

involved Federal intervention may result, unless some steps are taken to bring about more efficient production and lower prices in order to hold the present markets and to recover some already lost.

[From the Washington (D. C.) Star]
**TWENTY-FIVE-CENT COAL INCREASE DUE TODAY
 IN PITTSBURGH**

PITTSBURGH, March 14.—Retail price increases ranging up to 25 cents a ton on most grades of soft coal are expected today in the Pittsburgh area.

The Pittsburgh Post-Gazette said a survey after the recent soft-coal strike showed retail dealers anticipate a 10-cent-a-ton raise in wholesale prices by the Pittsburgh Consolidation Coal Co., largest producer here.

The coal company said an announcement would be made on its price policy today.

Retail spokesmen, who said they did not expect any increases on stoker and prepared smokeless coal, pointed out they have absorbed one increase in drivers' wages and two in freight rates. These increases, coupled with the expected boost in the wholesale price of coal, would mean a total jump in retail rates of about 25 cents a ton, they said.

Retail soft-coal prices in the Pittsburgh area now range from \$9.95 a ton to \$10.50, depending on the grade.

**AMENDMENT OF THE NATIONAL HOUSING
 ACT, AS AMENDED**

The Senate resumed the consideration of the bill (S. 2246) to amend the National Housing Act, as amended, and for other purposes.

Mr. MAYBANK. I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The roll was called, and the following Senators answered to their names:

Alken	Hayden	Malone
Anderson	Hendrickson	Martin
Benton	Hickenlooper	Maybank
Brewster	Hill	Millikin
Brieker	Hoey	Mundt
Bridges	Holland	Murray
Butler	Humphrey	Myers
Byrd	Ives	Neely
Cain	Jenner	O'Connor
Capehart	Johnson, Colo.	O'Mahoney
Chapman	Johnson, Tex.	Robertson
Chavez	Johnston, S. C.	Russell
Connally	Kefauver	Saltonstall
Cordon	Kem	Schoeppel
Donnell	Kerr	Smith, Maine
Douglas	Kilgore	Smith, N. J.
Dworsiak	Knowland	Sparkman
Ecton	Langer	Stennis
Ellender	Lehman	Taylor
Ferguson	Lodge	Thomas, Okla.
Flanders	Long	Thye
Frear	Lucas	Tobey
Fulbright	McCarthy	Tydings
George	McClellan	Watkins
Gillette	McFarland	Wherry
Graham	McKellar	Wiley
Green	McMahon	Williams
Gurney	Magnuson	Withers

Mr. MYERS. I announce that the Senator from California [Mr. DOWNNEY] and the Senator from Wyoming [Mr. HUNT] are necessarily absent.

The Senator from Mississippi [Mr. EASTLAND] and the Senator from Florida [Mr. PEPPER] are absent on public business.

The Senator from Rhode Island [Mr. LEAHY] is absent because of illness.

The Senator from Nevada [Mr. McCARRAN] and the Senator from Utah [Mr. THOMAS] are absent by leave of the Senate.

Mr. SALTONSTALL. I announce that the Senator from Kansas [Mr. DARBY] is absent by leave of the Senate on official business.

The Senator from Oregon [Mr. MORSE] and the Senator from North Dakota [Mr. YOUNG] are absent by leave of the Senate.

The Senator from Ohio [Mr. TART] and the Senator from Michigan [Mr. VANDENBERG] are necessarily absent.

The VICE PRESIDENT. A quorum is present.

Under the unanimous-consent agreement, from now until 4:30 the time is equally divided between the proponents and the opponents, to be controlled, respectively, by the Senator from South Carolina [Mr. MAYBANK] and the Senator from New Hampshire [Mr. TOBEY].

The Senator from South Carolina is now recognized.

Mr. MAYBANK. Mr. President, I have conferred with the distinguished Senator from New Hampshire respecting division of time. At this point I wish to make a short statement, following which the Senator from New Hampshire will take charge of the time during the first hour. We will later agree as to the disposition of time thereafter.

Mr. President, in view of the fact that there has been much misunderstanding throughout the press and among the public generally regarding title III, I want to make perfectly clear to the Senate that my good friend, the chairman of the subcommittee of the Committee on Banking and Currency, the distinguished Senator from Alabama [Mr. SPARKMAN], has no bill at this time before the Senate. Last October, at the request of the Senator from Alabama and other Senators, it was my privilege to move the extension of certain titles then in the bill. When Congress reconvened last January I submitted an amendment as a substitute for the bill. I submitted that amendment for hearing purposes only. Extensive hearings were held by the Committee on Banking and Currency, and by a vote of 9 to 4 the committee reported a clean bill.

In connection with that bill there was some discussion respecting what was called title III. I may say that the title III for which I voted and which, with the aid of the Senator from Alabama, we succeeded in having reported from the committee, was a completely revised title III. After hearing representatives of the Federal Reserve Board, we provided for a 5 percent down payment plus 5 percent over a period of 20 years, and one-quarter per cent a year to take care of any losses.

Mr. President, the press has carried various interpretations of title III, and has spread some misinformation respecting it, but I am sure my friends, both those who were opposed to title III and those who were in agreement with its provisions, and particularly members of the Committee on Banking and Currency, will substantiate the statement I make, which is that we rewrote the bill, redefined its application, changed its authorization, changed it to an insurance bill, and reduced the amount provided in it from \$2,000,000,000 to \$1,000,000,000. I want to make these points perfectly clear to the Senate.

I also want to say that I have read in the newspapers the statement that an interest rate is to be set. Title III

carries no interest rate. If any Senator can show me where the bill carries a provision for an interest rate I shall vote against the bill myself. However, if someone should suggest an amendment providing for an interest rate of not less than 4 percent, I myself would accept such an amendment.

I want it clearly set forth in the CONGRESSIONAL RECORD, which is the record for the future, that there is no set interest rate in the bill, and that the bill coming from the Banking and Currency Committee is a clean bill, and contains no provision for grants, except in the case of technical assistance with respect to projects which people or communities might organize. The title has been changed to an insurance program like the FHA program and debentures are to be sold by the corporation representing those who build a project, after they have put up their 5 percent and have agreed to pay another 5 percent over a period of years, and also have agreed to put up one-fourth of 1 percent a year as an insurance charge to take care of any losses.

Mr. President, I wish to make that clear, because yesterday, to my utter amazement, a question as to the effect of the bill on war veterans was brought before the Senate. I think I do not have to make any statement in that connection, because the war veterans of South Carolina and those of the other States well know how I stand on matters affecting them. But it was charged that after we had written the bill title III resulted in discrimination against war veterans.

Mr. President, it is my judgment that those who will use title III the most will be war veterans who have returned home and are now married and are living with their families, but who, unfortunately, have no adequate place to live or which they themselves own. Under the bill they will be able to have two-room or three-room apartments in cooperatives, and will be able to raise their families in the way a good American is entitled to live.

So as to keep the record clear, because of the charges that war veterans will be discriminated against, I wish to read a telegram which I received this morning from the director of the national legislative commission of the American Legion. I may say, Mr. President, that I have talked to Legionnaires, to Veterans of Foreign Wars, to Disabled War Veterans; indeed, I have talked to all the war-veteran groups. They have come to my office and they have come before the committee. I would be the last one, as they well know, to have anything to do with the passage of any law which might discriminate against them.

So I wish to read the telegram:

During the debate on middle-income housing bill, S. 2246, yesterday statements were made by the opponents that the bill would be discriminatory to veterans who have purchased homes under GI bill at 4 percent. For such use as you may care to make of it in any further debate on the bill, I would like to restate the position of the American Legion in support of the measure, and to state further that the American Legion does not feel it would discriminate against veterans who have already purchased homes at 4 percent. It is also our opinion that the compromise proposal would be meaningless

and would not accomplish the purpose of the bill, which is to help meet the housing needs of the middle-income veteran who is completely priced out of the present housing market.

