clear this formula. As the ranking minority member, the gentleman from New York [Mr. KILBURN] said, it has the hearty and earnest support of the present Chairman of the Federal Deposit Insurance Corporation, our former colleague and former chairman, Jesse Wolcott.

In general, the bill would take two steps to do this. It would base the FDIC assessments on items in the reports of condition insured banks make to their supervisory authorities, rather than on special reports filed with FDIC; and second, it would simplify computation of assessments by authorizing a single, uniform deduction by all banks, on account of "float" and other deductions heretofore allowed, of 16 $\frac{2}{3}$  percent of demand deposits and 1 percent of time deposits. Because this change results in an increase in gross assessments for a number of banks, the bill also in order to keep fairness would increase the rebate made to insured banks from net assessments, from the present 60 percent to the proposed 66 $\frac{2}{3}$  percent.

There it is in a nutshell. You will find it on page 2 of your committee report. It has been a subject of long and exhaustive studies, surveys, and discussions. We had only one witness opposing the bill in the hearing in our subcommittee, and one member of the committee in opposition, so it is the logical thing to do. We changed the wording slightly in committee to take care of any possible objection that we felt could be made. It is a sound bill. As the gentleman from New York has said, it will greatly simplify and make more clear the formula, and will reduce the paperwork and man-hours necessary to be expended in the making of the present computations both on the part of the banks and on the part of the Federal Deposit Insurance Corporation. It is a good bill, Mr. Chairman, and I sincerely hope that it will pass without too great a discussion.

Mr. SPENCE. Mr. Chairman, I yield such time as he may desire to the gentleman from Georgia [Mr. BROWN].

Mr. BROWN of Georgia. Mr. Chairman, the provisions of the bill have been outlined to the committee by the able gentleman from Kentucky [Mr. SPENCE], chairman of the House Banking and Currency Committee. I would like to add just a few remarks in support of this legislation.

The bill does simplify the procedures used for determining bank assessments for deposit insurance. Testimony of qualified witnesses before my subcommittee, which held hearings on the bill, indicated clearly that the bill will cut expenses for the Federal Deposit Insurance Corporation and the banks under the new assessment procedures.

Now it is true that the bill will increase the refund FDIC makes to insured banks out of its net income. This refund is made only after all expenses are paid and all losses have been made

up. The refund will be about \$11 million a year more under the bill than it is today. But it should be pointed out that this amount, large as it is, is quite small compared with the size of the fund, which amounted to over \$2 billion at the end of 1959. This fund is building up at a sizable rate, and will continue to do so under the bill. For example, it is estimated that the fund will reach \$3 billion under the bill by 1966.

FDIC officials have told us that when the fund reaches 1 percent of total deposits, the Corporation will be in a position to take care of any banking crisis short of the disaster that occurred in the 1930's. The fund now amounts to 0.84 percent of total deposits—1.47 percent of insured deposits—and will reach 1 percent of total deposits under the bill by about 1968, as compared with 1965 or 1966 under the present law.

The proposed new assessment procedures, in my judgment, have some real advantages. First, the proposed plan will eliminate one set of complicated rules, regulations, instructions, and interpretations for banks to follow and for the Corporation to administer. This is, of course, more important to the smaller banks.

Secondly, the new procedures assure the attention to top-ranking bank officers to the preparation of the report on which the assessment would be based.

Thirdly, the assessment base of all insured banks could be substantially verified without additional cost, as bank examiners now review all reports of condition during the course of a regular examination. Thus the need for most field assessment audits by the Corporation's auditors would be eliminated.

Fourthly, the new procedures would result in greater uniformity in the assessment base reported by the banks while eliminating the need for banks to maintain special records for assessment purposes.

The Independent Bankers Association representing many of the smaller banks in the country; the American Bankers Association representing both large and small banks; and the administration represented by the members of the Board of the Federal Deposit Insurance Corporation; all testified in favor of the bill. This is a good bill and should be passed.

Mr. SPENCE. Mr. Chairman, I yield 5 minutes to the gentleman from Texas [Mr. PATMAN].

Mr. PATMAN. Mr. Chairman, I am the one who opposed the bill on the final vote. One of the reasons I did so is the committee did not investigate and study this matter.

I am opposed to this bill for several reasons.

I am opposed to it, not because it changes the method of computing the assessment on the banks. But I am opposed to it because, quite aside from the change in method, the bill would reduce the banks' assessment and reduce their contribution to the insurance fund.

When the FDIC was organized in 1934, Congress provided a very modest assessment. It was to be one-twelfth of 1 percent of the bank's deposit liability. And it was anticipated at that time that this

rate of assessment would gradually build up the insurance fund, in which case the FDIC could stand on its own feet and the various Government props and subsidies could be removed.

The assessment rate has been repeatedly reduced and the fund has not been built up.

When the FDIC started out in 1934, Congress provided it with \$289 million of Federal funds to get started on. That meant that the Corporation had only 83 cents against each \$100 of deposit liabilities. Now, after 26 years, do you know how much they have built up this insurance fund? They now have 84 cents for every \$100 of deposit liabilities. That is a gain of 1 cent in 26 years.

On the previous cut, the assessment rate was reduced to one twenty-fourth of 1 percent. This bill would cut the rate down to about one thirty-second of 1 percent.

In view of the very small amount in the insurance fund, compared to deposit liabilities, during the 80th Congress, when Mr. Wolcott was chairman of the Committee on Banking and Currency, he got a bill through Congress which gave the FDIC a \$3 billion commitment on the Federal Treasury. This means that at any moment the FDIC gets into trouble and needs money, it can go to the Federal Treasury and obtain \$3 billion. This is a contingent liability of the Treasury, and it figures in the national debt. This \$3 billion commitment is really the insurance which insures these deposits. Now, that \$3 billion should be taken off. How can it be taken off? By this assessment remaining at one-twelfth of 1 percent until they have enough in this insurance fund to repeal that \$3 billion contingent liability of the Treasury. That is what I want to do. I want to eliminate that \$3 billion part of the national debt to guarantee deposits.

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

Mr. PATMAN. Not at this time. You see, I am the only one who asked for time to speak against this bill, yet I have been given only 5 minutes in which to present the whole opposition.

Mr. SPENCE. I will give the gentleman 5 additional minutes.

Mr. PATMAN. Thank you.

Mr. KILBURN. And I will yield the gentleman 5 minutes.

Mr. PATMAN. Thank you very much. I feel much better about this.

Now, I am not trying to reflect on any member of the committee or any Member of Congress. They have their own views.

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

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

Mr. HIESTAND. The gentleman has said this \$3 billion is a part of the national debt. I am sure he did not mean to express it that way.

Mr. PATMAN. It is a contingent liability of the Government.

Mr. HIESTAND. Contingent; it is not part of the national debt.

Mr. PATMAN. I will tell you how much it is part of the national debt.



The Government is responsible for it, and it is a most unusual commitment.

This commitment of \$3 billion means that the FDIC can go down there and the Treasury has got to give them \$3 billion when they want it. It is a "shall"; it is not a "may"; it is: "Shall deliver to them \$3 billion."

Mr. SMITH of Iowa. Mr. Chairman, will the gentleman yield?

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

Mr. SMITH of Iowa. As a matter of fact the contingent liability is \$140 billion; is it not?

Mr. PATMAN. That is another matter. There is a contingent liability of \$137 billion plus \$40 billion—it is over \$170 billion, a contingent liability for all the deposits in the banks and in the Federal savings and loan associations, because in the last analysis the Government is morally committed to make these deposits good.

Mr. SMITH of Iowa. In other words, there are that many deposits in one place or another.

Mr. PATMAN. That is right. But the \$3 billion commitment which I am speaking of is written into the law.

In order for the Treasury to have that \$3 billion available if it is needed—remember this and listen to this—ever since that law was passed in the 80th Congress the Treasury has followed the practice of keeping a minimum of \$3 billion on deposit with the banks. The banks have the use of this money and pay no interest on it. But the taxpayers are paying interest at all times on \$3 billion of unnecessary debt. In the event of distress or crisis the Treasury could not quickly go into the market and borrow the money; so they are keeping this \$3 billion additional and unused in the commercial banks. They are receiving interest on it and we are paying 3 and 4 percent interest on it. Now, is that a liability to the Government and to the American taxpayers? Obviously it is.

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

Mr. PATMAN. I yield.

Mr. HIESTAND. The gentleman again repeated that this is a part of the national debt.

Mr. PATMAN. It is an obligation which results in \$3 billion of debt which would otherwise be unnecessary.

Mr. HIESTAND. The gentleman agrees it is not a debt.

Mr. PATMAN. The commitment as such is not listed as a debt because it is not interest bearing; only interest-bearing debt is reported as part of the Federal debt.

Mr. HIESTAND. I think the gentleman is not fully aware that the statistics show that the Treasury balances have been below the \$3 billion limit repeatedly, and we have replenished them from an emergency fund in a couple of instances in the last 26 years; in other words, it has been under \$1 billion and we have had to replenish it.

Mr. PATMAN. This commitment was made during the 80th Congress, 12 or 13 years ago, not 26 years ago when the FDIC was set up.

The record shows that there is today \$7 billion in the banks idle and not used and on which the people pay interest, money which they could use.

Mr. HOFFMAN of Michigan. Or give it away.

Mr. PATMAN. That is \$7 billion.

Mr. BROWN of Georgia. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. BROWN of Georgia. It is true that the FDIC has always had this \$3 billion.

Mr. PATMAN. Yes, they have always had it since 1947, when the law was changed.

Imagine only 83 cents to guarantee every \$100 liability. That is what it was when the organization was organized; and now, after 26 years, after reducing the assessments, they have only 84 cents for every \$100 liability. Yet you want to pass this bill to reduce the assessment more. That is what this bill is, it is a bankers' bonus bill.

Mr. HOFFMAN of Michigan. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. HOFFMAN of Michigan. The gentleman will assuredly concede that our former colleague who is at the present time the head of this agency or department is doing a mighty fine job and that whatever fault there may be it is not his. The gentleman does not attack the administration of the program, does he?

Mr. PATMAN. No, but I am suggesting certain reasons why this bill should not be passed.

Mr. HOFFMAN of Michigan. But his ability and integrity are unquestioned.

Mr. PATMAN. But while he was here in Congress he got the law changed.

And now that he has gone in as Chairman of the Federal Deposit Insurance Corporation, he wants the assessment cut down, since they have the \$3 billion commitment. I consider that bad administration from the taxpayers' point of view.

Mr. HOFFMAN of Michigan. He is just following a policy laid down by your own chairman, Mr. Steagall.

Mr. PATMAN. No.

Mr. HOFFMAN of Michigan. Oh, yes.

Mr. PATMAN. Mr. Steagall did not start that.

Mr. HOFFMAN of Michigan. He was a gentleman whose ability was never questioned.

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

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

Mr. HIESTAND. The gentleman just stated the purpose of this bill was to reduce the assessment. The assessment will remain the same.

Mr. PATMAN. No, the gentleman is mistaken.

Mr. HIESTAND. It remains the same, does it not?

Mr. PATMAN. The gentleman is mistaken about that. They have not paid one-twelfth of 1 percent in years. They have been paying one twenty-fourth of 1 percent, and under this bill they would pay one thirty-second of 1 percent.

Mr. HIESTAND. The formula is exactly the same.

Mr. PATMAN. Yes, the formula, one-twelfth of 1 percent for paying in has never been changed; but there has been added a formula for remitting, or paying back part of the assessments. This bill increases the rebates and thus reduces the real assessments. In other words, because the Government is behind the insurance, the bankers are saving themselves some money. Actually, many of the bankers do not want this thing reduced. They want this fund big enough to stand on its own feet without a Government subsidy, and to get rid of the \$3 billion commitment. That is the view of the bankers. They want it that way.

This is against what the bankers really want. This is putting the Government more and more behind it, and the bankers less and less behind it.

Mr. HIESTAND. Will the gentleman yield further?

Mr. PATMAN. I yield to the gentleman.

Mr. HIESTAND. The gentleman said that the bankers do not want the subsidy. There is no subsidy in this matter.

Mr. PATMAN. There is a big subsidy of \$71 million of Government funds in the FDIC capital structure.

Mr. HIESTAND. That is not a subsidy.

Mr. PATMAN. What else is it?

Mr. HIESTAND. That is in the Treasury, and a special assessment can be made. It is not costing the banks or the people of the United States one penny.

Mr. PATMAN. The FDIC ought to be looked into. It should be reevaluated. In 26 years it has increased its insurance fund from 83 to 84 cents against each \$100 of deposit liabilities. I think we had better take another look.

Mr. HOFFMAN of Michigan. Mr. Chairman, will the gentleman yield?

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

Mr. HOFFMAN of Michigan. For 20 years I have heard the gentleman cuss out the bankers. How many of your own committee are going along with you on this?

Mr. PATMAN. I am the only one right now. If I had enough time, I would convince the gentleman I am right.

Mr. HOFFMAN of Michigan. Me?

Mr. PATMAN. Yes, and the majority of the Members of the House; but I do not have the opportunity, I do not have any real chance to convince you now, in only 10 or 15 minutes. But I am telling you now it is a bad bill. I know it is going to be passed, but I am warning you that the FDIC ought to be looked into. They are attempting to build a \$15 million building without the permission of Congress. They are going around the Congress.

Mr. HOFFMAN of Michigan. Does not the gentleman know that one of those political subcommittees of the Committee on Government Operations is doing what the gentleman is now suggesting?

Mr. PATMAN. I do not know anything about the political subcommittee. You have a mighty fine subcommittee in that committee, and you have a mighty fine chairman.



Mr. HOFFMAN of Michigan. They had a million dollars, and recently the gentleman helped them along with \$40,000 more.

Mr. PATMAN. I am glad I did, I was confident it would be put to good use. It is a fine committee; they are doing fine work, and I hope they will report a bill of mine favorably.

Mr. HOFFMAN of Michigan. That bill?

Mr. PATMAN. Yes, and I hope the gentleman will support it.

Mr. HOFFMAN of Michigan. What is that one about?

Mr. PATMAN. It puts the FDIC under the Government Corporation Act; it will require them to put their budgets before the Congress.

Mr. HOFFMAN of Michigan. You will remember back when this committee I am talking about, which is this one political subcommittee that is doing such a good job for your party—do you remember when we got the information you wanted which your own committee would not give to you?

Mr. PATMAN. Mr. Wolcott was chairman of the committee at that time. It was not a Democratic committee.

Mr. HOFFMAN of Michigan. Does the gentleman remember that?

Mr. PATMAN. I remember it; it was not a Democratic committee.

Mr. HOFFMAN of Michigan. What became of it?

Mr. PATMAN. They did not feel inclined to go into the report that we later went into.

Mr. Chairman, there is no urgency for this legislation. There is nothing pressing. It ought to be put over until next year when we can go into it thoroughly.

The CHAIRMAN. The time of the gentleman from Texas has expired.

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

Mr. MULTER. Mr. Chairman, this is a very simple bill. It deals with the simplification of the method of determining assessments that are payable by the banks to the Federal Deposit Insurance Corporation for the insurance of the deposits kept with the commercial banks. This is not a big bankers bill, although I must confess it probably can be termed a bankers bill. But, when the little banks of the country and the Independent Bankers Association come before our committee and tell us it is a good bill and it will help them, I think we can go along with it, that is particularly so after the Federal Deposit Insurance Corporation comes in, as they did, explains the details of the bill, and indicates to us, as they have done, that this will not affect the security of the depositors, it will not impair the surplus fund, it will help save money for the Federal Deposit Insurance Corporation in its operations, which means there will be more money at the end of the year to be added to the surplus funds which are used in part to guarantee the depositors' accounts. It will also be a boon to the small banks in their operations. It will make it easier and simpler for them to make the reports that are required in determining assessments that must be paid by them.

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

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

Mr. MOORHEAD. I would like to ask the gentleman if it is not true that the change in the assessment rate is more likely to help the small banks rather than the larger banks.

Mr. MULTER. There is not any doubt that the gentleman is correct. The record shows it. The fact of the matter is, the big banks asked for an amendment to this bill, as presented to us by the FDIC, so that they could get a greater advantage under the bill, and we refused to go along with them. We took the bill as brought to us by the FDIC and approved by the smaller banks and did not make the changes suggested by some of the bigger banks.

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

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

Mr. HIESTAND. Could it not also be said that this involves no additional cost to the taxpayers?

Mr. MULTER. Oh, I am glad the gentleman referred to that, because the taxpayers' money is not used at all in the operation of the Federal Deposit Insurance Corporation. Although it was started originally with public funds, every dollar of the public funds has been paid back, interest has been paid back, and all of that money came from insurance premiums paid by the banks to FDIC. All of this surplus fund has been built up out of the money paid to FDIC by the banks for this insurance for their depositors.

Mr. HIESTAND. And there is no subsidy for the banks in this bill?

Mr. MULTER. There is no subsidy for the banks in this bill, big or small.

Mr. HIESTAND. I thank the gentleman.

Mr. MULTER. Quite apart from the simplification of the method in arriving at the assessments, there is a slight increase of credit that is given to each bank after the assessment is determined. Instead of paying the full assessment or premium to the Corporation, under existing law they are entitled to a 60-percent credit. That credit is given to them provided the surplus funds are not impaired during any year. Whenever there may be an impairment, and there has not been, but if there should be an impairment of the surplus fund, that credit cannot be given against the assessment or the premium until the surplus fund is fully restored. Now, in this bill we change that 60-percent credit to 66½ percent. What does it mean? It means if we did not make that change, in 1966 this surplus fund will have grown to \$3,110,000,000, and if we make the change, then by 1966 it will have grown to \$3,011,000,000, a difference of about \$99 million. I say that the benefits to be obtained by the smaller banks throughout the country is worth letting this fund grow at that lesser rate.

Mr. Chairman, I assure the members of the committee that this is a good bill. It is of advantage and of help to FDIC. It simplifies the method of operation

for the Corporation itself. It helps the banks of the country to the extent it simplifies their procedure and saves them money. I can see no reason why the Congress should not pass the bill with as large a vote proportionally as the vote in reporting the bill to the Congress, which was 21 to 1.

The CHAIRMAN. If there are no further requests for time, the Clerk will read the bill for amendment.

The Clerk read as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That subsection (1) of section 3 of the Federal Deposit Insurance Act, as amended (12 U.S.C. 1813(1)), is amended to read as follows:*

"(1) The term 'deposit' means—

"(1) the unpaid balance of money or its equivalent received or held by a bank in the usual course of business and for which it has given or is obligated to give credit, either conditionally or unconditionally, to a commercial, checking, savings, time, or thrift account, or which is evidenced by its certificate of deposit, or a check or draft drawn against a deposit account and certified by the bank, or a letter of credit or a traveler's check on which the bank is primarily liable: *Provided, That, without limiting the generality of the term 'money or its equivalent', any such account or instrument must be regarded as evidencing the receipt of the equivalent of money when credited or issued in exchange for checks or drafts or for a promissory note upon which the person obtaining any such credit or instrument is primarily or secondarily liable, or for a charge against a deposit account, or in settlement of checks, drafts, or other instruments forwarded to such bank for collection.*

"(2) trust funds as defined in this Act received or held by such bank, whether held in the trust department or held or deposited in any other department of such bank,

"(3) money received or held by a bank, or the credit given for money or its equivalent received or held by a bank, in the usual course of business for a special or specific purpose, regardless of the legal relationship thereby established, including without being limited to, escrow funds, funds held as security for an obligation due to the bank or others including funds held as dealers reserves) or for securities loaned by the bank, funds deposited by a debtor to meeting maturing obligations, funds deposited as advance payment on subscriptions to United States Government securities, funds held for distribution or purchase of securities, funds held to meet its acceptances or letters of credit, and withheld taxes: *Provided, That there shall not be included funds which are received by the bank for immediate application to the reduction of an indebtedness to the receiving bank, or under condition that the receipt thereof immediately reduces or extinguishes such an indebtedness.*

"(4) outstanding draft (including advice or authorization to charge bank's balance in another bank), cashier's check, money order, or other officer's check issued in the usual course of business for any purpose, including without being limited to those issued in payment for services, dividends, or purchases, and

"(5) such other obligations of a bank as the Board of Directors, after consultation with the Comptroller of the Currency and the Board of Governors of the Federal Reserve System, shall find and prescribe by regulation to be deposit liabilities by general usage: *Provided further, That any obligation of a bank which is payable only at an office of the bank located outside of the States of the United States, the District of Columbia, Puerto Rico, Guam, and the Virgin*



Islands, shall not be a deposit for any of the purposes of this Act or be included as part of total deposits or of an insured deposit."

SEC. 2. Subsections (a), (b), and (c) of section 7 of the Federal Deposit Insurance Act (12 U.S.C. 1817 (a), (b), and (c)) are amended to read as follows:

"(a) (1) Each insured State nonmember bank (except a District bank) shall make to the Corporation reports of condition which shall be in such form and shall contain such information as the Board of Directors may require. Such reports shall be made to the Corporation on the dates selected as provided in paragraph (3) of this subsection and the deposit liabilities shall be reported therein in accordance with and pursuant to paragraphs (4) and (5) of this subsection. The Board of Directors may call for additional reports of condition on dates to be fixed by it and may call for such other reports as the Board may from time to time require. The Board of Directors may require reports of condition to be published in such manner, not inconsistent with any applicable law, as it may direct. Every such bank which fails to make or publish any such report within ten days shall be subject to a penalty of not more than \$100 for each day of such failure recoverable by the Corporation for its use.

"(2) The Corporation shall have access to reports of examination made by, and reports of condition made to, the Comptroller of the Currency or any Federal Reserve bank and to all revisions of reports of condition made to either of them, and they shall promptly advise the Corporation of any revisions or changes in respect to deposit liabilities made or required to be made in any report of condition. The Corporation may accept any report made by or to any commission, board, or authority having supervision of a State nonmember bank (except a District bank), and may furnish to the Comptroller of the Currency, to any Federal Reserve bank, and to any such commission, board, or authority, reports of examinations made on behalf of, and reports of condition made to, the Corporation.

"(3) Each insured State nonmember bank (except a District bank) shall make to the Corporation, each insured national bank and each insured District bank shall make to the Comptroller of the Currency, and each insured State member bank shall make to the Federal Reserve bank of which it is a member, four reports of condition annually upon dates which shall be selected by the Chairman of the Board of Directors, the Comptroller of the Currency, and the Chairman of the Board of Governors of the Federal Reserve System, or a majority thereof. The dates selected shall be the same for all insured banks, except that when any of said reporting dates is a nonbusiness day for any bank, the preceding business day shall be its reporting date. Two dates shall be selected within the semiannual period of January to June, inclusive, and the reports on such dates shall be the basis for the certified statement to be filed in July pursuant to subsection (c) of this section, and two dates shall be selected within the semiannual period of July to December, inclusive, and the reports on such dates shall be the basis for the certified statement to be filed in January pursuant to subsection (c) of this section. The deposit liabilities shall be reported in said reports of condition in accordance with and pursuant to paragraphs (4) and (5) of this subsection, and such other information shall be reported therein as may be required by the respective agencies. Each said report of condition shall contain a declaration by the president, a vice president, the cashier or the treasurer, or by any other officer designated by the board of directors or trustees of the reporting bank to make such declaration, that the report is true and correct to the best of his knowledge and belief. The cor-

rectness of said report of condition shall be attested by the signatures of at least three of the directors or trustees of the reporting bank other than the officer making such declaration, or by at least two if there are not more than three directors or trustees. At the time of making said reports of condition each insured National, District, and State member bank shall furnish to the Corporation a copy thereof containing such signed declaration and attestations. Nothing herein shall preclude any of the foregoing agencies from requiring the banks under its jurisdiction to make additional reports of condition at any time.

"(4) In the reports of condition required to be made by paragraph (3) of this subsection, each insured bank shall report the total amount of the liability of the bank for deposits in the main office and in any branch located in any State of the United States, the District of Columbia, any Territory of the United States, Puerto Rico, Guam, or the Virgin Islands, according to the definition of the term 'deposit' in and pursuant to subsection (1) of section 3 of this Act, without any deduction for indebtedness of depositors or creditors or any deduction for cash items in the process of collection drawn on others than the reporting bank: *Provided*, That the bank in reporting such deposits may (i) subtract from the deposit balance due to any bank the deposit balance due from the same bank (other than trust funds deposited by either bank) and any cash items in the process of collection due from or due to such banks shall be included in determining such net balance, except that balances of time deposits of any bank and any balances standing to the credit of private banks, of banks in foreign countries, of foreign branches of other American banks and of American branches of foreign banks shall be reported gross without any such subtraction, and (ii) exclude any deposits received in any office of the bank for deposit in any other office of the bank: *And provided further*, That outstanding drafts (including advices and authorizations to charge bank's balance in another bank) drawn in the regular course of business by the reporting bank on banks need not be reported as deposit liabilities. The amount of trust funds held in the bank's own trust department, which the reporting bank keeps segregated and apart from its general assets and does not use in the conduct of its business, shall not be included in the total deposits in such reports, but shall be separately stated in such reports.

"(5) The deposits to be reported on such reports of condition shall be segregated between (i) time and savings deposits and (ii) demand deposits. For this purpose and for the computation of assessments provided in subsection (b) of this section, the time and savings deposits shall consist of time certificates of deposit, time deposits-open account, deposits accumulated for the payment of personal loans, and savings deposits; and demand deposits shall consist of all deposits other than time and savings deposits.

"(6) The Board of Directors, after consultation with the Comptroller of the Currency and the Board of Governors of the Federal Reserve System, may by regulation define the terms 'cash items' and 'process of collection', and shall classify deposits as 'time', 'savings', and 'demand' deposits, for the purposes of this section.

"(b) (1) The annual assessment rate shall be one-twelfth of 1 per centum. Except as provided in subsection (c) (2) of this section, the semiannual assessment due from any insured bank for any semiannual period shall be equal to one-half the annual assessment rate multiplied by such bank's average assessment base for the immediately preceding semiannual period.

"(2) For the purposes of this section the term 'semiannual period' means a period beginning on January 1 of any calendar year

and ending on June 30 of the same year, or a period beginning on July 1 of any calendar year and ending on December 31 of the same year.

"(3) A bank's average assessment base for any semiannual period shall be the average of such bank's assessment bases for the two dates, falling within such semiannual period, for which the bank is required to submit reports of condition pursuant to paragraph (3) of subsection (a) of this section (referred to hereafter in this section as 'reports of condition').

"(4) A bank's assessment base for any date shall be equal to the bank's liability for deposits (including the deposits of any other bank for which it has assumed liability) as reported in its report of condition for such date, plus the assessment base additions set forth in paragraph (5), and less the assessment base deductions set forth in paragraph (6).

"(5) The assessment base additions shall be the amounts of—

"(A) uninvested trust funds required to be separately stated in the bank's report of condition; and

"(B) any deposits received in any office of the bank for deposit in any other office of the bank located in the United States, the District of Columbia, Puerto Rico, Guam, or the Virgin Islands, except those which have been included in deposits in the report of condition or which have been offset in the report of condition by an equal amount of cash items in its possession drawn on itself (on the same type of deposit as those offset) and not charged against deposit liabilities at the close of business on the date as of which the report of condition is made, either in their actual amount as shown on the books of the bank, or, if not so shown, in an amount determined by means of an experience factor pursuant to regulations prescribed by the Board of Directors.

"(6) The assessment base deductions shall be the amounts of—

"(A) cash items in the bank's possession, drawn on itself, which have not been charged against deposit liabilities at the close of business on the date as of which the report of condition is made, either in their actual amount as shown on the books of the bank, or, if not so shown, in an amount determined by means of an experience factor pursuant to regulations prescribed by the Board of Directors;

"(B) deposits included in reported deposit liabilities which are accumulated for the payment of personal loans and are assigned or pledged to assure repayment of the loans at maturity;

"(C) 1 per centum of the bank's adjusted time and savings deposits (as defined in paragraph (7)); and

"(D) 1½ per centum of the bank's adjusted demand deposits (as defined in paragraph (8)).

Each insured bank, as a condition to the right to make any such deduction in determining its assessment base, shall maintain such records as will readily permit verification of the correctness of its assessment base. No insured bank shall be required to retain such records for such purpose for a period in excess of five years from the date of the filing of any certified statement, except that when there is a dispute between the insured bank and the Corporation over the amount of any assessment the bank shall retain such records until final determination of the issue.

"(7) The term 'the bank's adjusted time and savings deposits' means the amount of the bank's time and savings deposits as reported in its report of condition, as adjusted—

"(A) either by adding the amount of all deposits of the type described in subparagraph (5) (B) or, if the bank elects to ascertain the respective amounts of such de-



posits creditable to time and savings deposits and to demand deposits, by adding the amount creditable to time and savings deposits;

"(B) by subtracting, if the bank elects to ascertain the respective amounts of its items of the type described in subparagraph (6) (A) chargeable against time and savings deposits and against demand deposits, the amount chargeable against time and savings deposits; and

"(C) by subtracting the amount of all deposits of the type described in subparagraph (6) (B).

"(8) The term 'the bank's adjusted demand deposits' means the amount of the bank's demand deposits as reported in its report of conditions, as adjusted—

"(A) by adding the amount of all deposits of the type described in subparagraph (5) (A);

"(B) by adding, if the bank elects to ascertain the respective amounts of its deposits of the type described in subparagraph (5) (B) creditable to time and savings deposits and to demand deposits, the amount creditable to demand deposits; and

"(C) either by subtracting the amount of all items of the type described in subparagraph (6) (A), or, if the bank elects to ascertain the respective amounts of such items chargeable against time and savings deposits and against demand deposits, by subtracting the amount chargeable against demand deposits.

"(c) (1) On or before the last day of the first month following each semiannual period, each insured bank which became insured prior to the beginning of such period shall file with the Corporation a certified statement showing its average assessment base for such period, and the amount of the semiannual assessment due to the Corporation for the semiannual period which begins with such month. Each such bank shall pay to the Corporation the amount of the semiannual assessment it is required to certify.

"(2) A bank shall not be required to pay any assessment for the semiannual period in which it becomes an insured bank. On or before the last day of the first month following the semiannual period during which any bank becomes an insured bank, such bank shall—

"(A) file with the Corporation a certified statement showing, as its assessment base for such period, its assessment base for the last date, if any, within such period for which it was required to submit a report of condition, or

"(B) if such bank became an insured bank after the last date in such period for which a report of condition was required, such bank shall make a special report of condition as of the last day of such semiannual period, and shall file with the Corporation a certified statement showing, as its assessment base for such period, its assessment base for the date of such special report.

The semiannual assessment due from such bank for the semiannual period which begins with such month shall be equal to one-half the annual assessment rate multiplied by the assessment base computed pursuant to subparagraph (A) or (B) of this paragraph, and the amount of such assessment shall be shown on such certified statement. Each such bank shall pay to the Corporation the amount of the semiannual assessment it is required to certify.

"(3) The certified statements required to be filed with the Corporation under paragraphs (1) and (2) of this subsection shall be in such form and set forth such supporting information as the Board of Directors shall prescribe and shall be certified by the president of the bank or any other officer designated by its board of directors or trustees that to the best of his knowledge and

belief the statement is true, correct, and complete and in accordance with the Federal Deposit Insurance Act and regulations issued thereunder. The assessment payments required from insured banks under paragraphs (1) and (2) of this subsection shall be made in such manner and at such time or times as the Board of Directors shall prescribe, provided the time or times so prescribed shall not be later than sixty days after filing the certified statement setting forth the amount of assessment.

"(4) Except as otherwise provided in this section, the Board of Directors shall prescribe all needful rules and regulations for the enforcement of this section. The Board of Directors may limit the retroactive effect, if any, of any of its rules or regulations."

SEC. 3. Section 7 of the Federal Deposit Insurance Act (12 U.S.C. 1817) is amended by substituting for the date "December 31, 1950" in subsection (d) the date "December 31, 1961"; by substituting for the numerical figure "40" in subsection (d) the numerical figure "33 1/3"; by substituting for the words "falls to file" in subsection (f) the words "fails to make any report of condition under subsection (a) of this section or to file"; by substituting for the words "file such statement" in subsection (f) the words "make such report or file such statement"; by substituting for the word "filed" in the first sentence of subsection (g) the words "made any such report of condition under subsection (a) of this section or filed"; by substituting for the words "to file" in the first sentence of subsection (g) the words "to make any such report or file"; by substituting for the words "to file" in the first sentence of subsection (h) the words "to make any report of condition under subsection (a) of this section or to file"; and by substituting for the words "in its trust or deposited in any other department or in another bank" in the first sentence of subsection (i) the words "in its trust department or held or deposited in any other department of the fiduciary bank" and by striking the words after the colon in the second sentence and substituting a period for said colon.

SEC. 4. Section 10 of the Federal Deposit Insurance Act (12 U.S.C. 1820) is amended by striking out subsections (e) and (f) thereof and relettering subsection (g) as subsection (e).

