

Mr. PRICE. Mr. Speaker, in his television appearance last Sunday before his takeoff on his South American trip, President Eisenhower put his finger on the exact spot where the missile gap began to appear.

You will recall the President stated our present missile potentiality began "from a standing start 5 years ago." President Eisenhower has been in office for shortly over 7 years. From his speech on Sunday, we may gather that the missile lag was the first 2 years of the Eisenhower administration when everything in the defense program was practically at a standstill while the new administration took a "new look" at our defense picture.

We might also recall, as the new administration came into power in 1953, there was a program attempting to coordinate our missile program and to expedite it. This program was under the direction of Kaufman Thuma Keller, who had been selected by former President Truman as an overall director of the missile program. The new Eisenhower administration regarded this program so lightly that Kaufman Keller, our missile program expediter, was one of the top officials who was allowed to leave Government service. There was a long period thereafter when there was considerable lack of coordination in pushing our missile program.

In this connection may I present for the enjoyment of my colleagues in the House a few lines that occurred to me in relation to the Secretary of Defense's invention of the phrase "gap-deterrent":

Mr. Gates, what are these antics
That provide defense through pure semantics!

Unwilling, of course, to take the rap,
For what you call the missile gap,
You concede that such may be apparent
But invent a strawman—"gap-deterrent."
This you steadfastly insist
Simply, friend, does not exist
Where we count one, you count three.
Ah! the magic of budgetry.
But may I ask if a cheery whistle
Is much defense against a missile?

STATE DEPARTMENT MEDDLING

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

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

There was no objection.

Mr. GROSS. Mr. Speaker, the State Department, which attempts to dictate to all agencies of the Federal Government, including Congress, has now stuck its long nose directly into the affairs of a State.

It provided the crutch on which a weak-spined politician leaned to stay the execution of an habitual criminal—a sexually depraved wretch—a scourge to any civilized society.

Why this shocking intervention by the State Department into the affairs of a sovereign State? Because it was re-

ported that a bunch of Communist-inspired students in Uruguay would stage an anti-American demonstration on the occasion of President Eisenhower's visit to that country. This means that the State Department has again succumbed to the worldwide Communist pressure apparatus.

Assistant Secretary of State Rubottom says he consulted his superiors before he sent his telegram of intervention.

Mr. Speaker, Assistant Secretary of State Rubottom ought to be fired for this act and those superiors who approved it, no matter who they may be, ought to be fired with him.

SUBCOMMITTEE ON LIBRARIES

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that the Subcommittee on Libraries of the Committee on House Administration may be permitted to sit today during general debate.

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

There was no objection.

FEDERAL WATER POLLUTION CONTROL ACT—VETO MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 346)

The SPEAKER pro tempore laid before the House the following veto message from the President of the United States:

To the House of Representatives:

I am returning herewith, without my approval, H.R. 3610, an enrolled bill "to amend the Federal Water Pollution Control Act to increase grants for construction of sewage treatment works, and for other purposes."

The bill would authorize an increase in Federal grants to municipalities for assistance in the construction of sewage treatment works from \$50 million to \$90 million annually, and from \$500 million to \$900 million in the aggregate.

Because water pollution is a uniquely local blight, primary responsibility for solving the problem lies not with the Federal Government but rather must be assumed and exercised, as it has been, by State and local governments. This being so, the defects of H.R. 3610 are apparent. By holding forth the promise of a large-scale program of long-term Federal support, it would tempt municipalities to delay essential water pollution abatement efforts while they waited for Federal funds.

The rivers and streams of our country are a priceless national asset. I, accordingly, favor wholeheartedly appropriate Federal cooperation with States and localities in cleaning up the Nation's waters and in keeping them clean. This administration from the beginning has strongly supported a sound Federal water pollution control program. It has always insisted, however, that the principal responsibility

for protecting the quality of our waters must be exercised where it naturally reposes—at the local level.

Polluted water is a threat to the health and well-being of all our citizens. Yet, pollution and its correction are so closely involved with local industrial processes and with public water supply and sewage treatment that the problem can be successfully met only if State and local governments and industry assume the major responsibility for cleaning up the Nation's rivers and streams.