In other words, Mr. President, the veterans are now priced out of the housing market. Senators will have a chance to vote for or against title III, to give the veterans who have families and who are in the middle-income brackets a chance to be benefited.

I yield now to the Senator from New Hampshire.

The VICE PRESIDENT. The Senator from South Carolina has used 5 minutes of his own time.

The Senator from New Hampshire is recognized at this time.

Mr. TOBEY. Mr. President, before I present the first speaker, I should like to make a comment about the unanimous consent agreement. I read from it:

Ordered further, That the time * * * be equally divided—

And so forth—
between * * * the Senator from South Carolina [Mr. MAYBANK] and the Senator from New Hampshire [Mr. TOBEY].

And the unanimous-consent agreement refers to me as an opponent of the bill. Mr. President, I was assigned this job, not as an opponent of the bill, but as one who with the Senator from New York has joined in a report substituting a revised version of title III for the present title III of the bill. Therefore, I do not want the statement about me as an opponent of the bill to stand unchallenged. Our sole interest is in the substitute for title III of the bill.

Mr. President, I assign to the Senator from Washington [Mr. CAIN] 20 minutes time.

The VICE PRESIDENT. The Senator from Washington is recognized for 20 minutes.

Mr. TOBEY. At this time let me ask the Senator from Washington whether he wishes to have a quorum call had.

Mr. CAIN. No; but I thank the Senator from the suggestion.

Mr. TOBEY. Very well.

Mr. CAIN. Mr. President, the junior Senator from Washington is most certain that the veterans of America will not only read but will carefully consider what has just been uttered by my friend and colleague, the distinguished Senator from South Carolina [Mr. MAYBANK], the chairman of the Banking and Currency Committee of the United States Senate, with respect to title III of the pending bill. I would encourage every veteran to think about what the Senator from South Carolina has just said in support of that title, and compare those comments with what I say, for I wish to call to the attention of the same group of Americans, referred to as veterans—of whom I am, have been and will continue to be one for as long as I live—some editorial comments which recently have been offered to the American people on the subject of title III.

Mr. President, there are four newspapers in the city of Washington, D. C., some of which generally favor the administration and some of which are most

often in opposition to the administration. But when it comes to the question of whether the Senate should approve title III in its present form and on the basis of principle, there is no disagreement among the newspapers of the Nation's Capital, so far as I can determine. Each of these great papers urge the elimination of title III. I shall not burden the Senate by reading in their entirety each of these editorials, but I should like to draw certain significant passages to the attention of thoughtful men and women in this body and throughout the land.

In the Evening Star of Tuesday, March 14, the leading editorial has this heading—and let us begin to think about it; and if what this editorial says is true, let us prevent the passage, either now or at any time in the future, of title III: Special favors for a special group.

Mr. President, as an American veteran, I do not wish to find myself, if that be the case, in any special group, be it in respect to housing or in respect to any other field of human endeavor.

The Evening Star's editorial begins by saying:

It goes without saying that legislation which purports to help the middle-income (\$2,700-\$4,400) group to get cheaper housing carries tremendous popular appeal. That is why the administration is backing it to the limit. That is why the chairman of the Democratic National Committee, Mr. Boyle, is calling all politicians to apply the heat to Senators when they vote tomorrow. But no matter how popular may be the appeal, the legislation is bad and it ought to be defeated.

Further down in this provocative editorial comment, I find these observations:

The bill ought to be defeated on other grounds.

Other than because it is a bad bill, Mr. President.

It would place private housing, including FHA and veterans' housing, at a serious competitive disadvantage.

Mr. President, let me interpolate at this point a statement that, as a veteran and as a Senator, I believe that those statements are undeniably true.

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

The VICE PRESIDENT. Does the Senator from Washington yield to the Senator from South Carolina?

Mr. CAIN. If the Senator will permit me to conclude my reference to the remaining portions of the editorial, I shall be pleased then to yield.

The editorial continues:

It would in time weaken the stability of billions of private funds invested in such housing by insurance companies, building and loan companies and millions of middle-income men and women whose savings have been put into the independent purchase of homes. For when the Government makes cheap money available, nobody can beat the Government at offering cheaper money.

Again I may state parenthetically, I would say on bended knees, if it were necessary, to every American veteran, "Believe the truth of that comment, that you cannot compete with a Federal Gov-

ernment which takes from the substance of the people who make up this great country of ours."

Mr. President, another newspaper in Washington, D. C., is the Times-Herald, generally an opponent of the administration and of the President, but a great newspaper. Its lead editorial today is headed "Kill That Bill." The editorial begins as follows:

The Senate is scheduled to vote today on S. 2246, the so-called "Housing Act of 1950." This bill should be knocked on the head and forgotten.

It contains, for instance, the proposition to create another huge class of sucker-citizens who are to be bound to the wheel of Government under the false impression that they can get something from it for nothing.

It continues:

All this, supposedly to relieve the housing shortage.

In fact, United States taxpayers, including the ones who submit to the so-called cooperatives, are underwriting the whole thing.

Again, Mr. President, I would say parenthetically, "Oh, you American veterans, appreciate that fact, which happens to be mentioned by the Times-Herald as it is being mentioned all over the country by thoughtful people everywhere."

The editorial goes on:

In fact, United States taxpayers, including the ones who submit to the so-called cooperatives, are underwriting the whole thing. Any loss is on them. But any gain goes to the exceptional fellow who is smart enough to shift his obligations to the next one who gets into the cooperative in his place or just repudiates the whole thing.

Of course, the absurdity of this undertaking is obvious on its face.

The Times-Herald calls the proposition an absurdity. I can only speak for the junior Senator from Washington, who, had he not used the "absurd," would have called this section dangerous and unnecessary, and certainly a disservice over a period of time to the very group of fine American citizens whom the section is designed to help.

There is a third newspaper in Washington, D. C., the Washington Post. Its editorial of this date carries the headline, "Co-op housing bill." Toward the end of the editorial—for I seek to take from the editorials not repetitious comment—it has this to say:

Closely related to this point is the question of whether the Government should, as a matter of policy, offer mortgage money at 3½ percent to co-ops when private builders must pay 4½ percent under FHA.

Mr. President, I wish that the Senate, instead of having agreed to vote on this most fundamental matter at 4:30 this afternoon, could have allowed weeks, if necessary, for the debate—I wonder whether Senators appreciate that the contingent liability of the Government today under the Federal Housing Administration and under the Veterans' Administration, with reference to the guarantee of mortgages at 4 and 4½ percent, runs to approximately, I think, \$18,000,000,000. There are several million American veterans who have not thought it unreasonable to borrow money, under the VA loan guarantee, at 4 percent, in order that they may own a home. The maturity on such loans runs

from 20 to 25 years, and yet under title III of the bill we are saying to that same American citizen—and he happens in this case to be a veteran—"Do you, or do you not want to become a sucker-citizen, as the Times-Herald suggests in its leading editorial this morning? Why pay 4 percent over a period of 20 or 25 years, under which terms you are expected to be self-reliant and to pay off your obligations and to leave a paid-up estate to your wife and children. Why do that? Here is an attractive cooperative venture. The same government that requires you as a veteran to pay 4 percent in 20 years under the VA will make it available to you, at a guess—the most liberal guess made by any proponent—of 3¼ percent." There is a great difference between 3¼ and 4 percent. But, what is much more sinister, I think, so far as the veteran is concerned, is that the cooperative title III will permit him 50 years in which to pay off the mortgage, when he gets but 20 to 25 years in which to pay it off under other competing Federal agencies. And at the end of 50 years, which I may say will not bother the average American veterans, because he will long since have gone to his fathers, the mortgage under title III can be refinanced and extended to 60 years. If that does not solve all the problems which may occur 60 years from now, they can extend it for another 3 years. If Senators had the time which we ought to have agreed with ourselves to take for discussing this subject, we would have explored the question of whether there is reason or insanity in permitting the Federal Government, in a day of financial stress, to create a competitor within its own system.