SEC. 5. (a) Section 5211 of the Revised Statutes of the United States (12 U.S.C. 161) is amended by striking out the first paragraph thereof and inserting in lieu of such paragraph the following:

"(a) Every association shall make reports of condition to the Comptroller of the Currency in accordance with the Federal Deposit Insurance Act. The Comptroller of the Currency may call for additional reports of condition, in such form and containing such information as he may prescribe, on dates to be fixed by him, and may call for special reports from any particular association whenever in his judgment the same are necessary for his use in the performance of his supervisory duties. Each report of condition shall contain a declaration by the president, a vice president, the cashier, or by any other officer designated by the board of directors of the bank to make such declaration, that the report is true and correct to the best of his knowledge and belief. The correctness of the report of condition shall be attested by the signatures of at least three of the directors of the bank other than the officer making such declaration. Each report shall exhibit in detail and under appropriate heads the resources and liabilities of the association at the close of business on any past day specified by the Comptroller, and shall be transmitted to the Comptroller within ten days after the receipt of a request therefor from him; and the statement of resources and liabilities in the same form in

which it is made to the Comptroller shall be published in a newspaper published in the place where such association is established, or if there is no newspaper in the place, then in the one published nearest thereto in the same county, at the expense of the association, and such proof of publication shall be furnished as may be required by the Comptroller. Special reports called for by the Comptroller need contain only such information as is specified by the Comptroller in his request therefor, and publication of such reports need be made only if directed by the Comptroller.

"(b) Every association shall make to the Comptroller reports of the payment of dividends, including advance reports of dividends proposed to be declared or paid in such cases and under such conditions as the Comptroller deems necessary to carry out the purposes of the laws relating to national banking associations in such form and at such times as he may require."

(b) The paragraph which, prior to the amendments made by this Act, was the second paragraph of such section, is amended (1) by inserting "(c)" at the beginning thereof, and (2) by striking out "three" in the first sentence and inserting "four" in lieu thereof.

SEC. 6. The Act of February 26, 1881, entitled "An Act defining the verification of returns of national banks" (12 U.S.C. 162) is repealed.

SEC. 7. The amendments made by this Act shall take effect on January 1, 1961, except that the certified statements covering the semiannual period ending December 31, 1960, and the determination and payment of assessments (for the semiannual period ending June 30, 1961) required to be certified in such statements, shall be made as if such amendments were not in effect.

Mr. SPENCE (interrupting the reading of the bill). Mr. Chairman, I ask unanimous consent that the bill be considered as read and printed in the RECORD.

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

There was no objection.

The CHAIRMAN. The Clerk will report the committee amendments.

The Clerk read as follows:

Committee amendment: Page 7, line 2, after "trustees," insert "with the declaration that the report has been examined by them and to the best of their knowledge and belief is true and correct."

Committee amendment: Page 17, line 19, insert "with the declaration that the report has been examined by them and to the best of their knowledge and belief is true and correct."

The committee amendments were agreed to.

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

Mr. VANIK. Mr. Chairman, I want to take this opportunity to join my colleague, the gentleman from Texas, the Honorable WRIGHT PATMAN, in opposing the Federal Deposit Insurance Act of 1960. This legislation alleges to provide a simpler method of determining assessments under the Federal Deposit Insurance Act. With this phase of the legislation I have no objection. However, I am unalterably opposed to a reduction of premium payments and a consequent reduction of the insurance reserve fund which would result if this proposal is enacted into law.



Although the present balance in the insurance fund approximates \$2.1 billion, this sum is only one-twelfth of 1 percent of the total deposits.

Under the circumstances which existed until recent years, this insurance reserve would have been completely adequate. However, since 1945, while the cash and reserves of this Nation's banks have only increased by \$9 billion, their holdings of U.S. Government securities have declined by over \$35 billions. At the same time, total deposits have increased by \$80 billion.

Thus, while total bank liquidity has been reduced by the \$35 billion sell-off in Government securities, the insurance liability on bank deposits for all banks has increased to the sum of \$80 billion.

Since 1945 total deposits in all banks have increased from \$166 billion to \$250 billion and during this period the liquidity ratio of all banks has declined from 83 percent in 1945 to 45 percent on September 30, 1959.

The decreasing liquidity of our banking system promises a serious crisis unless this trend is reversed.

Since the banks covered and insured by the Federal Deposit Insurance Act, as well as the institutions insured under the Federal Savings and Loan Insurance Act, adopted a course of shrinking their holdings of Government securities by \$35 billions and have used this capital for higher interest loans of all types, it seems to me that this is indeed a most inappropriate time for any of these institutions to be seeking a reduction of their insurance premium. Personally, I cannot assume the responsibility for supporting any legislation which in any way tends to reduce the insurance reserve fund upon which the depositors of America are making such a tremendous reliance.

The adoption of this legislation today is an action which contributes to irresponsibility in this area. Insofar as it reduces the insurance reserve funds, it is absolutely contrary to the best interests of the American people who must rely on banks for the security of their deposits.

I am vigorously opposed to this legislation.

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

Mr. Chairman, I was a Member of the Congress when the Federal Deposit Insurance Corporation was created. I have always taken pride in my vote on that occasion. If there is one agency to which the people owe gratitude, which the people should respect, in which the people have confidence, it is the Federal Deposit Insurance Corporation. It was organized at a time of the greatest depression in America.

Mr. PATMAN. Mr. Chairman, will the gentleman yield for a question?

Mr. SPENCE. I yield for a question.

Mr. PATMAN. It is a fact that the reason they have that confidence is because the Government of the United States is behind it, is it not?

Mr. SPENCE. No, not entirely; they have confidence in it because of the services it has rendered. That is what makes it good.

It has been charged that the FDIC is indebted to the Government for money which the Treasury and the Federal Reserve banks invested in the Corporation when it was formed. But the Corporation has not only repaid the principal amount invested, but also interest on that amount as required by law.

At the time FDIC was organized the banks, the railroads, and the insurance companies were collapsing like houses of cards. Then the Federal Deposit Insurance Corporation was created, and from that time on no man has ever lost a dollar of his insured account. What could be a finer service to the people than that?

The people have respect for FDIC and confidence in it. It is not a good policy to shake that confidence of the American people. It has encouraged thrift and saving because the people feel their funds are safe in the banks when they deposit them, and those funds will be returned to them when they want them. I think that instead of criticizing the Federal Deposit Insurance Corporation we ought to bless those who had the vision and the foresight to create that organization. We ought to thank them for the service they have rendered. It would be a tragedy to do anything that would weaken the confidence people have in FDIC.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. THOMPSON of Texas, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 12465) to provide for a simpler method of determining assessments under the Federal Deposit Insurance Act, and for other purposes, pursuant to House Resolution 573, he reported the bill back to the House with sundry amendments adopted by the Committee of the Whole.

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

Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

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

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

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

The bill was passed.

A motion to reconsider was laid on the table.

#### GENERAL LEAVE TO EXTEND REMARKS

Mr. SPENCE. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks on the bill just passed, H.R. 12465, and the bill passed earlier, H.R. 11001.

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

There was no objection.

#### FURTHER MESSAGE FROM THE SENATE

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

H.R. 2584. An act for the relief of Gourgen H. Assaturian;

H.R. 2665. An act for the relief of Briccio Garces de Castro;

H.R. 2671. An act for the relief of Antonia Martinez;

H.R. 2823. An act for the relief of Fumie Yoshioka;

H.R. 3122. An act directing the Secretary of the Interior to issue a homestead patent to the heirs of Frank L. Wilhelm;

H.R. 3291. An act to amend title 10, United States Code, with respect to certain medals;

H.R. 3534. An act for the relief of Epifanio Trupiano;

H.R. 3789. An act for the relief of Preciolita V. Corliss (nee Preciolita Valera);

H.R. 3805. An act for the relief of Religiosa Luigia Frizzo, Religiosa Vittoria Garzoni, Religiosa Maria Ramus, Religiosa Ines Ferrario, and Religiosa Roberta Ciccone;

H.R. 3923. An act to provide for the presentation of a medal to persons who have served as members of a U.S. expedition to Antarctica;

H.R. 4346. An act to amend the Bankruptcy Act to limit the use of false financial statements as a bar to discharge;

H.R. 4670. An act for the relief of Karnail Singh Mahal;

H.R. 5569. An act to amend title 10, United States Code, to authorize the award of certain medals within 2 years after a determination by the Secretary concerned that because of loss or inadvertence the recommendation was not processed;

H.R. 7726. An act to amend section 678 of the Bankruptcy Act (11 U.S.C. 1078) relating to the transmission of petitions, notices, orders, and other papers to the Secretary of the Treasury in chapter XIII proceedings;

H.R. 7932. An act for the relief of William E. Dullin;

H.R. 7965. An act to amend section 612 of title 38, United States Code, to authorize outpatient treatment incident to authorized hospital care for certain veterans;

H.R. 8212. An act to amend title 10, United States Code, with respect to the procedure for ordering certain members of the reserve components to active duty and the requirements for physical examination of members of the reserve components, and for other purposes;

H.R. 8253. An act for the relief of Pierre R. DeBroux;

H.R. 8740. An act to provide for the leasing of oil and gas interests in certain lands owned by the United States in the State of Texas;

H.R. 9142. An act to provide for payment for lands heretofore conveyed to the United States as a basis for lieu selections from the public domain, and for other purposes;

H.R. 9201. An act to validate certain mining claims in California;

H.R. 9541. An act to amend section 109(g) of the Federal Property and Administrative Services Act of 1949;

H.R. 9711. An act for the relief of Robert L. Stoermer;

H.R. 9751. An act for the relief of Mrs. Iclie Helen Hinman;

H.R. 10021. An act providing a uniform law for the transfer of securities to and by fiduciaries in the District of Columbia;

H.R. 10068. An act to amend section 303 of the Career Compensation Act of 1949, to authorize travel and transportation allowances, and transportation of dependents and



of baggage and household effects to the homes of their selection for certain members of the uniformed services, and for other purposes;

H.R. 11522. An act to amend the act of August 26, 1935, to permit certain real property of the United States to be conveyed to States, municipalities, and other political subdivisions for highway purposes;

H.R. 11787. An act to authorize a continuation of flight instruction for members of the Reserve Officers' Training Corps until August 1, 1964;

H.R. 12265. An act to amend title 10, United States Code, to authorize certain persons to administer oaths and to perform notarial acts for persons serving with, employed by, or accompanying the Armed Forces outside the United States;

H.R. 12346. An act to amend section 14(b) of the Federal Reserve Act, as amended, to extend for 2 years the authority of Federal Reserve banks to purchase U.S. obligations directly from the Treasury;

H.R. 12570. An act to amend section 303(c) of the Career Compensation Act of 1949 by imposing certain limitations on the transportation of household effects;

H.J. Res. 627. Joint resolution to authorize appropriations incident to U.S. participation in the International Bureau for the Protection of Industrial Property; and

H. Con. Res. 691. Concurrent resolution authorizing the disposal of certain publications now stored in the folding room of the House of Representatives and the warehouse of the Senate.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 12381) entitled "An act to increase for 1 year period the public debt limit set forth in section 21 of the Second Liberty Bond Act and to extend for 1 year the existing corporate normal-tax rate and certain excise-tax rates."

#### MEXICAN FARM LABOR PROGRAM

Mr. TRIMBLE. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 569 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

*Resolved*, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 12759) to amend title V of the Agricultural Act of 1949, as amended, and for other purposes. After general debate, which shall be confined to the bill, and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Agriculture, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. TRIMBLE. Mr. Speaker, I yield myself such time as I may consume, and pending that I yield 30 minutes to the gentleman from Idaho [Mr. BUDGE].

Mr. Speaker, House Resolution 569 provides for the consideration of H.R.

12759, a bill to amend title V of the Agricultural Act of 1949, as amended, and for other purposes. The resolution provides for an open rule with 1 hour of general debate.

H.R. 12759 would extend the authorization of the Mexican farm labor program for an additional 2 years, until June 30, 1963.

It is the view of the Committee on Agriculture that the benefits of the Mexican farm labor program have substantially outweighed its disadvantages. Among other things, it has supplied farmers with workers that were not available from the labor force of the United States; it has virtually eliminated the "wetbacks" who once swarmed across our southern border; and all dollars earned and taken home by Mexican workers are eventually returned to the United States since Mexico is now one of our most important customers, thereby providing additional employment in U.S. commerce and industry.

The domestic migratory farm labor stream originates in the area from Florida to Texas, moving north and west in the summer and fall, and returning home in the winter. They are a mobile labor force, the flow and direction of which is influenced by wage rates and employment opportunities. In 1959 Mexican nationals contracted or recontracted under Public Law 78 worked in 24 States.

The present act expires on June 20, 1961, in the midst of the most active season of many crops dependent upon labor provided under the program. Its extension before the adjournment of this Congress is essential for numerous reasons.

Mr. Speaker, I urge the adoption of House Resolution 569.

Mr. BUDGE. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the membership is well acquainted with the provisions of the legislation made in order by this rule. I feel that the rule should be adopted for the consideration on the floor of the House of Representatives of this measure.

Mr. HOFFMAN of Michigan. Mr. Speaker, will the gentleman yield?

Mr. BUDGE. I yield.

Mr. HOFFMAN of Michigan. Is this the migrant labor bill?

Mr. BUDGE. This is the migrant labor bill; yes.

Mr. Speaker, I yield back the balance of my time.

Mr. TRIMBLE. Mr. Speaker, I yield 10 minutes to the gentleman from Rhode Island [Mr. FOGARTY].

Mr. FOGARTY. Mr. Speaker, this legislation is coming to us in the closing days of this session. Its purpose is to extend the Mexican labor program.

#### CALL OF THE HOUSE

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

The SPEAKER. Evidently a quorum is not present.

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

A call of the House was ordered.

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

[Roll No. 160]

Alford	Forand	Moulder
Allen	Fountain	Mumma
Anderson,	Frazier	Norrell
Mont.	Gallagher	Pilcher
Anfuso	Gavin	Powell
Arends	Hargis	Preston
Auchincloss	Healey	Rabaut
Baker	Holifield	Rivers, S.C.
Barden	Holt	Roberts
Barry	Jackson	Schwengel
Blitch	Kee	Siler
Bolton	Keogh	Staggers
Brown, Mo.	Kilgore	Stratton
Buckley	Kluczynski	Taylor
Burdick	Lankford	Teague, Tex.
Carnahan	McMillan	Teller
Celler	McSween	Thompson, Tex.
Church	Macdonald	Udall
Coffin	Machrowicz	Van Pelt
Davis, Ga.	Martin	Vinson
Diggs	Mason	Whitten
Dooley	Metcalf	Willis
Dorn, S.C.	Miller, N.Y.	Withrow
Durham	Mitchell	Younger
Edmondson	Morris, Okla.	Zelenko

The SPEAKER. On this rollcall 356 Members have answered to their names, a quorum.

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

#### WAYS AND MEANS COMMITTEE BILLS

Mr. McCORMACK. Mr. Speaker the Committee on Ways and Means has reported out unanimously seven bills. The gentleman from Arkansas [Mr. MILLS], chairman of the Committee on Ways and Means, will either tomorrow or some day this week ask unanimous consent for their immediate consideration. In order that the Members of the House may be alerted as to what those bills are, I ask unanimous consent to insert at this point in the RECORD a list of these bills and the subject matters to which they relate.

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

There was no objection.

The matter referred to follows:

H.R. 1925, extending to fishermen the same treatment accorded farmers in relation to estimated income tax.

H.R. 2397, credit against estate tax for Federal estate taxes paid on certain prior transfers in the case of decedents dying after December 31, 1947.

H.R. 8576, extending to residents of the United States who are crew members on vessels, aircraft, and other conveyances arriving in the United States, within specified limits, the same exemptions from duty on personal and household articles as are granted passengers arriving on such conveyances.

H.R. 8732, payment of annuities to widows and certain dependents of judges of the Tax Court.

H.R. 9240, authorizing informal entries of merchandise where the aggregate value of the shipment does not exceed \$400.

H.R. 11573, free importation of electron microscopes for educational or research purposes.

H.R. 12559, providing a special method of taxation for real estate investment trusts.



## MEXICAN FARM LABOR PROGRAM

The SPEAKER. The Chair recognizes the gentleman from Rhode Island [Mr. FOGARTY].

Mr. FOGARTY. Mr. Speaker, I am opposed to the extension of Public Law 78. I opposed the original bill 10 years ago when it was before this House. At that time we were told it was just a temporary war measure, that it would not last long, but it has been extended year after year for the past 10 years.

In the first year of operation we employed 190,000 Mexicans to do some of this work that could have been done by our own domestic farm workers. The number has risen from 190,000 up to 440,000 in this coming fiscal year. We are spending now at the rate of about \$2.5 million to operate this Mexican labor program. We were told at one time that the program would not cost anything, that the revolving fund would pay all expenses, but that is not so. Other sections of the country, especially the East and the Northeast, that have the same problems as exist in the Southwest are taking care of their farm problems and harvesting their own crops at no expense to the taxpayers of this country.

One of the main reasons I am opposed to this legislation is that I consider it to be class legislation. Here we are trying to extend the program for 2 years, at a cost of over \$2.5 million to run it, and it affects only 2 percent of the farmers of our Nation or about 51,000 out of the entire farm population in our country.

The main thing to me is that 75 percent of these 440,000 Mexicans who are going to do this labor at as low as 50 cents an hour will be used in 2 States of our country. That does not seem to be fair to the farmers in the rest of the country.

Another reason I think it is bad legislation is that it is going to drive the family farm out of existence. I was brought up on a family farm in Rhode Island and I know what it is to live and work on a family farm.

The importation program has resulted in a surplus of cheap labor, so that wages and working conditions can be kept at substandard levels on corporation farms.

Some crops use Mexican labor for virtually 100 percent of the work. On the average, American farmworkers can now expect an average of only 125 days of employment a year. Farm wages run as low as 40 cents an hour, in some places 35 cents an hour, and in some areas where Mexicans are used in great numbers wages have actually declined in recent years. In some of the States where they are asking for the most Mexican farmworkers they pay the cheapest wages of any State in the Union. In some of these areas the domestic farmworker is going as far as the State of Minnesota or the State of Washington or the State of Oregon and getting higher wages than he can be paid in the Southwestern section of our country because of this cheap, imported, 50-cents-an-hour Mexican labor.

The imported Mexican farmworkers actually have certain protections which

are denied American farmworkers. Why in the world those interested in the plight of the farmers of our country are not willing to provide the same standards for our domestic farmworkers as we are providing for these Mexican laborers who are brought in to do this kind of work is more than I know.

The mass importation of Mexican farmworkers helps the corporation farms and drives the family farms out of existence. The family farm uses little or no hired labor. The corporation farm depends on hired labor. Therefore the lower wages are driven, the more the corporation farms are able to lower costs. The family farm is not able to compete. The corporation farm therefore gains an unfair and permanent advantage.

This problem has become of such importance and such a scandal in this country that many committees have been appointed by various governmental agencies to look into it, and many recommendations have been submitted. I would like to read for the benefit of the committee the recommendations that have been made by a unanimous vote of a consultants report to the Secretary of Labor.

This consultants' report was made by four distinguished citizens who, last year, studied the operation of the law as consultants to the Secretary of Labor. They were Edward J. Thye, former U.S. Senator from Minnesota; the Very Reverend Monsignor George C. Higgins, director of the social action department, National Catholic Welfare Conference; Glenn E. Garrett, chairman of the Texas Council on Migrant Labor, and Rufus B. von Kleinsmid, chancellor of the University of Southern California.

They came to the unanimous conclusion that the law had failed in its objective of protecting domestic farmworkers from the adverse effects of the importation of workers. They recommended that the law be temporarily renewed, but urged a series of changes to provide greater protection for American farmworkers. Their particular recommendations are as follows:

1. The law should clearly confine the use of Mexicans to necessary crops in temporary labor shortage situations and to unskilled nonmachine jobs.

2. The Secretary of Labor should be authorized to establish wage rates for Mexicans at prevailing levels in the area or in the closest similar area for like work, and at no less than a rate necessary to avoid adverse effect on domestic wage rates.

3. The Secretary should be authorized to insure active competition among employers for the available supply of U.S. workers by being empowered to refuse to certify employment of Mexicans unless—

- (a) Employers have first made "positive and direct recruitment efforts" to obtain U.S. workers.

- (b) Employment conditions offered are equal to those provided by other employers in the area who successfully recruit and retain U.S. workers.

- (c) U.S. workers are provided benefits equivalent to those given Mexican nationals.

- (d) Employers of Mexicans offer and pay U.S. workers wages which are not less than those paid to Mexicans.

4. The Secretary should be empowered to set up standards for judging adverse effects resulting from employing Mexicans based on

wages, earnings, and employment trends and levels.

5. A tripartite advisory group composed of members from management, labor, and the public should be established to advise the Secretary on the Mexican farm labor program.

These specific recommendations have been made unanimously by this group of outstanding consultants. If the House should see fit to adopt these recommendations in this legislation I could see no reason why we should not enact this bill extending the program another 2 years.

Mr. MAHON. It is fair to say that my good friend from Rhode Island would be willing for the House to adopt the rule and go into consideration of this problem and determine what should be done about it.

Mr. FOGARTY. I am not opposing the rule.

Mr. MAHON. The gentleman is not opposing the rule? I appreciate this and I earnestly hope the bill extending the present program will be approved. Actually I would like to see the bill improved by the inclusion of the language in the Gathings bill.

Mr. FOGARTY. I think I should take time now to explain that I was for the McGovern bill, including these specific recommendations of the consultants in the so-called Sisk bill. I am not up here now opposing the rule; I am just up here trying to explain what I hope to do if we get into the Committee of the Whole.

Mr. MAHON. I thank the gentleman.

Mr. McGOVERN. Mr. Speaker, legislation concerning Public Law 78 involves great moral issues and important principles of national policy. Essentially, the Mexican farm labor importation program concerns the following questions:

First. Shall the Federal Government jeopardize the standards of American workers by importing large numbers of foreign workers?

Second. Shall the Federal Government sponsor a program which provides the means for corporation farms to compete unfairly with the American family farm?

Third. Shall the Federal Government sponsor a program which mocks our concern for human values?

#### I. EFFECT OF PUBLIC LAW 78 ON AMERICAN FARMWORKERS

America's 2,300,000 farmworkers are, undoubtedly, the most underprivileged, the most poverty stricken and the most underemployed group of workers in our Nation.

They earned an average of \$761 in 1958, for their agricultural labors. They were able to get an average of only 128 days of farmwork that year. A sizable number of them actually worked for rates of pay as low as 30 and 35 cents an hour.

But not only are their wages and working conditions shockingly low, farmworkers are also specifically exempted from many of the legislative protections which safeguard other citizens. Domestic farmworkers are excluded from protection of Federal laws on minimum wage and maximum hours of work. Farmworkers are generally denied unemployment insurance benefits. No law protects the right of farmworkers to organize into unions and bargain with



their employers. And only a few States require compulsory coverage of farmworkers under workmen's compensation.

Public Law 78 is a major factor in creating the extremely low income and the great underemployment of American farmworkers. It not only helps to prevent wages and working conditions from improving, but in many areas it actually makes them worse.

#### (A) COMPETITION FOR LIVELIHOOD

Some 437,600 Mexican farmworkers—called *braceros*—were imported into the United States under Public Law 78 in 1959, even though serious underemployment existed among domestic farmworkers. An oversupply of labor was created and a sharp competition for jobs ensued resulting in a downward pressure on wages and working conditions.

Two percent of American farms have thus been insulated against the laws of supply and demand when wages and working conditions are concerned. If workers are not available at low wages, the corporation farms need not raise the pay to get workers. A ready supply of cheap foreign labor is available.

In some crop areas, domestic farmworkers have been almost completely squeezed out as seasonal labor during peak season. *Braceros* perform virtually all of the seasonal farmwork. For example, at the peak, *braceros* comprise 88 percent of the harvest force in New Mexico and 85 percent in California. They made up 90 to 95 percent of lettuce workers in Arizona and California, 90 percent of the cotton harvest hands in New Mexico and virtually 100 percent of the okra harvest workers in the Mississippi Delta of Arkansas.

The experience of New Mexico is significant. In this State, the percentage of *braceros* in the farm labor force has sharply increased and farm wages have dropped as a result. In 1953, the *braceros* were 67 percent of the total seasonal farm labor at peak. In 1959, they were 88 percent. Wage rates in the largest seasonal activity in the State, picking cotton, dropped from \$2.50 per hundredweight in the 1950-53 period to \$2.25 per hundredweight in 1959—a 10 percent wage cut.

#### (B) DECLINE IN WAGES

The Department of Labor has studied the wage trends in some 471 areas of the Nation, where *braceros* are employed. The study sought changes of at least 5 cents an hour, or at least 1 cent in piecework rates, between the average wages paid in 1953 and the ones paid in 1959. The study shows a disturbing picture of the effect of the Mexican farm labor importation program.

In nearly 7 out of every 10 cases farm wages in these *bracero*-using areas either declined or remained the same in the 6-year period, 1953 to 1959, when pay in other industries sharply rose. In 2 out of every 10 cases, wages actually dropped. In only 3 out of every 10 cases did wages increase.

Cotton, the major crop in which foreign workers are employed, showed a large drop in wage rates. Actually, one out of every three of the *bracero*-using cotton areas showed a decline in wages.

Some 75 out of every 100 of the areas showed either a decline or the same wages in the 6-year period.

These statistics leave little doubt of the very harmful effect that Public Law 78 has on the earnings of the already depressed American farmworkers.

#### (C) USE ON SKILLED JOBS AND SURPLUSES

But there are further factors to consider:

Public Law 78 was first enacted by Congress to provide temporary workers for unskilled, seasonal work on necessary crops where labor shortages existed.

However, instead of working on only temporary and seasonal jobs, *braceros* are increasingly used in year-round occupations. Approximately 20,000 of them are known as specials and work the entire year in this country. This represents 20,000 jobs which should be filled by underemployed American workers.

Instead of working on only unskilled jobs, tens of thousands of *braceros* are employed as tractor drivers, vegetable packers, truckdrivers, irrigators, and in other skilled jobs. As a result, American farmworkers are denied the opportunity of improving their economic condition.

#### (D) CONSULTANTS' REPORT

For 9 months in 1959, four distinguished Americans studied the effect of Public Law 78 on domestic farmworkers, at the request of the Secretary of Labor. These men, who came from varied backgrounds and held varied points of view, came to the unanimous conclusion that Public Law 78 had failed in its objective of protecting the domestic farmworker from adverse effects. They found domestic farmworkers seriously hurt by the mass importation of *braceros*.

These consultants to the Secretary suggested changes in the law to provide greater protection for American farmworkers. They made these changes the prerequisite for any continuation of Public Law 78. We will have more to say about these recommendations in part VI of the minority views.

In summary, we must state that the depressing effect of Public Law 78 on domestic farmworkers' wages and working conditions is beyond question. The Mexican farm labor importation program quite simply exploits the poverty among Mexicans to increase poverty among farmworkers in the United States.

#### II. EFFECT OF PUBLIC LAW 78 ON FAMILY FARM

Public Law 78 not only harms the American farmworker, it has an equally bad effect on the family farmer. It provides corporation farms with a means of competing unfairly with the family farm.

The great strength of the family farm has been its built-in labor supply. The family works the farm. Little or no hired labor is used. In fact, more than half of America's farms use no hired labor whatsoever. Another 35 percent use a negligible amount of hired labor; they spend less than \$500 a year for labor. The close personal relationship between the family farmer and his hired man results in better working conditions than prevail in a corporate relationship.

On the other hand, only 5 percent of America's farms account for 70 percent

of all U.S. farm labor costs. Among this 5 percent, in the main, is the still smaller group which uses foreign labor. For only 2 percent of America's farms employ foreign workers. They are mainly concentrated in five States. Fifty-one thousand farms, total, use foreign labor.

These statistics make quite clear that it is a small number of large farm operators who benefit from the importation of Mexican farmworkers.

#### (A) UNFAIR COMPETITION

With its supply of cheap foreign labor, the corporation farm is able to depress wages and working conditions. As a result, its costs are kept down. The family farmer must compete against these low costs which are based on exploitation.

If the large-scale farmer in one section of the Nation can flood the market with goods produced with low-wage foreign labor, the price structure for all farmers is forced downward. Thus, the return to the medium and small farmer for his labor—and for the products grown with his labor—is depressed in direct proportion to the increase in production which comes from the use of low-wage foreign labor.

The production of vegetables in fertile border areas by the use of *braceros* employed at 50 cents an hour has created impossible competitive problems for farmers in other areas producing similar vegetables with family labor. This point was made quite clear by William L. Batt, secretary of labor and industry of Pennsylvania, in a letter to the Subcommittee on Equipment, Supplies, and Manpower. He wrote:

As secretary of labor and industry in Pennsylvania, I am equally concerned with the disadvantageous position of our State's farm employers as a result of the Mexican program. For instance, last year, Pennsylvania tomato growers paid harvest hands a minimum of 77 cents an hour while their grower-competitors close to the Mexican border in the southwest paid harvest hands 50 cents an hour. Obviously this situation is unfair to Pennsylvania State farmers since both Pennsylvania and southwest U.S. farmers compete in the same markets.

It is small wonder that in 1959, tomato production in *bracero*-dominated States was more than 40 percent above the 1949-55 average, while tomato production in other areas was declining.

#### III. EFFECT OF PUBLIC LAW 78 ON OUR NATIONAL VALUES AND PRESTIGE

Public Law 78 is a blot on our Nation's conscience. It mocks our concern for human values and our free enterprise system. It injures our moral and ideological standing in the world.

During the hearings of the Subcommittee on Equipment, Supplies, and Manpower on Public Law 78, many witnesses, especially clergymen, expressed shock and shame at the effect of this legislation.

For example, Rev. Shirley E. Greene, testifying on behalf of the National Council of Churches of Christ in the United States, read to the subcommittee a resolution adopted by the national council's general board. The resolution stated that "Public Law 78, providing for the importation of Mexican nationals for agricultural labor in the United States,



involves human and ethical issues of grave concern to the conscience of Christian people."

The Reverend Greene explained to the subcommittee:

We are deeply disturbed by the dislocation of families, both Mexican and domestic American, which is caused by this massive importation of close to half a million agricultural workers annually from Mexico.

We are also convinced that this program is having serious and lasting effects of an adverse nature on the American agricultural labor market, thus contributing to the perpetuation of one of the bleakest and most persistent pockets of poverty in our generally affluent economy.

The free enterprise system also is mocked by Public Law 78's Mexican farm labor importation program. Competition for labor has become meaningless for the corporation farms importing braceros. An unlimited source of cheap foreign labor is always available. The only competition which remains in the labor market of the bracero-using areas is the competition between individual workers for jobs which will provide a semblance of livelihood.

This contradiction of some of our most cherished boasts to the world naturally has a detrimental effect on our national prestige. The condition of America's farmworkers has not escaped the attention of the Communists. It provides fuel for their propaganda machines. For here is exploitation, poverty, and injustice of the very worst sort.

#### IV. REPLY TO PRO-PUBLIC LAW 78 IN ARGUMENTS

Witnesses in the hearings of the Subcommittee on Equipment, Supplies, and Manpower provided a series of arguments for Public Law 78, which appear erroneous when analyzed. In fact, these arguments have more the appearance of alibis. They had best be exploded.

##### (A) NO LABOR AVAILABLE

Some witnesses have explained that the braceros are essential. Crops would rot in the field if they were not employed. No domestic labor is available, these witnesses charged. This argument is quite fanciful.

No foreign contract labor was imported into the United States for agricultural work before 1942. Before that time, the Nation was able to meet its agricultural labor demands without foreign workers and without crops rotting.

In 1942, braceros were first imported to meet temporary wartime labor shortages. But even during the trying World War II period, when manpower was far more desperately needed than today, only one-sixth of the Mexicans imported today were required. In the war years, most of our young men were in the Armed Forces, peak farm production was needed and farm labor productivity was far below its current levels. Yet, only 75,000 braceros were required to meet the wartime emergency conditions, as compared with the 437,600 braceros imported by corporate agriculture in 1959.

The nub of the matter is that American farmworkers are willing to work and available for it. But sometimes they are not available at the wages for which foreign laborers will work. Were these wages increased, and the working con-

ditions improved, there would be no or little shortage of domestic farm labor. Workers then would not migrate from their homes to faraway areas to seek work. They would have no need to go away.

This is not theory. It is proved by the experiences of many States. The States of Washington and Oregon have developed programs under which American farmworkers work in the fields at comparatively good wages. Ohio's experience is also proof of this point.

James J. Byrne, chief, farm placement division, Ohio Bureau of Unemployment Compensation, and Margaret A. Mahoney, director, Ohio Department of Industrial Relations, wrote in the February 1960 issue of Employment Security Review:

For the past 2 years, no request has been made for Mexican nationals to work in Ohio. This policy emanates from local employers. During the past season, employers and the employment service were able to attract some 12,000 to 15,000 migrant workers to Ohio. \* \* \* Ohio's bumper crop this past season automatically increased labor demands. A better informed and cooperative employer group met the emergency calmly.

The annual worker plan of the U.S. Department of Labor adequately provides domestic farmworkers for many areas by scheduling a succession of jobs for the workers. In 1959, an estimated 167,000 migrants harvested the crops of tens of thousands of farm employers in 34 States through the annual worker plan.

Finally, the serious underemployment of American farmworkers argues against this alibi for the importation of braceros. The number of domestic workers seeking some farmwork has actually been increasing, year by year, since the end of the Korean emergency. The average amount of work each obtains has diminished. When farmworkers can get an average of only 128 days of work a year in agriculture, as occurred in 1958, then it would hardly seem to indicate conditions under which domestic workers are not available.

##### (B) STOOP LABOR

A corollary to the "no domestic labor available" argument is the one that the bracero is needed to perform stoop labor and other work which American farmworkers will not do.

