

should implement the recommendations of the Cabinet Committee. This interim report, in my judgment, is an important measure toward providing a better understanding of the economic facts of life by all of our citizens.

CIVIL DEFENSE

Mr. JAVITS. Mr. President, is the Senate still in the morning hour?

The PRESIDING OFFICER. The Senate is still in the morning hour.

Mr. JAVITS. Mr. President, the Governor of my State has been responsible for the issuance of a report this morning on the civil defense posture of the United States. He has given real and needed leadership at a point where our national defenses are the weakest—civil survival in case of a nuclear war.

An effective civil defense program, as proposed by the Governor, is indispensable to our security, and provides a vital element in the national determination in the cold war. The New York civil survival program will give leadership to the Nation in an area where plans, revised plans, and reorganized plans have too long been the hallmark. Should legislation on the national level be required to enable States to pursue this initiative, I shall be prepared to propose such legislation.

At a time when negotiations with the Soviet Union, between the Foreign Ministers—and perhaps at the summit—on the most urgent questions of peace and war, are pending, and while the issue of the inspection, testing, and control of nuclear weapons hangs in the balance at Geneva, it is important to make clear that the American people will not be intimidated by threats, but are determined to pursue a path which seeks peace through justice and honest agreement between nations and in aid of the United Nations.

Mr. President, I have long contended, both on the floor of the Senate and, when I was in the other body, on the floor of the House of Representatives, for adequate civil defense preparations. I think it is just as essential an ingredient of our posture in terms of a deterrent to hot war as the Army, Navy, and Air Force themselves, and I welcome and applaud the initiative of the Governor of my State in courageously and comprehensively facing this issue in a way in which it has not been faced before, and urging in practical terms the people of my State to be prepared for any eventuality. This is a way in which to back up the determination which we show in respect to the principles for which we contend in international affairs.

I hope that other States will pay serious heed to what is proposed in the State of New York, and I hope very much that the Nation, too, will lend it an ear, for the matter very urgently needs attention.

I wish to call particular attention to the three major recommendations of the report, as follows:

1. As to knowledge: We recommend that the State, in full cooperation with the Federal and local governments, mobilize its resources to communicate awareness and

knowledge about the dangers of fallout and the defenses against it.

2. As to shielding: We recommend in the interest of the public health and safety, that you urge the State legislature, at its next session, to enact a law requiring all new construction within the State to provide shielding from fallout up to a minimum specified standard.

3. As to survival supplies: We recommend that you initiate a State program to develop a "survival kit" which would enable persons protected from fallout to survive in their protected area for at least 2 weeks without any outside assistance.

Mr. President, I think it is fair to say of Governor Rockefeller's views on this report as I understand them, first, that he does not expect us to become involved in a nuclear war tomorrow, next week, or next year. However, the possibility of such an attack cannot be ignored, and the proposed plan could save the 4 million lives, plus an additional 4 million injured, which were estimated to have been lost in New York State through radioactive fallout during the last Operation Alert attack; second, he feels that the message contained in the report is one not of fear but of hope. It makes clear that it is possible for most of us to live through a nuclear attack, if adequate protection measures are taken for us all; and, third, he feels that if our civilian population is properly prepared, this in itself will serve as an important deterrent to war, since any prospective enemy would know he could not knock us out or break our will to resist by a single, massive blow. Fourth, he is of the opinion that the proposed plan could help to protect us from any aggressor.

Mr. JOHNSON of Texas. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

HOUSING ACT OF 1959—VETO MESSAGE (S. DOC. NO. 34)

Mr. JOHNSON of Texas. Mr. President, I am informed that the President of the United States has sent to the Senate a message. I ask that the message be laid before the Senate and read.

Mr. KUCHEL. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from California will state it.

Mr. KUCHEL. Is the Senate still operating in the morning hour?

The PRESIDING OFFICER. The morning hour is still in progress.

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, which was read, and, with the accompanying bill, ordered to lie on the table and to be printed:

To the Senate of the United States:

I am returning herewith, without my approval, S. 57, "An act to extend and

amend laws relating to the provision and improvement of housing and the renewal of urban communities, and for other purposes."