Moreover, can any man who is prepared to vote for title III begin to say with any degree of accuracy what the adverse effect of the passage of title III will be on the \$17,000,000,000 or \$18,000,000,000 of contingent liabilities under housing programs and guaranties already made available to the American people by the same Federal Government which this afternoon seeks to create a corporation called a cooperative?

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

The VICE PRESIDENT. Does the Senator from Washington yield to the Senator from New Hampshire?

Mr. CAIN. I am happy to yield to the Senator from New Hampshire.

Mr. TOBEY. The disparity which the Senator suggests in interest rates available under the proposed legislation to the so-called middle-income group putting it as mildly as he can, constitutes, in his and my opinion, does it not, a gross injustice?

Mr. CAIN. First, I may say to my colleague, the Senator from New Hampshire, it creates a tremendous injustice to the American people. Second, it is an injustice to the people who will be encouraged to take advantage of rates to which they are not entitled. Again, it is obviously a great disservice and an injustice to the great bulk of the American people who will be expected, out of

their earnings, to provide special privileges to another group of American citizens.

Mr. President, I should like to read the remainder of that paragraph, which aroused my vehemence and my indignation on this question of interest rates and maturities:

In addition to that favored treatment—

Referring again to interest rates and maturities—

the Sparkman bill would set up a special agency to give technical assistance to housing co-ops and to make advance planning loans to them. In order—

How important it is for us to think about this.

In order to take advantage of these benefits, groups having no cohesive unity might be encouraged to venture into cooperative housing.

Again I state parenthetically, Mr. President, I have many reasons for opposing title III, but the one stated by the Washington Post is to my mind a major one.

If title III becomes the law of the land, we shall be saying to persons who never heard of cooperatives in the communities and States in which they live: "This law tells you to begin to think about the desirability of living in a group society as opposed to living in your own single house with your wife and your family."

Mr. President, there are certain factors which, to my mind, have made America the envy not only of the world but of ourselves, if we stop to think about the matter, and some of those factors are the self-reliance, the energy, and the courage which are the attributes of a nation of home owners. This afternoon, at 4:30 o'clock, it is being proposed that the Federal Government shall be the agent used to encourage people to disregard the blessings and the magnificent benefits which have come out of our past.

The editorial goes on to say:

We cannot help thinking that the bill provides too much nursing for a movement which, after all, owes its strength to private initiative on a cooperative basis.

A futile attempt has been made to place those of us who oppose this provision in the position of being opposed to cooperatives. But we are not. I believe as much in the right of a cooperative association to be formed as does the Washington Post, but I think it is wholly illegitimate, singularly evil, to have the Federal Government using tax dollars from everyone else to give preferential benefits to a cooperative movement as a result of Federal intervention, initiative, and special dispensation.

I read further from the editorial:

In this connection it is well to remember that the present law gives cooperatives an opportunity to operate under FHA. Senator Tobey makes a strong case for further perfection of this method instead of launching a new rival program.

Mr. President, it is my understanding that if the motion to strike title III shall not prevail, the Senator from New Hampshire [Mr. TOBEY] and the Senator from New York [Mr. IVES] will offer

an amendment to perfect the cooperative intention under prevailing provisions, instruments, and procedures of the FHA.

There is another newspaper in Washington, D. C., Mr. President—the Washington Daily News. So far as I know, it has not editorialized on title III, but I thought my colleagues would like to have brought to their attention what three editorial boards, out of four, in the Nation's Capital think about the proposals which we are to consider from now until 4:30 o'clock this afternoon.

Mr. President, the Christian Science Monitor is generally thought of as being about as sound, fair, and reasonable as is any newspaper in the United States of America. If my mind does not betray me, the Christian Science Monitor was a strong supporter of the subsidized public housing bill which was passed and became law during the last session of the Congress. But, with reference to title III, the Christian Science Monitor says it would be unwise and not in the public interest for this proposal to be favorably acted upon in this session of the Eighty-first Congress. I shall read one paragraph only from the editorial appearing in the Christian Science Monitor of Saturday, February 25:

It is not surprising that various features of this proposed legislation have excited controversy. There is considerable basis for the charge that it is another rather thinly disguised subsidy, calculated to elicit support from that large portion of the electorate which is held to be the backbone of the economy, the middle-income group. The question naturally arises why this group, which pays such a heavy proportion of the taxes, should get what amounts to a subsidy paid for largely by themselves.

Mr. President, I should like to hear any Senator of fair mind say that the subsidy and the payments are not going to come partly out of those persons who will benefit from the passage of title III.

Mr. President, Life magazine, which, so far as I know, is very independent in its thinking, is sometimes tremendously in favor of an administration proposal, but sometimes it has also editorialized in opposition, as it did in last week's issue. I should like to read from that editorial, which is entitled "Leaky Housing."

The proposed middle-income housing legislation actually promises to treat equals unequally.

Mr. President, I think it does.

The bills now pending before the Banking and Currency Committees of the two Houses of Congress would make home-purchase money available at 3 percent interest to citizens in the middle-third income bracket (roughly \$2,700-\$4,400 a year). In addition to the low interest rate the bill would provide amortization of loans over a 50- or even a 60-year period. But to get this easy money the applicant must first elect to become a member of a Government-financed housing cooperative. This is where the discrimination between equals comes in. For, where a cooperatively minded householder would be getting his money at 3 percent with a lifetime to pay it off, middle-income people who prefer to obtain houses on their own would still have to pay 4 percent or more, even with FHA help.

The VICE PRESIDENT. The time of the Senator from Washington has expired.

Mr. CAIN. Mr. President, I think the Senator from New Hampshire will yield me two additional minutes.

The VICE PRESIDENT. Does the Senator from New Hampshire yield two additional minutes to the Senator from Washington?

Mr. TOBEY. I do.

The VICE PRESIDENT. The Senator from Washington is recognized for two additional minutes.

Mr. CAIN. Mr. President, I continue reading from the editorial:

As for the 1,750,000 veterans who are now getting housing money at 4 percent with a 25-year amortization privilege, many of them are in the middle-income brackets. Would they take the sight of other middle-income people getting 60-year amortization money at 3 percent without screaming to high heaven about the very obvious injustice of it all?

Mr. President, I shall make reference only to the fact that in a very thought-provoking editorial entitled "Economics and Finance," appearing in the New York Times of Monday, February 27, 1950, we find that that great medium of public expression which was so strenuously in support of the passage, in the last session, of the subsidized low-rent housing program, sees fit totally to disagree in this instance with the proponents of title III. The basis of its contention is that it creates unfair competition among existing Government agencies, and, in the long run, will turn out to be a great disservice to all American citizens, who, sooner or later, must pay and satisfy the obligations which are imposed upon them by those of us who speak in their name on the floor of the United States Senate and in the House of Representatives.

Mr. MAYBANK. Mr. President, I desire to yield 5 minutes to the junior Senator from New York and, following that, 15 minutes to the Senator from Idaho.

The VICE PRESIDENT. The junior Senator from New York is recognized for 5 minutes.