Before this argument is accepted, certain questions need to be answered. Are 437,600 workers needed for stoop labor? What about the tens of thousands of braceros who work at skilled jobs? Are they stoop labor or do they perform work which Americans refuse?

##### (C) UNRELIABILITY OF FARMWORKERS

Another part of the "no domestic labor available" argument is the charge that domestic farmworkers are unreliable, that they leave before work is completed, that they cannot be trusted.

Undoubtedly, among domestic agricultural workers, as in any other group, there are persons who are not reliable. But experience has clearly shown that unreliability is not characteristic of farmworkers in the United States.

Thousands of farmers in many sections of the country—the overwhelming

majority of farmers—harvest their crops each year exclusively with domestic agricultural workers. Under the annual worker plan operated by the Department of Labor, farmers year after year obtain the same or other workers—providing them transportation. These workers have, with a relatively few exceptions, carried out their commitments and their obligations.

For example, in 1958, the Washington State Employment Service recruited 4,000 workers in Texas for 200 employers. A total of \$110,000 was advanced these workers by the employers for transportation. All but \$250 of this large sum was repaid. An asparagus grower in Washington annually advances between \$15,000 and \$17,000 for transportation and his annual loss is less than \$150.

One of the largest employers in the State reported that more than 90 percent of his workers remained for the full completion of the harvest. If farmworkers were so unreliable, how could so many farmers cultivate their crops by using them exclusively?

##### (D) INABILITY TO PAY

It has been said that American farmers cannot afford to pay better wages, that the farm-price situation is such that agricultural workers cannot have a better standard of living.

At the very start, one must ask, which farmers? As the committee's hearings on the farm income legislation has demonstrated, the family farm is in serious economic trouble. Yet the large-scale farms—the corporation farms—have done quite well. It is the corporation farms which are the overwhelming beneficiaries of the Mexican farm labor importation program.

How important actually are labor costs in the production of crops? In 1958, the total farm wage bill amounted to \$2.9 billion, while total production expenditures, including interest and rent, amounted to \$25.2 billion. Farm labor costs, therefore, represented only 11.5 percent of total farm production costs, or less than one-eighth, according to the U.S. Department of Agriculture. This means that farm labor wages could rise more than 8 cents an hour before production costs are raised by as much as 1 cent an hour.

Yet, even if all of these factors did not exist, it still would be impossible to argue that American agriculture must, in the attempt to meet its economic problems, exploit farmworkers. The problems of agriculture can be met with proper legislation. The members, offering these minority views, have worked long and hard for such legislation. But we must strongly reject the idea that driving farmworkers deeper into poverty is the solution, or even an aid, in solving the farm income problem.

##### (E) CONSUMER PRICES

Some Public Law 78 supporters contend that consumer prices will increase unless unlimited numbers of braceros are imported and farm labor wages thereby prevented from increasing. This argument is economically fallacious, but even more important, it assumes that the consumer is as little concerned about the



moral problems presented by Public Law 78 as the witnesses arguing for this legislation.

As shown above, farm labor costs represent only one-eighth of total farm production costs. It represents an even smaller fraction—one-twentieth—of the consumer price, according to the U.S. Department of Agriculture. In other words, a 10-percent increase in farm labor wages would result, on the average, of only one-half of 1 percent increase in prices.

Let us see what a rise in farm wages would mean to consumer prices on specific commodities:

A 10-cents-an-hour increase in return to all labor devoted to cotton production—hired and family labor—would increase the average family's expense for cotton goods about 50 cents a year.

An increase of 10 cents an hour for sugar beet workers would increase sugar beet costs about 40 cents a ton. That amount is too small to affect the retail price of sugar.

A 10-percent increase in labor costs in the production of processing tomatoes in California would result in an increase of less than 2 cents per case of canned tomatoes.

A 10-cent increase in the farm labor costs on lettuce would increase its cost by less than one-tenth of a cent a head.

In short, the consumer might have to pay a penny a pound more for farm goods if farmworkers' wages were substantially raised. We are certain the consumer is perfectly willing to pay this very small extra cost to end labor conditions which blot the conscience of our Nation.

Consumer witnesses told the Subcommittee on Equipment, Supplies, and Manpower exactly that.

(F) EFFECT ON MEXICO

Curing and ending the Mexican farm labor importation program will seriously harm the economy of Mexico, the supporters for Public Law 78 have testified. While it is true that the money brought home by the braceros is of help to the Mexican economy, one can hardly argue that this is a justification for the exploitation of American farmworkers and the creation of unfair competition to the American family farm.

One can hardly expect the American farmworker and the family farmer to shoulder the burden of providing foreign aid for Mexico. If Mexico is to be helped, let us do it through programs established for that purpose—and not by injuring a large segment of our population.

There is an alternative to the extension of Public Law 78 in its present form. It is a moderate proposal which corrects the weaknesses of Public Law 78.

Basically the proposed amendment changes in Public Law 78 to provide greater protection for domestic farmworkers against the adverse effects of mass importation of braceros.

(A) CONSULTANTS' RECOMMENDATIONS

The proposed amendment embraces the recommendations of the four distinguished men who studied Public Law 78 for 9 months last year as consultants to

the Secretary of Labor. These consultants were:

Edward J. Thye, former U.S. Senator from Minnesota, who had served on the Agriculture Committee which wrote Public Law 78.

Msgr. George G. Higgins, director of the social action department, National Catholic Welfare Conference.

Dr. Rufus B. van Kleinsmid, chancellor of the University of Southern California.

Glenn E. Garrett, chairman of the Texas Council on Migrant Labor.

These men, representing varied backgrounds, reached the following unanimous opinion after their study of Public Law 78:

The arguments for and against the renewal of Public Law 78 are not entirely conclusive. As a practical judgment, however, the committee has concluded that, on balance, the case in favor of renewing Public Law 78 on a temporary basis is more conclusive than the arguments against its renewal.

However, the committee doubts whether it is possible to prevent adverse effect on our citizen agricultural work force by such use of imported workers until and unless the law provides the necessary enforceable authority to prevent adverse effect \* \* \*. In order to provide effective tools by which the Secretary of Labor may continue to authorize the orderly importation of Mexican nationals only where necessary and justified, the committee has incorporated in this part of the report its recommendations for changes in Public Law 78. The committee's support of a temporary renewal of Public Law 78 is conditioned on its being substantially amended so as to prevent adverse effect, insure utilization of the domestic work force, and limit the use of Mexicans to unskilled seasonal jobs.

The substantial amendments which the committee of consultants recommended are:

First. The law should clearly confine the use of Mexicans to necessary crops in temporary labor shortage situations and to unskilled nonmachine jobs.

Second. The Secretary of Labor should be authorized to establish wage rates for Mexicans at prevailing levels in the area or in the closest similar area for like work, and at no less than a rate necessary to avoid adverse effect on domestic wage rates.

Third. The Secretary should be authorized to insure active competition among employers for the available supply of U.S. workers by being empowered to refuse to certify employment of Mexicans unless: (a) Employers have first made "positive and direct recruitment efforts" to obtain U.S. workers; (b) employment conditions offered are equal to those provided by other employers in the area who successfully recruit and retain U.S. workers; (c) U.S. workers are provided benefits equivalent to those given Mexican nationals; and (d) employers of Mexicans offer and pay U.S. workers wages which are not less than those paid to Mexicans.

Fourth. The Secretary should be empowered to set up standards for judging adverse effects resulting from employing Mexicans based on wages, earnings, and employment trends information.

Fifth. A tripartite advisory group composed of members from management,

labor, and the public should be established to advise the Secretary on the Mexican farm labor program.

(B) RECOMMENDATIONS IN H.R. 11211

Needless to say, these changes would greatly improve the protection of the American farmworker against the cheap labor competition of unlimited importation of braceros. And they would reduce the unfair advantage bracero-using corporation farms have in competition with the family farm. These recommendations of the consultants are sections 1, 2, and 3 of H.R. 11211, legislation which I have previously introduced.

Section 4 of H.R. 11211 authorizes the Secretary to issue the rules and regulations he deems necessary to carry out the provisions of title V or Public Law 78.

U.S. DEPARTMENT OF LABOR,  
OFFICE OF THE SECRETARY,  
Washington, June 24, 1960.

HON. GEORGE S. MCGOVERN,  
House of Representatives,  
Washington, D.C.

DEAR CONGRESSMAN MCGOVERN: This will reply to your letter requesting my views with respect to H.R. 12759. As I understand it, this recently introduced bill is designed for one purpose only, to extend the operation of the present Mexican program for 2 years from its present expiration date of June 30, 1961.

My previously expressed opinions in this matter have not changed. There is ample evidence before the Department, including the conclusions and recommendations of independent consultants who have studied this problem for me, that the Mexican program legislation needs substantial improvement in order to avoid adverse effects upon our own farmworkers. My view remains that the existing law should not be extended until such improvements can be incorporated in it.

Since the existing law does not expire until June 30, 1961, there will be ample time for consideration of the administration's recommendations in the next session of the Congress. Since these views were first expressed by the Departments of Agriculture and Labor before the House Agriculture Committee, nothing has developed to modify my views in this regard. The issues involved in H.R. 12759 are highly controversial and I feel that they may be made even more difficult of solution by undue haste in decision.

Sincerely yours,

JAMES P. MITCHELL,  
Secretary of Labor.

Mr. TRIMBLE. Mr. Speaker, I move the previous question on the resolution. The previous question was ordered.

The resolution was agreed to.

Mr. TRIMBLE. Mr. Speaker, I ask unanimous consent that House Resolution 546, the preceding resolution, be laid on the table.

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

There was no objection.

Mr. COOLEY. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 12759) to amend title V of the Agricultural Act of 1949, as amended, and for other purposes.

CALL OF THE HOUSE

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



The SPEAKER. The Chair will count. [After counting.] A quorum is not present.

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

A call of the House was ordered.

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

[Roll No. 161]

Alford	Gallagher	Norrell
Alger	Gavin	Passman
Anderson,	Hargis	Patman
Mont.	Healey	Pilcher
Arends	Hechler	Pillion
Auchincloss	Hollifield	Powell
Baker	Holt	Preston
Barden	Jackson	Rabaut
Bass, N.H.	Kearns	Rivers, S.C.
Baumhart	Keogh	St. George
Blitch	Kilgore	Schwengel
Bolton	King, Utah	Scott
Buckley	Kluczynski	Siler
Burdick	Lankford	Spence
Burke, Ky.	McCulloch	Staggers
Carnahan	McDowell	Stratton
Celler	McMillan	Taylor
Coffin	McSween	Teller
Davis, Ga.	Macdonald	Tollefson
Diggs	Machrowicz	Udall
Dooley	Martin	Van Pelt
Dorn, S.C.	Mason	Vinson
Durham	Metcalf	Williams
Edmondson	Miller, N.Y.	Willis
Forand	Mitchell	Withrow
Fountain	Morris, Okla.	Younger
Frazier	Mumma	Zelenko

The SPEAKER. On this rollcall 349 Members have answered to their names, a quorum.

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

#### MEXICAN FARM LABOR PROGRAM

The SPEAKER. The question is on the motion offered by the gentleman from North Carolina [Mr. COOLEY].

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 12759, with Mr. EVINS in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. COOLEY. Mr. Chairman, I yield 5 minutes to the author of the bill, the gentleman from California [Mr. SISK].

Mr. SISK. Mr. Chairman, the bill H.R. 12759, which is before us, is a very simple bill. It simply strikes out the date of June 30, 1961, in the existing law and inserts the date of June 30, 1963.

No program has been more maligned or more misrepresented, in my opinion, than this Mexican labor program under Public Law 78. I realize, certainly, that there have been abuses, because I live in an area where we use tens of thousands of these people.

I would like to say to my good friends and colleagues that I yield to no man in my defense of the working people of this country, whether they be farm laborers or at whatever level they may be working. I will match my record against that of any Member of this House. But I believe I know whereof I speak with reference to the way this program works in the State of California and in the area in the San Joaquin Valley from

which I come. I am not prepared to speak for every area of the country.

A good many years ago, in the thirties, I went flat broke in the southwestern part of our country and I went to California.

Mr. Chairman, I appreciate the fact that the hour is late, but if my colleagues will bear with me I hope we can soon dispose of this bill.

I took a job back in the 1930's climbing a ladder, picking fruit for 25 cents an hour. I have picked cotton, I have cut grapes, I have done about every agricultural job that exists in the central part of my State. I feel I know and understand a little bit about some of the problems that exist there. The situation has arisen in recent years where it is simply impossible for our farmers to harvest their crops, for us to get the fruits, the vegetables, and the produce to market without a supplemental labor supply.

Some of my colleagues who discussed this program, I feel, do not have any understanding of what your consumers may be up against. For example, if we did not have a labor supply to harvest our tomatoes, and our asparagus, and the broccoli, and the grapes, and the nuts, and the fruits, they are not going to reach the markets in your areas, and those that do are going to be substantially higher in cost than what they are today, I can assure you.

I do not mean by that that the labor that is being used is cheap labor, by any means; the fact is that unless we have labor of some kind to do the job the harvests are simply not going to be brought in and the produce is simply not going to be available. Those of you who are familiar with existing law, Public Law 78, know what the provisions of that law are with reference to the fact that when Mexican nationals are brought into this country under contract they have to be certified, prevailing wage scales must be met, very high standards of living conditions and housing must be met. The cost of their transportation to and from their point of entry to the farm on which they work must be paid. They must be covered by insurance, hospitalization, and so on. So that actually it becomes a very expensive and very costly type of labor. Thus the majority of farms want to use domestic labor wherever it is available.

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

Mr. SISK. Certainly, I yield to my good friend from West Virginia.

Mr. BAILEY. Are the members of the Committee here to understand that the prevailing wage in the major part of California that uses this type of labor is only 50 cents an hour?

Mr. SISK. I realize that there is very little time tonight, and I do not want to delay adjournment for I am sure the Members want to get away.

Mr. BAILEY. That is hardly an answer to my question.

Mr. SISK. I am going to answer the gentleman's question. I may say that in my district agricultural wages run to \$1 and \$1.10 an hour. There is no person working on a farm in the State of Cali-

fornia for 50 cents an hour. Every person working on any kind of farmwork in California is getting well above 50 cents an hour.

I have the greatest admiration and friendship for my good friend from Rhode Island who spoke a little while ago, but, very frankly, the things he was saying just do not hold water with reference to this Mexican labor program in California. Let me say in all fairness to my good friend from Rhode Island that there may be someplace where it does hold true, but if it does hold true then they are in violation of Public Law 78 and I challenge anyone to bring that to the attention of the Secretary of Labor, for I can assure him that the situation will be corrected.

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

Mr. SISK. I yield.

Mr. SANTANGELO. Are you advising us now, that Mexican labor is not working in wheat, cotton, or some of the surplus products?

Mr. SISK. The great majority of Mexican labor in my own area works at picking peaches, apricots, plums, nectarines, grapes, walnuts, almonds, and in harvesting melons, vegetables of all kinds. Some of them I have already enumerated. There are some in the western part of my district that do work in the cottonfields, but the major portion of the labor is used in fruits and vegetables.

Again referring to the statement of my good friend from Rhode Island with reference to employers, the so-called small family-sized farm, the one producing fruits and vegetables, is the one that needs this type of people most, for they simply cannot harvest their crops of fruits and vegetables on these small-sized farms without a large amount of labor at certain times, which in most areas is of short duration. That is why this program has worked very well.

Mr. SANTANGELO. Mr. Chairman, will the gentleman yield further?

Mr. SISK. I yield.

Mr. SANTANGELO. Do you say that in the main most of the labor is of a seasonal type, used for about 2 or 3 weeks at a time?

Mr. SISK. The overwhelming majority of Mexican labor in my area of California, and I am speaking only of the area about which I know, are strictly seasonal hands employed for periods of short duration.

Mr. HOEVEN. Mr. Chairman, I yield 5 minutes to the gentleman from California [Mr. TEAGUE].

Mr. TEAGUE of California. Mr. Chairman, first I should like to commend the gentleman from California [Mr. SISK] for his very fine statement. Certainly there is no program, there is no piece of legislation with which we deal, that is more misunderstood than in this farm labor program. You Members on that side of the aisle certainly know the gentleman from California [Mr. SISK] would not be here asking you to vote for any program or any piece of legislation that is designed to grind under the workman of this country.



I would like to have the attention of the gentleman from California [Mr. SISK], if I may. When he testified before our committee I asked him some questions. I would like to read those, and also his answers, because they have to do with this very subject of the allegation which is made that this program is only good for the big farmers, and it is not helpful to the small farmers.

I asked Mr. SISK:

I consider you to be an extremely conscientious and sincere Member of Congress. You would be generally on what one would term to be the liberal side. I know you mean what you say; you are sincere in your convictions.

Mr. SISK. Thank you.

Mr. TEAGUE of California. There has been a lot of talk that this Mexican bracero program only inures to the benefit of corporate farmers, big farmers. In the San Joaquin Valley, which you represent, that is, a large portion of it, in which it has been said there are big corporate farmers, are there any small farmers in the valley?

Mr. SISK. Mr. TEAGUE, I appreciate the opportunity to comment on this. I would like to make two comments, if I may.

In the first place, yes, we have literally thousands upon thousands of small farmers in the San Joaquin Valley. I suppose my district, which has in it the county of Fresno, which has for some years been the richest agricultural county in production in the United States, has a larger share of small farmers than almost any area in the West. The average size of the farm in that area, I believe, from latest statistics, is 60 acres. We have literally thousands of farmers yet who are operating on 40 acres.

I am referring to a vineyard. I am sure that my colleague from California understands that this is a highly productive type of acreage. We have many 40-acre vineyards. We still have many 20-acre vineyards.

The idea that all of the farmers are big corporate farmers is absolutely in error. They are a very small minority of the farms.

The other point that I would like to make, Mr. Chairman, if you will give me the time, is a denial of a firm supply of these Mexican nationals would hurt the small farmer quicker and hurt him worse than it would the big farmer, because the big corporate farms, where they have the development for housing, and so forth, are in a much better position, if necessary, to go out and recruit domestic labor and bring them in, even if it is over long distances, and house them and keep them; whereas the small farmer—I am thinking now of my raisin producers, and we have literally thousands of them—are almost wholly dependent on getting their grapes cut and spread on trays on a supply of Mexican nationals or a similar type of labor.

May I ask the gentleman from California [Mr. SISK] if he is still of that opinion?

Mr. SISK. Yes. Of course, that was the reason for some of the statements I made here. We are completely dependent on this labor or the produce will rot in the field.

Mr. TEAGUE of California. Is it not also true that large farmers can mechanize? They have the money, the capital, to buy cottonpickers and other mechanical equipment which small farmers in most cases have not.

Mr. SISK. That is a completely fair statement.

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

Mr. TEAGUE of California. I yield to the gentleman from New York.

Mr. SANTANGELO. Can the gentleman advise this body what is the prevailing wage for the domestic employee who is not a migrant Mexican wetback?

Mr. TEAGUE of California. We do not have any Mexican wetbacks. These are Mexican nationals, they are under contract. They are not wetbacks at all. In that connection I would like to call the attention of the committee to the fact that the gentleman from Rhode Island [Mr. FOGARTY] indicated that the number of Mexican nationals has gone up from 190,000 to 500,000; however, during that same time the number of illegal Mexican farmworkers here in this country illegally has gone down from 1 million to 30,000.

Mr. SANTANGELO. Will you answer my question?

Mr. TEAGUE of California. I just wanted to make that point clear. The wage scale of our farm labor, and this is true everywhere, is the same for domestic and imported farmworkers except that the farmer has to pay the cost of transportation and other fringe benefits for some of these Mexican laborers.

Mr. SANTANGELO. In terms of dollars, does the domestic worker get \$1 an hour or 35 cents or 50 cents?

Mr. TEAGUE of California. The average is \$1.19 an hour. Nationwide, it is about 80 cents an hour.

Mr. SANTANGELO. How much do these Mexican nationals receive under their contract—about 35 to 50 cents an hour?

Mr. TEAGUE of California. Oh, no.

Mr. SANTANGELO. What do they receive?

Mr. TEAGUE of California. The figure I gave the gentleman, less the cost of housing and boarding.

Mr. COOLEY. Mr. Chairman, I yield 3 minutes to the gentleman from West Virginia [Mr. BAILEY].

Mr. BAILEY. Mr. Chairman, this program was inaugurated back in World War II, in 1942, I think. I came to the Congress in 1945. I have opposed the renewal of this program every time it has come up, and I oppose it for reasons different from what many other Members of Congress oppose it. I oppose it because it exempts this type of labor from the payment of income tax, from payments into the old age insurance program. There is no binding authority or enforcement provision to compel the man who hires this labor, and brings it into the country, to take care of it. They sometimes leave the farm where they are assigned to when they come in under contract and become wetbacks; just chasing around all over the country. I am opposed to it because it creates discrimination against farm labor in other sections of the country. There are only about three or four States in the southwestern part of the United States that use it. Let me remind you, there are a lot of farm products produced in States like New Jersey and Pennsylvania. I was conducting hearings a few weeks ago on the farm immigrant labor children's bill, and the Sec-

retary of the Labor of the State of Pennsylvania testified that the 50-cent prevailing rate under this contract for Mexican labor was 35 percent below the wage which they paid in New Jersey and Pennsylvania. Take the Jamaicans, the Barbados Islanders, and the Puerto Ricans. Their governments would not let them work for less than 75 to 85 cents an hour. The tomato grower in southern California can produce tomatoes, squeeze the juice out of them, and ship that juice to the Campbell soup plant in New Jersey cheaper than the man can produce it on the farm near the plant.

Mr. Chairman, you cannot justify this kind of a program in this Nation where there are 4.5 million people out of employment. It is just not conceivable that this Congress would impose this kind of a situation on the American farm labor people. There is plenty of it to handle these jobs without importing Mexicans.

The CHAIRMAN. The time of the gentleman from West Virginia has expired.

Mr. HOEVEN. Mr. Chairman, I yield 5 minutes to the gentlewoman from Washington [Mrs. MAY].

Mrs. MAY. I would like to take part of my time to ask the chairman of the subcommittee, the gentleman from California [Mr. SISK], or the gentleman from Arkansas [Mr. GATHINGS], with reference to a statement just made concerning the labor force that is available which the distinguished gentleman from West Virginia just referred to. Is it not your recollection that in committee we had substantial testimony that because of this unemployed labor force it did not necessarily mean that this labor was available for the type of work we are talking about?

Mr. GATHINGS. Mr. Chairman, if the gentlewoman will yield, that is absolutely right. Witness after witness testified before our committee that they could not get this kind of labor to work on the vegetable and fruit farms; you could not get them to do this stoop labor, although they paid good wages; you could not get them on the farm to do that work that was highly necessary to be done just for a certain period of the year.

Mr. COOLEY. Mr. Chairman, will the gentlewoman yield?

Mrs. MAY. I yield to the gentleman from North Carolina.

Mr. COOLEY. The fact is that the law requires the Secretary of Labor to make an affirmative finding to the effect that local labor is not available. This act only authorizes the Secretary of Labor to certify these Mexicans as eligible to work only when domestic labor is not available.

Mrs. MAY. That is my recollection of a very substantial part of the testimony.

Mr. DIXON. Mr. Chairman, will the gentlewoman yield?

Mrs. MAY. I yield to the gentleman from Utah.

Mr. DIXON. The gentlewoman will recall the testimony before the committee in which it was proven that these



general statistics of U.S. unemployment were absolutely phony as applied to particular situations; is that not right?

Mrs. MAY. That is correct.

Mr. DIXON. One illustration. The gentleman from Pennsylvania comes from a coal mining area. One-sixteenth of the district that I represent is underladen with coal. Three-fourths of our lead and zinc mines have been closed down. We asked the chief of our unemployment security agency—I call it unemployment, which I should not—employment security agency to defer bringing in Mexican nationals so that we could get jobs for the coal miners and for our lead and zinc mines. He acceded to our request. We had demanded it so that our unemployed miners could get work. And, they were close to the sugar beet fields. How many do you think we got? Not one. We had every farmer in the sugar beet area on our necks within 2 weeks, because they did not have a man to do the job.

Mrs. MAY. I might say also to the distinguished gentleman from West Virginia that in the part of the country I come from we wish we had some of his unemployed people; we would welcome them. There are times when we desperately need them. That may be an impractical suggestion geographically, but I assure the gentleman this does not mean that I have any lack of sympathy or understanding for their problem. But we need this kind of people desperately in the State of Washington for picking and thinning.

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

Mrs. MAY. I yield.

Mr. BAILEY. If I send the gentleman some West Virginians out there, would she exempt them from the payment of income and social security taxes?

Mrs. MAY. I am afraid that I do not have that much control over the present Federal and State regulations.

Mr. BAILEY. Nobody has ever answered, in the years that I have been demanding to know, why there is that provision in this legislation.

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

Mrs. MAY. I yield to the gentleman.

Mr. DIXON. I would like to ask the gentleman from West Virginia how much income tax these unemployed miners have to pay.

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

Mrs. MAY. I yield.

Mr. POAGE. I think the answer to the gentleman from West Virginia is very simple. We have an exemption under the income tax law of \$600. It would cost us more money to collect the income tax from these people than we would ever collect from them and consequently that would not be for the benefit of the taxpayers of the United States.

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

Mrs. MAY. I yield.

Mr. GROSS. American employees of the United Nations are exempt from Federal income taxes and they are not exactly stoop labor—or maybe they are.

Mrs. MAY. Mr. Chairman, as has been indicated by previous speakers, each of us, naturally, can speak only for our own district.

Mr. Chairman, there have been many references today on the effect that Public Law 78 has on small- and medium-sized farms and the farmers of our Nation. The area that I have the privilege to represent is an area which is almost wholly made up of small- and medium-sized operations. Therefore, I feel that I can logically and justifiably meet the arguments of unfair competition to and repression of the small farm operator concerning domestic and imported workers.

Termination of the present law would create a serious situation in the State of Washington and in all of the States dependent upon a supply of migrant labor, whether domestic or imported. Of primary concern to me is the fact that at the present time there is not a sufficient supply of domestic agricultural labor available at peak periods of need, and this domestic agricultural labor force is presently declining.

Public Law 78 is legislation which allows a supplemental labor force. It does not replace domestic labor, as has been charged.

Our farmers are dependent upon the migratory worker, because there is simply not enough local labor to do the necessary seasonal work on the farms. This is the difficult problem about agricultural labor. It is highly seasonal, with frequent peaks of employment. When one considers that the demand for labor is for a few short months and at the same time in many different States, it becomes apparent that it is impossible for the same work force to be in two places at the same time. A worker would have to be somewhat of a magician to harvest apples in the State of Washington and lettuce in Arizona during the same period of time.

There is an annual average domestic migratory work force of 427,000—1958—available in the United States to perform agricultural labor. Substantial segments of this force are used in every State of the Union at various times of the year. To replace the 437,600 Mexican nationals with the 427,000 domestic migrant workers would use up all of the available supply and leave a serious labor shortage in the remaining areas that have depended upon our domestic migratory labor.

The northwestern area of the United States employs very few Mexican nationals, the great majority of our migrant agricultural labor coming from Texas and other southwestern States. The reason we do not use the nationals is quite simple—the nationals are recruited for a 6-week period, and with our area located a great distance from Mexico, much of this 6 weeks time would be lost in traveling to and from the border. Not only would this time be lost, but the transportation costs would be excessive to our farmers.

On the other hand, domestics, with a liking for the Northwest area, return year after year.

Termination of the program would necessitate an attempt to recruit domestics without much hope of accomplishment in the Northwest area because an intensive recruiting program for domestic labor by farm operators in other parts of the country who now use nationals, would place many of the small farm operators in the Northwest at a distinct disadvantage due to their great distance from the recruitment area.

It is for these reasons that I most seriously urge that Public Law 78 be extended.

Mr. GATHINGS. Mr. Chairman, I yield 5 minutes to the gentleman from California [Mr. HAGEN].

Mr. HAGEN. Mr. Chairman, in answer to the various questions that have been raised previously, with only minor exceptions, at least in the State of California, this labor is used on foods that you would find in the fresh fruit and vegetable departments at your local grocery stores. This is the interest the city people have in the supply of labor for this kind of farms. Unless there is an adequate supply of labor for them, you will either have items missing in the grocery stores or the prices will be exorbitantly high.

I represent a farming district. However, my district is not as reliant on bracero labor as some of them are. I would say less than 10 percent come from this bracero program. But, in some areas, for example Congressman SAUND'S, 90 percent of the labor comes from the bracero program.

I would ask for an extension of this act without amendment. My reasons are these:

This act should be extended now because the Labor Department has to budget for enforcement officers, and so forth, in connection with it. The current law is due to expire in the middle of next year. If it is renewed until next year they cannot go through an adequate budgeting process.

Further, our growers in California are having difficulty in finding financing in respect to crops that require labor that will be obtained under a program which will expire in June of next year. This is a consideration.

Also, a longer period than the present expiration date is needed in order to negotiate a new treaty with Mexico which, incidentally, is designed to protect the rights of Mexican and also domestic labor.

There has been a report submitted to the Department of Labor by a commission, which included ex-Senator Thye. The Labor Department itself has not had sufficient time to study these proposals and suggests abstaining from any amendments with respect to the content of the law until it has had time to evaluate the proposals of this commission and to submit its own recommendations.

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

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

Mr. BAILEY. Would the gentleman have us understand that the Secretary of Labor and the Labor Department are in favor of this legislation?



Mr. HAGEN. I could answer that yes or no, but I would probably be wrong with both answers.

Mr. BAILEY. I will ask it more definitely. Is Mr. Mitchell in favor of this program?

Mr. HAGEN. Mr. Mitchell is not in favor at this time of changing the ground rules of the bracero program.

Mr. BAILEY. Do you not take away some of the authority he has under existing law?

Mr. HAGEN. No.

Mr. BAILEY. He says you do.

Mr. HAGEN. The original proposal that was approved by the House Committee on Agriculture would have done so. However, this proposal is a simple extension, and does not attempt to change the ground rules at all.

In that connection, I might point out that the Secretary of Labor has recently exercised considerable authority in regulating the conditions of employment which shall be made available to domestic workers before any Mexicans can be secured by an employer. I personally feel that the Labor Department has exercised their authority to the utmost in this respect. Existing laws provide that the Labor Department shall administer the program. I do not feel that there is any danger of abuse provided Congress appropriates enough money to operate the program from an inspection standpoint, and so forth.

By way of conclusion, I want to reiterate that this proposal before us does not seek to change the ground rules relating to Mexican labor, which provide that it shall not be made available to the adverse effect of domestic workers. Further, the Secretary of Labor is not at this time recommending any changes in the law, which is currently due to expire in June of 1961. He indicates that next year he will propose some changes, although we do not know what those changes are. They may or may not be the changes that will be suggested to you in the form of amendments later on.

Mr. HOEVEN. Mr. Chairman, I yield 3 minutes to the gentleman from Ohio [Mr. LATTA].

Mr. LATTA. Mr. Chairman, I am extremely sorry the gentleman from West Virginia left the floor, because I have some information which would probably enlighten him on this bill. He was quite concerned about the effect the passage of this bill would have on the labor force in West Virginia. I would like to point out to him that there is a table on page 380 of the hearings from which he will find that the State of West Virginia did not use any labor of this nature.

He also was concerned about the State of Pennsylvania. If you will look at the same table on page 380 of the hearings, you will find that the State of Pennsylvania is not using any labor under this act in 1959.

He also mentioned the State of New Jersey, for what reason I do not know; but the State of New Jersey did not use any laborers under this act in 1959. In fact, according to the Department of Labor, only 25 States in 1959 used laborers under this act, and in only 83 areas of the United States.

I might say that in the State of Ohio we did not use any Mexican braceros, but I am in sympathy with the extension of this act, because particularly in my area in northwestern Ohio we produce a considerable amount of sugar beets and tomatoes, and we use Mexican national labor in the harvesting of these crops. If we could not obtain the Mexican nationals from Texas we would absolutely have to go out of beet production and tomato production. We do not have any large corporate farms in northwestern Ohio such as it has been pointed out this act is used for. We have a lot of family type farms, and these people are dependent upon these Mexican laborers. Why? Because they cannot obtain domestic farm labor to harvest their crops. So I am in complete sympathy with these 25 States that do use labor provided under Public Law 78, because I know the situation they speak of and the predicament they might be in if this act were not extended.

I know a lot of people are concerned about consumer reaction, but let me say that if we do not extend this act the price of a lot of commodities is going to go up, because you are not going to be able to produce those crops as cheaply as you have in the past. So I cannot urge too strongly that you extend this act for another 2 years.

Mr. O'HARA of Michigan. Mr. Chairman, will the gentleman yield?

Mr. LATTA. I yield.

Mr. O'HARA of Michigan. I was interested to hear the gentleman's comments about the situation in his State of Ohio. I have been told by some that the experience of the State of Ohio, which by improving its efforts to recruit domestic migrant labor has made the use of Mexican nationals unnecessary, is proof of the assertion that other States could do likewise. Would the gentleman care to comment on that?

Mr. LATTA. I do not know about the situation to which the gentleman refers, but I certainly think that we in Ohio can point to many things with pride.

Mr. O'HARA of Michigan. Your State is pointed to by people who are opposed to the extension of this program as the example of a State whose efforts to recruit domestic migrant labor has cured the labor shortage which is said to require the importation of Mexican nationals. I was hoping the gentleman could enlighten us.

Mr. LATTA. I am pleased to know that from the gentleman from Michigan, because his State is still operating under this program, and in 1959 used 8,212 of these Mexican migratory workers.