The Federal Government can help, but it should stimulate State and local action rather than provide excuses for inaction, which an expanded program under H.R. 3610 would do.

The following are steps which I believe the Federal Government should take so that our rivers and streams may more rapidly be relieved of the pollution blight.

First. I am requesting the Secretary of Health, Education, and Welfare to arrange for a national conference on water pollution to be held next December. This conference will help local taxpayers and business concerns to realize the obligation they have to help prevent pollution. It is unconscionable for one town or city deliberately to dump untreated or inadequately treated sewage into a stream or river without regard to the impact of such action on the lives of downstream neighbors. Local taxpayers should be willing to assume the burdens necessary to bring such practices to a halt. Businessmen and industrialists must face up to the expenditures they must make if industrial pollutants are to be removed from the Nation's waters. In short, the proposed conference will provide a forum in which all concerned can confront and better appreciate their mutual responsibility for solving this pressing problem.

Second. Where the issue is of an interstate nature and the problem is beyond the powers of a single State, or where it is otherwise appropriate to assist State enforcement actions, the Federal Government should have authority to move more quickly and effectively in directing the application of control measures that will swiftly correct such intolerable pollution. In accordance with the 1961 budget message, recommendations will be submitted to the Congress for strengthening the enforcement provisions of the Federal Water Pollution Control Act.

Third. The Federal Government should continue to provide modest financial assistance for the administration of control programs by States and interstate water pollution control agencies. Because such programs rest upon a solid foundation of local cooperative action, they properly merit Federal encouragement and assistance. An extended life for this program is recommended in the 1961 budget.

Fourth. The Federal Government, through research and technical assistance, can be of material help in contributing to our knowledge of water pollution—its causes, its extent, its impact and methods for its control. Increased

Federal effort in this respect is also provided for in the 1961 budget.

These measures will provide Federal authority that accords with the proper Federal, State, and local roles in water pollution abatement. I urge their early consideration by the Congress.

DWIGHT D. EISENHOWER.

THE WHITE HOUSE, February 22, 1960.

The SPEAKER pro tempore. The objections of the President will be spread at large upon the Journal, and, without objection, the bill and message will be printed as a House document.

There was no objection.

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that further proceedings on the President's message be put over until Thursday next.

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

There was no objection.

INTEREST RATE RESTRICTIONS ON U.S. BONDS—COMMITTEE ON WAYS AND MEANS

Mr. MILLS. Mr. Speaker, I ask unanimous consent that the Committee on Ways and Means have until midnight Monday, February 29, to file a report on H.R. 10590, relating to interest rate restrictions on bonds of the United States. That request also includes any minority or supplemental views.

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

Mr. PATMAN. Mr. Speaker, reserving the right to object, will the gentleman state what the bill contains?

Mr. MILLS. Yes. The bill that has just been ordered reported by the committee has four provisions. The first provision relates to authority in the area of advance refunding so that advance refunding may occur even though the yield on the new bond exceeds $4\frac{1}{4}$ percent ceiling would still apply to the coupon rate, however.

The second provision authorizes the Secretary of the Treasury with respect to the issuance for cash or in exchange at maturity date of bonds to exceed the $4\frac{1}{4}$ percent presently in the law within limitations, to the extent of 2 percent of the public debt upon a finding by the President with respect to each offering that the national interest requires such action.

The restriction of $4\frac{1}{4}$ percent is eliminated with respect to Government bonds that the Government trust funds invest in. Then there is a provision allowing the President to direct the Secretary to exceed the $4\frac{1}{4}$ percent with respect to savings bonds whenever he deems that the national interest requires it.

Mr. PATMAN. Mr. Speaker, if the gentleman will yield further, it does then permit the increase of the interest rate on long-term bonds?

Mr. MILLS. The Secretary of the Treasury may do so, as I stated, upon a finding by the President that the national interest so requires.