Mr. LEHMAN. Mr. President, I rise in support of the Maybank substitute for Senate bill 2246. I should like to say at the outset that I am opposed to the Tobey-Ives substitute. I am opposed to it because it is merely a legal impersonation of the real thing. It would not and cannot provide housing—either sales or rental units—at the low cost which is essential if we would do what we are setting out to do—build adequate housing for middle-income families. By requiring an interest rate of 4½ percent and an amortization period of 40 years, the Tobey-Ives bill cuts off its own means to spite its purpose.

There is no point, Mr. President, in providing new sources of credit or additional sources of credit for lending institutions and building and loan associations just for the sake of providing more credit, or in order to make a gesture toward cooperative housing. Cooperative housing, itself, is meaningless unless it can provide better housing at cheaper prices, the kind of housing that is needed for the middle-income groups.

There is already provision in the present housing act for cooperative housing. The law contains the necessary words. But words are meaningless unless they carry within them the promise of the kind of program which can work, and fulfill the purposes we have in mind.

There is nothing magic in a housing cooperative, except that profits are not permitted. But the cooperatives must be able to make real savings in the services they can provide for their members, or else the cooperative is meaningless. There would be no purpose, Mr. President, in forming a housewives' grocery cooperative, if the cooperatives were required to buy groceries at the corner grocery store, at the prevailing prices.

No, Mr. President, the cooperative must have some advantage for the members. It must enable them to do as a group what they could not do as individuals. That is the whole purpose of a cooperative. It is the whole purpose of the Maybank substitute.

That is why, Mr. President, some of the opponents of this legislation say plausibly that they are not opposed to cooperative housing as such. Oh, no, Mr. President, they are not. But what they do oppose is permitting the cooperative housing ventures to obtain the two most essential elements of cooperative housing—capital and credit—at rates which are low enough to enable these cooperative groups to serve the purpose for which they would be organized under this act.

We are told by lending institutions that the Federal Government must not make direct loans to individuals or even to cooperatives—that they say, is socialistic. And yet we find that under the existing FNMA program, a lending institution can make a loan to an individual, taking his mortgage as security. The lending institution can then turn immediately around and sell that same mortgage to FNMA. This is nothing more or less than a thinly disguised loan from the Federal Government, with the middleman making his profit without incurring any risk.

Recently Mr. Rodney Lockwood, former president of the National Association of Home Builders, told the Senate Banking and Currency Committee, that cooperatives "should not be provided directly or indirectly with Government subsidies, or special financing or tax devices available only to them and not freely available to all other citizens or other forms of business enterprise."

This is the philosophy of the opposition. It is perfectly all right, according to these people, for the lending institutions to be provided with special Government subsidies, credits, insurance, and other aids, but to grant special and suitable aids to cooperatives is wrong.

Mr. President, if we are going to provide middle-income housing, we must provide it by the formula worked out so carefully and so painstakingly by the Banking and Currency Committee, or we are not going to provide it at all. Let us not deceive ourselves. Let us not deceive the American public. Let us not deceive the middle-income families of America.

The Maybank substitute is the answer, Mr. President. It is the only answer

which is before the Senate. There are no hobgoblins hidden away in its pages. There is no socialism tucked away in title III. It is a good bill, a sound bill, and a practical bill. As I explained at such great length to the Senate yesterday, there are no tax exemptions or other secret weapons given to cooperatives in this legislation.

The VICE PRESIDENT. The time of the Senator from New York has expired.

Mr. LEHMAN. May I ask for a half minute more?

The VICE PRESIDENT. The Chair cannot give it to the Senator.

Mr. LEHMAN. I ask for a half minute more.

Mr. SPARKMAN. I shall take the responsibility of yielding a half minute more to the Senator from New York.

The VICE PRESIDENT. The Senator is recognized for a half minute more.

Mr. LEHMAN. All that is done is to make it possible for middle-income groups to band together to take advantage of special Federal aids which are offered because it is in the national interest to provide adequate housing for these people. This is no hand-out, and no give-away. It is just forward-looking Americanism, and I hope the Senate will approve the substitute bill.

The VICE PRESIDENT. The time of the Senator from New York has expired. The Senator from South Carolina has yielded 15 minutes to the Senator from Idaho.

Mr. TAYLOR. Mr. President, I am not a member of the subcommittee of the Committee on Banking and Currency. However, I have a very keen interest in housing. As one who has never lived in a new house, I believe it would be nice to live in one some time, and I should like to see other people have the opportunity, at least, of living in a new house, just to see how it felt.

I have a brother in California who is in the middle-income group which we seek to help here today. He is a railroad engineer. Naturally, he and his wife wish to live decently. They have three young daughters, who are growing up, and they bought a house—if it can be called a house. In reality it was a converted chicken coop. That is not a figure of speech. It had been a chicken coop, which was converted into a house, the walls being 4 inches thick, of 2-by-4 construction, with siding on the inside and outside. The house practically fell down on them. Termites got into it. They had to get it fixed up as best they possibly could. Then they decided to get something more substantial and they sold the house, they bought another house. It is quite a nice house, an old house. In fact, about 2 weeks ago my brother, in trying to repair the roof, fell off the ladder and broke his arm. Nevertheless, even a house in that shape was so expensive for my brother, who, as I have said, is in the middle-income group, that he has had to work 16 hours a day, very often, as a railroad engineer. It is practically ruining his health. It probably will ruin his health if he keeps it up for any extended period of time. To show how desperately people crave a decent place in which to live, in order

to pay for the home, my sister-in-law is working in a hospital. She is working very hard. She should not have to do that, to leave her girls, who are growing up, without the constant care of a mother. But in order to try to hang on to this house, she is doing what I have recounted.

Mr. President, I do not believe that should be necessary in this great, rich country of ours. My reason for coming to the United States Senate, the only reason why I ever decided to run for office, was the fact that I felt there was no logical reason for people in this country to be deprived of a decent living when there was plenty available on every hand. It takes action by Congress to make the plenty, the abundance, which is in our country, available to the people, by means such as this cooperative housing provision, then I certainly am for it.

The Senator from Washington [Mr. CAIN] quoted at some length from newspaper editorials. It seems the newspapers are against this cooperative-housing provision. I can only say that if I were going to let such things influence my thinking, the fact that the newspapers were against it would seem to convince me that it must be all right, because the newspapers have been against me, and I know I am all right. They have been against me about 100 percent in the State of Idaho. They were about 95 percent against Roosevelt, and I always thought he was all right. They were about 98 percent against Mr. Truman, and I think he has been doing an excellent job since early 1948. Before that I thought he was somewhat bogged down, but I believe he has his feet out of the mud now, and is doing all right. So I for one am not going to be particularly influenced by what the press has to say about this proposal.

Mr. President, there seems to be a great deal of worry about bankers and the building and loan associations and the insurance companies not going to be able to invest their money profitably. I have a few friends who are bankers and insurance agents, and some who are interested in building and loan companies, and I would like to see them do all right, and they are doing all right. I do not believe that making cooperative-housing money available to the middle-income groups is going to bankrupt or seriously affect the fortunes of my friends who happen to be in the lending business. All through history, from what I can discover, the lenders have never suffered very greatly, but have always done pretty well.

It seems to me that title 3 of the bill is very essential. Those who come under it do not qualify to get housing as low-income groups. They cannot pay the prices demanded, if they do not get the low-income group housing benefit, as I have demonstrated with my brother's case. In fact, my brother is very seriously considering getting rid of the very decent house in which he is living, because it is killing both him and his wife in their attempt to keep up the payments.

I hope the Senate will pass the pending bill, and perhaps my brother and thousands of other people's brothers throughout the Nation who are in the same predicament, who want to be respectable citizens, who want to live up to the middle-class standing which they inherit, can benefit from this cooperative-housing provision. It is my understanding that it not only will make available funds to build apartment houses, cooperative housing, so to speak, under one roof, but it will also make it possible for groups of people to join together and build a subdivision, in which they can have individual houses, and obtain the savings which are provided under the title.