For many months I have been looking forward to approving a sound and constructive housing bill. New homes are now being built at near record rates. I have hoped to receive from the Congress legislation that would further advance the cause of better housing for Americans within the limits of fiscal responsibility.

To my disappointment, the Congress has instead presented me with a bill so excessive in the spending it proposes, and so defective in other respects, that it would do far more damage than good.

First, the bill is extravagant and much of the spending it authorizes is unnecessary. Its spending authorizations total a minimum of \$2.2 billion—all of which would be available for commitment without further congressional or Presidential action. The comparable budget recommendations of the administration totaled \$810 million.

Its authorizations of \$900 million for urban renewal—telescoped into 2 years—are excessive.

Even though we have over 100,000 previously authorized public housing units as yet unbuilt, the bill would authorize 190,000 more.

A new program of direct Federal lending is authorized for housing for elderly persons when needs in this area can be adequately met by private funds invested under the protection of Federal insurance. The college housing loan program would be continued with increased authorizations at interest rates below the cost of money to the Treasury and a new program for college classrooms and related academic facilities at the same subsidy interest rates would be started. Although the amounts initially authorized for the latter program would be relatively small, the eventual demand for these loans would reach staggering proportions. To the extent that these and other programs merely displace private financing they lead to Federal spending that is entirely unnecessary.

Second, the bill is inflationary. The spending authorizations of S. 57, taken together with other seriously objectionable provisions would be inflationary and therefore an obstacle to constructive progress toward better housing for Americans. One of the most damaging effects of inflation is that it dries up the sources of long-term credit. There is perhaps no industry in the Nation more heavily dependent for its operations on long-term funds borrowed at reasonable rates of interest than the housing industry. We have made good progress in the fight against inflation but we cannot win that fight if we add one spending program to another, without thought of how they are going to be paid for, and invite deficits in times of general prosperity. No one can gain from a fiscal policy of this inflationary type—least of all, the housing industry.

Third, the bill would tend to substitute Federal spending for private investment. Many provisions of the bill, instead of stimulating private investment,

would drive private credit from areas where it is urgently needed.

The requirement that the Federal National Mortgage Association buy mortgages at par under its special assistance program, regardless of the price that these mortgages command in the open market, would have this effect.

So also would the provision of the bill limiting the fees that FNMA may charge when purchasing mortgages.

The provisions authorizing college housing and college classroom loans at subsidized interest rates, additional Federal purchases of cooperative housing mortgages and a new program of short-term loans by the Federal Government on the security of mortgages would similarly substitute public for private financing.

Fourth, the bill places needless limitations on the FHA program and contains provisions that would impair FHA's soundness. Instead of removing the wholly unnecessary limit on the amount of the mortgage insurance authority of the Federal Housing Administration, the bill would continue these important programs on an uncertain, hand-to-mouth basis.

Through lower downpayments and longer maturities the bill would introduce underwriting provisions of questionable soundness into a number of FHA's loan insurance programs.

Fifth, the bill contains provisions which are discriminatory and unfair. The way the bill is written a few large cities, by making early application, could tie up all the funds available under the urban renewal program. The Administration would be specifically prohibited from preventing this discrimination against our smaller cities which have not yet entered the program or which do not have large planning staffs.

Under present law cities can count streets and other local improvements, which they had already intended to construct, as a part of their share of the costs of an urban renewal project. S. 57 would extend these credits retroactively to include such improvements made by cities up to 5 years before commencement of the project. As it is, the local cash contribution has averaged only about 14 percent of the cost of acquiring and preparing a project site for development. S. 57 would reduce such contributions even further.

In view of these defects, I have withheld my approval from this bill.

There remains, however, a need for the enactment in this session of the Congress of legislation, such as I recommended last January, which will carry forward our important housing programs on a sound basis:

1. The insurance authority of the Federal Housing Administration, which does not involve the lending of Federal funds and does not cost the taxpayer a cent, is nearly exhausted. Additional mortgage insurance authority should be granted by eliminating the ceiling on this authority.