THE BILL WHICH HAS BEEN ORDERED TO BE REPORTED IS AS BAD AS OUTRIGHT REPEAL OF THE $4\frac{1}{4}$ -PERCENT CEILING ON GOVERNMENT BONDS—IT WIPES OUT THE DISTINCTION BETWEEN THE TWO POLITICAL PARTIES AND THUS DENIES THE AMERICAN PEOPLE ANY POLITICAL CHOICE

Mr. PATMAN. Mr. Speaker, as I understand from the explanation which the distinguished chairman of the Ways and Means Committee, the gentleman from Arkansas [Mr. MILLS], has given, and also from his press release which I have just read, the bill which the Ways and Means Committee has ordered to be reported is worse than a bad compromise. It appears to me to be a complete, 100 percent surrender insofar as retaining any protection, safeguard, or restraint on interest rates is concerned.

As I understand the first section of the bill, this section alone rolls back the ceiling as wide as the blue heavens themselves. In this case the further exemption provided in section 2 of the bill, as to 2 percent of the amount of the debt outstanding, is merely surplus verbiage.

Under section 1, if I correctly understand it, the entire national debt—every penny of it—could be refunded with securities paying effective yields of 5 percent, 6 percent, 10 percent, 20 percent, or any other percent that the Treasury and the Federal Reserve System see fit to have them pay.

If the Federal Reserve, under this administration, sees fit to tighten money to the extent that a security running, say, 1 year to maturity, is driven down to a market price of \$50, then the Treasury could sell a 10- or 20-year bond at an equal discount, and place a $4\frac{1}{4}$ percent coupon on it in addition.

Why is this bill regarded as a compromise? What is the difference between repealing the interest rate ceiling outright and what the bill will, in practice, permit?

There is none that I can see.

Does the committee have any assurance whatever from the Federal Reserve people as to how high they will drive interest rates after this bill is passed? If the committee has any assurance, the distinguished chairman has not said so. I suggest that the committee has none; and I suggest further that in the absence of such an assurance, this bill will permit the Treasury to bind the American people by contracts over 20, 30, or 40 years to whatever interest rates the Federal Reserve System decides we are to be bound to by its actions between now and the time this administration goes out of office.

As to the point that discounting would be permitted only in the case of securities exchanged for outstanding securities, it provides no limit, no safeguard, and no restraint whatever. We are dealing here with marketable securities. The same people, the same banks, the same insurance and other financial companies now holding the outstanding marketable bonds are the same people and the same companies which would buy the new bonds in any case. But this exchange provision would not exclude any new

would-be owners from obtaining the new cutrate bonds, and the provision would not encourage any investor to keep his funds invested in Government bonds, any more so than the new interest yield would encourage him to buy such bonds anew. This could have been accomplished in exactly the same way by repealing the interest rate ceiling outright, as the President asked.

I cannot see that the flimsy effort to shift the responsibility for what is to happen onto a President who cannot succeed himself, at the same time the Democratic Congress gives the President powers to do what his administration wants to do, provides any kind of escape from congressional responsibility for this matter. Nor do I think that the overwhelming majority of the American people who will be hurt by this action will be fooled into believing that Congress has clean hands simply because it tries to shift the blame over to the President. The American people will be paying for this action, if Congress passes the bill, long after President Eisenhower is gone to his deserved retirement.

Nor do I see any possibility that the Congress can successfully escape the blame by trying to shift the blame to the Federal Reserve System. The Federal Reserve System must help to do what is about to be done, yes. It must stick the first knife into the backs of the American people because only the Federal Reserve System can do it. Only the Federal Reserve System can decide what interest rates shall be today, tomorrow, and next year.

But Congress itself will be responsible for a very large part of the increase in interest rates which will be made if this bill is passed. The moment we pass the bill, or even give serious consideration to passing it, we will cause the whole financial community to expect higher interest rates, and this expectation will, itself, drive down the prices of Government securities and drive up interest rates.

Last year the Senate and the House passed a resolution requesting the Joint Economic Committee to make a thoroughgoing investigation of our economic system, of monetary policies, of interest rates and related matters. One of the primary tasks assigned the committee was to find out what the effects of high interest actually are.

Last fall, when the House was acting on the bill to raise the rate on savings bonds, the question was then put to the House whether to act also on the President's request for higher rates on marketable bonds. The leadership and the overwhelming majority of the House then took the position that we should wait for the conclusion of the Joint Economic Committee's investigation and recommendations.

That investigation has been completed and the committee's recommendations have been made. Everything that the committee learned and everything it recommended is just contrary to what the Ways and Means Committee now proposes to do.