Furthermore, they can buy their building supplies cooperatively in large quantities, which will enable them to save in that respect.

Then they can get together in the fashion of our forefathers and help each other with the construction of their houses wherever they do not meet with too strenuous opposition by reason of the regulations of the unions involved, and I would hope that the unions would be very lenient and tolerant of these people who are trying to help themselves.

Mr. President, housing is just about the most important item in our existence. Next to food, I would say it was the most important. So I very sincerely urge that my colleagues give their sympathetic attention to this provision of the bill.

I believe that nothing can do more to make our people satisfied, to make them enthusiastic about our free democratic way of living, than to do everything we can, as the Congress, the ruling legislative body of the country, to see to it that people have an opportunity for decent housing.

The people of Sweden have gone in quite extensively for cooperative housing. A group of Senators from the Banking and Currency Committee went to Sweden last summer. Unfortunately, I was not in a position to travel with them. I wish I could have done so. The people of Sweden are certainly doing a very excellent job of fighting ideologies to which we are opposed. Although they are right under the gun, so to speak, right next door to the Russian bear, nevertheless, because the Swedes do take care of their people by cooperative means and by other practical means, they have a miraculous standard of living, if one takes into consideration the resources available to our friends the Swedes, compared with the resources available to us in this great country.

I think we should profit by the example set by our friends in Sweden and do everything we can for the people of our country by means of cooperatives and through other methods which some of our friends like to call socialistic, or even communistic, for that matter. The Swedes go in for cooperatives in a big way. Considerable Swedish industry is owned by the people. Nevertheless, they have a high standard of living. They do not have a dictatorship. They have

a great deal of private enterprise, and it is on a sound basis.

I feel that if we are going to maintain our free democratic way of life, if we are going to maintain our democratic political system, if we are going to prevent spread of alien ideologies in this country, the one thing we must do is see to it that our people are well-housed, well-fed, well-clothed, have an opportunity for a decent education, and medical care. If we will do that I am certain that we will have nothing to worry about in this great country of ours. We will not have to transform ourselves into a totalitarian state, as some people seem to want us to do, in order to maintain our way of life.

We cannot simply legislate against the subversive activities that would seem to threaten us. We must legislate for the things that make people desire our way of life more than the other way of life.

The PRESIDING OFFICER (Mr. GILLETTE in the chair). The Chair recognizes the Senator from New Hampshire.

Mr. TOBEY. Mr. President, I yield 20 minutes to the distinguished Senator from Arkansas [Mr. FULBRIGHT].

The PRESIDING OFFICER. The Chair recognizes the Senator from Arkansas for 20 minutes.

Mr. FULBRIGHT. Mr. President, I realize that the pending bill has been very thoroughly covered in its general aspects. There are two or three points particularly to which I wanted to refer. One point especially was raised yesterday with regard to the interest rate, and there seemed to be some difference of opinion among those on the floor as to what are the provisions of the bill with regard to the probable interest rate. I wish to comment on that at this time.

The National Mortgage Corporation for Housing Cooperatives would have greater control over the kind of housing it would finance and the timing of its operations than existing agencies have for the most part. The Corporation would be in a stronger position to enforce standards in the public interest and to audit costs. It would also be in a position to minimize the inflationary influences of building it financed. All these advantages could, of course, be nullified if the program were used, as other programs have been used, to satisfy housing demands faster than is economically desirable. In other words, I think the timing of the whole program a very basic and important element.

In general effect, the cooperative financing plan is closely similar to much of the financing now being done with FHA-insured mortgages, although the mechanism used would be different. Under the FHA plan, private lenders advance their own money on mortgages covering either existing properties or properties to be built. The loan may represent not more than 80 percent of the value of an existing house, as determined by FHA, and if Senate bill 2246 is enacted, may be as high as 90 or 95 percent of FHA's estimate of value in the case of new construction, which, according to many, may be equal to or

greater than actual construction cost. The loan may bear interest at not more than 4, 4½, or 5 percent, depending on the transaction involved, and may run for as long as 20, 25, or 32 years.

In addition to interest, the borrower under an FHA mortgage pays an annual insurance premium of one-half of 1 percent, in most cases, of the average outstanding principal. Out of this premium FHA pays its operating expenses and sets up a reserve fund to pay losses. Credits to this reserve have apparently amounted to about one-fourth of 1 percent of outstanding balances. If a mortgagor defaults, the mortgagee has the task of foreclosing. After foreclosure, he may turn the title over to FHA and in exchange obtain debentures payable by FHA and fully guaranteed by the United States, which are negotiable, bear interest at not more than 3 percent, and mature 3 years after the maturity of the defaulted mortgage. In practice, FHA has called such debentures very soon after issue. It is that difference, the very important difference between the way the mortgagee is treated, and what he has to do in the case of FHA, and what would happen under the proposal in title III, about which I think there was some confusion yesterday.

Under the cooperative financing plan, the proposed National Mortgage Corporation for Housing Cooperatives would obtain its initial capital of \$100,000,000 from the Treasury, as other housing agencies such as FHA, HOLC, and the Federal home-loan banks obtained their capital, and would be authorized to have outstanding eventually not more than \$1,000,000,000 of debentures. These debentures would not be guaranteed, but would provide that, if the Corporation defaulted on its debentures, it would exchange them for debentures fully guaranteed by the United States which would be negotiable, bear interest at not more than 3 percent, and mature 3 years after the maturity of the original debenture.

Cooperative associations or nonprofit housing corporations would be able to borrow from the Corporation only for the construction of housing for middle-income families. Before borrowing from the Corporation they would be able to obtain a certain amount of technical assistance from the Housing and Home Finance Agency, and, if the project looked sound, a loan for planning and development from the HHFA, which would be paid off from the proceeds of loans from the Corporation.

Property loans from the Corporation would run for as long as 50 years, and would provide for possible extensions to a maximum of 63 years. The loans would bear interest at the rate determined by the Corporation so as to cover the cost of money to the Corporation, operating expenses, any reserves the Corporation might decide on, and a sum equivalent to one-fourth of 1 percent of the outstanding loan balance to be credited to an insurance fund against which losses on mortgages would be charged.

The maximum amount of loan would be the cost of the borrower's project, but the borrower would buy stock in the Corporation equivalent to 2½ percent at the

time of application, another 2½ percent on completion of construction, and 5 percent during the succeeding 20 years. When the loan had been paid down so that the remaining balance was equal to the amount of the borrower's stock, the stock could be applied as payment in full. The report of the Senate Committee on Banking and Currency calculates that a 50-year loan would be paid off in this way in 36 years. When the private capital in the Corporation amounts to one-half of the Government capital, the Corporation would begin retiring the Government capital.

Mr. President, I hope the statement I have just made will clarify the question about the interest rate which may be charged by the proposed Corporation.

Senate bill 2246 is the latest, and I think probably not the last, of a series of legislative actions and proposals designed to provide special Government aid to enable the American people to obtain housing of higher quality and at lower prices than might be available without such aid.

The major question is whether this chain of development, in which Senate bill 2246 is the latest link, has gone further than is necessary and is leading to the establishment of special privilege groups and to the accumulation of financing procedures which will operate as inflationary stimulants, with the danger of overbuilding and a subsequent collapse of values.

Mr. President, I think the analogy which has been referred to in the debate on the floor, as between this bill and the HOLC, is a completely erroneous one. The circumstances of the initiation of the HOLC were exactly the opposite of the circumstances which exist today. The objection of the Federal Reserve Board to this proposed legislation is primarily, I think, on the ground of its influence upon the fiscal situation of the Government.