Mr. O'HARA of Michigan. Why do you not come up and help us out?

Mr. GATHINGS. Mr. Chairman, I yield 1 minute to the gentleman from California [Mr. ROOSEVELT].

Mr. ROOSEVELT. Mr. Chairman, I appreciate the committee's giving me this time. I merely wish to say that inasmuch as the Committee on Rules has granted a rule on the so-called minimum wage bill I shall insert, if I get permission in the House, a section-by-

section analysis of the bill so it may be available for the Members tomorrow.

May I add my remarks on this bill? I believe there can be no question as to the need in some areas for Mexican workers, but I cannot understand why the amendments which will be offered would not fit into that inasmuch all they do is limit the Mexican workers to unskilled and seasonal jobs. It would seem to me to fit exactly into the pattern of what the proponents of the bill have been speaking about.

Mr. Chairman, my concern is with justice and fair play whether the situation involves the little businessman, the little farm or the farmworker.

I think my record shows that I have a strong and continuing interest in the small farm and the small farmer. I have continuously supported legislation which I have felt was good for the farm community and thus good for America.

My cosponsorship of H.R. 11211, the McGovern bill dealing with Public Law 78, is in keeping with my past actions. For I strongly believe this legislation is vital to help the family farm in competition with the corporation farm and it is vital to wipe out one of the greatest social injustices in our Nation.

The Congress is fully aware of the fact that existing title V of the Agricultural Act of 1949, commonly called Public Law 78, was intended as a temporary measure designed to assure the availability of seasonal, unskilled agricultural workers for the cultivation and harvesting of necessary crops. It has proved to be something quite different.

Its temporary nature has been disregarded; its life has been renewed repeatedly. Its use only to produce necessary crops has never been considered. The Secretary of Agriculture has discharged his function under its terms by "deeming necessary" all crops in the United States, whether or not those crops be in oversupply and subsidized by the Government.

Public Law 78's apparent intent to provide needed seasonal unskilled foreign workers has similarly been changed by actualities: Mexican workers are employed in year-round jobs and they do machine and other work requiring skills far above those of stoop-labor. Public Law 78 has lost the character which prompted its enactment. It must be amended. It must be changed to reflect the congressional intent which it was supposed to reflect when it was first enacted. Thus I must say in all honesty that to compromise the issue by merely extending the life of Public Law 78 for another 2 years will be most unfortunate and a means of evading responsibility.

The McGovern bill is designed to give real effect to Public Law 78 language which has been demonstrated to be impossible of administration. That language says that no Mexican foreign workers shall be made available if their employment will "adversely affect the wages and working conditions of domestic agricultural workers similarly employed." These words themselves, in my opinion, actually express the congressional intent. But when they occur in a law like Public Law 78, they cannot be given content or meaning.



The reason is simple: Since the whole law makes available a relatively inexhaustible supply of foreign workers, American agricultural workers have no bargaining power. They must take what they are offered or the grower association or farmer will hire Mexican workers instead. What bargaining power can the American farmworker have when there are 450,000 Mexican workers standing across the border, ready, willing and actually anxious to take their jobs? The psychology of the situation effectively erases from Public Law 78 the adverse effect language which I have quoted.

H.R. 11211, by the gentleman from South Dakota [Mr. McGovern], is designed to restore this language by giving the Secretary of Labor the authority he needs to prevent the adverse effect which is inherent in Public Law 78 as it exists today. It does so by writing into the law provisions which have been recommended, among others, by a select group of qualified consultants in their October 1959 report to the Secretary of Labor on the Mexican farm labor program. These consultants' support of a temporary renewal of Public Law 78 was conditioned on the act being amended, as H.R. 11211, amends it, to prevent adverse effect, insure utilization of the domestic work force, and limit use of Mexican workers to unskilled, seasonal jobs.

This Congress is aware of the conditions which exist. It knows that 97 percent of the Mexican workers admitted under Public Law 78 are used by large associations and individual growers in five States. My State of California is one of the five. The others are Texas, Arkansas, Arizona, and New Mexico.

In these States, there is an annual migration of domestic farm workers from their homes in localities near the border. I have been told that these American farm workers uproot their families and trek to other areas for farm work because they enjoy it as a vacation and because it is their nature. I do not believe this. In my opinion these workers and their families migrate for higher wages. They migrate because in their home areas they are placed in competition with Mexican nationals for a piece rate wage which may permit them to earn the ridiculously low wage of 50 cents an hour.

They migrate out of necessity. They cannot afford to compete with nearly half a million Mexicans to whom 50 cents an hour represents a wage several times higher than their wage at home in Mexico. Is it just and fair for the Congress to sanction the continuation of these conditions?

I have heard it said that those who condemn the effect of Public Law 78 and deplore the conditions of the U.S. farmworker under it, disregard the great improvements which have been made since its enactment. I would point out that these improvements, whatever they may be, inure to the benefit of the Mexican worker, not to the domestic farmworker. I would say, too, that these improvements have been made—where they have been made—only through urging, shaming, leading, and cajoling the large associations to improvements in transporta-

tion, safety, and comfort, the quality and quantity of food, suitable housing and facilities, and other such matters which had, in many, too many instances, aroused the conscience of the American people.

However, the 50-cent wage still exists in many regions. Actually, even 50 cents is being paid only because the Department of Labor took the position that it could not, in conscience and decency, place U.S. farmworkers in competition with foreign workers at wages below 50 cents.

Thus cheap labor, available under Public Law 78 to large corporate farms, large associations, and large processors, has added to the squeeze faced by the small family farm. The small farmer, employing no foreign labor, doing the job with his own hands and those of his family, has been forced to compete in the market against giant competition operating with tremendous numbers of underpaid foreign workers. Not only is the value of his crop reduced by the presence of Mexican labor but the value and the dignity of his own efforts and calling are lowered. This kind of competition is, in my opinion, an insult to the American sense of justice.

The expression of my views in support of the McGovern bill, H.R. 11291, is in itself an expression of opposition to the Gathings proposal which was reported from committee. I oppose this approach because it calls for an extension of Public Law 78, with all of its evils. This extension would be under terms which would make it impossible for the Department of Labor, whose basic statute directs it to improve the conditions of wage earners, to do anything to carry out its responsibilities either under its basic statute or under the so-called adverse effect provisions of Public Law 78. This bill would circumscribe what little authority the Labor Department has under existing law. It would go far to take the Department of Labor completely out of the Mexican program by making action impossible without the consent of the Department charged with the interest of the farmer and not the wage earner.

Additionally, while I oppose the attempt to proscribe the Secretary of Labor in carrying out the intent of the Wagner-Peyser Act, I likewise oppose a mere 2-year extension without safeguards.

The shame of Public Law 78's adverse effect on agricultural wage earners in the United States and on America's small family farms must not be permitted to endure. The reasons for that shame can be eliminated to a great degree by the enactment of the McGovern approach. I respectfully submit that this Nation should no longer tolerate legal sanction to depress the working conditions, wages and living standards of our domestic farm employees.

Like many city Congressmen, I have taken an interest in farm subsidy programs as well as farm labor problems. I shall continue to do so. I recognize the importance of the welfare of our farm population to the welfare of the entire Nation.

Therefore, I respectfully submit that, under no circumstances can the disgrace of the poverty and underprivileged status of the farmworker be permitted to continue. The farmworker and his family are human beings.

I strongly urge approval of the McGovern bill or similar amendments by the gentleman from Rhode Island [Mr. Fogarty]. If there cannot be agreement to provide these improvements in Public Law 78, then I sincerely urge that Public Law 78 not be renewed. If the law cannot be improved to provide some protection to domestic farmworkers, it is then better to abolish it. For, if the original intent was to offer protection and the record shows that the domestic farmworker has not been protected thereby, then to continue the law without needed changes is merely to give pro forma recognition to a protection that does not, in fact, exist.

Mr. HOEVEN. Mr. Chairman, I yield 4 minutes to the gentleman from Utah [Mr. Dixon].

Mr. DIXON. Mr. Chairman, I should like to explain why ostensibly reasonable statistics do not apply in this situation. We have 4 million unemployed. If that be the situation, why should they not take these jobs? Let me explain to you briefly. In the first place, these jobs are highly seasonal, and regular people will not go for these jobs.

In our sugar beet areas we have to thin beets.

The person who thins beets has to crawl on his hands and knees or he has to stoop clear to the ground. I have thinned beets, and I will say that for hours after my day's work was over I could see lights in front of my eyes. It is stoop labor that is almost loathsome. I do not want you to feel when I said our unemployed miners would not take these jobs that I am casting any reflection on the miners, because I am not. I do not blame them a bit. It is one of the toughest jobs you ever saw, and no man who thinks much of himself would ever touch it. So if we had 5 or 6 million unemployed, I doubt if they would come and thin our sugar beets. That is why the unemployment statistics just do not apply to this situation at all.

Mr. Chairman, I wonder where we would be for domestic sugar as far as the beet industry is concerned if you take away the Mexican labor? Castro has signed up with Russia for a million tons of sugar and probably with China for a half-million tons of sugar. The distribution of land out there might knock Cuba out of producing another million tons of sugar. Now you are going to knock our domestic producers, our beet growers, out of the opportunity to provide this country with sugar. You better think about that before you amend this act.

I am certainly in favor of this act as it stands, just a simple renewal for 1 year. The Secretary of Labor must certify that no labor can be obtained for these purposes before any of these nationals may be brought in. I think it is a fine thing for the nationals, too, because they do not have to swim the river. I believe what we spend on the program



has been saved in trying to police the river, and prevent the wetbacks from swimming over here. Now they come in orderly under contract, and it is a fine, honorable thing to do.

Mr. Chairman, this is a good bill.

Mr. COOLEY. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. EVINS, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 12759) to amend title V of the Agricultural Act of 1949, as amended, and for other purposes, had come to no resolution thereon.

#### MASSACHUSETTS WAS BIRTHPLACE OF KING BHUMIBOL ADULYADEJ OF THAILAND

Mr. BOLAND. 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 Massachusetts?

There was no objection.

Mr. BOLAND. Mr. Speaker, all of America today welcomes the only king ever born in the United States, and tomorrow Congress will receive His Majesty, King Bhumibol Adulyadej. We of Massachusetts are proud that this enlightened leader of an important country of the free world claims the Commonwealth of Massachusetts as his birthplace.

Cambridge, Mass., has the distinction of having been the birthplace of one of the world's few reigning monarchs, a king who himself is distinguished for his ability to combine a traditional heritage with a modern outlook in maintaining a stable monarchy in a world where there is often instability. The King of Thailand, Somdet Phra Chao Yu Hua Bhumibol Adulyadej, also known as King Rama IX because he is the ninth ruler of the Chakri Dynasty dating from 1782, was born on December 5, 1927, at Mount Auburn Hospital in Cambridge, Mass.

At that time, his father, Prince Mahidol, heir to the throne of Thailand, was studying at Harvard Medical School.

The present King was the youngest of Prince Mahidol's three children. When he was a year old, the family returned to Thailand where his father joined the staff of a hospital. Shortly thereafter, his father died and his uncle, the ruler, who had no children, sent his mother with her children to Switzerland where the children were to be educated for their future duties. Much of Prince Bhumibol's youth was spent abroad and when he returned to Thailand after World War II, it was to a country where much had changed and to a situation that was fraught with many dangers.

King Prajadhipok, his uncle, had been the last of the absolute monarchs of Thailand. In 1932 the absolute monarchy had been replaced with a consti-

tutional monarchy and 3 years later, King Prajadhipok abdicated in favor of Prince Ananda Mahidol, the present King's older brother. Because of his youth, the throne was held under a regency while the young King continued his education in Switzerland. Shortly before the scheduled coronation of the young King, in 1945, he was found dead under curious circumstances.

Prince Bhumibol was then named the successor, also under a regency, and returned to Europe to complete his studies. He had earlier planned to become an architect, but now changed his studies to law. He returned to Thailand in 1950, after the country had undergone five constitutional and 19 administrative changes in 18 years. At that time the surrounding countries were in the throes of revolution and communism was on the ascent. Shortly after his coronation and marriage, the young King in his first message to the Thai Parliament requested that body to resist the entry into Thailand of communism that threatened from without. And since that period, his influence has been paramount in maintaining Thailand as an island of stability in a surrounding sea of uncertainty.

The King and his beautiful consort have endeared themselves to their subjects by their many trips within the country to familiarize themselves with regional problems. They have also been actively concerned with the welfare of their subjects and have promoted many activities in this direction. Apart from his royal duties, the King is a well-known composer of popular songs and dance music. In 1950 one of his songs was performed in a Broadway revue. And all of the profits from his musical activities go to the royal Thailand charities.

Mr. Speaker, under unanimous consent I include a story about King Bhumibol Adulyadej written by Fred Blumenthal that appeared in Parade magazine last Sunday, as follows:

#### THE KING FROM MASSACHUSETTS

(By Fred Blumenthal)

WASHINGTON, D.C.—The only king ever born in the United States will arrive here in the Nation's capital on Tuesday with his beautiful, young Queen as honored guests of President Eisenhower.

His Majesty King Bhumibol Adulyadej (pronounced Poom-ee-pom Adul-un-det) and Queen Sirikit of Thailand (Siam) are here not only for the pleasure of revisiting the land of his birth but to demonstrate his nation's friendship with the West.

To most Americans Siam is a land of oriental mystery and the colorful, ornate costumes of the musical "The King and I" (King Bhumibol is the great grandson of the monarch featured in that show). But to the Pentagon and the State Department, Siam—the size of France and with 22 million people—is the keystone to the defense of Southeast Asia, a vital member of the Southeast Asia Treaty Organization (SEATO), which has its headquarters in Bangkok, Siam's capital.

It is no secret that Red China covets dominion over Siam and her natural riches. But though the Communists—Chinese and Russian—have made massive efforts to subvert Siam and woo her loyalty from the West, they have had no success—thanks

to the stanchness of the young King and Queen.

Born 32 years ago in Cambridge, Mass., where his father, Prince Mahidol, studied medicine at Harvard, King Bhumibol was educated in Switzerland. He came to the throne in 1946 at the age of 19 after the mysterious death of his brother, King Ananda, who was found shot in his bedroom in the royal palace.

King Bhumibol did not take over the throne immediately but returned to Switzerland to complete his studies in political science and law. There he met and married Princess Sirikit, a fellow student.

King Bhumibol and Queen Sirikit are modern royalty, deeply devoted to their people. They are a gay, unassuming young couple with the interests and tastes of their Western friends. The King loves modern music, is a camera bug and is interested in science. Both the King and Queen speak excellent English.

#### FACING THE MUSIC

He is an accomplished musician, has composed 25 pop tunes (two, "Falling Rain" and "Blue Night," were used in the Broadway production of "Peep Show") and plays the clarinet and saxophone. He has played clarinet with Benny Goodman and Jack Teagarden, who both praised him. When there are informal dances at the palace, he likes to "sit in" with the band.

Once as a lark the King acted as disk-jockey for a Bangkok radio station. In true disk-jockey style, he answered the telephone and took request numbers. The people who called for tunes had no idea they were talking to their monarch.

Queen Sirikit, like most young women, is an admirer of Paris fashions, to which she gives a charming Siamese touch. Her wardrobe for this State visit was designed by Balmain but the Queen provided the materials—woven Thai silk with Siamese patterns.

But just as the King is neither puppet nor playboy, the Queen is no butterfly. She is president of the Thai Red Cross and works tirelessly for social welfare and on the upbringing of her four children—three girls and a boy.

The King himself refuses to follow the ways of the Siamese kings of old—locked behind palace walls. He gets out among his people whenever he can, often driving alone in his little sports car.

When food experts tried to persuade farmers to breed fish in their rice paddies as an extra source of protein for their diet, the King made the program popular by raising fish in a palace pool. He and the Queen campaigned for a vaccination program that saved the nation's poultry industry. In 1950, during a cholera epidemic, the King supervised the injection of anti-cholera vaccines. To give his people confidence, he publicly took the first injection.

During his visit here King Bhumibol will have many serious talks and will attend many official functions. But he has developed a knack of getting away from it all from time to time. Some of America's leading jazz men should not be surprised if they are invited one evening to join him in a jam session. His Majesty, King Bhumibol Adulyadej, ninth King of the House of Chakris, would then be just a happy young man with a horn.

#### THE MEXICAN FARM LABOR PROGRAM

Mr. LANE. 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 Massachusetts?

There was no objection.

Mr. LANE. Mr. Speaker, the Mexican farm labor program is a disgrace to the Nation and a throwback to the cruel exploitation of labor which we thought had been eliminated once and for all. Under the cloak of free enterprise it encourages a small number of growers to fatten on human misery and threatens to entrench a peonage system whose social and economic conditions expose us to world ridicule.

What began as an emergency measure during World War II in order to free Americans for service in the Armed Forces or for work in defense production, has become a shameful custom that thrives on human ignorance and poverty.

In 1959, 437,600 Mexican nationals were imported into the Southwest to do all kinds of farm work, but principally that of stoop laborers engaged in harvesting the seasonal crops. Ninety-five percent of them are employed in the five States of Texas, California, Arkansas, Arizona, and New Mexico. They make up nearly 90 percent of the Nation's seasonal lettuce harvest workers; more than 30 percent of the seasonal workers in cucumbers, tomatoes, citrus fruits, melons, and nuts; and nearly 30 percent of the cotton harvest employment.

Their guaranteed minimum wage is only 50 cents an hour. Their average annual wage for 1958 was \$961. They live in shacks, jalopies, and tents. They are excluded from practically all social welfare laws. Their children receive only intermittent education. They work back-breaking hours in the fields to supplement the family income and are plagued by illness and accidents.

By importing low-paid seasonal labor from Mexico through Government channels, the large growers are undercutting the standards of American farmworkers, and are forcing them to move elsewhere in order to make a decent living.

This is the reverse of progress. It is undermining our Nation's respect for the dignity of labor, and labor's entitlement to improved wages and working conditions.

Only 2 percent of the Nation's commercial farms employ Mexican nationals. To argue, as a few will do, that we must continue to import underpaid and underprivileged workers if the large scale farm operators are to survive, is to condemn American migrant farm laborers, and family farmers, to abject poverty.

This will not do. It is the obligation of the operators to raise wages and improve working conditions for our own farmworkers, as they can well do, and as every other American employer is doing, either through collective bargaining or as a result of the increase in the minimum wage, plus other laws for the protection of workers.

They can no longer expect that the U.S. Government will be an accessory to the cruel exploitation of labor. H.R. 11211, the McGovern bill, is fair to the big operators. By providing for a gradual reduction in the importation of Mex-

ican contract labor over a 5-year period, while reducing the adverse effects upon domestic farmworkers at the same time, it will cushion the readjustment to modern standards.

H.R. 11211 is supported by church, civic, labor and family-farm organizations.

During the hearings on this legislation experts testified that consumer prices would not rise from an increase in farm wages. "But," as the overwhelming majority of Americans say, "even if prices were to go up a fraction, we would be glad to pay the tiny cost to get rid of this terrible stain on the Nation's conscience."

#### DISCHARGE OF MEMBERS OF THE ARMED FORCES

Mr. DOYLE. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD and to include appropriate material.

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

There was no objection.

Mr. DOYLE. Mr. Speaker, on yesterday I introduced H.R. 12825, which was referred to the Committee on Armed Services. The text thereof is as follows:

**A BILL TO PROHIBIT THE DISCHARGE OF MEMBERS OF THE ARMED FORCES UNDER CONDITIONS OTHER THAN HONORABLE EXCEPT PURSUANT TO THE SENTENCE OF A COURT-MARTIAL.**

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That notwithstanding any provisions of law, no member of the Armed Forces of the United States shall hereafter be released from active duty or discharged from active duty under conditions other than honorable except pursuant to the sentence of a court-martial.*

*Sec. 2. This act shall become effective on the first day of the second month following the month in which it is enacted.*

I introduced said bill at this late date in this 2d session of this 86th Congress as notice of the fact that I intend to file the same bill on the opening day of the 87th Congress.

As it now appears that the other legislative body will not consider the Doyle bill, H.R. 88, during this session of Congress, and which bill, H.R. 88, passed the House of Representatives unanimously, and then was promptly forwarded to the other legislative body and referred to the Armed Services Committee thereof, it appears to me timely for me to file H.R. 12825, which is an outgrowth of the work and interest expressed by more than 40 Members of this House who also filed companion bills to H.R. 88. These bills all dealt with the important subject of less-than-honorable discharges. The military departments opposed these bills when they were before the House Armed Services Committee and opposed H.R. 88 and companion bills when before the House of Representatives. In spite of said opposition the House passed H.R. 88 unanimously.

And, since it was my established practice to try to keep all the Members who filed said companion bills, and all Members of the House, as fully informed as

possible during the last 2 years that H.R. 88 and companion bills have been to the attention of House Members, I am pleased to now submit further information in the premises.

Following is the text of a letter received by me, dated May 20, 1960, from the Assistant Secretary of Defense, in response to a further inquiry I made on the subject of H.R. 88. Accompanying said letter was a statement of enlisted discharges by type of discharge for the fiscal year 1959. In reading these items I call your attention especially to the figures opposite the "undesirable" discharges; I call your attention to the fact that the number of discharges for "unsuitability" are not in said list identified:

ASSISTANT SECRETARY OF DEFENSE,  
Washington, D.C., May 20, 1960.

HON. CLYDE DOYLE,  
House of Representatives.

DEAR MR. DOYLE: Your letter of April 29 received in this office on May 3, requested such data as could readily be made available within 15 days on the subject of less-than-honorable discharges, within the context of information furnished you in previous years.

I am pleased to forward summary figures of the four military services covering their enlistment discharges during fiscal year 1959. You will note that while the total number of separations from active duty decreased only very slightly, there was a substantial decrease in all types of separations other than honorable. Overall, nearly 96 percent of the enlisted personnel who returned to civilian life completed their active military duty under honorable conditions. This, I think you will agree, bears testimony to the fine type of personnel entering the Armed Forces and to their generally high standard of conduct while serving.

Increased emphasis has been placed by the services on early identification of problem cases, to the end that those men who can be prevented from getting into difficulties are given every assistance in their adjustment and those who are unable or unwilling to adjust are weeded out. A generally healthy tone and high esprit have resulted from the higher quality of enlisted personnel and the continuing attention given to their leadership and training. The clarification of standards for administrative discharges, accomplished by our adoption of uniform policies in January 1959, has also contributed materially.

It is not possible to assess the exact effect of each of the factors which has contributed to the increased numbers of honorably separated personnel, but I think we may take some satisfaction in the fact that the net result of all actions taken has been an improvement. We still have, and will no doubt continue to have, a relatively few individuals whose conduct and performance cannot be rewarded by honorable discharge without lowering discipline and reflecting on the high standards maintained by the overwhelming majority of servicemen.

I have enclosed a copy of Department of Defense Directive 1332.14, "Administrative Discharges." I believe you already have received copies of this previously.

The Defense Department shares your desire that persons leaving military service return to civilian life with a record of honorably performed duty to their country, for the benefit of themselves and the Nation. Your continuing interest in the welfare of all military personnel is appreciated.

Sincerely yours,

STEPHEN S. JACKSON,  
Deputy.



## Enlisted discharges, by type of discharge

Type of discharge	DOD total	Army	Navy	Air Force	Marine Corps
Total	736,532	337,672	155,310	178,012	65,538
Honorable	678,419	318,244	142,117	161,742	56,316
General (honorable conditions)	27,324	6,269	7,346	7,380	6,529
Undesirable	23,672	11,216	3,846	7,134	1,486
Bad conduct	5,747	1,074	1,971	1,522	1,180
Dishonorable	1,190	869	30	244	47

H.R. 88 and companion bills were primarily designed to be helpful to the thousands in the past and present and future who were and are discharged for causes typed as undesirable or unsuitable. In other words, the minor offenses. However, as to the opposition of the military itself, the terms of H.R. 88 could be made applicable to any type of discharge granted, and was made retroactive so that the many thousands who were thus discharged in the past could also have the benefits available.

Here is the text of a letter dated April 20, 1959, to Hon. CARL VINSON, chairman of the House Committee on Armed Services, on the subject matter from the Department of the Air Force.

DEPARTMENT OF THE AIR FORCE,  
Washington, April 20, 1959.

HON. CARL VINSON,  
Chairman, Committee on Armed Services,  
House of Representatives.

DEAR MR. CHAIRMAN: Reference is made to your request for the views of the Department of Defense with respect to H.R. 88, 86th Congress, a bill to amend section 1552, title 10, United States Code, and section 301 of the Servicemen's Readjustment Act of 1944 to provide that the Board for the Correction of Military or Naval Records and the Boards of Review, Discharges, and Dismissals shall give consideration to satisfactory evidence relating to good character and exemplary conduct in civilian life after discharge or dismissal in determining whether or not to correct certain discharges and dismissals; to authorize the award of an exemplary rehabilitation certificate; and for other purposes. The Secretary of Defense has delegated to this Department the responsibility for expressing the views of the Department of Defense.

Reference is also made to your request for the views of the Department of Defense with respect to similar bills on the same subject as follows: H.R. 69, H.R. 1088, H.R. 1994, H.R. 2457, H.R. 3184, and H.R. 3340. This report also applies to these bills.

The purpose of H.R. 88 is to amend section 1552 of title 10, United States Code, and section 301 of the Servicemen's Readjustment Act of 1944 (now codified as sec. 1553 of title 10, United States Code) to include specific criteria that must be considered by boards established under these sections when reviewing cases of individuals discharged or dismissed from the Armed Forces; and to permit such boards, with the approval of the appropriate Secretary, to issue an "exemplary rehabilitation certificate" to any individual heretofore or hereafter discharged or dismissed from the Armed Forces under conditions other than honorable when it is established to the satisfaction of the board concerned through—(1) affidavits from local law enforcement officers; (2) notarized statements from the applicants' employers; and (3) notarized statements from at least five persons who have known the applicant for not less than 3 years as a person of good reputation and exemplary conduct; that the individual has rehabilitated himself and that his conduct

has been exemplary for at least 3 years. Similar bills of the 86th Congress, such as H.R. 69 and H.R. 1088, would require the issuance, under similar circumstances, of a "general discharge (limited)" or of "new discharges or dismissals under honorable conditions."

The Department of Defense has recently published a new directive on administrative discharges designed to revise the standards and procedures governing their issuance. If a person who has been discharged under the previous criteria makes an application for a review of such discharge under the terms of the new criteria, there is nothing to prevent the Discharge Review Boards or the Boards for the Correction of Military or Naval Records from entertaining such an application. Accordingly, it is believed that much of the justification for additional legislation in this area has been obviated.

During the past several years, the military services have adopted programs designed to prevent the commission of offenses by servicemen, and to retrain and rehabilitate offenders. These policies are particularly important with respect to the young recruit away from home for the first time. An emphasis on retraining and rehabilitation has resulted in the return to honorable duty status of large numbers of offenders who, in the absence of such opportunities, would have been separated under other than honorable conditions. Furthermore, an opportunity to reenlist is offered under certain conditions to those who have received less-than-honorable discharges so that honorable discharges may be earned. Actually, nearly 95 percent of the total discharges issued in recent years have been under honorable conditions, and of the remaining 5 percent, about one-third of those separated have been found guilty by courts-martial of specific offenses that warranted separation without honor.

With respect to these courts-martial cases, the Department of Defense is strongly opposed to the provisions of proposed bills which would permit further appellate review of discharges ordered by courts-martial beyond those now prescribed by law. The Court of Military Appeals was specifically established for the purpose of reviewing courts-martial cases, and the Boards for the Correction of Military and Naval Records also have authority to take appropriate action with respect to separations resulting from courts-martial where necessary to correct errors or remove injustices. It is considered neither necessary nor desirable to extend further review authority to Discharge Review Boards as proposed by section 2 of H.R. 88.

The Department of Defense is fully aware of the seriousness of the problems created in civilian life for an individual who has received a less-than-honorable discharge. Nevertheless, the Department opposes any proposed legislation which would provide that the military departments issue certificates of any kind based upon consideration of an individual's conduct in civilian life after discharge or dismissal from the military service. There is a significant difference in principle between measures contemplating the award of an exemplary rehabilitation certificate and measures contemplating the substitution, for a discharge certificate previously granted, of a new and upgraded certificate. However, the Department of Defense is opposed to the enactment of any of the above-referenced bills, and this opposition is most vigorous in regard to those bills which would upgrade the type of discharge. Experience has demonstrated that the desire to earn an honorable discharge is a positive deterrent to misconduct by members of the Armed Forces while in service. This Department cannot support any proposal which will tend to reduce disciplinary control over persons in service. That would be the effect,

in our judgment, of a policy providing for the subsequent issuance of an upgraded discharge or other document by the military authorities after service has been terminated, with such discharge not truly reflecting military service, but based instead upon conduct as a civilian.

The Department of Defense would have no objection to the award by appropriate local civilian agencies of an exemplary rehabilitation certificate of the type proposed by H.R. 88, to a person who has been separated from the Armed Forces under conditions other than honorable and who subsequently demonstrates a degree of rehabilitation acceptable to his own community. It is our belief that such a judgment can be made most accurately and properly by local civilian agencies whose primary interest is in the sociological and welfare aspects of the civilian community. The military department, of course, would cooperate with such a civilian agency by making available information from official records, but the services have neither the investigative facilities nor the competency to evaluate civilian rehabilitation.

If, in spite of the opposition of the Department of Defense, H.R. 88, or any of the other bills referred to above, is favorably considered, it should be drafted to conform to the form, style, and terminology of title 10, United States Code. As a drafting service, this Department will submit such a bill upon request of the Armed Services Committee.

It is impossible to determine the cost that would be imposed upon the Department of Defense by the enactment of this legislation and the resulting requirement to administer this program.

This report has been coordinated within the Department of Defense in accordance with procedures prescribed by the Secretary of Defense.

The Bureau of the Budget advises that there is no objection to the submission of this report.

Sincerely yours,  
LEWIS S. THOMPSON,  
Special Assistant for Manpower Personnel and Reserve Forces.

Promptly upon the House approving H.R. 88 unanimously, Hon. CARL VINSON, chairman of the House Committee on Armed Services, furnished me a copy of a written comment he had made about the bill as follows:

I know the position of the Department of Defense in connection with this proposed legislation; but, I think their opposition is rather ridiculous.

Mr. Speaker, H.R. 88 and companion bills were strictly humanitarian bills. But, they affected thousands, and maybe hundreds of thousands of American lads who were never criminals; never were bad boys or bad men. My experiences in connection with this subject matter over the last 3 years, together with experiences related to me by many Members of this House, together with hundreds of cases which have come to my attention, together with information given me by members of our Military Establishment, causes me to believe that the principles and purposes contained in H.R. 12825, which I introduced on yesterday, are meritorious and essential to be put into practice through prompt and appropriate legislation.

Mr. Speaker, during the course of H.R. 88, it is true that our Defense Department has issued certain directives bearing on the subject matter of H.R. 88 and



companion bills. But, it is only a minimum improvement and not nearly adequate in my humble judgment to meet the just deserts of these many thousands of American lads who have been, and will continue to be, economic liabilities instead of economic assets; largely, Mr. Speaker, as result of the type of less-than-honorable discharges which have been given to them by our Military Establishment—and, in most such cases, without just cause or reason. The contents of H.R. 12825 will facilitate the meeting of the total problem involved head on, far better than did the text of H.R. 88, but only for those discharged after and if H.R. 12825 is enacted into law.

I cordially invite any other Members of the House who desire so to do, to file companion bills in early January next to H.R. 12825.

#### LOSS LEADER SALES AND FAKE WHOLESALE ADS

Mr. KARTH. 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 Minnesota?

There was no objection.

Mr. KARTH. Mr. Speaker, since January 1959 it has been my privilege to represent the people of Ramsey County, the Fourth Congressional District of Minnesota in the House of Representatives of the U.S. Congress. As a first term Member of this House I have witnessed many issues coming before the Congress to be resolved. Among these issues are several important matters which are of interest to the many thousands of small businessmen residing in my district.

Several months ago, I circulated several thousand letters to the small businessmen inviting their comments on important issues before Congress in the second session. Of those who responded I was informed that in addition to preserving a lasting peace, they were also interested in legislation which would prohibit loss leader sales—that is, the selling of goods at prices unreasonably below cost—repeal of the telephone wartime excise tax, no increase in postal rates, until everyone pays his fair share, the curbing of fake wholesale ads, tougher antitrust penalties to prevent monopoly expansion and a measure which would grant tax deferment to small businessmen to permit them to set aside funds for their retirement free of taxes until they receive their income after retirement.

I am taking the floor today to urge my colleagues to support these measures which are so necessary to the economic growth of one of the most important segments of society, the small businessman.

The objective of my bill, H.R. 12625, is to prohibit by Federal law certain discriminations in price and sales at unreasonably low prices, including those at levels below cost.

Among the practices which would be prohibited by the terms of my bill are

those which have been so dramatically brought to light during the recent hearings before subcommittees on small business. During these hearings one witness after another admitted using the great resources of his company in making sales at prices below cost to the detriment of small business.

A reason frequently given for the relative decline of small distributive business and the growth of the large retail consumer goods chains and supermarkets, is the frequent use by these larger entities of the device of selling one or more popular products below actual cost in order to attract trade to their stores and away from the small retailer. This practice is generally known as "loss leader" and is sometimes called "bait advertising."