2. The Federal Housing Administration program for insurance of prop-

erty improvement loans, which expires September 30, 1959, should be extended at least through this fiscal year.

3. The Federal Housing Administration program for insurance of Capehart military housing loans expired on June 30, 1959, and should be extended for 1 year.

4. The voluntary home mortgage credit program, which expires July 31, 1959, should also be continued.

5. Authorizations for urban renewal grants should be replenished, the local share of the costs should be increased, and the college housing program proposed in the budget message should be enacted.

6. The statutory interest rate ceilings governing mortgages insured under the Federal Housing Administration's regular rental housing and cooperative housing programs should be raised.

Legislation along these lines will help make private housing funds available for investment in housing and related construction, will promote the effective use of the resources and energies of State and local governments in housing and urban renewal activities, and will allow the Federal Government to play its part in a truly constructive and noninflationary manner. This is the way to provide more and better housing for the American people.

DWIGHT D. EISENHOWER.

THE WHITE HOUSE, July 7, 1959.

Mr. JAVITS. Mr. President, I have just heard read the President's veto message on the housing bill. I regret very much that the President vetoed the bill. I was one of the members of my party who urged the President to sign the bill. I hoped he would sign it, because I consider the bill reasonable in its proportions, although it did not exactly meet the administration's point of view. However, that is the essence of legislation, namely, that ultimately there must be a compromise as between the views of the Congress and the views of the Executive.

But I believe the bill went a long way toward trying to meet the administration's point of view, consistent with meeting a good many housing problems which occur in the country.

The veto message recognizes that housing is a practically indispensable basis for the prosperity of the country; and that, indeed, our recovery, which has been so marked from the recession which we experienced in 1958, has been heavily featured by the development of more housing starts and by a rather bright picture in regard to housing.

However, Mr. President, I believe we would be suffering from an illusion if we were to assume that because housing construction was stimulated without a housing bill in 1958, that would continue to be the case if we had no housing bill in 1959.

I point out, for example, as the President recognizes in his veto message—that the FHA is for all practical purposes about \$2 billion in the red at this time, through the issuance of what

are not technically legal commitments, but are so-called early commitments which are designed to encourage the continuation of housing construction, even though the till may be dry, in terms of the authority of the FHA to insure mortgages.

Mr. President, as to the feeling that this particular housing bill was excessive or that it was inflationary, I must respectfully disagree with those who advised along that line. I believe that housing builds into the country fundamental and permanent values. In my judgment, inflation is the expenditure of money which does not add to the aggregate productive asset value of the country. For instance, in a business, when one makes a capital improvement, he has added to his assets, although he has also added to his liabilities. I believe inflationary expenditures are money down the drain; for example, money spent in dealing with farm surpluses, but not in solving the farm problem. But I do not believe that expenditures to add to the stock of housing, thereby adding to the country's assets, can be put into that category.

This bill was based upon the guaranty concept with which we are familiar in dealing thus far with housing.

The bill also was premised upon the indispensable need for the renewal of our cities. I consider one of the saddest things about being required now to go forward with a new approach to housing, because the housing bill has been vetoed, is the fact that the veto will stop in its tracks the progress which I believe must be made in the urban renewal program. A very distinguished citizen of my State who is in charge of urban renewal there has called urban renewal a dead duck. I do not agree at all. On the contrary, I agree with the chairman of the New York City Planning Commission, James Felt, who believes that urban renewal is very important for the benefit of the city and has a great future, provided the Federal Government will continue to hold up its end.

I do not believe the urban renewal provisions of the vetoed bill were excessive, certainly not as compared to the need or as compared to what the administration had requested, although the administration had requested less.

I also note in the veto message that no recommendation for new legislation on public housing is included. I believe such provisions must be included in the bill that is enacted. I believe that a balanced housing program which includes provisions for urban renewal and other types of housing must also show some concern for the lowest income groups. Some fundamental basis of public housing is necessary in order to make all of these various projects viable. That particularly is a very elementary basis of displacement from urban renewal sites of the lowest income groups.

There is at least some assurance that some of them will have decent and sanitary housing in the public housing projects. For example, in my home State of New York and in my home city of