In that respect, I wish to say a word with regard to the committee. At the last minute, in fact, on the last day, after the hearings were closed, and when the committee were seeking to mark up the bill, the committee asked the Federal Reserve Board to submit its opinion on the proposed legislation. It had not been submitted to the subcommittee on housing and had not been studied by the members of the committee. The Chairman of the Federal Reserve Board, Mr. McCabe, came before the committee and submitted a report disapproving of title III of the proposed legislation.

Later, because of the long experience of the former Chairman of the Federal Reserve Board, Mr. Eccles, I sought to have him appear before the committee and give his personal views about this proposed legislation. As everyone knows, he was Chairman of the Board of Governors of the Federal Reserve System for many years—from 1936, as I recall, until last year. The committee voted against having any further statements. So I personally requested a statement from former Chairman Eccles on the question of the effect of the proposed housing finance on the Federal Reserve policies. By that I mean particularly

what would be the effect of the issuance of the debentures by the proposed corporation upon the policies of the Federal Reserve System, which as everyone knows are supposed to bring about as much stability in our economic system as they possibly can.

The province of the Federal Reserve System has been greatly complicated by the enormous size of the national debt, and they now have difficulties in combatting a tendency to inflation. So I think this statement is a very good one. Unfortunately, under the time limitation under which we are operating, I do not have time to read it. Therefore, I ask unanimous consent that it be printed at this point in the RECORD, as a part of my remarks. I want to make it clear that this statement was furnished by Governor Eccles at my request.

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

EFFECT OF HOUSING FINANCE ON FEDERAL RESERVE POLICIES

STATEMENT PREPARED BY REQUEST BY MARRINER S. ECCLES, MEMBER OF BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

Under title III of Senate bill 2246—the Housing Act of 1950—the obligations which would be issued by the proposed National Mortgage Corporation for Housing Cooperatives would compete directly with Government securities in the money market. They would be purchased largely by banks and other investors, which otherwise would probably hold Government securities. As a result, either the Federal Reserve would have to purchase additional Government securities, thus creating new bank reserves, or prices of Government securities would decline, i. e., interest rates would rise.

Although the protective aspects of the Corporation's obligations authorized by the bill are designed to be similar to those of FHA mortgage insurance, there are important differences between the two. Apart from the original capital of the Corporation, the funds extended by the Corporation would be private funds, but the ultimate lender, i. e., the purchaser of the debenture, is more adequately protected against difficulties and risk of loss than is the mortgagee or holder of an FHA-insured mortgage. If the Corporation defaults on a debenture, it itself makes the exchange for a guaranteed debenture, whereas if an FHA mortgagor defaults on his mortgage, FHA makes the exchange of the mortgage for a guaranteed debenture after the mortgagee has foreclosed and obtained title to the property. It would be reasonable to expect, moreover, that the Corporation would have less occasion to make use of the guaranty because, while FHA issues guaranteed debentures for every individual mortgage which is foreclosed, the Corporation would not have to issue guaranteed debentures in exchange for its other debentures until a very large proportion of its mortgages had gone bad and its capital, surplus, and reserves had been impaired to a point where the Corporation could not meet its obligations.

For these reasons and because of the other safeguards, the Corporation's debentures issued to obtain new funds should have an even more favorable market than the obligations of other Government Corporations, such as Federal Land Banks, which are not protected in the same manner, and would be in effect the same as guaranteed Government securities. The competition which would arise in the market between Government securities and obligations of the Cor-

poration would, therefore, be very direct. Most of the buyers of the debentures would be banks, institutions, and other investors that would probably otherwise hold Government securities.

As the bill stands, the Corporation would have a great deal of discretion about the gross interest rate to charge borrowers and the mortgage maturities to permit. The Corporation would probably be able to borrow at slightly above the long-term Government rate, and the lowest gross rate to borrowers might be little over 8 percent, although it would have the authority to charge higher rates and build up reserves. On the other hand, by issuing short-term debentures, the Corporation might get its money as low as $1\frac{1}{4}$ or $1\frac{1}{2}$ percent, which might permit a gross rate much lower than 3 percent.

If the Corporation were to obtain funds for long-term mortgage lending by borrowing substantial amounts on short-term obligations, it would not only run the risk of adverse market fluctuations, but it would in all likelihood obtain these short-term funds largely from expansion of bank credit. This could be undesirable in a period when general credit policy was directed toward limiting expansion of bank credit.

In view of the safeguards with respect to capital of the Corporation and insurance reserves against the debentures included in the law, it is unnecessary to add the undesirable feature of what is in effect a direct Government guaranty of the debentures. The Corporation should be able to borrow on terms just as favorable as the Federal land banks and the home-loan banks, which now have no such guaranty. The debentures then would be more truly of the nature of private obligations and compete less directly with Government securities.

The practice of issuing securities guaranteed by the Federal Government was abandoned many years ago because such issues came to be viewed as practically the same as direct Government obligations and were an indirect means of keeping the expenditures out of the budget. Issuance of guaranteed obligations has the same effect as an increase in the public debt. Investors buying the new securities might sell direct obligations of the Government. Either the prices of Government securities would fall and interest rates rise or the Federal Reserve would have to support the market by buying securities, thus creating bank reserves.

Action by the Federal Reserve of this nature might at times be inconsistent with major aims and statutory obligations of the Federal Reserve. An excellent description of the appropriate aims and procedures of Federal Reserve policies is given in a recent report of the Subcommittee on Monetary, Credit, and Fiscal Policies of the Joint Committee on the Economic Report, after conducting a comprehensive inquiry under the chairmanship of Senator DOUGLAS. This description may be summarized and paraphrased approximately as follows:

The role of the Federal Reserve in our economy is to supply the banking system with adequate lending power to support a growing and relatively stable economy and to exercise restraint upon excessive credit expansion that will lead to instability. This task has been made exceptionally difficult by the tremendous wartime growth of the public debt, the pervasive distribution of Government securities among many holders, and the tendency of these holders to view their securities as liquid assets readily convertible into money to be spent or otherwise invested. Attempts to sell these securities, unless buyers are readily available, tend to lower their prices, which means a rise in interest rates. In the absence of a demand by other investors, declining prices can be prevented only by Federal Reserve purchases. But any expansion of Federal Reserve credit has the

effect of supplying banks with additional reserve funds, on the basis of which the banking system by lending or investing and relending can expand bank credit, and the volume of money, by many times the amount of the reserves supplied.

This process of monetary inflation can be somewhat restrained by limiting Federal Reserve purchases of Government securities. As the Douglas subcommittee report pointed out,¹ "the essential characteristic of a monetary policy that will promote general economic stability is its timely flexibility." But Federal Reserve policies cannot be varied in response to changing needs without affecting interest rates. For the Federal Reserve to endeavor to maintain a rigid level of interest rates would mean supplying all credit demands in time of expansion and absorbing all of the unused supply of credit in times of contracting demands. Such policies would tend to create instability, because they would tend to reinforce both the expansion and the contraction phases of economic fluctuation.

Another general point which should be kept in mind is that there are many interest rates which reflect, on the one hand, varying degrees of risk and liquidity involved in different obligations and, on the other hand, the supplies of funds that may be seeking relative safety and liquidity at the sacrifice of higher return or vice versa. For example, the Treasury can borrow at between 1 and $1\frac{1}{4}$ percent on short-term obligations and at less than $2\frac{1}{2}$ percent on long-term bonds, while business borrowers at banks pay from $1\frac{1}{2}$ to more than 6 percent, depending on the size and risk of the loan, and consumer loans carry higher interest charges. These differences in the structure of interest rates must be taken into consideration in the determination of Federal Reserve policies.