The hearings, which have been conducted by the House Small Business Committee, have made it clear that the practice of selling certain items at unreasonably low prices is widespread. It was reported recently that a large concern was selling milk in Florida at 1 cent per half gallon. Other instances have been brought to the attention of Members of Congress where products have been retailing at less than one-quarter of the cost of producing the product. Small business concerns are much alarmed by this practice and its effect toward eliminating them and creating monopolies.

Many States have enacted legislation to combat this practice of selling below cost. Courts have upheld the State laws but due to the fact that the law of any State does not reach beyond the State line, it can have no application to transactions in interstate commerce.

The problem is now up to Congress. We should act to place in the hands of the enforcement agency and in the hands of small business the tools with which they may be enabled to stop or reduce the use of monopolistic practice of price discrimination. The bill which I have introduced will help us and help small business.

My other small business bill, H.R. 12662, Mr. Speaker, is one that would outlaw fake wholesale ads. In many instances one can read in a daily newspaper, "Wholesale prices this week only"—or similar misleading advertising. In 90 percent or more of these cases it is not a true, wholesale price. Rather it is a price somewhat less than suggested retail. In other cases it is not even that. My bill would call a halt to that type of fakery. This is essential for the protection of both the consumer and the honest retailer who is too scrupulous to advertise in this misleading manner.

Mr. Speaker, if we do not get to those bills this session, I sincerely hope they will find early favorable action in 1961.

#### PAY RAISE LEGISLATION

Mr. REES of Kansas. 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 Kansas?

There was no objection.

Mr. REES of Kansas. Mr. Speaker, I have introduced today a bill which provides for, first, a 6-percent across-the-board salary increase for postal employees; and second, a temporary Commission on Federal Civilian Employees Compensation Policy.

I believe this proposal can become law during these final days of the 86th Congress.

This legislation will establish the temporary Commission to make a comprehensive pay study which the executive branch has been requesting since 1958 and which is so vital to legislative consideration of pay increases. I offered a 6-percent pay increase in our committee. It was not accepted. I was ready to offer it again on the floor of the House if given the opportunity. It was not permitted under the "gag rule" applied to our consideration of the pay bill. Under the rule adopted no amendments were allowed except those approved by the committee.

Our committee heard testimony on proposed pay increases during 14 days of hearings. The hearings revealed postal employees were lagging considerably behind the pay of their fellow workers in comparable positions in industry, particularly in the metropolitan areas. More than 40 percent of the 534,000 regular and substitute employees of the postal service work and live in the metropolitan areas served by the 60 largest post offices. These are the employees who need a salary adjustment now. I believe that a modest 6-percent increase for postal employees, as provided by title I of my bill, is amply justified by the testimony given during the hearings before our committee.

To me, the justification for a 6-percent postal pay increase is sufficient to overcome the arguments that any increase should be withheld pending completion of the study by the temporary Commission proposed by this bill or the current study by the executive branch on the survey of salary rates.

Title II of the bill provides for a temporary Commission to develop a better pay system for the entire Federal Government. As chairman or ranking minority member of the House Post Office and Civil Service Committee since its creation in 1947, I have pointed out repeatedly that the present uncoordinated variety of Federal pay practices is inefficient and wasteful from the standpoint of the taxpayers, as well as unfair to many Federal employees.

My committee studies, in cooperation with the administration, have disclosed that the \$13 billion annual Federal civilian payroll is paid out under 77 widely varied statutory or administrative wage plans. No attempt has been made for over 40 years to modernize this overall pay structure and, as a consequence, no proper relationship exists between pay rates in the three branches of the Government, or, in fact, within any one branch of the Government.

In 1958 immediately following enactment of a 10-percent general salary increase for Federal civilian employees, President Eisenhower proposed to the



Congress a review of all compensation systems in the three branches of the Federal Government directed toward establishment of an equitable employee compensation policy. This recommendation was renewed in the President's budget message for the 1960 fiscal year and again in the message of the President of January 18, 1960, transmitting the budget for the fiscal year 1961. I have consistently advocated that we take prompt and decisive action on this request of the President. The temporary Commission I am proposing to be established by this legislation would carry out those recommendations.

It is planned that our committee staff study on pay and classification systems for postal field employees and for other Federal employees will be completed and made available for use by our committee and the Commission established under this legislation.

The Commission should come up with a comprehensive basic pay policy which can be used as a guide for legislative pay proposals in the future. Such basic pay policy should include a determination of the economic and social factors to be considered in establishing pay scales. It should provide the appropriate relationships between Federal Government and State and local governments and industry pay. It should also provide the appropriate role of employees and employee organizations in determining a classification and pay policy. It should include the extent to which salary and wage rates may be established on a nationwide basis, on a regional basis, or on an industry basis; minimum wage and maximum wage policies; the center of responsibility for fixing and revising pay rates on a continuing basis; the methods by which pay rates would be fixed and revised; and the methods of installing any new classification or pay plans.

I am firmly convinced that legislation including these proposals—a 6-percent pay increase for postal employees and the establishment of a Commission on Federal Civilian Employees Compensation Policy—has a good chance of being enacted into law during these last few days of the 86th Congress.

I am introducing this bill in the belief that Congress will not override the President's pending veto of the pay raise bill.

**SECTION-BY-SECTION ANALYSIS OF H.R. 12677, REPORTED BY COMMITTEE ON EDUCATION AND LABOR**

Mr. ROOSEVELT. 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 California?

There was no objection.

Mr. ROOSEVELT. Mr. Speaker, I am setting forth in the RECORD a section-by-section analysis of H.R. 12677, the minimum wage bill favorably reported—19 to 9 vote—by the Committee on Education and Labor, and to be considered by the House on Thursday of this week.

My purpose in offering such an explanation is to inform my colleagues of

the sum and substance and intent of the proposal. It is also an effort to eliminate some confusion and misunderstanding that appears to prevail about many of the provisions of H.R. 12677.

The section-by-section analysis follows:

**FAIR LABOR STANDARDS AMENDMENTS—HOUSE COMMITTEE BILL (H.R. 12677)—SECTION-BY-SECTION ANALYSIS**

Section 1: Contains the official title of the bill: "Fair Labor Standards Amendments of 1960."

Section 2: Contains a declaration of congressional findings and policy.

Section 3: Contains definitions of terms used in the bill modifying or adding to definitions now contained in the Fair Labor Standards Act of 1938, as amended (hereafter referred to as the "act"), as follows:

(a) Amends the definition of the term "agriculture," contained in section 3(f) of the present act, to provide that the term includes the processing of shade-grown tobacco by agricultural employees employed in growing and harvesting such tobacco, including such operations as drying, curing, fermenting, bulking, rebulking, sorting, grading, aging, and baling, prior to the stemming process. The effect of this amendment is to provide a new minimum wage and maximum hours exception for employees engaged in such operations, since employees engaged in "agriculture" are exempt from such provisions under section 13(a)(6) of the act. The exemption applies only to agricultural employees who are also employed in growing and harvesting shade-grown tobacco.

(m) Amends the term "wage," as defined in the present act, to permit the Secretary of Labor to determine the "fair value," instead of the actual cost of board, lodging, or other facilities furnished employees which are to be considered as part of "wages." Where an employer and an employee agree upon a reasonable valuation of such facilities, such agreed upon valuation shall govern in determining the "wage" paid to any employee for purposes of the act, instead of the Secretary's determination or the actual cost. The first proviso included in section 3(m) also permits employees and employers to agree, through bona fide collective bargaining, to exclude the cost of facilities from the calculation of "wages" under the act.

(p) Defines "Secretary" for purposes of the act as the Secretary of Labor.

(q) Defines "enterprise" to include all units of a chainstore, or other multiunit organization in which "related activities" are conducted for a common "business purpose" through unified operation or common control. It does not include nonprofit hospitals, educational, eleemosynary, or religious organizations since these are not operated for a business purpose. The question whether a locally owned and controlled establishment is part of another enterprise is a question of fact to be decided in light of all the circumstances. Under the definition, a locally owned and controlled retail or service establishment is not to be deemed to be other than a separate and distinct enterprise solely by reason of an agreement "(1) that it will not sell any goods competing with the goods specified by a particular manufacturer, distributor, or advertiser, or (2) that it will join with other locally owned and controlled concerns in the same industry for the purpose of collective purchasing." While such an agreement would not under this provision in and of itself have the effect of requiring that a local establishment be considered as part of another enterprise, other circumstances such as control of its personnel policies, wages, or sales prices, retention of title to the goods it sells until sold, or other limitations by or through the other enterprise on

the local establishment's independence of judgment or operation may lead the courts to regard such local establishment as part of the other enterprise. In making determinations whether a business which is locally owned and controlled is part of another establishment, the courts would not be precluded from considering such an agreement as evidence relevant in the light of all the circumstances in any determination whether the local establishment is standing the risk of loss and has the opportunity for gain from the operation of the establishment.

(r) Defines "activity affecting commerce" to include any activity, business, or industry in commerce or necessary to commerce or to the production of goods for, or the distribution of goods in, commerce. It enlarges the scope of the present act which is limited to employees who are engaged in commerce or in the production of goods for commerce, and which thereby excludes employees who handle, work on or distribute within a State goods produced for commerce in other States. The bill does not bring under the act the employees of all employers who are engaged in activities affecting commerce, but only those employed by enterprises falling within the three categories specifically described in section 3(s).

(s) Defines "enterprise engaged in an activity affecting commerce" so as to apply only to the following three categories:

(s)(1) Enterprises having one or more retail or service establishments with aggregate annual sales by such establishments (exclusive of excise taxes) of \$1 million or more;

(s)(2) Enterprises having one or more establishments engaged in laundering, cleaning, or repairing clothes or fabrics where the aggregate annual sales by such enterprise (exclusive of excise taxes) amount to \$1 million or more; or

(s)(3) Enterprises engaged in the transit business if the aggregate annual sales by such enterprise (exclusive of excise taxes) amount to \$1 million or more.

A proviso contained in section 3(s) excludes from coverage the so-called "mom and pop" shops and services. A second proviso defines the term annual, as used in section 3(s)(1), (2), and (3) as meaning the four preceding calendar quarters, except that in the case of new enterprises or enterprises resulting from a merger the Secretary may prescribe a shorter period (not less than one calendar quarter). This provision is consistent with regulations of the U.S. Department of Labor governing the application of the "annual dollar volume of sales" test in sections 13(a)(2), (3), and (4) of the present act.

Section 4: Contains a technical amendment to the act providing that the provisions for appointment of special industry committees in Puerto Rico, the Virgin Islands, and American Samoa shall be applicable to newly covered industries under the act, namely, "enterprises engaged in an activity affecting commerce," as defined in section 3(s).

Sections 5 and 6: Minimum wages and maximum hours are established in two separate and different schedules for (1) employees now covered by the act, and (2) newly covered employees, as follows:

	Minimum wage	Overtime rates after—
(1) Presently covered employees:		
1st year.....	\$1.15	40-hour week.
2d year.....	1.20	(1).
Thereafter.....	1.25	(1).
(2) Newly covered employees:		
1st year.....	1.00	48 hours.
2d year.....	1.10	46 hours.
3d year.....	1.20	44 hours.
4th year.....	1.25	42 hours.
Thereafter.....	1.25	40 hours.

<sup>1</sup> No change in present act.



Section 5(c): requires the same percentage increases as on the mainland in the minimum wage rates of employees in Puerto Rico, the Virgin Islands, and American Samoa. These rates presently fixed by wage order on the basis of the recommendations of special industry committees, except that the first percentage increase could be superseded by a wage order based on the recommendations of a special industry committee appointed on appeal alleging that such increase will result in substantial curtailment of employment by an industry or employers employing a majority of the employees in the industry. Minimum wage rates for newly covered employees in Puerto Rico, the Virgin Islands, and American Samoa would be fixed by special industry committees.

Section 6(f): amends section 7 of the act by adding to this section a new subsection (h) providing that no employer shall be deemed to have violated the maximum hours provisions applicable to newly covered employees under subsection (a)(2) of section 7 by employing any such employee for a workweek in excess of the applicable workweek prescribed in such subsection if (1) such employee's regular rate of pay is in excess of 1½ times the minimum hourly wage rate to which he is entitled under section 6(b)(2), and (2) more than one-half of his compensation for a representative period of not less than 1 month is in the form of commissions on goods or services. The purpose of this provision is to prevent accumulations of overtime on large commissions earned during a comparatively short time. The maximum hours provisions of the bill would, of course, apply in accordance with their terms to employees who receive less than one-half of their compensation in the form of commissions or whose regular rate of pay is less than 1½ times the applicable minimum hourly wage rate.

Section 7: Contains technical amendments to the act providing that the standards and procedures for issuance of wage orders fixing minimum wage rates based on the recommendations of special industry committees fixing minimum wage rates in Puerto Rico, the Virgin Islands, and American Samoa shall be applicable to the issuance of wage orders applicable to newly covered employees, i.e., those employed by "enterprises engaged in an activity affecting commerce" in such islands.

Section 8: Contains a technical amendment making the child labor provisions of the act applicable to "enterprises engaged in an activity affecting commerce."

Section 9: Amends section 13(a) of the act, containing exemptions from the minimum wage and maximum hours provision, and section 13(b) of the act, containing exemptions from the maximum hours provision, as follows:

Section 13(a)(1): Adds a proviso to section 13(a)(1) of the act providing that the exemption for employees employed in a local retailing capacity which is contained in this section shall not apply to any employee of an enterprise engaged in an activity affecting commerce, e.g., retail or service enterprises that meet the \$1 million sales test specified in section 3(s). The exemption contained in section 13(a)(1) for employees employed in a bona fide executive, administrative, professional, or local retailing capacity is not otherwise changed.

Section 13(a)(2): Amends section 13(a)(2) of the act, which provides an exemption for employees employed by a retail or service establishment, by adding to the requirements for exemption contained in the present act a requirement that such establishment shall not constitute, nor be a part of an enterprise engaged in an activity affecting commerce. The sales and services of the establishment, or of any enterprise of which it is a part, must be less than \$1 million annually, in order to qualify for exemption under section 13(a)(2), as amended.

Section 13(a)(3): The present exemption for laundering, cleaning, and repairing establishments contained in section 13(a)(3) of the act is modified along the same lines as section 13(a)(2) applicable to retail and service establishments.

Section 13(a)(4): Section 13(a)(4) of the act which provides an exemption for employees employed by exempt retail or service establishments which make or process the goods which they sell, is retained in the act unchanged.

Section 13(a)(5): Section 13(a)(5) of the act, which provides an exemption for employees employed in fishing or in processing fish or seafood products, is retained, with a minor amendment which makes it applicable not only to employees employed in such activities, but also to employees who are "necessary to the conduct of" such activities.

Section 13(a)(6): Section 13(a)(6) of the act which provides an exemption for employees employed in agriculture or in connection with the operation or maintenance of non-profit or share crop irrigation ditches used exclusively for supply and storing of water for agricultural purposes, is retained in the act unchanged.

Section 13(a)(7): Section 13(a)(7) of the act, which provides an exemption for employees exempted by regulations issued by the Secretary for employment of learners, apprentices, handicapped workers, is retained in the act unchanged.

Section 13(a)(8): Section 13(a)(8), which provides an exemption for employees employed in connection with the publication of small weekly, semiweekly, or daily newspapers is retained in the act unchanged.

Section 13(a)(9): The present exemption for employees of local transit companies is repealed and in its place is inserted a new exemption for employees employed in a motion picture theater.

Section 13(a)(10): Section 13(a)(10) of the act, which provides an exemption for individuals employed within the area of production (as defined by the Secretary) "engaged in handling, packing, storing, ginning, compressing, pasteurizing, drying, preparing in their raw or natural state, or canning of agricultural or horticultural commodities for market, or in making cheese or butter or other dairy products," is retained in the act unchanged.

Section 13(a)(11): Section 13(a)(11) of the act, which provides an exemption for telephone switchboard operators employed in public telephone exchanges with fewer than 750 stations is modified so that telephone switchboard operators will be covered unless the individual, group, association, partnership, corporation, or holding company by which they are employed has fewer than 750 telephones. Telephone switchboard operators will be exempt if they are employed by a concern which has fewer than 750 telephone stations in the one or more exchanges owned, operated and controlled by such concern.

Section 13(a)(12): Section 13(a)(12) of the act, which provides an exemption for employees of an employer engaged in the business of operating taxicabs, is retained in the act unchanged.

Section 13(a)(13): Section 13(a)(13), which provides an exemption for employees or proprietors in exempt retail or service establishments who are engaged in handling telegraphic messages for the public under an agency or contract arrangement with a telegraph company where the telegraph message revenue of the agency does not exceed \$500 a month, is retained in the act unchanged.

Section 13(a)(14): Section 13(a)(14) of the act, which provides an exemption for employees employed as seamen, is retained in the act unchanged.

Section 13(a)(15): Section 13(a)(15) of the act, which provides an exemption for em-

ployees employed in logging operations employing fewer than 12 employees, is retained in the act unchanged.

Section 13(a)(16): Section 13(a)(16) continues to exempt employees of an establishment primarily engaged in the preparation or offering of food or beverages for human consumption, if such employee is employed in connection with such preparation or offering of food or beverages either on the premise or by such services as catering, banquet, box lunch, or curbside or counter service to the public or to employees or to members or guests of members of clubs. Under this exemption, the typical restaurant which is operated as a separate and distinct enterprise would be exempt but a typical eating place in a hotel, department store, grocery store, variety store, or other establishments primarily engaged in other types of business would not be exempt. It is to be understood that hotels and motels are considered as being primarily engaged in providing lodging facilities, and that other services provided by hotels or motels, such as providing food or beverages in a restaurant, lunch counter, coffee shop, or through room service, are merely incidental to their functions of providing such lodging facilities. Furthermore, in a department store, grocery store, or other establishments primarily engaged in other types of business, restaurants, lunch counters, and snack bars are ordinarily operated simply as departments of such establishments and food and beverages are made available to patrons of such establishments for their convenience while patronizing the goods or services provided by such establishments.

Section 13(a)(17): Continues to exempt employees employed in occupations in which tips regularly received are recognized as a substantial part of the employee's compensation as defined and delimited by the Secretary.

Section 13(a)(18): Section 13(a)(18) continues the present exemption for employees employed in amusement or recreational establishments operated on a seasonal basis.

Section 13(b): The present exemptions from the maximum hours provision applicable to (1) motor truck and motor bus employees whose hours of work are subject to regulations by the Interstate Commerce Commission; (2) employees of railroad carriers and pipelines subject to part I of the Interstate Commerce Commission Act; (3) employees of airlines subject to title II of the Railroad Labor Act; (4) employees employed in canning fish or seafood products; and (5) individuals employed as outside buyers of poultry, eggs, cream or milk in their raw or natural state, are retained in the act unchanged. A new exemption, numbered paragraph (6), is added to section 13(b) exempting from the maximum hours provisions employees of radio or television stations which are located in a city or town of less than 100,000 population. Exemption would not be applicable, however, to radio or television stations located in a city or town of such size which is part of a standard metropolitan area as defined and designated by the Bureau of Census.

Section 10: Under subsection (a), the effective date of the bill is November 1, 1960. Under subsection (b) the application of the overtime provisions to newly covered employees would be suspended where such provisions would result in a conflict with the terms of a bona fide individual contract or a collective bargaining agreement which is in writing and is entered into more than 30 days prior to the date of enactment of the bill. The application of the overtime provisions to employees covered by such a contract or agreement would be suspended until the expiration of the contract or agreement. Upon the expiration of the contract or agreement, the act would become effective in accordance with its terms.



**THE HONORABLE AIME J. FORAND**

Mr. LANE. 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 Massachusetts?

There was no objection.

Mr. LANE. Mr. Speaker, after 11 terms as a Member of the U.S. House of Representatives, AIME J. FORAND will not seek reelection this fall. For 22 years he has given the best of his mind, his energy, and his heart in the service of the First Rhode Island District and the Nation. And now, for reasons of health, he must learn to take it easy.

It will be difficult for us to adjust ourselves to his absence from the Capitol. AIME was conscientious. He was dependable. He was always present to do his share of the work, and more. His seasoned judgment and his painstaking attention to details gave us confidence in ourselves and in the mission of Congress to represent the best interests of all the citizens of our Republic.

AIME loved this House and all of its traditions and responsibilities. As second-ranking member of the important Ways and Means Committee he was a key factor in the legislative process. By his devotion to duty he acquired a knowledge of government that few men possess. Quiet and reserved in temperament, he instinctively knew and measured up to the responsibilities of leadership. When he took over the role of presiding officer he insisted on the decorum and the respect for the rights of others which are essential to the deliberations of a democratic assembly. To him, government by the consent of the governed was the very life spirit of our society.

Born in the textile city of Fall River, Mass., and reared by hard-working parents who gave to him the heritage of Catholic faith and French culture, he knew from first hand experience the difficulties of those who toiled in the poor-paying textile mills where labor was regarded as only a commodity. He saw the ruthlessness of an economic system where there was no provision for human beings during period of enforced idleness, and in their old age. And he vowed that someday, if he ever got the chance, he would do something to change this heartless exploitation which crushed human dignity and threatened everything that we stood for as a nation dedicated to the pursuit of happiness and the promotion of the general welfare.

As secretary to two Members of Congress, from 1929 through 1935, he lived through the dark days of economic collapse, and the pioneering efforts by the Congress to enact those laws that would protect the Nation and its people from ever enduring such privations again.

From 1937 on, with the exception of 1939-40, he has served continuously as a Member of this House. As a result of the voluminous testimony that he heard, and the studies that he made, he conceived, introduced and fought for the Forand bill, designated to fill a long-

standing gap in our social structure by providing, through the Social Security Act, for health insurance protection for the aged.

The Forand bill did not pass. A weaker substitute is being approved by the Congress at this session.

But AIME FORAND, more than any other man, opened the way to this new horizon of security for the aged. And when the day comes that his vision and his purpose will be vindicated by a health insurance law for the aged that will reach the goal that he set for us—that bill will be a living memorial forever to the services of Representative AIME J. FORAND.

Rhode Island and the Nation are proud of this legislator who knows that the greatest assets of the United States are its 180 million human beings.

As our esteemed colleague leaves us for the retirement he has richly earned, we say to him: "Thank you, AIME, and God bless you."

**DEFINE OUR NATIONAL PURPOSE**

The SPEAKER. Under previous order of the House, the gentleman from Pennsylvania [Mr. RHODES] is recognized for 60 minutes.

Mr. RHODES of Pennsylvania. Mr. Speaker, I hold in my hand a full-page ad published recently in the Wall Street Journal and many other newspapers throughout the Nation, in which Life magazine asked, "What Shall We Do With Our Greatness?" This define-our-national-purpose campaign by Life needs at least these points included in the definition. Just how can we define the national purpose when the full facts are not known to the American people? How can Life piously call for a national debate on the objectives of American society when it is part of a campaign to confuse and mislead the American people? Distortion, slanting, and rigging are all part of the Life approach to reporting news and information. Has not the Luce monopoly studied democracy sufficiently to learn that the most essential element of a vibrant democratic people is that they are well informed on the issues? By pushing and squeezing and stuffing the issues into the predetermined Time-Life frame of reference, they make a mockery of a "crusade to define our national purpose."

A quotation from Ammunition, an autoworkers' publication, gives an excellent description of Time and Life publishers. Let me quote:

The sanctimonious Mr. Luce, publisher of Time and Life, most especially is guilty of hypocrisy. He is a man much given to declarations of patriotism; his publications parade him as godlike; he is clamorous in defense of the free press. Yet, his magazines are masterpieces of bias.

They are snide, shabby, smart-alecky, sneering, and, above all, slick.

They snigger rather than laugh. They rarely strike, but often stab. They are mean spirited and vindictive. They are unctuous and patronizing.

Like some of my colleagues, I have been the victim of a stab by Life and Time. For over a year I have been fol-

lowed by character assassins and have now felt the Luce stab in the back, because I have dared to call public attention to their big and unwarranted postal subsidies.

The excuse for the recent Life smear was a \$33.75 purchase I made on my stationery account in 1958—a purchase with funds that every Member knows were my own. The real reason, however, for the Life smear, is because I did not yield to the influence and pressure to abandon my efforts in curtailing the Luce postal subsidy and Federal aid which cost American taxpayers a million dollars a month. I knew what to expect after a visit last July, from a representative of Time, Inc., and Mr. Francis Cawley, lobbyist for the Magazine Publishers' Association.

Mr. Speaker, on Friday, June 17, I addressed the House to explain the reason for what was back of this smear attack by the publishers of Life and Time magazines.

I gave the real reason for this smear; namely, the fact that I have repeatedly fought to place a dollar ceiling on postal subsidies paid to magazine publishers—the largest of which go to Time, Inc., publishers of Life and Time magazines and four other nationally circulated publications.

I was not surprised at the news blackout of my remarks, nor was I surprised at the silent treatment given to the excellent speech last Thursday by the distinguished gentleman from Arkansas [Mr. HARRIS]. On last Thursday Mr. HARRIS gave evidence that clearly shows that the attack by the Luce and Knight news monopolies was for no other purpose than to smear and punish Members of Congress who have been investigating unethical and corrupt practices in the important field of communications, or, as in my case, for calling public attention to the big unwarranted Federal handout in postal subsidies. It is an attempt to browbeat Congress to prevent the probers from reaching and exposing the growing monopoly and corrupt practices, of which the Luce and Knight interests are guilty, and to purge from Congress those who do not yield to their power and corrupting influence.

What is more unethical, I ask, and what is more dishonest and more corrupt than to fake a picture such as was used to discredit a respected and honorable Member of this House as we all know OREN HARRIS to be? This is but one of many such corrupt practices.

The publishers of Time and Life, and of the Knight chain of newspapers, are insincere and dishonest in pretending to crusade for disclosures of information on the expense spending by Members of Congress.

I would not object if that were the real intent, but when the objective of these publishers is to dominate Congress and gain selfish advantages for themselves, I say that we fail in our responsibility when we ignore such unscrupulous and dishonest tactics.

I strongly favor publicizing expense spending by Members of Congress and full disclosure of all information. But this is not what these publishers really



seek, for when it comes to really withholding or suppressing vital news and information, it is these same publishers who are most guilty.

They tend to have one standard when they measure the performance of officials and public figures, and another standard when it comes to measuring their own performance, or to put it another way, they hold other institutions up to searching scrutiny, but are unwilling to have the same scrutiny applied to themselves.

The best example of this is the complete blackout of news and information in regard to the million-dollar-a-month postal subsidy which goes to the Luce publications. On this question, they try desperately to keep their readers in the dark. Their reprisal technique is swift. Anyone who calls public attention to their unwarranted subsidy, as I have done, will naturally be marked for reprisal by the beneficiaries of this big Federal handout.

Because of suppression of these facts by this news monopoly, few people know that so many of their tax dollars are going to the Luce empire. Very few people know that this subsidy to Life, Time, and other Luce publications amounts to more, much more, than the combined salaries of 437 Members of the House of Representatives, including the cost of their living expenses in Washington, and the total cost of all stationery allowances for 437 Congressmen.

If Congress has been lax on checking expense accounts of its own Members, it has been far more lax in permitting such unwarranted and costly subsidies, without proper scrutiny.

Since Luce interests are receiving millions of dollars annually in tax dollars, why should not they report how this money is being spent?

Would it be unreasonable to ask these Luce officials to inform the public on the amount of the salaries and pensions these executives take for themselves, and which American taxpayers through these subsidies help to pay? Why should the taxpayers not know how much is spent for junketing by executives of Time, Inc., and for liquor, yachts, and entertainment, and such other big spending, particularly when a good portion of the bill is paid by American taxpayers.

The hypocrisy of the Luce empire is obvious. They have opposed Federal aid for needed public services and legislation to help the average citizen. Yet this monopoly is the Nation's largest beneficiary of Federal aid, Government handouts, and welfare stateism.

Luce publications have been the most severe critics of farm subsidies. Yet postal deficits over a 10-year period have exceeded the total cost of all farm price-support programs through the Commodity Credit Corporation for the last 25 years.

The House Committee on Appropriations published in the hearings on the agricultural appropriations bill for the fiscal year 1959 a table setting forth certain Federal expenditures in recent years for business aids and special services. This showed that mail subsidies, of which Life and Time get a lion's

share, in a 10-year period, 1946-56, amounted to \$5,968 million.

The CCC farm price-support losses from the beginning of the program in 1933 to January 1, 1958, amounted to \$5,173,746,788—House Committee on Agriculture report to 85th Congress.

Life sees small farmers who cannot run their farms profitably as special privileged characters in getting subsidies, and has even suggested that they move to the city and find useful work to do.

Mr. Speaker, the most recent estimates of postal subsidies for Life magazine by the Post Office Department were based on the first three issues in March 1956. They revealed that Life paid revenue of \$7,485,000 for the year, while it cost the Department \$16,979,000 to deliver the 249,600,000 copies of Life to its mail subscribers. Thus the annual subsidy during that year to Time, Inc., for just one of its six magazines was \$9,494,000. As I have said in the past, actual postal subsidies to Luce publications undoubtedly total well over \$1 million a month, if subsidy payments for other Luce magazines are included.

Spokesmen for the magazine publishers' lobby try to explain away their multimillion-dollar annual subsidy at taxpayers' expense, by claiming that the Department's subsidy estimates are unrealistic and inaccurate. Often by its own statements, the Department seems anxious to avoid relying on its own figures. It is claimed that these subsidy estimates are not based on actual traffic studies of each individual publication. However, a previous detailed study by the Department several years ago of the traffic pattern and costs of performing each of the many services in handling and delivering Reader's Digest produced a subsidy figure which was almost identical to the Department's estimated subsidy for this magazine.

Moreover, one publisher whose magazine paid \$3.4 million in postage and received an estimated subsidy of \$6 million told a congressional committee that my amendment to limit postal subsidies to \$100,000 a year would cost his company \$11 million—an unintentional admission that the Department's estimates were several million dollars on the conservative side.

Mr. Speaker, in 1958 Mr. Robert MacNeal, president of the Curtis Publishing Co., testified before the Senate committee that my amendment to the postal-rate bill would cost his company \$22 million a year more postage to mail the 320 million copies of their two major publications, Saturday Evening Post and Ladies' Home Journal.

In a statement to the House committee in 1957 he said that the proposed four annual 15-percent rate increases would add \$11 million to his company's postage bill. Thus, by his own statement, Mr. MacNeal admits that the Curtis Publishing Co. is receiving an annual subsidy of more than \$11 million on just two magazines.

The Post Office Department estimate then showed that their annual losses in handling these two magazines was \$6,087,000 for Saturday Evening Post and

\$1,917,000 for Ladies' Home Journal, or a total of \$8,004,000. It is therefore clear that the oft-criticized cost analysis methods of the Department in figuring second-class mail subsidies are actually on the conservative side.

The large gains in circulation of Life and other magazines since the 1956 subsidy estimates make these subsidy figures far less than they are today. The million dollars a month to Life magazine is a most conservative estimate.

Let me make it clear that it is not my purpose to eliminate these subsidies. But I do think there should be some limitation. And most of all I believe we should expect a higher standard of ethics and responsibility from those who are the Nation's biggest beneficiaries of Federal aid and subsidies. Taxpayers should not be forced to pay such a heavy tribute for being deceived and misled.

The subsidy limitation bill I introduced this year offers a gradual approach to this problem and sets the limitation for the first year at \$5 million.

I believe, too, that consideration should be given to limiting the spending for salaries, pensions, and junketing by corporate officials who benefit so handsomely from big postal subsidies.

My constituents are not very happy in being taxed to help pay salaries of \$50,000, \$100,000, and \$200,000 a year and fabulous pensions for beneficiaries of these subsidies.

Mr. Speaker, one of my purposes in asking for this time is to call public attention to the dangerous drift in this country toward a monopoly and totalitarian press and its threat to our basic freedoms. It would be unfair to place the blame for this on one person or even a group of persons. All of us are to blame, particularly we in the Congress, for not taking adequate steps to cope with this growing evil.

At this point, Mr. Speaker, I ask unanimous consent to include in the RECORD, an address by the distinguished junior Senator from Arkansas on the monopoly trend in the publishing field. It was made 5 years ago, but what was said then is even more true today.

ADDRESS OF SENATOR WILLIAM J. FULBRIGHT,  
JANUARY 25, 1955

Within the last 40 years, according to Morris Ernst, one-third of our daily newspapers have disappeared and more than 3,000 weeklies have ceased publication. As of a recent date, 10 of our States did not have a single city with competing papers and, in the whole of America, there are only a few more than 100 cities where one can find daily papers in competition. The pattern of concentration extends elsewhere. In radio, one-fifth of the stations are interlocked with newspapers. Four networks dominate national radio, while less than two dozen advertisers account for 50 percent of network income. And in the film industry five big companies exercise a dominant influence upon the industry.

Let me make one thing plain: I am not saying that what brought this to pass was in all cases the hand of monopoly grabbing for bigness as an end in itself. In some cases, cost-account sheets compelled owners and managers to seek their survival by enlarging themselves through mergers. And it is to the credit of some of these that, when they found themselves in a monopolistic position, they tried to run the communi-



cations property as if it were a responsible public utility. But men of this outlook are, unfortunately, in the minority.

I will read only briefly from these remarks:

The general effect of what approaches monopoly control is that people hear, see, watch, read, and listen to only one side of public questions. And this in turn can adversely affect the public man to whom the guidance of public affairs is entrusted.