What bearing do these observations have on housing finance and housing legislation? An important aspect of most of the housing legislation of the past two decades has been to make it possible for lenders to tap money markets at lower rates of interest and on more favorable terms than were previously available. These were and are, on the whole, desirable aims, as institutional arrangements in the mortgage market have had much need for improvement. Particularly during periods of depression and substantial unemployment it was most helpful to facilitate the flow of available investable funds into the mortgage market at reduced rates of interest. It is quite another matter, however, to adopt measures which will lead to the creation of new money to finance construction at a time when activity is already fully utilizing available supplies of material and labor and prices are higher than a large portion of potential buyers can afford.

The aim of many of the measures adopted and proposed has been to lower the cost of housing by obtaining low interest rates on mortgages—an important cost of home ownership. This is generally done by attaching some sort of Government insurance or guarantee to the mortgages or to the obligations of mortgage lending agencies or by providing facilities for increasing their liquidity. One result is that these obligations can tap sources of loanable funds that would otherwise not have been available to them. The lower rates and increased availability of funds tends to stimulate borrowing.

Obligations guaranteed or insured by the Federal Government are to a considerable degree competitive with Government securities; therefore an increase in such obligations is likely to result in a decline in prices of Government bonds, i. e., a rise in interest rates. In the absence of a large unused sup-

¹ Monetary, Credit, and Fiscal Policies, report of the Subcommittee on Monetary, Credit, and Fiscal Policies of the Joint Committee on the Economic Report, January 23, 1950, p. 19.

ply of loanable funds in that sector of the market, the only way a general rise in interest rates could be avoided would be by Federal Reserve purchases of Government securities, which would mean the creation of new money.

Thus the issuance of additional amounts of obligations directly or indirectly guaranteed by the Federal Government would have the effect either of depressing the prices of Government securities or of requiring creation of supplies of new money by the Federal Reserve. In the case of the first alternative, the benefits of lower interest rates expected by the sponsors of the measures to provide cheaper housing would not be fully realized and, in addition, all other Government securities would decline in price. In the latter case the inflationary policies might result in higher prices. Whether such a result ensues depends upon the general economic situation at the time.

It is because of these possible consequences that the Federal Reserve has a particular interest in housing finance and in the various legislative proposals that have been made. Their effects on the economy, and perhaps their success in accomplishing their objectives, will in the final analysis influence, or be influenced by, Federal Reserve policies.

While the monetary consequences of financing the amount of debentures proposed under the present bill might be slight, the principle, however, is one which, if adopted in a moderate amount for one purpose, might well be extended in magnitude and scope. It is difficult to provide special privileges to one group and deny them to others. This principle, if widely adopted, could unduly stimulate housing construction at lowered interest costs and eventually undermine the values of existing houses and of mortgages outstanding against them. It would be at first an inflationary factor and ultimately lead to a deflation of values.

Mr. FULBRIGHT. Mr. President, along that line, and to show that one of the most responsible committees of the Congress feels as I do about the function of the Federal Reserve System, I wish to read one paragraph from the report of the Subcommittee on Monetary, Credit, and Fiscal Policies, of the Joint Committee on the Economic Report of the Congress of the United States. The chairman of the subcommittee was the Senator from Illinois [Mr. DOUGLAS]. This is a recommendation, I may say, which the committee made to the Congress in its report. I read now from the third paragraph on page 31:

It is the will of Congress that the primary power and responsibility for regulating the supply, availability, and cost of credit in general shall be vested in the duly constituted authorities of the Federal Reserve System, and that Treasury action relative to money, credit, and transactions in the Federal debt shall be made consistent with the policies of the Federal Reserve.

In view of that statement, made so recently by that very important committee of the Congress, it seems to me that the view of the Federal Reserve Board should have been considered more seriously and its suggestions with regard to this proposed legislation should have been given more weight. But, of course, as all of us know, that has not been the case; and there seems to be a very great difference of view as between the majority of the committee and the Federal Reserve Board.

I wish to point out here that this question was decided by the very narrow majority of one; the decision in the com-

mittee on reporting the bill and the vote in the committee on title III was carried by a majority of one. So there was a very deep-seated difference of opinion with regard to the validity of this particular section of the bill.

Mr. DOUGLAS. Mr. President, will the Senator yield for a question?

Mr. FULBRIGHT. I yield for a brief question. As the Senator from Illinois knows, I have only a few minutes.

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

Mr. FULBRIGHT. I yield to the Senator for a question.

Mr. MAYBANK. I was going to suggest that the time consumed as a result of the question the Senator from Illinois desires to ask can be taken from the time I have at my disposal.

The PRESIDING OFFICER. Does the Senator from South Carolina yield time for that purpose?

Mr. MAYBANK. I yield from my time whatever time may be taken from the time allowed the Senator from Arkansas by the question which is to be asked by the Senator from Illinois.

The PRESIDING OFFICER. Very well; it is so understood.

Mr. DOUGLAS. Mr. President, I take it that the Senator from Arkansas is aware of the fact that the Chairman of the Federal Reserve Board, Mr. McCabe, of whom I have a very high opinion, took the absolutely inconsistent position that the original \$2,000,000,000 provided for cooperative housing was inflationary, but that the \$3,225,000,000 provided for FHA was not inflationary. I submit that the Federal Reserve Board has been completely confused on this subject and has been riding its horses in opposite directions.

Mr. FULBRIGHT. Mr. President, in response to the Senator from Illinois, who of course is a very accomplished economist, I should like to say that as I read the statement of the Federal Reserve Board—not the debate in which the Senator from Illinois engaged, but the Board's statement, together with the statement of former Chairman Eccles, which I have just placed in the RECORD—I am unable to see the deep-seated inconsistency to which the Senator from Illinois refers.

The fact of the matter is that the statement of former Chairman Eccles and the statement of the present Chairman of the Federal Reserve Board, which did not go into this question to anywhere near the same extent as did the statement which I have just placed in the RECORD, make a very important distinction between the character of the securities to be issued by the proposed corporation, the new bureau which is to be created by title III, and the insurance of mortgages under the existing FHA program. In his statement Mr. Eccles points out how much more competitive these debentures will be, how much more like existing Government bonds they will be, how their tendency will be to drive down the price of bonds, which in effect will make the Federal Reserve System purchase those bonds, under the present policies of the Government—largely dominated, I may say, by the Treasury,

I think—in direct opposition to the recommendations of the distinguished Senator from Illinois in the report from which I have just read. A few moments before the Senator from Illinois entered the Chamber, I was recommending to the Senate that all Senators study carefully the report of the Senator from Illinois. In that report, which has dictated largely by the Senator from Illinois, Senators will see the true doctrine, which I think is entirely inconsistent with his present position with regard to the effect of title III of this proposed legislation.

The PRESIDING OFFICER. The Senator from South Carolina is advised that 3 minutes of his time have been consumed by the colloquy.

Mr. MAYBANK. I thank the Chair.

Mr. FULBRIGHT. Mr. President, if we are speaking of inconsistencies, I would say that the difference between the present position of the Senator from Illinois and the position of the Senator from Illinois in his own report with regard to this proposed legislation is much more marked than is the difference or the inconsistency between the position which the Federal Reserve Board took on the \$2,000,000,000 proposed in title III and the position it took on the \$3,000,000,000-plus under the other titles of this bill. I think the difference in the character of the financing that is to be used under title III is quite sufficient to distinguish it from the other method which is to be used, namely, that used for the insurance program under FHA. Certainly that point is made very clear, and I think quite persuasive, in the statement of Mr. Eccles, which I have just placed in the RECORD.