He may know the truth and want to speak it. Yet he doubts whether his views, as transmitted to his constituents by those who control communication channels, will be fairly presented, or presented at all.

So there often follows from this a chain reaction of cynicism leading to corruption. This public man, to achieve anything at all, will not use the open road, but will crowd himself into the path of low intrigue. He will not boldly scout what lies ahead for the Nation. He will bend the weight of his energies to the end of having everything stand still. He will voice no prophecies of what ought to be. He will speak only the sterile dogmas of the street, and only those bits of rumor which bear the general sanction of the lords of communication.

And what of the end result to all this? It can be a society shaped in imitation of an Egyptian mummy; a society where the embalmer holds the highest place of honor; a society of fixed, painted, and hard shells; a society feeding on its dry rot, until the fateful hour when a probing finger, striking the shell from without, makes it collapse on the empty center.

Those of us who are worried and concerned about falling moral and spiritual standards should heed the words of warning and wisdom from the junior Senator from Arkansas.

Another distinguished gentleman from Arkansas, our colleague OREN HARRIS, must have had the same thing in mind the other day when he asked, What good is all our military might if we lose those high qualities which made our Nation great?

Like many of you I listened with interest to our distinguished colleague from Georgia in reply to an attack on his character. I speak of JOHN FLYNT who serves with me on the Commerce Committee.

I disagree with him occasionally as he does with me, but it is an honest disagreement for I would never challenge his honesty and integrity. He is one of the most able Members of this House, a tireless worker and a man of exceptional ability. I could understand his feelings when he spoke of his fine family for I know what it means when members of your family must share the abuse you get from character assassins who have no regard for the truth, or for human decency or the public welfare.

I feel honored to share with him that kind of a smear attack. And that also goes for my distinguished colleague from Florida, SYD HERLONG. I should apologize to him because I believe his good name was dragged through the mud to give the Luce crowd a better excuse for including my stationery spending with their sensational travel expense story.

Mr. Speaker, I do not expect that my remarks today will reach many of our citizens. What I say will no doubt be distorted as an attack on the free press.

Let me say in all sincerity that I hope and pray there shall never come the time

when freedom of the press in this country is destroyed. But I say to you that we betray our people, and our country's most precious ideals and principles, if we do not meet the challenge of a totalitarian and corrupt press.

We in Congress have spent a lot of time and study to protect our citizens from dangerous elements and poison in food and other products that we fear can lead to cancer and other crippling and killing diseases. Should we not give equal consideration to the poison that is polluting and corrupting the vital channels of news and information? How long can we ignore this cancerous growth without suffering the inevitable price in decay and disaster?

I do not, Mr. Speaker, make a blanket indictment of the press. I admire and respect the working press and the many honorable, fair, and respected publishers throughout the Nation. There is no better informed group anywhere than reporters, writers, and commentators. They know, more than all others, the dangers of irresponsible and powerful lords of the press. What a wonderful thing it would be for this country if they were more free in their task of writing and reporting the news.

Mr. Speaker, I would not propose anything like monitors for the Luce and Knight monopolies, yet I know of no force that is a more evil and more dangerous threat to our basic freedom and democracy.

I know of no group which benefits more from dishonest and corrupt practices, than those who oppose progressive and humanitarian legislation for the people, while piling up great wealth and power for themselves at the expense of the average citizen. I see no greater evil than efforts by unscrupulous and unprincipled characters who seek to destroy the good names of persons who do not yield to unethical influence and pressure.

The attack on Congress by the Luce and Knight interests was a sneak attack because it comes as Congress is ready to adjourn. After that there will be little or no chance to fight these big lie attacks. There will be no opportunity for equal space in magazines or newspapers to protect yourself from such slander and abuse.

Let me close by saying that the test of a nation's strength is not alone its force of arms. Much depends upon the character, the moral fabric, the integrity and spiritual standards of our people. It requires an understanding electorate, a people with a purpose, not like those of Life and Time, whose objective is power and greed, but who are dedicated to the principles of truth, justice, decency and honor.

Mr. Speaker, I ask unanimous consent to revise and extend my remarks and to include several articles related to this question.

[From the Madison (Wis.) Capitol Times]  
FREEDOM, GENTLEMEN OF THE PRESS, IS THE  
ISSUE FACING US TODAY

(By William T. Eojue)

One of the things that bothers us most about modern journalism—and this includes the schools of journalism—is the part that it is playing in building up a ruling elite in

this country, based on a concentration of financial and economic power, that today sits astride government on both National and State levels and which is a threat to our representative form of government. In order to consolidate its power and perpetuate its position, this ruling elite has been a distinct threat to the freedom of the American people as it sought to thwart opposition by reducing the free American citizen to a level of conformity and dumb acquiescence.

That this concentration of financial and economic power is going on at an alarming rate seems indisputable. One need only follow the trends in monopoly control to note the way in which small business is being swallowed by the Moloch of big business. We now have 60 corporations in the United States, each having assets in excess of \$1 billion. We are now on the verge of seeing the first American corporation to make a net profit of \$1 billion in a year. Four banks are in process of merger in New York City, which will result in two banks with assets in excess of \$11 billion.

This tremendous centralization of financial and economic power means control of political power—the will of the people—as well. Has there ever been a time when corporate wealth has been so solidly entrenched in the high places of government on both National and State levels as today? It has laid its hand on the mass media of communications which has the power to shape and condition public opinion, the press, the movies, radio and television.

It was under the pall of McCarthyism that a free press, free speech, free inquiry, and free assembly were threatened as the people were driven toward conformity and silence.

Today the press has become the spokesman, the defender, and special pleader for an American elite based on concentrated financial power that now sits astride government and is making conformity the pattern of American life.

[From Candid Democrat, June 1959]

TIME IS NO MAGAZINE, SAYS MONSIGNOR  
HIGGINS

Monsignor Higgins, director of the Social Action Department of the National Catholic Welfare Conference recently had this to say, "Time magazine has long ceased to be—if indeed it ever was—a news magazine strictly so-called. It has become, for all practical purposes, a journal of opinion, with an obvious bias in favor of one political party and an even more obvious bias in favor of the management point of view in the field of economics and labor relations."

[From Labor magazine, Apr. 23, 1960]

REFORM OF THE PRESS, A WORTHY OBJECTIVE

An unusual bequest by the late Lowell Mellett, noted newsman, has turned the spotlight anew on the Nation's daily press, and the extent to which it meets or falls short of its obligations.

As reported in last week's Labor, Mellett left a fund of \$37,500 to the American Newspaper Guild to explore some of the shortcomings of the press and seek ways to make it not only free, but responsible.

"Irresponsible power is dangerous under any form of government in any kind of society," Mellett wrote in a letter setting forth the reasons for his bequest. "Yet the power exerted by the American press comes close to being irresponsible.

"How to find a means of curing the condition without curtailing freedom of expression has thus far proved baffling. Yet it should be possible somehow to establish a relationship between the people and the press, whereby full responsibility for its behavior would be met by the press.

"Publishers, even those with the best purposes, have not succeeded in solving the



problem. It may be that those men and women who constitute what is called the working press can do better."

Mellett's comments are particularly significant because he had devoted many years to the newspaper field. He had been editor of the Washington Daily News, a major unit of the Scripps-Howard chain, for nearly two decades.

The Newspaper Guild, which represents the working press gladly accepted the bequest and will consider methods of carrying it out. Guild President Arthur Rosenstock declared that Mellett's challenge "will be a great inspiration to us, because it runs parallel to the guild's thinking."

Meantime, Editor James Wechsler of the New York Post, in a book soon to be published (some chapters of which were carried in the Progressive magazine), declares that the press generally "has grown comfortable, fat, and self-righteous, and, with noteworthy exceptions, voices the prejudices and preconceptions of entrenched wealth, rather than the passion for justice which we associate with our best journalistic traditions."

The need for reform of the press is being examined in other quarters, too. One significant job in this field is being done by the Center for the Study of Democratic Institutions, a unit of the Fund for the Republic, financed by the Ford Foundation.

Some time back the center, located in Berkeley, Calif., issued a report terming much of the U.S. press "clearly irresponsible." More recently, a prominent newspaper man who's a key adviser to the center—Harry S. Ashmore, former executive editor of the Little Rock (Ark.) Gazette—called for a continuous outside critical appraisal of the press, in order to produce needed reforms.

He declared that "the inadequacy of mass communications in our threatened society is not a matter of internal concern for the press alone, but an issue of great urgency for the public at large." He said the center would raise critical questions about the press as a "prerequisite to finding the proper answers."

Ashmore insisted that the press had a responsibility to give the people not only what they presumably want, but information that "they need." He contended that "the rights and immunities conferred upon the press" are a "supposed guarantee of future service in the public interest," and not merely a vehicle for making profits.

"It is evident by now," he said, "that the press is not capable of reforming itself, for the good reason that it will not admit collectively there is any need for reform."

Organized labor, which has often suffered at the hands of a biased and prejudiced and irresponsible press, will wish well of studies that seek, by spotlighting the faults and the defects, to produce a better, fairer, more trustworthy press. Should such objective be achieved, all America will be the gainer.

[From Miami Life, June 4, 1960]

**INTIMIDATES CONGRESSMEN—IS KNIGHT'S "STOP THIEF" CRY EFFORT TO PROTECT TV GRANT?**

"Let he who is without sin cast the first stone."

John S. Knight, publisher of the Miami Herald and other Knight newspapers, has his reporters diligently at work writing about misuse of Federal funds by Congressmen on investigative trips, etc. The sums spent "wrongfully" by most Congressmen are insignificant. We doubt that any Congressman would contrive to willfully defraud the U.S. Government out of a few hundred dollars. We are reluctant to believe so.

For the most part, we believe the American people want their Congressmen to travel first class when they meet the high echelon of other governments. We don't think they

should have to ponder or give thought as to whether they are mispending \$10 if they are ordering a round of drinks, or for that matter, if they send a bouquet of flowers to a diplomat's wife. We must trust their judgment. We want their minds to be free.

We recognize, or should, the exalted position of Congressmen. They should denote the highest type of citizen in our country, and we want them to act on a plane that depicts them to all the world as the finest, and most dignified.

We cannot help but believe that an ulterior motive is behind Knight's "expose" of Congressmen's "spending." Knight has put many Congressmen on the defensive. He has put the fear of God into many of their souls, because the most innocent act, though unintentional, but technically wrong, can be magnified into an unforgivable transgression. It could destroy a man's entire political future, though he be an honorable dedicated public servant. Now here is what we are getting at. Here's the meat of the deal, we believe.

Knight's got his tail in a crack. He's hurting. Not too long ago, he admitted that he had used the chairman of the board of the Florida Power & Light Co. to aid him in getting the FCC to rule favorable on his application for television channel 7.

The ways and means of how channel 7 was acquired is scheduled for a hearing in the immediate future. The award of channel 7 to Knight was worth millions of dollars. He got it for nothing, through political potency.

It could be that he wants to make certain that the hearing before the FCC terminates in his favor, no decision rendered that puts him in a position of the pot calling the kettle black. Is it possible that he is pointing a finger at Congressmen using the old "stop thief" angle.

If he didn't have a special axe to grind and he was sincerely interested in the public's welfare, he would look at the problems in his own backyard that more closely touch the masses of people; namely, the Florida Power & Light Co.'s continued rule of not only the county, but practically the entire State.

He could point out to the people that our electric rates are the highest in the Nation. But he dare not do that, because McGregor Smith, head of the Florida Power & Light Co., helped him get his television station, channel 7. He could tell the people of Miami they could rid themselves of some of their tax burden by operating a municipally owned power company, citing Jacksonville as an example. There, the municipally operated utility returns approximately 40 percent of its gross income into the treasury of the city for general use. The electric rate in Jacksonville is commensurate with our own.

He could tell the people that Florida's State capital, Tallahassee, pays about 85 percent of its municipal expenses through the operation of its powerplant.

He could point out that Orlando, Florida's largest central city, returns approximately 50 percent of its gross income into the treasury for general use. Their rate is slightly higher than ours. Even right here in our back yard he could point out that Homestead is operating a successful municipally owned plant.

He could, but he would be double-crossing his buddy, his pal, chairman of the board of the Florida Power & Light Co., Mr. McGregor Smith, who sent his vice president to Washington to intercede with members of the FCC for Knight.

So Knight sharpens the sword of Damocles, which he holds over the heads of office holders.

They dare not displease him because the threat that he might drop that sword is ever present.

That, dear people, is the way it could be.

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

Mr. RHODES of Pennsylvania. I yield to the gentleman from Iowa.

Mr. WOLF. I want to congratulate the gentleman on an excellent statement. I was interested in the statement made the other day by the gentleman from Arkansas on the possibility that hearings might be held on the monopoly press of this country. If these hearings are necessary, it will be the press itself which has made them necessary.

I am especially disturbed about the fact that our young people are losing faith in Congress and Congressmen because of irresponsible statements made by the press. When a man is accused unjustly in the press, his reply is invariably buried on the back pages of the newspaper.

I only wish that all Americans could hear the gentleman's statement today.

Mrs. PFOST. Mr. Speaker, will the gentleman yield?

Mr. RHODES of Pennsylvania. I yield to the gentlewoman from Idaho.

Mrs. PFOST. Mr. Speaker, I want to commend the distinguished gentleman from Pennsylvania [Mr. RHODES] on his forthright and hard-hitting speech. It is unlikely that the public today is fully aware of the fantastically huge Federal mail subsidies which are being paid to the big magazine publishing firms, particularly such giants in the field as the Luce empire.

These publications, through their Republican editorials, are attempting to mold the minds of their readers.

As Congressman RHODES has pointed out, these magazines—Life, Time, Fortune, House & Home, Sports Illustrated, and Architectural Forum—get more than \$1 million a month in mail subsidies. That is quite a load for Uncle Sam and the American taxpayers to carry, and it is hardly fair that they should have to pay the freight while that publishing empire is reaping such enormous profits.

In the June 6 issue of Life magazine there was a story about "junketing" by Members of Congress. The story was relative to a 3-day trip taken by members of a subcommittee of the House Public Works Committee to New York City to look over harbor dredging, port facilities, and roadway plans included in legislation that was then under study by the committee.

I was specifically asked to make the trip by the chairman of the committee, and millions of dollars were involved in the legislation under study. I felt that it was my duty as a representative of the people of Idaho to make the trip and to study the projects firsthand.

Now, the word "junket" has a bad connotation today, and I think it was applied unfairly in this case by the reporter who wrote the story for Life magazine. I was in the real estate business for some years prior to coming to Congress, and I know that it is impossible to properly evaluate or assess a piece of land or any project, for that matter, unless you can actually go out and study it with the two eyes that God has given you. If more firsthand studies were made, we would have less waste in Government and would be able to save the taxpayers millions of dollars annually. The cost of making such studies is al-



most nil compared to the funds saved and the work accomplished.

The Life magazine story of June 6 mentioned that my husband made the trip with me. But it neglected to mention—and I do not know whether out of design or sheer slipshod reporting—that for the 3 days we spent away from Washington I had given to the clerk of the committee a check for \$69.33 to cover my husband's expenses. On top of this he paid for meals, tips, and other expenses out of his own pocket.

If the Life reporter had dug a little deeper, he would also have learned more pertinent information that should have been contained in the story or should have been footnoted as an explanation. My husband, Jack, and I, have been married since 1923. My work in Congress is, more or less, a joint venture with him. He spends as many hours working on behalf of the people of the First District of Idaho as any administrative aid on Capitol Hill today. When I am back in the district, or away on official duties, he carries on the work of my office for me, keeping on top of legislative developments and handling mail to constituents. Yet, for all the valuable services he performs, he has never received a single cent of payment—in other words, he has never been on my office payroll.

This was the picture, then, when Jack accompanied me on the trip to New York. He was invited to come along. It was, for all practical purposes, a working assignment for him, too, for he was also interested in viewing the projects under study. The fact that he paid his own expenses should have sufficed to clear the air of any question that he was a free rider at the taxpayer's expense.

I was in Nampa, Idaho, at the time the Life magazine article appeared, and I issued an immediate denial to the press. My opponent in the primary election, however, saw fit to use the article as a basis for attacking me, without regard to whether it was accurate or not. This was unfortunate. But, in the heat of the primary, I suppose that I could have expected little else.

I mention this to point out that our mass-read publications in America have an awesome power in the molding of public opinion. Like our TV media, they speak to the public in a loud and authoritative voice that carries with it a tremendous power for good or evil. I do not think that this power should be abused. It should carry within it a built-in sense of responsibility to the aspirations of America and its 180 million citizens.

I, frankly, would like to see more of this dedicated sense of responsibility in the mass-magazine publishing field today, and particularly by Mr. Luce. I would like to see more depth and less superficiality and sensationalism in Life magazine, for example. One publisher of a Washington, D.C., newspaper—I believe it was the Washington Daily News—once characterized Time magazine as "news fiction." I think the description was accurate and I would hope, therefore, that Mr. Luce would concern himself more with putting out an accurate, unbiased news journal rather than the

thing that appears at our newsstands every week.

As Congressman RHODES has suggested in his speech, I would like to see the Luce empire make an accounting to the public of what it received in Federal subsidies. Perhaps that million-dollar-a-month figure is too high. Or, again, perhaps it is too low. But as long as Life magazine is calling Members of Congress like Mr. RHODES and myself to account, I would like to reverse the tables and call the Luce company to account for a few facts and figures.

Along with Mr. RHODES, I have been a longtime opponent of the Government having to pay out so many millions of dollars in mail subsidies. There is no reason why these magazine companies could not pay a greater share of the cost required in handling their publications. I hope that legislation to this end will be approved in a future session of Congress.

In the meantime, I would urge Life magazine, and other publications, for that matter, in the name of honesty, decency, and fairplay, to not use names of individuals when there is no justification for doing so. The press, I agree wholeheartedly, should put the finger on errant legislators. At its best, the press should be the watchdogs of our democratic processes. They should never subvert their powers to attain selfish ends.

Surely, Mr. Speaker, this would not be asking too much of a magazine which has just concluded a series on our national goals. I would hope that it would do as it suggests that we in Congress do—clean its own house first. Mr. Speaker, just who lives high off the taxpayers?

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

Mr. RHODES of Pennsylvania. I yield to the gentleman from New York.

Mr. SANTANGELO. Mr. Speaker, I want to compliment the gentleman from Pennsylvania on a very important statement made with clarity and with factual background to support it. The framers of our Constitution guaranteed freedom of speech and freedom of the press. With such freedom and with such rights come a correlative duty to tell the truth. When a powerful group of people that are subsidized by the Government to the tune of \$9 million a year for the purpose of disseminating truth, instead of disseminating the truth turn a poison pen to the destruction and the downgrading of representatives of our Government, then the press which is so halloved is not rendering the service which we first saw in the freedom-of-press provision of the Constitution. They have a responsibility and when they belittle their representatives and bring them into disgrace by false pictures and false statements giving a distorted view, they are rendering a disservice to the country and they are derelict in their duty as newspapermen.

I commend the gentleman for his courageous statement. I think these are words which must be repeated time and again because, unless we have a free press without a desire to destroy, but with a desire to inform, our country will not fulfill the expectations that the peo-

ple of this country expected to find with freedom of the press.

I commend the gentleman from Pennsylvania.

Mr. RHODES of Pennsylvania. I thank the gentleman from New York for his fine contribution.

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

Mr. RHODES of Pennsylvania. I yield to the gentleman from Michigan.

Mr. JOHANSEN. Mr. Speaker, because of my past association with the gentleman on the Committee on the Post Office and Civil Service, I want to compliment the gentleman for his remarks on postal subsidies. I wonder if I may be fair to the gentleman in concluding from his remarks that he shares my regret that the committee did not see fit after holding hearings this year to at least give serious consideration to the matter of rate increases, including those for second-class mail?

Mr. RHODES of Pennsylvania. I agree with the gentleman. We worked together on this particular problem. I wish we could have brought a bill to the floor so that I would have had an opportunity to present this amendment again.

Mr. JOHANSEN. I take it also the gentleman feels that the cost ascertainment system as it relates to magazines and newspapers is basically sound?

Mr. RHODES of Pennsylvania. I do. I think it is fair and sound. I believe it is on the conservative side.

Mr. JOHANSEN. I am happy to have the gentleman with his background, with his experience and with his knowledge, say that, because of the fact that that system has been made the target of attack, and I believe attacks by those who have a vested interest in preserving the status quo.

Mr. RHODES of Pennsylvania. I agree fully with my colleague from Michigan.

Mr. Speaker, I ask unanimous consent to revise and extend my remarks and include several articles.

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

There was no objection.

#### OMNIBUS RIVER AND HARBOR AND FLOOD CONTROL BILL

The SPEAKER pro tempore (Mr. ROOSEVELT). Under previous order of the House, the gentleman from Pennsylvania [Mr. CLARK] is recognized for 20 minutes.

Mr. CLARK. Mr. Speaker, I want to take this opportunity to express my deep concern over some of the provisions of the omnibus river and harbor and flood control bill, H.R. 7634, which is now in conference. This is the bill on which the Committee on Public Works, of which I am a member, held extensive hearings during the last session to get it into the best shape possible. I am proud to state that as we reported the bill and as it passed the House on July 16, 1959, it contained not one single project or item that could possibly have been the basis of any objection on the part of the Congress or the executive branch. We confidently expected that the other body



would take quick action, add a few projects on which reports were cleared to the Congress subsequent to our passage of the bill, and send it to the White House where it would have been quickly signed. If this had been done many urgently needed, worthwhile projects, among which is a flood control project in my district for which I have worked unceasingly for a number of years, would have had the opportunity to be included in the budget for an appropriation to begin planning and construction in the present public works appropriation bill for fiscal year 1961.

Mr. Speaker, much to our dismay and consternation the Senate failed to act on the bill last year and held it over until this year. Hearings were not held until April and the bill was not reported by the Public Works Committee until June 6. It passed the Senate on June 17. As of this moment the first meeting of the conferees has still not been held. We on this side are dismayed at the length of time it has taken to get action on this bill, and the fact that it now faces a possible Presidential veto.

The bill contained project authorizations amounting to \$657 million as it passed the House. The Senate increased it by \$925 million making a total of \$1,582 million. Some of these increases are justified by the need for increased monetary authorizations for comprehensive river basin plans. Also, part of the increase represents the addition of new projects which had been approved by the Chief of Engineers and by the Bureau of the Budget and which were reported to Congress after the bill passed the House. These are projects which we would have added to the bill if they had been available at the time we considered them. The remaining increase is due to the inclusion of projects which in some cases have not been approved by the Chief of Engineers or the Bureau of the Budget or both. In fact, in some cases reports on these projects are not even in progress. There are approximately 15 projects in that category having a total cost of approximately \$160 million. I would like to mention briefly, Mr. Speaker, the nature of some of these projects.

One project was included by floor amendment for the deepening of a harbor and justified by the inclusion in the proceedings of the Senate of June 17 of a letter from the Department of the Navy purporting to show the need for its authorization. Actually, the letter from the Navy indicates that the presently authorized depth is sufficient and the deepening not needed.

There are several projects included in the Senate version of the bill where the Chief of Engineers has not even prepared a report and where, in fact, he is not even authorized to prepare a report. This violates all the rules and procedures for the authorization of public works projects.

In addition there are several projects in the Senate version of the bill which would authorize unjustified payments for damages which were not caused by the projects which are alleged to have caused them, and others which would authorize the construction of certain facilities which are beyond those legally

or equitably an obligation of the Federal Government.

There is one project for navigation which would cost more than \$100 million and which the Bureau of the Budget claims is not needed at this time. Another item has been added which would substantially reduce the cost to local interests for a water supply reservoir, and which consequently would increase the cost to the Federal Government over that which the Committee on Public Works considered in detail and authorized in the 1958 Flood Control Act. This item has not been approved by the Chief of Engineers or by the Bureau of the Budget and here again no report has been prepared upon it, nor has a restudy been authorized.

Speaking as a member of the Committee on Public Works I have no objection to the addition of projects which have been cleared and approved by the Chief of Engineers and the Bureau of the Budget and about which there is no controversy, even though our committee has not held hearings, since the passage of time involved in this bill has naturally resulted in the submission of new reports and these new projects should not be penalized because of failure of the Senate to act last year. I do take exception, however, to projects and items which have been added which are controversial in nature and which have been disapproved by the Chief of Engineers or the Bureau of the Budget or both and on which our committee has had no opportunity to hold hearings or to consider in detail.

Mr. Speaker, it is probable that the inclusion of these projects and items which do not have the approval of the appropriate executive agencies will result in a Presidential veto. I think there can be no question of the possible fate of this bill in the minds of those of us who struggled down the long road of the 1956, 1957, and 1958 omnibus bills; 2 of which were vetoed for these very reasons. I am sure that none of us wants to see that happen again.

In addition to the projects which have been objected to by the executive agencies two new titles have been added in the Senate—title III dealing with broad recreational policies and title IV, dealing with Federal land acquisition in Corps of Engineers water resource projects. Both these titles are objected to by the Bureau of the Budget.

Title III on recreation would, among other things, permit the allocation of generally up to 10 percent of the cost of the project to recreation and make this allocation a charge to the Federal Government. Our committee has held no hearings on this matter and the Committee on Interior and Insular Affairs, which has a number of bills before it dealing with the same subject, has not had an opportunity to express its views. We in the House, Mr. Speaker, are being asked to accept an entirely new policy on the recreational cost allocation with no opportunity for hearings, no chance to consider all the implications, and no means of determining the merits of the proposal.

With respect to Title IV: Land Acquisition, the same comments apply as to

title III. We have held no hearings and been given no opportunity to examine into the matter, and we have no means of determining the merits of this broad and sweeping proposal.

Mr. Speaker, I am concerned lest the addition of these sweeping new provisions and the inclusion of projects which have not been cleared by the proper agencies will result in no bill at all in this Congress. If H.R. 7634 is disapproved by the President the action will be taken after Congress has adjourned and there will be no opportunity to enact further legislation and many worthwhile necessary water resource projects will have to await the action of another Congress in another year.

Mr. Speaker, there are some projects in this bill for which funds are provided in the pending public works appropriation bill. I call this to the attention of the House because I believe it is most unusual for an appropriation to be made for a project subject to later authorization. The Committee on Public Works is under terrific pressure to approve such projects even though, in one or two instances, they have not been cleared by the appropriate executive agencies. I think this imposes an unfair burden on the members of the Committee on Public Works.

Water conservation, flood control, navigation improvement, and hydroelectric power developments are urgently needed in many sections of the Nation. A procession of catastrophes and critical emergencies during recent years make it mandatory that the Congress provide continuing preventive and remedial programs. I am alarmed and distressed at the prospect that we will have no authorization bill this year. An effective water-resource program must be responsive to changes in national needs and the Congress has a great responsibility to act without delay in authorizing such a program.

I hope the conferees will report a bill which will be approved by the President and become law. In order to make this possible it may be necessary for them to weed out the projects which are not fully eligible under legally established procedures and which may endanger other eligible worthwhile projects in the bill.

My position on this bill as set forth in this statement does not mean that I am in agreement that the Bureau of the Budget should have the power of life and death over every single item. I still uphold the position of the committee on the last omnibus bill that the Congress should have the final determination on what should go into any legislative measure. In this case, however, I recognize the facts of life and am willing to compromise in order to assure the enactment of a civil works bill in this Congress.

#### CONGRESSIONAL TRAVEL EXPENSE

The SPEAKER pro tempore. Under previous order of the House, the gentleman from Missouri [Mr. MOULDER] is recognized for 30 minutes.

Mr. MOULDER. Mr. Speaker, recent stories published in newspapers and



magazines concerning my hotel and restaurant bills while presiding as chairman of Un-American Activities Subcommittee hearings held in several major cities, is the first sure sign of the type of campaign coming on against me for reelection to Congress.

This year is a general election campaign year, and, as usual, I am and will continue to be subjected to smear attacks. The recent misleading and false stories fabricated by the Knight Newspapers, Inc., concerning congressional travel expense of Members of Congress is an example of the vicious smear campaign to be conducted against me.

First, I shall tell you about the Knight Newspapers, Inc. This chain of daily newspapers is owned by John Knight, of Miami, Fla. Two years ago, while I was chairman of the Special Subcommittee Investigating the Federal Regulatory Agencies, we discovered and exposed John Knight's operations in securing favorable action by the Federal Communications Commission on his application for the channel 7 television station in Miami, Fla. The record shows that John Knight used more than improper ex parte and dishonest political influence in securing the FCC award of channel 7, worth millions of dollars.

This election year and while his award of channel 7 is up for review, Mr. Knight selected two of his best character assassin reporters, Don Oberdorfer and Walter Pincus, to go to Washington for a smear story on the members of this special congressional committee responsible for revealing his unethical methods in getting the Miami channel 7 television station, which, by court action, is now up for review by the Federal Communications Commission.

The foregoing background information does not prove nor disprove the story which his reporters dug up and published in Life magazine and the Knight chain of newspapers under the title of "How Some Congressmen Live High Off the Public." But the brief background information on channel 7 does explain why this exaggerated, distorted and outright false story was concocted and published by the Knight Syndicate.

That part of the John Knight story applying to me stated that:

On another study mission, Representative MORGAN MOULDER, Democrat of Missouri, of the House Un-American Activities Committee incurred two charges totaling \$90.38 at the Plaza Hotel in New York. (Later publications in the newspapers wrongfully referred to this as one charge of \$90.38.)

The story continued:

Handwriting on the margin linked the charges with the notation "Persian Room."

And the story continued by stating that:

The Persian Room is the hotel's fashionable and expensive night club.

Upon reading this part of the story you would be lead to believe that I had wastefully and extravagantly spent \$90.38 of the taxpayers money at a night club. The story continued:

MOULDER stayed in a \$21-a-day room. Among his restaurant charges was one for \$53.25. His 4-day bill of \$282.17 was paid

in full from the U.S. Treasury—including the charges noted as "Persian Room."

Now, the truth on the Persian Room, night club charges is that it is the Plaza Hotel dining room. While acting as the chairman of the Subcommittee on Un-American Activities hearings on investigations previously made by our investigators on communism and communistic operations in the city of New York, two other members of the committee, our committee attorney, committee clerk, and a committee court reporter were with me on the trip. We stayed at the Plaza Hotel.

We usually ate our meals together in a group at the same table in the hotel dining room, sometimes two tables. It is a customary practice for the chairman in charge of the committee to sign for the meal checks, including the charges of other members of the committee and staff. The dining room at the Plaza Hotel is called the Persian Room. This I did not know until publication of the Knight-Oberdorfer-Pincus aspersion story. But the Persian Room was the main dining room at the hotel where we ate our dinners each day and which were charged on one check and signed by me for charge to my room as chairman of the subcommittee.

At the close of the hearings I, as subcommittee chairman, signed the total hotel bill as a charge to the committee for the hotel to mail to the chairman of the full committee in Washington for approval and payment to the hotel by the House Disbursing Office.

The newspapers headlined: "\$282.17 for 4 days." I do not believe any person could stay at any one of the hotels in New York for a period of 4 days and sign breakfast, lunch, and dinner checks for other committee members and staff, on this occasion five to nine persons at each meal, for much less than \$282.17. I do know that I paid expenses out of my own pocket for which I was never reimbursed.

The John Knight or Oberdorfer-Pincus story went on to say:

Three months later on another Un-American Activities Committee assignment, MOULDER, in 1 day, ran up restaurant bills of \$23.02, \$34.53, \$47.62, \$9.80 and \$65.02 at the Los Angeles Statler Hilton Hotel, with no explanation appearing on the expense records.

Of course the hotel made no explanation on the restaurant bills. The bills were for food usually sold in all hotel dining rooms. No reasonable person would want any further explanation. But John Knight and his Oberdorfer-Pincus writers could not find anything wrong with the bills for restaurant charges, so they in desperation for a smear wrote: "with no explanation appearing in the expense records."

Mr. Speaker, on the occasion referred to in Los Angeles by the newspapers and Life magazine, the committee members, investigators, committee clerk, committee court reporter, and attorneys stayed at the Statler Hilton Hotel. Prior to arrival of committee members, clerk, and court reporter in Los Angeles, the investigators acquired the cooperation of

the chief of police and the FBI in the investigation and securing of witnesses to testify. The Communists in the Los Angeles area, as usual, filed suit for damages and injunction against the committee in the U.S. district court. And the U.S. district attorney assigned two of his assistants to defend and assist the committee during the hearings. Thus, as in hearings held in other cities, we had a group of 15 persons officially connected with the conduct of the hearings. As in other hearings conducted in other cities, the committee staff investigators arranged hotel accommodations for the committee, and as customary reserved a two-room suite as committee and staff headquarters for conferences, preliminary examination of witnesses, and executive sessions. This suite, a parlor room and a bedroom, was registered in my name as chairman or subcommittee chairman. The rate or cost of the suite for committee headquarters is usually twice the cost of a single room. As senior ranking member to the chairman, I have been appointed subcommittee chairman nine times or on most all of the investigations and hearings conducted in the major cities of the United States by the Committee on Un-American Activities during the past 2 or 3 years, and the committee headquarters conference room suite was on each occasion assigned to me. Therefore, the higher price hotel accommodations for use as committee headquarters were registered in my name as chairman.

Mr. Speaker, during the course of the hearings in Los Angeles the members of the committee and committee staff had breakfast together each day at the hotel, using one or two tables. One restaurant breakfast check was issued for each table. I, as subcommittee chairman, usually signed the checks for both tables. Then during noon recess each day we returned from the hearing room to the hotel for lunch. The police officers, assistant district attorneys, former undercover agents investigating communism for the FBI, and sometimes two or three cooperative witnesses, all had lunch together at one or two long tables in the hotel dining room each day. The charges for the luncheons were made out on one or two checks, and I, as chairman, signed both checks covering all persons with the committee for charge to the committee headquarters suite registered in my name as chairman. The same arrangement and procedure was made and generally followed for the supper or evening meal each day.

Mr. John Knight and his hired hatchetmen are correct in publicizing that I signed five restaurant checks for various amounts during 1 day, and that the total Statler Hotel bill for 5 days charged to the committee in my name amounted to a total of \$523.24. But the John Knight Syndicate, Life magazine, and the newspapers buying the Knight Syndicate story deliberately and purposefully omitted the fact that most all of the meals consumed by the committee members, committee staff, police officers, former undercover agents investigating communism for the FBI, district attorneys—a total of 14 or more for 5 days—



plus the committee headquarters conference room suite, all for a period of 5 days, were charged in my name to the committee as chairman.

The foregoing facts and procedure of paying committee hotel bills has been followed ever since I have been a member of the Committee on Un-American Activities. And it also provides more convenience for the hotel and dining room service by presenting one or two checks instead of separate checks for each person at breakfast, dinner, and supper.

This rule on hotel bills has been used at all the hearings I have been in charge of as chairman, and was applied on all of the occasions referred to in the Life magazine and newspaper articles published on this subject.

Mr. Oberdorfer and Mr. Pincus worked several weeks preparing the sensational story on congressional committee expense accounts and they came into my office just a day before the story was published. They did not print my explanation to them as I have related it to you, but instead they falsely quoted me as saying:

The bills for meals for people involved in the committee's hearings included people—you might call them fans of the committee.

When asked if liquor charges were included in the restaurant bills they falsely quoted me as saying:

Unquestionably they are. I normally have a drink before lunch.

This vicious and vile misquote is an example of irresponsible and so-called sensational news reporting, but the misquotes are no more glaringly unworthy of respect and belief by the people than the AP—Associated Press—condensed copy and report of the Knight newspaper story, which was carried by some of the AP subscribing newspapers in our 11th Congressional District.

The AP report printed in two or three local newspapers quoted the Knight copyright story by Oberdorfer and Pincus as follows:

A member of the House Committee on Un-American Activities has spent as much as \$103 a day for hotel lodging during out-of-town committee hearings.

This was referring to the Los Angeles dining room charges for 15 to 18 people, including committee members and staff.

1. Used public funds to pay a \$90 bill run up at a night club in one evening.

This was referring to the dining room bills at the Plaza Hotel.

2. Hired chauffeur-driven limousines.

This referred to cars rented by investigators in their work and for transporting committee and staff to and from hearing room, which cost less than taxicabs.

3. Used committee funds to repay the Library of Congress for the loss of such books as "Two Little Confederates," etc.

This refers to books used by the old Dies committee when investigating Communist authors 15 years ago.

The AP story said:

Committee member MORGAN MOULDER spent \$40.85 a day for accommodations at the Sheraton-Jefferson Hotel in St. Louis in 1956, etc.

We stayed at the Sheraton-Jefferson Hotel in St. Louis because it was located near and within walking distance to the committee hearing room in the Federal courthouse; and the committee headquarters hotel suite and meals were charged to me as chairman of the subcommittee.

The AP version of the Knight copyright story above referred to is even more false and grossly exaggerated than the original. The AP reporter did not have the honest decency of making any effort to check into the facts. The AP report included matters which were not even connected to me by the Knight reporters. The Washington AP reporter re-wrote a story in the nature of a conclusion from a story he read, based upon the John Knight newspaper chain publications.

So like the story of Little Red Henny-Penny, when an acorn hit her upon the head. "Goodness gracious me," said Henny-Penny, "the sky is agoing to fall; I must go and tell the king." So she went along, and she went along, and she went along—just like some of the newspapers went along and went along with the John Knight hotel expense story.

When arriving in Washington after my first term election to Congress, the Speaker of the House, SAM RAYBURN, of Texas and JOHN McCORMACK, majority leader, called me to the Speaker's office and asked me to serve on the Committee on Un-American Activities. I consented, and I have served on the committee continuously since that time. It is not a pleasant task. Some people, including certain newspapers and columnists, do not approve of our investigations and exposure of communistic activities in our country.

The American Mercury magazine recently printed an article entitled, "Who Wants To Abolish HUAC?" This article states, and I concur, that:

Members of the Committee on Un-American Activities have been marked men to the smear specialists of the left. Few members of the committee have escaped slander, shadowing, and constant intimidation at the hands of the friends of communism.

Mr. Speaker, we have many good and reliable newspapers in our 11th Congressional District of Missouri. However, I hope some of the daily newspapers will in the future carefully scrutinize and check the unreliable Life magazine, Time, AP, and UP reports they receive before publishing such distorted stories as news in their papers.

The Knight newspapers and Life magazine have exposed what they call "How Some Congressmen Live High Off the Public." And this same Life magazine recently published an editorial attacking farm price-support programs and referred to farm programs as wasteful subsidies. The editorial concludes by saying:

If enough Americans squawk, something will be done to stop this silly business.

Now, I want to tell you how Life magazine, Knight newspapers and other publications live high in reaping huge profits at the expense of the public taxpayer.

Time, Inc., owns Life, Time, Fortune, and Sports Illustrated. The annual net income of Time, Inc., is in excess of \$14 million. Life magazine received a total subsidy of \$9,000,500 in the year of 1956 and has received much larger postal subsidies each and every year since 1956. Therefore, more than two-thirds of this publishing company's profits is Government subsidy.

The printed record of April 18, 1957 of the House Committee on Post Office and Civil Service—page 855—shows that in 1958 the loss to the Post Office Department for the handling of the Detroit Free Press alone, a Knight newspaper, was \$232,000.

The cost ascertainment report for 1959 of the U.S. Post Office Department shows that the loss to the Post Office Department for handling daily newspapers was \$71,053,246. The loss incurred in handling and delivering magazines was \$90,125,490. Postmaster General Arthur Summerfield, in his statement before the House Post Office and Civil Service Committee on June 8, 1960, said:

This policy has resulted in a total subsidy to our publishers of more than \$3 billion in just 13 years since the end of World War II. We are dealing with a self-serving group whose hunger for special privileges is insatiable.

And this is the same self-serving group whose selfish hunger is creating the huge deficit in the Post Office Department and the reason why people are paying 4 cents postage for a letter and why higher postal rates are required of everybody else.

It is this same group of publishers who are attacking and smearing Members of Congress who oppose their special vested interests and privileges and they may attack me again for using my frank in mailing this explanation to the people. But how else can I protect myself and truthfully inform the people of the facts?

#### SUMMER-JOBS-FOR-YOUTH CAMPAIGN

Mr. JOHANSEN. Mr. Speaker, I ask unanimous consent that the gentleman from New York [Mr. HALPERN] may extend his remarks at this point in the RECORD and to include extraneous matter.

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

There was no objection.

Mr. HALPERN. Mr. Speaker, with the termination of school and the onset of summer, thousands upon thousands of teenagers will be seeking outlets for their restless energies. Unless the Nation adopts constructive programs of benefit to our high school youth during the summer vacation period, there is a good possibility that we will be faced with a rising tide of juvenile delinquency.

I have written to Mr. Arthur H. Motley, president of the U.S. Chamber of Commerce, and to Mr. George Meany, president of the AFL-CIO, urging that their organizations participate in a national summer-jobs-for-youth campaign as a means of countering a situation of



increasing scarcity of summer employment for young people which can create a volatile condition costing, in the long run, countless thousands of dollars of the taxpayers' money.

If every employer and union would take special pains to create jobs which could be filled by young people on a temporary basis, they would be performing an outstanding service not only to the young people directly involved, but to the community.

Constructive work and the self-confidence and satisfaction that accompany it can go a long way in curbing juvenile delinquency.

**COMPARATIVE SALARY ADVANTAGES OF THE MILITARY TO CIVILIAN PERSONNEL**

Mr. RHODES of Pennsylvania. Mr. Speaker, I ask unanimous consent that the gentleman from Michigan [Mr. LESINSKI] may extend his remarks at this point in the RECORD and to include a table.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. LESINSKI. Mr. Speaker, there has been considerable talk recently that the President may veto the pay bill for civilian employees; namely, H.R. 9883. In view of this, I believe it important to put in the RECORD a few facts that some of us may have overlooked during the past 8 years concerning the pay increases that have been given to both the military as well as the civilian employees of the Federal Government.

Our President has seen fit in the past 7½ years to veto two pay raises voted by the Congress for postal employees and one for classified employees. However, there apparently never has been any question about signing into law congressional acts to increase the compensation of the military personnel.

Since 1953 the postal workers have received two pay raises, representing in

total approximately a 19-percent increase, and the classified employees have been granted a total increase of 17.5 percent.

In 1955 the military personnel were granted a pay increase for enlisted personnel of 17 percent, for warrant officers a 21-percent increase, for junior officers 25 percent, and for general officers there was a 12-percent increase in pay. Then, in 1958 the President signed into law a bill that put into effect the recommendations of the so-called Cordiner Committee. The pay increases amounted to a 10 percent overall for military personnel. In fact, for some general officers the increase was as much as 38 percent.

In other words, since 1953 the pay increases to classified and postal employees of the Federal Government have been much less than that granted to military personnel, lagging by 9.5 percent as compared to enlisted personnel, and by 32.5 percent as compared to general officers.

The continued rise in the cost of living is alarming to all of us and obviously has been a well-considered reason advanced for passage of H.R. 9883, as amended. It is likewise interesting to note that we provide, at Government expense, many services for the military personnel and their families. I have in mind such items as medical and dental care and free hospitalization. Likewise, there are hundreds of thousands of enlisted men for whom housing and food are paid for directly by the Government. All of these items are subject to increasing costs to the civilian population.

The military man is not only given a free retirement and allowed to retire in 20 years, but the Government is also now paying half of his social security coverage. This is a lot of money. Today our retirement bill is costing the taxpayers more than \$775 million a year. Within 5 years retirement costs for military people will cost in excess of one and three-quarter billion dollars a year, none of which is contributed by the mil-

itary personnel. The administration in 1958 not only signed into law the pay raise for military personnel but also recommended that those military who retired prior to July 1, 1958, be given more liberal retirement benefits. This would cost an additional \$25 million a year.

In consideration of this type reasoning I find it most difficult to understand why the administration is now opposed to a pay increase for the other half of the Federal Government personnel.

I am not in any way condemning the role of the military, nor do I wish to deny the benefits that we are giving to them. I know, and you know, the importance of a strong defense. I also recognize, and I believe all my colleagues do, the role of the career civilian employee in our Federal Government. The Cordiner Committee stressed the necessity to pay for responsibility. This Committee, I believe, also emphasized the fact that our Federal pay for military and civilian personnel must be attractive to recruit and to retain well-qualified people in the Government. I subscribe to this theory; that is the reason I am emphasizing here today the necessity to pay and to pay well both the military and the civil service employees of the Federal Government. Each has a role in our security and in our well-being, whether we are comparing the civilian engineer in a naval weapons plant with the gunner on a destroyer, or whether we are comparing the budget analyst in a civilian agency with a jet fighter pilot. All these people are dedicated employees of our Government.

If we are to continue to attract and to keep these kinds of high-caliber people, military and civilian, then we must pay them well. It is therefore difficult for me to understand the President's consideration of a veto of H.R. 9883, as amended. In final analysis, this bill would provide our civilian employees some of the pay advantages which we have already provided our military personnel.

*Purchasing power of Government salaries, 1939 and 1960*

1939			April 1960					Lost through price increases since 1939 <sup>2</sup>	1960 Federal income taxes <sup>3</sup>	Income needed in 1960 to equal 1939 purchasing power	Percent discrepancy of 1960 salary with 1939 schedule
Grade or title	Classification Act starting rates	Federal income taxes <sup>1</sup>	Income after taxes	Grade or title	Increase since 1939						
					Classification Act starting rates	Dollars	Percent				
CAF-1	\$1,260	0	\$1,260	GS-1	\$2,960	\$1,700	135	\$1,417	\$4	\$2,681	+9.4
CAF-2	1,440	0	1,440	GS-2	3,255	1,815	126	1,619	83	3,142	+3.5
CAF-3	1,620	0	1,620	GS-3	3,495	1,875	116	1,822	173	3,615	-3.4
CAF-4	1,800	0	1,800	GS-4	3,755	1,955	109	2,024	254	4,078	-8.6
CAF-5	2,000	0	2,000	GS-5	4,040	2,040	102	2,249	344	4,593	-13.7
CAF-6	2,300	0	2,300	GS-6	4,490	2,190	95	2,586	487	5,373	-19.7
CAF-7	2,600	0	2,600	GS-7	4,980	2,580	92	2,924	627	6,151	-23.5
CAF-8	2,900	0	2,900	GS-8	5,470	2,570	89	3,261	767	6,928	-26.6
CAF-9	3,200	0	3,200	GS-9	5,985	2,785	87	3,598	920	7,718	-28.9
CAF-10	3,500	0	3,500	GS-10	6,505	3,005	86	3,936	1,078	8,514	-30.9
CAF-11	3,800	0	3,800	GS-11	7,030	3,230	85	4,273	1,235	9,308	-32.4
CAF-12	4,600	\$15	4,585	GS-12	8,330	3,730	81	5,156	1,647	11,388	-36.7
CAF-13	5,600	47	5,553	GS-13	9,890	4,290	77	6,244	2,267	14,064	-42.2
CAF-14	6,500	76	6,424	GS-14	11,355	4,855	75	7,224	2,856	16,504	-45.3
CAF-15	8,000	124	7,876	GS-15	12,770	4,770	60	8,857	4,012	20,745	-62.4
Supergrade equivalent	9,000	156	8,844	GS-16	14,190	5,190	58	9,945	4,919	23,708	-67.1
				GS-17	15,375	6,375	71	9,945	4,919	23,708	-54.2
				GS-18	17,500	8,500	94	9,945	4,919	23,708	-35.5
Assistant Secretary	9,000	156	8,844	Assistant Secretary	20,000	11,000	122	9,945	4,919	23,708	-18.5
Congressman	10,000	188	9,812	Congressman	22,500	12,500	125	11,034	4,356	25,202	-12.0
Wage board median <sup>4</sup>	1,789	33	1,756	Wage board median <sup>4</sup>	4,722	2,933	164	1,203	65	3,024	+35.8

<sup>1</sup> Family of 4. 10-percent deduction allowed.  
<sup>2</sup> Increase in Consumer Price Index 1939 to April 1960 was 112.45 percent; from June 1943, 68.5 percent.  
<sup>3</sup> Family of 4. Standard deduction allowed GS-1 to 11; 10-percent deduction al-

lowed for persons above that level. \$3,000 additional deduction for Congressman, as authorized by law.  
<sup>4</sup> Schedule median wage board rate; equivalent to GS-4. Data not available for 1939; 1960 comparison is with June 1943.



### ADEQUATE HOUSING FACILITIES FOR PAGE BOYS

Mr. RHODES of Pennsylvania. Mr. Speaker, I ask unanimous consent that the gentleman from Wisconsin [Mr. ZABLOCKI] may extend his remarks at this point in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. ZABLOCKI. Mr. Speaker, last Sunday evening, within 5 blocks of the Capitol, several congressional page boys were attacked by a gang of youthful delinquents armed with ice picks, belt buckles, knives, and other weapons. Four of the pages were injured, including a young man whom I had nominated to serve as a page during this session of Congress. His name is Arthur Kaspar, whose parents, Mr. and Mrs. Arthur Kaspar, Sr., reside at 811 Fairview Avenue, South Milwaukee, Wis. He was stabbed with an ice pick. The pick lacerated his skin and fortunately struck a rib, preventing possible serious injury to the boy's lung.

It is indeed fortunate that none of the boys was injured seriously. I was also relieved to learn that the Metropolitan police had apprehended four suspects, apparently members of the attacking gang, and that they are being held in custody for appropriate judicial action.

These facts, however, do not alter the situation as it applies to congressional page boys in general. I would like to take a few minutes to once again discuss this situation.

The boys serving as pages in the House of Representatives, in the other body, and in the Supreme Court Building come from all parts of the country. They are young men of high-school age, ranging from 14 to 18 years of age. Many of them are away from home and parental supervision for the first time. As pages, they have to attend school from 6:30 to 9:45 a.m. daily during the regular school year. They report to work at 10 a.m. and they put in a full day's work. After they are released from work they are on their own until 6:30 the following morning, when they have to be in school again. During vacation time they do not attend school, of course, but their work begins at 9:15 a.m.

Because of the fact that the pages have to attend school so early in the morning, virtually all of them live within a few blocks of the Capitol and the Library of Congress where their classes are held. They live in boarding houses, tourist homes, and other rather limited accommodations. In some of these homes, they receive some measure of guidance and supervision from their landlords and landladies. In other instances, however, they may be completely on their own, free to come and go and to do as they please.

Now I have some serious doubts about the advisability of allowing 14-, 15-, or 16-year-old boys to live under these conditions, in an adult environment and without proper supervision and control. I have had these doubts for a number of years, and I have expressed them in this body. My own experience with the

several fine boys whom I had nominated to serve as pages has tended to strengthen and amplify my concern about this situation.

Several years ago I had proposed that the Congress provide dormitory facilities for congressional pages, somewhere in the vicinity of the Capitol, where they could eat, sleep, play, and study under adequate supervision, keeping regular hours and staying off the streets at night. I again want to urge the leadership of this House, and the Committee on House Administration, to take the necessary steps to provide such facilities. I do not think that we should wait until some of these boys get into serious trouble before taking this action.

Mr. Speaker, I have always felt personally responsible for the boys whom I had nominated to serve as pages, and I am certain that the other Members who have nominated pages feel the same way. I believe that we have to live up to that responsibility. We can do this by providing the necessary housing facilities for these boys.

I sincerely hope that this matter will receive early and favorable consideration in this House.

### SEAPOW: BULWARK AGAINST CHINESE IMPERIALISM

The SPEAKER pro tempore. Under previous order of the House, the gentleman from Pennsylvania [Mr. FLOOD] is recognized for 10 minutes.

Mr. FLOOD. Mr. Speaker, on many occasions I have addressed this body concerning the Panama Canal. The more one studies its problems the more evident it becomes that these cannot be viewed as isolated subjects but as parts of a titanic struggle in which the great tropical waterway is a key target of a world revolutionary movement.

Launched in 1917 during the Bolshevik revolution in Russia by invaders from Western Europe and elsewhere, the vast conspiratorial apparatus of international communism has used the territory of that country as a base of operations for world revolution and as a testing ground for criminal, social, and economic experiments that this diabolical system of Asiatic despotism intends to impose on all countries. Applying the time-tested lessons of warfare, its strategists use a combination of flanking with conquests through subversion as the prime method for gaining power over key areas, and without the need for actual warfare.

The methods of this destructive force in this regard have been well illustrated by its efforts to gain control over strategic transportation routes and regions, such as the Dardanelles, the Suez and Panama Canals, the southwest Pacific, the Near East, northern Africa, and the Caribbean.

These spots, however, are not all that have been marked for conquest. There are others, notably the free nations of southeast Asia and of the vast island barrier that lies between the Pacific and Indian Oceans, which require our serious attention.

Fortunately, writers with strategic insight are beginning to emerge. The

latest contribution dealing with the problems of the Far East and southwest Pacific is an illuminating article in the June 1960 issue of the U.S. Naval Institute Proceedings by Mr. Anthony Harrigan, whose biographical sketch accompanies the article.

As Mr. Harrigan's article emphasizes the principles of conquest that I endeavored to describe and gives a clear warning of what may be expected in the Far Eastern regions in the future, it merits reading by all concerned with the security of the United States and other free nations.

The indicated article and biographical sketch follow:

#### SEA POWER: BULWARK AGAINST CHINESE COMMUNIST IMPERIALISM (By Anthony Harrigan<sup>1</sup>)

If there should be a genuine relaxation of tension between the United States and the Soviet Union, threats to world peace and American security would not diminish. For, while the menace of Soviet aggression might lessen, Communist China would continue to endanger this country and its allies. This is an aspect of the world situation which escapes many Americans, for great emphasis has been placed on the threat of Soviet expansionism; only a limited emphasis has been placed on Chinese Communist imperialism.

Walter Lippmann, the well-known writer on foreign affairs, recently cited the difficulties that would remain in the event the United States and the U.S.S.R. reached an accommodation of some sort. Said Mr. Lippmann, "It is possible to imagine how co-existence might be stabilized in Europe. But it is not possible to imagine, so it seems to me, how coexistence can be stabilized on the periphery of the Chinese revolution.

"The fires of the Chinese revolution are burning bright, and the Russians could not extinguish them even if they wished to do so."

Paul Ignatius, writing in the Twentieth Century, asserts that "the greatest danger to Russia as well as to NATO, SEATO and neutral countries (mainly India) is Communist China." He takes the position that Red China "is an imperialist and nationalist regime which tolerates no equality between leaders; between leaders professing the same ideology even less than between ideological opponents."

Indeed the best assessment of the situation in Asia indicates that Red China's increasingly militant actions require that the United States increase its defensive preparedness even beyond the point which is necessary because of the Soviet challenge. The great task of the future would seem to be containment of Chinese Communist imperialism which threatens the peace of the world and the security of the United States.

Understanding the role Red China seems destined to play in world affairs is of great importance to American naval planners, for the imperialism of the oriental country can be checked only by the application of sea-power. Actually, the situation today, with respect to Red China, is not unlike that

<sup>1</sup> Educated at Kenyon College and the University of Virginia, Mr. Harrigan served with the U.S. Marine Corps during World War II. Subsequently he was assistant to the director, University of Florida Press, and court reporter for the Norfolk Virginian-Pilot. A contributor to several national magazines, he was editor of the book "The Editor and The Republic" published by the University of North Carolina Press in 1954. He is now an associate editor with the News and Courier, Charleston, S.C.



which involved Japan two decades ago. The ultimate objective of Communist China is rule over the entire Orient. This means conquest of the islands of the Southwest Pacific and the weak nations of Southeast Asia. This, in turn, means a strategy that can be met only in terms of naval power.

Before analyzing the defense problem, let us consider the relations between Red China and the Soviet Union in order that we may understand why the Chinese threat will become more serious even if the Russian threat lessens.

The basic fact to comprehend is that the Sino-Soviet alliance cannot make sense in the long perspective of history. After 40 years of life under a revolutionary regime, the Russian people are showing great impatience for a better life. Americans who have traveled widely in the Soviet Union in the last few years are unanimous in their reports that the Russians desire a more comfortable existence. Material conditions cannot show a marked improvement so long as the energies of the state are devoted to cold war aggression in many lands. In China, on the other hand, the ruling regime is in the position of Russia's government a generation ago. The Chinese people are almost completely subdued and respond to Stalinist methods that would cause trouble in Russia today.

Many U.S. observers also report a growing uneasiness in Russia regarding the alliance with Red China. Harrison E. Salisbury, veteran reporter of the Russian scene for the New York Times, believes that "probing below the surface uncovers evidence that the two giants of communism are pulling in different directions.

"There is trouble between them now, on questions of ideology, policy toward the West and spheres of influence in the East. There are indications of bigger trouble in the future."

Robert C. North, a correspondent for the Reporter, has this to say following a tour of the Soviet Union, "The Russians, it seemed to me, are increasingly worried about China's rapidly growing population. Many of them have visions of a population explosion that might send Chinese by the millions surging into Siberia's empty spaces."

This population explosion in China may be the determinant in international affairs in the next decade. China's population today totals almost 650 million. The Soviet Union reports a population of 208 million. These comparative figures suggest a future crisis in Sino-Soviet relations. The signs of conflict already can be detected in Outer Mongolia, long a protectorate of the Russians. This grassland country is coming under heavy Chinese Communist pressure. The Chinese Reds are sending big detachments of laborers and technicians into the country. Thus they could swamp this country of nomads with their manpower, thereby driving Russian influence from this part of Asia.

While the Russian Government begins to take cognizance of the Soviet people's desires for a more comfortable existence, the Red Chinese are reorganizing their society by the formation of communes that are primitive in their contempt for human wishes.

The communes are not regarded with favor in Russia today. Premier Khrushchev has openly criticized them. Perhaps one reason for the Soviet opposition to the Chinese commune system is the fact that the communes are self-contained survival units. By subdividing China into these units, the leadership of that country may be attempting to prepare China so that it could withstand atomic war.

The day may not be distant when Red China becomes a nuclear power. When it does possess nuclear weapons, it may have scant hesitancy in employing them. Chinese Communist leaders have bragged that their land would survive a war fought with

nuclear weapons. Even if 200 million Chinese were to die in such a war, these leaders reportedly believe that China would survive. So populous a nation obviously has a great advantage in a nuclear war.

With the Chinese population increasing 30 million per year, that nation must be hungrily searching for land—even as Japan eyed China in the 1930's. Richard Walker, an American authority on Red China, says that "China's population problem is pressing and immediate. A combination of mass sanitation and health campaigns, internal peace for the first time in a century, modern drugs, and other factors have resulted in a rate of increase which, according to a Shanghai publication, 'has reached a completely anarchic rate.'"

Professor Walker also makes clear in his writings that although Red China is one-sixth again larger than the United States, it has less than half as much arable land. Outside of Manchuria, Red China's resources are very limited. Oil supplies are poor, as are minerals. Professor Walker's conclusion is that "China's geography does not offer easy prospects for the bright future as a great world power that the Communists so frequently assert." Meanwhile, the pressures for major imperialistic campaigns are mounting steadily.

One possibility of Red China is a move northward into Outer Mongolia and other areas under Russian control. But such a move could be accomplished only by risking war with the Soviet Union. Even if the Red Chinese were more willing than they are to attempt to squeeze against the Soviets, the fact remains that the Russian controlled lands are not especially suitable for large-scale agricultural production.

The southward course of empire seems far more logical for Communist China. None of the lands to the south have sufficient military power to match Red Chinese strength. Furthermore, they have material resources that attract the conqueror. Indeed this is the course the Chinese Communists have taken in their initial imperialist advances. They secured much of the old Indochina area by means of a satellite. Tibet was crushed in a brutal military campaign. India has felt the aggression of Red China on its northern border. Other campaigns have hit Laos and, of course, Formosa, and the offshore islands.

The U.S. public has not paid sufficient attention to the relatedness of these Chinese Communist actions. These aggressive moves appear to be the first preliminary campaigns in the intended conquest of the Orient. The history of Chinese communism makes clear that the actions of the Reds always are conceived and executed on a grand scale, involving millions of people and vast territories. The grand strategy of Red China today seems to have three principal phases: (1) A central drive, over a period of several years to control the rice bowl of Southeast Asia; (2) a drive southward from Tibet so as to separate India from the countries of Southeast Asia. Red China's charges of Indian aggression, plus the pressures against the Indian protectorates of Sikkim and Bhutan, seem to be the initial moves toward the long range goal; (3) a drive into Malaya, the East Indies, and Australia. The Red Chinese objectives could be secured either by direct military action or by satellites based on concealed Chinese power.

Southeast Asia, the East Indies, and Australia are the vast territories needed by 650 million people whose rulers believe it is their manifest destiny to conquer the Orient, if not the whole world. Current Red Chinese political activity in Africa is a sign that this oriental power has set its sights very high—much higher than most people realize.

The fact that the lands of Southeast Asia and the East Indies are heavily populated

should not prove to be a braking force on Chinese imperialism. Time and again in the history of communism, totalitarian regimes have liquidated millions of human beings or shipped them half across the world. Stalin deliberately starved to death several million Ukrainians in the 1930's. After World War II, the Russians moved millions of Baltic people to the Siberian wasteland. The Chinese are presently engaged in dispossessing the Tibetans from their own lands. It should be evident to the most casual observer of Red China's actions that the brutal government of that nation would not hesitate to slaughter an entire people if it promoted Red Chinese policies.

The intentions of Communist China have been most explicitly revealed in Malaya. Since 1948, Communists have made repeated efforts to seize control of that country. They tried but failed to establish a "peoples republic" in Malaya after World War II. Resorting to banditry, they have conducted terrorist campaigns against British and Asian elements that resist Red control. The Red bandits, according to British authorities, are "predominantly alien Chinese—Chinese who have come to the country in recent years \* \* \* at the center is a hard core of fanatical Communists."

Singapore has been subjected to especially strong Communist pressures. These pressures have been so intense that when the Malayan Federation was formed, the people in that new country refused to have Singapore within the body politic. They feared the overwhelming Chinese majority in the city, for of Singapore's population, nearly 80 percent are Chinese. Even 4 years ago Lin Yutang, the noted free Chinese author, resigned as chancellor of Singapore's Chinese Nanyang University, declaring that Chinese schools in the city operated in an atmosphere of intimidation and terror fostered by the Communists.

Americans should bear in mind that a potential Communist fifth column exists in most areas of Southeast Asia. Approximately 12 to 14 million oversea Chinese live in Southeast Asian countries. And while many are enemies of Red China, the Communists are experts at intimidation of free people.

Communist plans for the oversea Chinese were announced in 1950 by Ho Hsiang-ning, chief Commissioner of Oversea Chinese Affairs. He said their duty was, (1) to form a united front with local leftists; (2) to resist U.S. and Allied influence; (3) to act as the "outer circle" of the vanguard of communism.

The Communist design for Southeast Asia can be plainly seen in Malaya. Official British comment well explains the significance of Red conquest of Malaya, "The loss of Malaya would soon lead to Communist domination of the whole stretch of southern Asia between India and China. A Communist Malaya means communism across one of the world's main highways. It means a center of Communist infection right down among the East Indian islands. And it means that Australia and New Zealand are directly menaced."

In view of the Chinese Communist objective of complete control over Asia, free Formosa assumes an importance that the U.S. public does not fully understand. Formosa is not simply a thorn in the side of Red China that affects the national psychology. Rather is it an island with a high strategic value to a mainland power that intends to extend its dominion over an immense portion of the globe.

U.S. defense forces in Formosa mean that American military might is right on Red China's doorstep, where it can be brought to bear swiftly and massively. These forces also afford first-class protection for the Philippine Islands, which lie to the south. If Formosa were surrendered to the Chinese Communists or turned over to an interna-



tional authority, the Philippines would be outflanked and imperiled. Furthermore, Red control of Formosa would insure Communist control of the northern end of the South China Sea. If the Chinese Communists held Formosa, they would turn the South China Sea into their private lake, thereby menacing all the countries along the shores of that sea.

What the Chinese Communists are attempting to do is to win a war without actually going to war. They are resorting to piecemeal aggression, to taking many little bites instead of one huge swallow, to the use of subversion and guerrilla forces rather than direct and massive military intervention. The only effective way to check Chinese Communist aggression, both direct and indirect, is with seapower. Naval task forces, which include carriers—floating airfields—and Marine landing teams have the special punch required for brush-fire wars. They represent the deterrent force against large-scale military aggression. By their presence, naval vessels lend strength to shaky governments menaced by the Communists and fearful of collapse. Indeed seapower is the best way to protect the weak nations of Asia as they struggle to develop their resources and build a climate of political freedom. A floating barrier of U.S. naval vessels can prevent the Communist hordes from overrunning Southeast Asia and Australia.

Gearing up to meet the special challenge posed by the Chinese Reds will require adjustments in planning and thinking both within the Defense Establishment and in the Nation at large. Fleets of strategic bombers and intercontinental rockets concealed in ravines on the west coast of the United States will not prevent Red China from overrunning Asia. And while a strategic deterrent is needed, eyes must be turned to the war that is short of all-out war—the kind of war at which the Chinese Communists are past masters. Thought needs to be given to the jobs that seapower will be called upon to perform in this area far from the continental United States.

If the U.S. public is to support adequate measures against the Red Chinese in Asia, it must comprehend the missions involved. The strategic missions of U.S. seapower in this area are:

To contain Chinese Communist imperialism by preventing the loss of any territory to the Reds or to their satellites;

To support Allied Powers in the SEATO and Anzus treaty organizations whenever they require weapons and supplies or actual air and naval gunfire support;

To have in readiness the means of striking hard at the Red Chinese empire, in the event of all-out war.

To maintain sea and air communications between the Pacific and Indian Oceans, in the South China Sea, and off the coasts of allied and friendly powers;

To guard the Philippines, Australia, and the East Indies from seaborne invasion;

To maintain control of the seas in order that U.S. shipping and the shipping of friendly powers may be unrestricted in their operations.

The basic task of U.S. naval power is to contain Communist imperialism by controlling the ocean highways and seas which touch the lands of Southeast Asia and the Australian Continent. So long as the United States can exercise such control it will have a priceless strategic asset. For though Communist China has an immense advantage in numbers of men under arms, it can deploy its forces only as far as the water's edge if the United States has a fleet active in Asian waters.

The distances a south Asian fleet would have to cover are staggering. Naval protection is needed from Burma to Formosa. This means ship movements over a vast area.

The Malayan peninsula, for instance, is as long as the eastern coast of the United States. From one end of the East Indies to the other is as far as from America to Europe. Manila is approximately 2,000 miles from Darwin, Australia.

The spatial problems are great, but so is the need for naval protection. Gone are the British and Dutch naval squadrons of former times. The Royal Australian Navy is well-trained and well-equipped, but far too small in size to assume the heavy burden of guarding the region against Red Chinese aggression. The region must be guarded, however, for there is a naval vacuum. And, as the theorists tell us, power abhors a vacuum. The unpatrolled stretches of ocean and unguarded straits are an invitation to the Communist conquerors.

Southeast Asia, the East Indian Islands, and Australia form a region of enormous strategic and political importance. Now that Hawaii is a State in the Union, the United States is more than ever a Pacific power. It would be unthinkable that the Communists raise a shield between the Pacific and the Indian Ocean. Prudence requires that the United States set up a watch in the area between Australia and the mainland of Asia. At stake is one of the most populous quarters of the globe. If the Chinese Communists were able to crush free governments in this region, they would have gone far to attain their objective of supremacy. Americans must understand that naval power effectively applied in this part of the world will prevent the Chinese Communists from extending their system of slavery.

**PROF. SEYMOUR E. HARRIS SAYS THE FEDERAL RESERVE SYSTEM SHOULD NOT BE INDEPENDENT; WONDERS WHETHER THE FEDERAL RESERVE'S NEW EASY CREDIT POLICY IS PROMPTED BY A DESIRE TO IMPROVE THE ECONOMIC SITUATION ON BEHALF OF MR. NIXON**

Mr. PATMAN. Mr. Speaker, Prof. Seymour E. Harris has written again on the subject of monetary policies to the Washington Post and Times Herald. In a letter printed on the editorial page of that paper yesterday, Professor Harris says:

The Federal Reserve should not be independent: in this crisis we need all our weapons. We cannot afford to allow one agency to move one way and the others in the opposite direction.

That statement expresses such overwhelming commonsense I think we can only marvel at the fantastic nature of the opposite position. Those who reject Professor Harris' common sense observation are arguing, in effect, that we should have two separate and independent governments in this country—one the legally constituted government, consisting of the three branches of Government, and the second a kind of self-appointed super-government, sitting over the rest of the government and exercising powers which can reverse the decisions of the legally constituted government.

The background to Professor Harris' letter is this. On April 20 of this year, the Washington Post and Times Herald printed an earlier letter by Professor Harris, giving a timely and devastating analysis of the proposal to raise the interest rate ceiling on Government bonds.

Strange as it may seem now, that proposal to lift the interest rate ceiling was, only a few months ago, the topic of a tremendous crusade. It was, by some friendly accounts, the No. 1 policy objective in the administration's whole bag of ambitions. We were being told then that the Congress was behaving in an irresponsible way in not jumping to the administration's whip and repealing an interest rate ceiling enacted in Woodrow Wilson's administration.

Since Professor Harris is recognized as one of the top experts on monetary policies in this country and, indeed, in the world, his statements are always of great importance. For those who may wish to refer back to his earlier letter, it may be found in the CONGRESSIONAL RECORD of April 20, 1960, at page 8429.

It now appears that Mr. Paul Cabot, who is treasurer of Harvard College and is thus one of Professor Harris' bosses, has taken exception to some of the things Professor Harris said in his earlier letter. The purpose of Professor Harris' new letter is to reply to the criticisms made by Mr. Cabot. I do not have a copy of Mr. Cabot's letter, otherwise I would insert it in the RECORD along with Professor Harris' most recent letter. But without Mr. Cabot's letter, I believe the Members will be fully able to follow Professor Harris' reasoning, and will find his letter interesting and profitable reading. I will insert it in the RECORD following my remarks on the points to which I hope the Members will give particular attention.

Apparently Mr. Cabot has made an argument that the Treasury and the Federal Reserve are separate, that one of these is "political" while the other is "independent." True, the two agencies have been behaving as though each were independent of the other and as though each belonged to separate governments. But as to the question whether the Federal Reserve is any less political than the Treasury, I do not think I need to point out to the Members of this body that a so-called independent agency is not without its political ties, its political judgments, and its political purposes, simply because it is not responsible to the voters.

When people say that the Federal Reserve is nonpolitical, what they really mean, if they are at all familiar with this agency, is that the Federal Reserve is politically responsive to the wishes of a few financially powerful groups rather than being responsive to the great majority of the American people.

Certainly, Professor Harris is not unaware of the Federal Reserve's political nature. In this letter he comments on the Federal Reserve's recent policy of easing credit—a matter he refers to as "this sudden lifting of the fears of inflation" and he wonders whether this is intended to give the economy a shot in the arm to insure a Republican climate in the November elections. The alternative explanations are, he suggests, that the Federal Reserve has suddenly forgotten about the dangers of inflation, or that it is now trying to help the Treasury in its financing, contrary to its previous position to the contrary.



We might note that Dr. Harris is not the first to suggest that the Federal Reserve's recent turnabout to easier money is very difficult to explain except in political terms.

But the important point in all this is not whether the Federal Reserve is political or nonpolitical. For one, I happen to believe in representative government. I think representative government—"political government," if you prefer the term—is better in every way than government by some bureaucracy which is beyond the reach and wishes of the American people. The important question to my mind is whether the Federal Reserve should be independent of the rest of the Government, as it is now widely claimed to be. And the answer to this question is "No." It should not and cannot be independent in the field of monetary policies.

Many people are confused, I think, about the meaning of the term "independent regulatory boards." We have many boards and commissions in this general class, and they have a long history of independence in certain of their activities. Most of these so-called independent agencies were set up with certain legislative duties and with certain judicial duties. There legislative duties consist of rulemaking for purposes of regulating the activities of the business firms under their jurisdiction. In other words, they promulgate specific rules to fill in the details of the more general laws enacted by Congress. They are given the powers and duties by Congress of promulgating the specific rules needed to carry out the purposes of the laws. It has never been considered that the President should, or properly could, interfere in these legislative duties of rulemaking.

In addition, the independent regulatory bodies also have judicial functions. They sit as specialized courts to pass on questions of whether the laws or their rules have been violated. No one has suggested that the President should, or properly could, interfere in the judicial decisions of these bodies. He cannot do so any more so than he should try to tell the courts how to decide a case.

The Federal Reserve System is unlike the other independent regulatory agencies, however, in that it also has certain executive functions, in addition to the quasi-legislative functions and the quasi-judicial functions which the other independent agencies have. It is precisely in the field of monetary policies that the Federal Reserve is engaged in an executive activity. It is attempting to regulate the amount of economic activity taking place in the country, and attempting to regulate such matters as the number of jobs that are available, the rate at which the economy grows, and so on.

Furthermore, the Federal Reserve's monetary policies are quite selective in their impact. And here again these policies run up against, and frequently overrule, policies enacted by Congress and signed by the President. For example, during the past few years, Congress has passed and the President has

signed several bills intended to make more credit available to small business. Yet, on the heels of these, the Federal Reserve has adopted tight money policies which resulted in small business having less credit. The same is true of housing and many other things.

As I see the matter, the Federal Reserve has no legal authority to decide upon and to carry out monetary policies except as the President directs. When the Federal Reserve was set up, it was given certain rule-making powers for the purpose of regulating the banks. It was also given certain judicial powers. But it was not given any authority to try to regulate economic activity. On the contrary, when the Federal Reserve law was enacted in 1913, it adopted the theory then generally prevailing, which was that the Federal Reserve would, by its very existence, bring about an elastic money supply. The amount of money in existence was to be determined by the amount of economic activity taking place.

It is only more recently that the reverse theory has developed, namely that the Federal Reserve can, and should, regulate the amount of economic activity taking place by regulating the supply of money.

It is not my purpose to argue now whether or not this latter theory is valid. It is enough to say that the Federal Reserve's monetary policies have at least a profound effect on economic activity. They also have a profound effect on the way the income is distributed. The only law I know of which gives the Federal Reserve any authority to decide monetary policies is the Employment Act of 1946. This is the act which declares that it is the national policy to promote maximum production, employment and purchasing power. But the Employment Act declares that the Federal Government will coordinate and utilize all of its plans, functions and resources to achieve these objectives. These terms "coordinate" and "utilize" are an integral part of the policy statement and they constitute an essential condition under which the Federal Government is to try to achieve its economic objectives. The meaning of the word "coordinate" is clear enough. The Federal Reserve's policies must be coordinated with those of the rest of the Government. I do not think the act intended by the word "coordinate" that the rest of the Government is to bow to the leadership of the Federal Reserve. Yet this is what is implied by all the propaganda about the Federal Reserve's independence. Either the executive branch of the Government must let the Federal Reserve make its decisions or, alternatively, there must be chaos and conflict. Like Professor Harris, I do not like it.

Professor Harris' letter is as follows:

#### DEBATING MONETARY POLICY

In his letter of June 10, Paul Cabot, treasurer of Harvard College (and one of my bosses) takes issue with me on my views on fiscal and monetary policies as expressed in my letter of April 20.

Mr. Cabot, manager of Harvard's \$600 million fund, is one of the most astute investors in the Nation. But that does not necessarily

mean that he is expert on the issues here presented. He does, however, express a viewpoint widely held in financial circles.

1. Mr. Cabot criticizes me for offering un-supporting statements on starving the money market.

Since your space is scarce, I refer Mr. Cabot to testimony before three congressional committees (on at least a half dozen occasions), my 50,000-word summary (for Democratic Senators of the Finance Committee) of thousands of pages of evidence in 1957 and 1958—part of the investigation of the financial condition of the United States—and my numerous writings in journals.

Despite the high liquidity inherited from the war, monetary expansion from 1947-52 substantially exceeded that of 1953-59.

It is my view that the slow rate of monetary expansion from 1952 to 1959 helps explain the slow rate of growth.

2. Mr. Cabot says Professor Harris does not realize that the Treasury and the Federal Reserve are separate, that one is political and one is independent.

I realize this, but I do not like it. The Federal Reserve should not be independent: in this crisis we need all our weapons. We cannot afford to allow one agency to move one way and the others in the opposite direction.

3. Mr. Cabot says the Federal Reserve would not raise rates merely because the ceiling on rates on long-term issues was lifted.

I say the need of financing the Treasury is not completely disregarded even by the current administration and the Federal Reserve. Ex-Secretary Humphrey boasted that he was responsible for Chairman Martin's appointment. Then how could Mr. Martin refuse to listen occasionally?

And note the current easing of monetary policy. I approve even though I am not sure that this sudden lifting of fears of inflation is prompted by a desire to improve the economic situation on behalf of Mr. Nixon, or whether the occasion is to help Treasury financing, or that the Federal Reserve has suddenly forgotten about the dangers of inflation.

4. Mr. Cabot says: Short-term debt is up by \$16 billion in 1 year and this is dangerous.

But I ask him to note (a) that the holdings of Treasury securities by commercial banks, a measure of the danger, have fallen greatly in a year; and (b) had Mr. Cabot distinguished notes (intermediate issues), which rose by \$23 billion from March 1959 to March 1960, he would have found a reduction of \$14 billion in short-term issues, i.e., bills and certificates.

5. Mr. Cabot says that the ceiling impairs confidence of foreigners in the dollar.

I ask, is the dollar glut the result of debt policy or more fundamental failures of the administration?

6. Throughout Mr. Cabot seems to hold the view that the ceiling on Treasury notes is something new.

But obviously, the ceiling on rates is not of recent vintage. Congress, not the Treasury, controls the purse. Many are concerned that interest income in 7 years rose by 120 percent though all personal income increased by only 36 percent.

Furthermore, if it was so important to issue long-term bonds, why did the Government increase these issues from 1955 to 1958 only by \$8½ billion—years when the ceiling was not a deterrent?

I have for years been critical of restrictive monetary policies. This is economics, not politics. Indeed there are probably some ideological differences between us also. For with policies oriented toward growth and avoidance of depression, I would be prepared to treat any modest inflationary byproduct in a manner to reduce its costly effects; and I see no virtue in Federal Reserve independence.



Finally, I am not against flexible ceilings. But I would have Congress require changes in policy both by the Treasury and Federal Reserve as the price for higher ceilings.

SEYMOUR E. HARRIS,  
Littauer Professor of Political Economy,  
Harvard University.  
CAMBRIDGE, MASS.

#### LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. NORRELL (at the request of Mr. ALBERT), for today and tomorrow, on account of official business.

Mr. YOUNGER (at the request of Mr. SMITH of California), indefinitely, on account of illness.

Mr. VINSON, for an indefinite period of time, on account of official business.

Mr. FOUNTAIN (at the request of Mr. KILDAY), for today, June 28, on account of official business.

#### 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. PORTER, for 30 minutes, on tomorrow.

Mr. MOULDER, for 30 minutes, today, and to revise and extend his remarks.

Mr. SIKES, for 30 minutes, on Thursday next.

Mr. ROGERS of Texas, for 30 minutes, on Thursday.

Mrs. ROGERS of Massachusetts (at the request of Mr. JOHANSEN), for 10 minutes, on tomorrow.

Mr. FLOOD (at the request of Mr. RHODES of Pennsylvania), for 10 minutes, to revise and extend his remarks and include extraneous matter.

#### EXTENSION OF REMARKS

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

Mrs. KEE.

Mr. ROBISON.

Mr. ALGER.

Mr. BOLAND.

Mr. MEADER, to revise and extend his remarks made in Committee and to include extraneous matter.

Mr. LATTA and to include extraneous matter.

Mr. CHELF.

Mr. MARTIN and to include extraneous matter, notwithstanding the fact it exceeds the limit and is estimated by the Public Printer to cost \$263.25.

Mr. BETTS and to include extraneous matter.

Mr. HALPERN, the remarks made in the Committee of the Whole and to include extraneous matter.

Mr. BENNETT of Michigan, the remarks made in the Committee of the Whole and to include extraneous matter.

Mr. MULTER, to revise and extend his remarks in Committee of the Whole today and include extraneous matter in each instance.

Mr. PATMAN, to revise and extend his remarks in Committee of the Whole to-

day and include extraneous matter in each instance.

Mr. O'BRIEN of New York.

Mr. MCGOVERN, to extend his remarks and include a letter from the Secretary of Labor immediately following the remarks of Mr. FOGARTY on the Mexican labor bill.

Mr. BOW (at the request of Mr. JOHANSEN), to revise and extend his remarks made in Committee of the Whole and to include extraneous matter.

(At the request of Mr. RHODES of Pennsylvania and to include extraneous matter, the following:)

Mr. INOUYE.

Mr. FLOOD.

Mr. MURPHY.

(At the request of Mr. JOHANSEN, and to include extraneous matter, the following:)

Mr. VAN ZANDT.

Mr. BROOMFIELD.

Mr. DERWINSKI.

#### SENATE BILLS REFERRED

Bills of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 1964. An act to amend the act requiring certain common carriers by railroad to make reports to the Interstate Commerce Commission with respect to certain accidents in order to clarify the requirements of such act; to the Committee on Interstate and Foreign Commerce.

S. 3278. An act to amend section 701 of the Housing Act of 1954 (relating to urban planning grants), and title II of the Housing Amendments of 1955 (relating to public facility loans), to assist State and local governments and their public instrumentalities in improving mass transportation services in metropolitan areas; to the Committee on Banking and Currency.

#### ENROLLED BILLS SIGNED

Mr. BURLERSON, 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. 1844. An act to amend the "Life Insurance Act" of the District of Columbia approved June 19, 1934, as amended by the Acts of July 2, 1940, and July 12, 1950;

H.R. 4786. An act declaring certain lands to be held in trust for the Cheyenne River Sioux Tribe of Indians of South Dakota;

H.R. 5888. An act to authorize the Secretary of the Navy to transfer to the Massachusetts Port Authority, an instrumentality of the Commonwealth of Massachusetts, certain lands and improvements thereon comprising a portion of the so-called E Street Annex, South Boston Annex, Boston Naval Shipyard, in South Boston, Mass., in exchange for certain other lands;

H.R. 7966. An act to amend section 601 of title 38, United States Code, to provide for the furnishing of needed services of optometrists to veterans having service-connected eye conditions;

H.R. 8315. An act to authorize the Secretary of the Army to lease a portion of Fort Crowder, Mo., to Stella Reorganized Schools R-1, Missouri;

H.R. 10108. An act to authorize reimbursement of certain Veterans Administration beneficiaries and their attendants for ferry fares, and bridges, road, and tunnel tolls;

H.R. 10644. An act to amend title V of the Merchant Marine Act, 1936, in order to change the limitation of the construction differential subsidy under such title, and for other purposes;

H.R. 10695. An act to provide for rotation in overseas assignments of civilian employees under the Defense Establishment having career-conditional and career appointments in the competitive civil service, and for other purposes;

H.R. 11646. An act to amend the act authorizing the Secretary of Agriculture to collect and publish statistics of the grade and staple length of cotton, as amended, by defining certain offenses in connection with the sampling of cotton for classification and providing a penalty provision, and for other purposes;

H.R. 12263. An act to authorize the conclusion of an agreement for the joint construction by the United States and Mexico of a major international storage dam on the Rio Grande in accordance with the provisions of the treaty of February 3, 1944, with Mexico, and for other purposes;

H.R. 12381. To increase for a 1-year period the public debt limit set forth in section 21 of the Second Liberty Bond Act and to extend for 1 year the existing corporate normal-tax rate and certain excise-tax rates, and for other purposes; and

H.R. 12415. An act to amend section 6387 (b) of title 10, United States Code, relating to the definition of total commissioned service of certain officers of the naval service.

#### BILLS PRESENTED TO THE PRESIDENT

Mr. BURLERSON, from the Committee on House Administration, reported that that committee did on this day present to the President, for his approval, bills of the House of the following titles:

H.R. 8186. An act to amend titles 10 and 14, United States Code, with respect to reserve commissioned officers of the Armed Forces;

H.R. 8226. An act to add certain lands to Castillo de San Marcos National Monument in the State of Florida;

H.R. 9322. An act to make permanent the existing suspension of duties on certain coarse wool;

H.R. 9862. An act to continue for 2 years the existing suspension of duties on certain lathes used for shoe last roughing or for shoe last finishing, and to extend the suspension of duty on imports of casein; and

H.R. 9881. An act to extend for 2 years the existing provisions of law relating to the free importation of personal and household effects brought into the United States under Government orders.

#### ADJOURNMENT

Mr. RHODES of Pennsylvania. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 7 o'clock and 39 minutes p.m.), the House adjourned until tomorrow, Wednesday, June 29, at 12 o'clock noon.

#### EXECUTIVE COMMUNICATIONS, ETC.

2305. Under clause 2 of rule XXIV, a letter from the Chief Justice, Supreme Court of the United States, transmitting a copy of the Report of the Proceedings of a Special Meeting of the Judicial Conference of the United States, pursuant to title 28, United States Code (H. Doc.



No. 437) was taken from the Speaker's table, referred to the Committee on the Judiciary, and ordered to be printed.

#### REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

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

Mr. BARDEN: Committee on Education and Labor. H.R. 11893. A bill to amend title II of the Vocational Education Act of 1946, relating to practical nurse training, and for other purposes; with amendment (Rept. No. 2015). Referred to the Committee of the Whole House on the State of the Union.

Mr. MILLS: Committee on Ways and Means. H.R. 1925. A bill to extend to fishermen the same treatment accorded farmers in relation to estimated income tax; with amendment (Rept. No. 2016). Referred to the Committee of the Whole House on the State of the Union.

Mr. RIVERS of Alaska: Committee on Interior and Insular Affairs. H.R. 11957. A bill to facilitate the selection by Alaska, pursuant to the act of July 7, 1958, of certain public lands under outstanding mineral lease or permit; with amendment (Rept. No. 2017). Referred to the Committee of the Whole House on the State of the Union.

Mr. WILLIAMS: Committee of conference. H.R. 4049. A bill to amend the Federal Aviation Act of 1958 in order to authorize free or reduced-rate transportation for certain additional persons; without amendment (Rept. No. 2018). Ordered to be printed.

Mr. MILLS: Committee on Ways and Means. H.R. 2397. A bill to amend the Internal Revenue Code of 1939 to provide a credit against the estate tax for Federal estate taxes paid on certain prior transfers in the case of decedents dying after December 31, 1947; without amendment (Rept. No. 2019). Referred to the Committee of the Whole House on the State of the Union.

Mr. MILLS: Committee on Ways and Means. H.R. 12559. A bill to amend the Internal Revenue Code of 1954 to provide a special method of taxation for real estate investment trusts; with amendment (Rept. No. 2020). Referred to the Committee of the Whole House on the State of the Union.

Mr. BROOKS of Louisiana: Committee on Science and Astronautics. Report on research on mechanical translation (Rept. No. 2021). Referred to the Committee of the Whole House on the State of the Union.

Mrs. PFOST: Committee on Interior and Insular Affairs. H.R. 10418. A bill to revise the boundaries of the Coronado National Memorial and to authorize the repair and maintenance of an access road thereto, in the State of Arizona, and for other purposes; with amendment (Rept. No. 2022). Referred to the Committee of the Whole House on the State of the Union.

Mr. HALEY: Committee on Interior and Insular Affairs. H.R. 7956. A bill to quiet title to certain lands within the Nez Perce Indian Reservation, Idaho, and for other purposes; without amendment (Rept. No. 2023). Referred to the Committee of the Whole House on the State of the Union.

Mr. HALEY: Committee on Interior and Insular Affairs. H.R. 11200. A bill to authorize the Secretary of the Interior to sell reserved mineral interests of the United States in lands located in the State of Florida to the record owners of the surface thereof; with amendment (Rept. No. 2024). Referred to the Committee of the Whole House on the State of the Union.

Mr. WALTER: Committee on Un-American Activities. H.R. 12753. A bill to amend the Subversive Activities Control Act of 1950 so

as to require the registration of certain additional persons disseminating political propaganda within the United States as agents of a foreign principal, and for other purposes; without amendment (Rept. No. 2025). Referred to the Committee of the Whole House on the State of the Union.

Mr. THOMPSON of New Jersey: Joint Committee on the Disposition of Executive Papers. House Report No. 2026. Report on the disposition of certain papers of sundry executive departments. Ordered to be printed.

Mr. SMITH of Virginia: Committee on Rules. House Resolution 581. Resolution for consideration of H.R. 12677, a bill to amend the Fair Labor Standards Act of 1938, as amended, to provide coverage for employees of large enterprises engaged in retail trade or service and of other employers engaged in activities affecting commerce, to increase the minimum wage under the act to \$1.25 an hour, and for other purposes; without amendment (Rept. No. 2027). Referred to the House Calendar.

Mr. DELANEY: Committee on Rules. House Resolution 583. Resolution for consideration of H.R. 12595, a bill to clarify the law with respect to transportation of airmail, and for other purposes; without amendment (Rept. No. 2028). Referred to the House Calendar.

Mr. THORNBERRY: Committee on Rules. House Resolution 584. Resolution for consideration of H.R. 12622, a bill to amend chapter 85 of title 28 of the United States Code relating to the jurisdiction of the U.S. district courts, and for other purposes; without amendment (Rept. No. 2029). Referred to the House Calendar.

#### PUBLIC BILLS AND RESOLUTIONS

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

By Mr. BUCKLEY:  
H.R. 12844. A bill to safeguard the employment benefits of custodial employees in the postal field service by providing for the retention of such employees in the Post Office Department; to the Committee on Post Office and Civil Service.

By Mr. FINO:  
H.R. 12845. A bill to preserve the benefits incident to the employment of custodial employees in the postal field service by prohibiting the transfer of such employees from the Post Office Department; to the Committee on Post Office and Civil Service.

By Mrs. GRIFFITHS:  
H.R. 12846. A bill to authorize the Commodity Credit Corporation, in order to prevent waste, to donate surplus grains to be used as feed for livestock and poultry being raised to feed persons in certain institutions in the United States; to the Committee on Agriculture.

By Mr. KEARNS:  
H.R. 12847. A bill to amend the Fair Standards Act of 1938 to increase the minimum wage under the act to \$1.15 an hour, and to provide for a study to determine the need for extensions in the coverage of the act; to the Committee on Education and Labor.

By Mr. MCGINLEY:  
H.R. 12848. A bill to eliminate certain unpaid interest and penalty charges from the repayment obligation of the Pathfinder Irrigation District, Nebraska, and others; to the Committee on Interior and Insular Affairs.

By Mr. POAGE:  
H.R. 12849. A bill to protect farm and ranch owners making certain land use changes under the Great Plains conservation program and the soil bank program against loss of cropland acreage and acreage allotments; to the Committee on Agriculture.

By Mr. REES of Kansas:  
H.R. 12850. A bill to adjust the rates of compensation of employees in the postal field service, to establish a temporary Commission on Federal Civilian Employees Compensation Policy, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. ROGERS of Colorado:  
H.R. 12851. A bill to amend section 1263 of title 18 of the United States Code to require that interstate shipments of intoxicating liquors be accompanied by bill of lading, or other document, showing certain information in lieu of requiring such to be marked on the package; to the Committee on the Judiciary.

By Mr. WALTER:  
H.R. 12852. A bill to amend the Subversive Activities Control Act of 1950 so as to prohibit the licensing of certain individuals as station operators of certain communication facilities, and for other purposes; to the Committee on Un-American Activities.

By Mr. KITCHIN:  
H.R. 12853. A bill to amend the Fair Labor Standards Act of 1938, as amended, to provide coverage for employees of interstate retail enterprises, to increase the minimum wage under the act to \$1.15 an hour, and for other purposes; to the Committee on Education and Labor.

By Mr. FLOOD:  
H.R. 12854. A bill to promote the redevelopment of economically depressed areas by establishing a Government corporation which will provide a secondary market for industrial mortgages covering property in those areas; to the Committee on Banking and Currency.

By Mr. MORRISON:  
H.R. 12855. A bill to amend section 202 of the Classification Act of 1949, as amended, with respect to the compensation of ship pilots employed by the Panama Canal Company, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. CLEM MILLER:  
H.R. 12856. A bill to amend the Federal Alcohol Administration Act to require that imported wines shall meet the same standards as domestic wines with respect to size and fill of container; to the Committee on Ways and Means.

By Mr. MILLS:  
H.R. 12857. A bill to amend the Internal Revenue Code of 1954 to change the rate of the manufacturers excise tax on mechanical lighters for cigarettes, cigars, and pipes; to the Committee on Ways and Means.

By Mr. WALTER:  
H.R. 12858. A bill to amend the Internal Revenue Code of 1954 to change the rate of the manufacturers excise tax on mechanical lighters for cigarettes, cigars, and pipes; to the Committee on Ways and Means.

By Mr. WHARTON:  
H.R. 12859. A bill to authorize the administrative adjustment, from time to time, of the rates of compensation of postal field service and classified employees on the basis of living costs, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. BRADEMAs:  
H.J. Res. 773. Joint resolution designating the 7-day period beginning on the third Monday in October of each year as Patriotic Education Week; to the Committee on the Judiciary.

By Mr. TOLLEFSON:  
H.J. Res. 774. Joint resolution to authorize the construction of a hotel and related facilities in Mount Rainier National Park; to the Committee on Interior and Insular Affairs.

By Mr. FARBSTAIN:  
H. Res. 580. Resolution expressing the sense of the House of Representatives with respect to the administration by the Secretary of Commerce of the Federal-aid highway program; to the Committee on Public Works.



By Mr. BURLERSON:

H. Res. 582. Resolution authorizing salaries and expenses of special and select committees, fiscal year 1960, to be paid from the item "Miscellaneous items," contingent fund of the House; to the Committee on House Administration.

#### PRIVATE BILLS AND RESOLUTIONS

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

By Mr. ANDREWS:

H.R. 12860. A bill authorizing the Secretary of Agriculture to convey certain lands to Auburn University, Auburn, Ala.; to the Committee on Agriculture.

By Mr. BARRY:

H.R. 12861. A bill for the relief of Basilia Okal; to the Committee on the Judiciary.

By Mr. BREWSTER:

H.R. 12862. A bill for the relief of Kejen Pi Corsa; to the Committee on the Judiciary.

By Mr. BUCKLEY:

H.R. 12863. A bill for the relief of Dr. Pai Suey Lee Pai; to the Committee on the Judiciary.

By Mr. FINO:

H.R. 12864. A bill for the relief of Caterina Buttazzi Petruzzi; to the Committee on the Judiciary.

By Mr. HIESTAND:

H.R. 12865. A bill for the relief of Hinshaw's Department Stores, Inc.; to the Committee on the Judiciary.

By Mr. INOUYE:

H.R. 12866. A bill for the relief of Dr. Hyun Mo Kwak; to the Committee on the Judiciary.

By Mrs. KELLY:

H.R. 12867. A bill for the relief of Emily Bailey; to the Committee on the Judiciary.

H.R. 12868. A bill for the relief of Bryan Simpson; to the Committee on the Judiciary.

By Mr. LAFORE:

H.R. 12869. A bill for the relief of 1st Lt. Frederic C. Wheeler; to the Committee on the Judiciary.

By Mr. LANE:

H. Res. 585. Resolution providing for sending the bill, H.R. 11905, with accompanying papers, to the Court of Claims; to the Committee on the Judiciary.

#### PETITIONS, ETC.

Under clause 1 of rule XXII,

513. Mr. GIAIMO presented a petition of 69 residents of the State of Connecticut with regard to the Federal minimum wage law, which was referred to the Committee on Education and Labor.

## EXTENSIONS OF REMARKS

### Statement Released by the Organization, Soul of America

#### EXTENSION OF REMARKS

OF

### HON. LYNDON B. JOHNSON

OF TEXAS

IN THE SENATE OF THE UNITED STATES

Tuesday, June 28, 1960

Mr. JOHNSON of Texas. Mr. President, a new departure in efforts to further understanding between citizens of this Nation and the people of the world has recently been undertaken.

The project is sponsored by a private, nonprofit educational organization—Soul of America. It utilizes tape-recorded "living letters" which it exchanges between the students of high schools in 100 American cities and similar schools abroad.

The goal of this commendable program is explained in a statement recently released by Soul of America, and I ask unanimous consent that it be printed in the RECORD.

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

NEW ORGANIZATION ANNOUNCES "LIVING LETTERS" TAPE EXCHANGE BETWEEN SCHOOLS IN 100 AMERICAN CITIES AND SCHOOLS IN OTHER NATIONS

WASHINGTON, D.C., June 3, 1960.—The Soul of America, a private nonprofit, educational organization concerned about the image of America which is projected to the rest of the world today announced sponsorship of a plan for the exchange of tape-recorded "living letters" between high schools in 100 American cities and similar schools in other parts of the world.

Under the plan high school students in this country would "talk" their letters to their counterparts in other nations. In return students in other parts of the world would send taped replies to high schools in the United States.

Initially it is planned to establish such an exchange between this country and the USSR and Latin America. The first living letter will be tape recorded this summer and will be offered to a school in Moscow under

cultural exchange terms which will provide reciprocity if accepted.

The announcement was made at a meeting of the Soul of America in Washington, D.C., by Harry H. Semmes, president of the new organization. Mr. Semmes pointed out that "this is in accordance with the President's recent statement after the summit collapse when he stated that we must \* \* \* improve the contacts between our own and the Soviet peoples, making clear that the path of reason and commonsense is still open if the Soviets will but use it."

Mr. Semmes described the purpose of the Soul of America as being \* \* \* to remind Americans, particularly the youth of America, of the basic concepts on which this country was founded and belief in which stimulated the growth and character of the Nation, and to inform our countrymen of the necessity of making known to the people of this world the true beliefs upon which our freedoms are founded.

"We believe that this should be done with humbleness and modesty, but without apology, and that it should be made known that the important thing about America is not what we have in terms of material wealth, but what we are in terms of human liberties."

In announcing the formation of the Soul of America organization, Mr. Semmes made public an exchange of letters between the organization and President Eisenhower and Senate Majority Leader LYNDON B. JOHNSON.

President Eisenhower in his letter to the organization stated in part:

"I am highly gratified by the concern and conviction which bring Americans together to stimulate increased awareness of America's idealism and spiritual heritage and to seek ways of imparting throughout the world a greater knowledge of America's character. This purpose is close to my heart. It underlies much of the work of the present administration, an example being the programs carried out by the various people-to-people committees. Each effort to the same end can contribute significantly to presenting the true picture of America to the world."

Senator JOHNSON in his letter stated:

"I would like to congratulate you on the concept and formation of the Soul of America. I believe that you are setting forth on a most worthwhile venture, and I think you have an opportunity to make a truly significant contribution to your country.

"In these troubled times, I am afraid that continuous talk of arms and defense tends to make us overlook what is truly important.

It is this: that all of our planes, guns, and men under arms, important though they may be, are only the shield to guard what is really the heart of America—our sacred heritage of liberty."

### Independent Somalia

#### EXTENSION OF REMARKS

OF

### HON. WILLIAM T. MURPHY

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 28, 1960

Mr. MURPHY. Mr. Speaker, freedom and independence have been the ultimate goals of all individuals as well as nations, irrespective of race and religion. In a very general sense, man's long and uneven progress through the ages may be reckoned by the degree of freedom in which he has lived and enjoyed life. For that reason freedom and independence may be regarded as man's noblest aspirations.

After the First World War many new states were set up in Europe, and the free peoples in these states did well until they became casualties in the last war. Since the end of that war the spirit of freedom has fared rather badly in Europe and in many other lands, and Communist totalitarian dictatorships set up there have shown utter contempt for it. Fortunately, however, in the case of many African peoples it is different. It is encouraging to find that within the last dozen years about a dozen African peoples who have not known full freedom for a long time, have already attained independent status, and many more will join them in the near future. Somalia is one of the latest of these which became independent on June 27.

The new state Somalia, with a population of about 700,000 people in an area of about 70,000 square miles, in East Africa, south of the Red Sea, has been a British protectorate since 1887. In general they have fared better than