Mr. President, let me inquire how much time I have remaining.

The PRESIDING OFFICER. The Senator has 3 minutes remaining.

Mr. FULBRIGHT. Mr. President, I shall have to submit for the RECORD, without reading, certain of the material which I have before me. I desire to make a record. I wish to call the attention of the Senate to an article appearing in this morning's Washington Post, and in a moment I shall request that the entire article be printed in the RECORD. However, I wish to call particular attention to the last paragraph of the article, which quotes a statement made by the former Chairman of the Federal Reserve Board, Mr. Eccles, when he appeared before a congressional committee in 1947:

The more the backlog of demand for housing is filled at exorbitant prices now, the smaller will be the cushion under the entire industry when prices come down, and therefore, the more intense the deflation in the industry will be.

In other words, Mr. President, that is the central point, namely, that at this moment we have had a very satisfactory building program. A month ago everyone was complimenting the country on having maintained a million-unit pace last year, and I would say that everyone thought that was satisfactory.

Now, some persons desire to put on top of that an additional program, involving no one knows how much money, in the end, to step up that program, which will mean higher prices not only for the

newer homes but for all homes, because of the higher prices of material and labor. That will induce the instability which all of us say we do not like to have in our economy.

It seems to me, Mr. President, that it would be much better if we could try to maintain a fairly level building program, somewhere in the neighborhood of a million units a year over a period of 5 or 10 years, rather than to step up the program to a million and a half units a year now, and then have complete collapse after 3 or 4 years. I think the influence of this legislation, particularly title III, would be to make for much greater instability in the entire industry than there would be if we were to let it go along under the existing legislation; which I had thought we would do. That is the inherent evil of this kind of stepping up and pouring on in a situation which is already booming. I refer to the additional demand for housing.

Mr. President, I ask that the entire article from the Washington Post dealing with the subject be inserted in the RECORD at this point.

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

POLITICAL ECONOMY—PIECEMEAL—PLAN DANGER SHOWN IN HOUSING BILL

(By Ysabel and Robert Rennie)

The administration's controversial middle-income housing bill, which has been reported out of committee in both Houses, reached the Senate floor last Saturday.

There are really three housing bills. One was voted by the House last session; the second has just come out of the House Rules Committee; while the Senate bill embodies the provisions of both House measures. These bills are trying to increase the housing supply in several ways: (1) By guaranteeing larger loans to veterans (\$7,500 instead of the present \$4,000); (2) by providing very low interest rates on loans to housing cooperatives; (3) by lowering present high building standards for FHA mortgages in outlying areas; and (4) by increasing the amortization period on mortgages—that is, the time allowed for repayment of the principal.

The most controversial provision is that for direct loans to housing cooperatives. The legislation as now written would establish a National Mortgage Corporation for Housing Cooperatives. This corporation would make mortgage loans to housing cooperatives to provide homes for the middle-income group, those families making somewhere between \$2,800 and \$4,400 a year. The loans would run for 50 years, and bear interest at a rate the sponsors believe would not, at least for the initial loans, exceed 3 or 3½ percent.

THREE PERCENT INTEREST

Under the usual mortgage terms (20 year amortization, 4½ percent interest), a \$10,000 mortgage costs \$63.30 a month for principal and interest. A 50-year mortgage at 3 percent would only cost \$32.20. This difference would bring home ownership well within the capacity of present middle incomes in this country.

The question arises: Why do two-thirds of all families need Government assistance to afford decent housing?

The answer lies in the high cost of construction, a high cost, which goes back in large measure to the feast-and-famine nature of the industry. Low productivity, restrictive labor practices and speculation all arise from the same underlying cause.

The Government hopes to solve high-cost housing by low-cost mortgages. This policy, by making money cheap, has given builders fewer incentives to cut costs and has thereby contributed to the amount of water in post-war construction.

Today we are faced with the situation where the market for expensive houses has been tapped. If the building boom is not to collapse, there must either be lower costs or still cheaper financing. The housing bill proposes the second solution.

Under FHA's system of equal monthly payments on mortgages, very little is repaid in the first few years. The older system of amortization provided larger total installments at the beginning, when the house was new, and as the house grew older, the payments dwindled until the whole principal had been paid.

The FHA system, introduced at the bottom of the depression, has never had to meet the test of declining real-estate values. Suppose we extend this principle to 40- or 50-year mortgages, as the present bill proposes. The house would grow older, comparable rentals would decline, but the burden of monthly payments would be exactly as great in the forty-ninth year as when the house was new.

COSTS INFLATED

Today's housing costs are highly inflated. Under this bill a home buyer could commit himself to a lifetime obligation on the basis of a speculative home price. When the present housing boom is over millions of home owners will be struggling with mortgages higher than the value of their homes. They would be able to rent comparable quarters for much less than their monthly mortgage payments.

In 1929, just before the crash, mortgage debt in this country totaled a little over \$19,000,000,000. Today it is more than \$38,000,000,000.

When business activity declines, millions of home owners will default through no fault of their own. For most of the others the struggle to keep their homes will mean curtailed spending on food, clothing, and consumers' durables. By cutting off consumer spending when it is most needed, this will tend to intensify the decline.

The present legislation, however well-intended, shows the danger of piecemeal planning. In a clumsy attempt to get middle-income housing, it will have unsettling effects on our control of credit, the costs of building, our debt structure, and on the whole price level.

The bunching of construction in a speculative boom like the present one will only add to the instability of our economy. As the then chairman of the Federal Reserve Board, Marriner Eccles, told a congressional committee in 1947:

"The more the backlog of demand for housing is filled at exorbitant prices now, the smaller will be the cushion under the entire industry when prices come down, and therefore, the more intense the deflation in the industry will be." Plain talk, and very much to the point.

Mr. FULBRIGHT. I also have an editorial from Life magazine of March 13, 1950, entitled "Leaky Housing," commenting upon the same subject, which I think would be interesting to the Senate. I ask that it be inserted in the Record at this point.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

LEAKY HOUSING

Readers of this page are aware that we distrust the excessive spread of state welfareism. This week, however, we are taking a leaf from the welfarists' book and judging a pending administration proposal by their standards. The measure we have in mind is

intended to supply housing to so-called middle-income groups, and by accepted welfare standards it is a bad piece of legislation.

In the old days the ideal criterion of a good law was that it should apply to everyone impartially, whether poor, rich or of the "middle condition." But such Olympian evenhandedness could not withstand the march of history and the irony of people like Anatole France, who once remarked that "the law in its majestic equality forbids the rich as well as the poor to sleep under bridges." Under a changing conception of fairness, discrimination between classes has come to seem socially right when it is applied to such things as income-tax rates and aid to the needy. It has never been deemed right, however, to permit discrimination between people in identical categories: even the advanced state welfarist professes to believe that equals should be treated equally.

The proposed middle-income housing legislation actually promises to treat equals unequally. The bills now pending before the Banking and Currency Committees of the two Houses of Congress would make home-purchase money available at 3 percent interest to citizens in the middle-third income bracket (roughly \$2,700-\$4,000 a year). In addition to the low interest rate the bill would provide amortization of loans over a 50- or even a 60-year period. But to get this easy money the applicant must first elect to become a member of a Government-financed housing cooperative. This is where the discrimination between equals comes in. For, where a cooperatively minded householder would be getting his money at 3 percent with a lifetime to pay it off, middle-income people who prefer to obtain houses on their own would still have to pay 4 percent or more, even with FHA help. As for the 1,750,000 veterans who are now getting housing money at 4 percent with a 25-year amortization privilege, many of them are in the middle-income brackets. Would they take the sight of other middle-income people getting 60-year amortization money at 3 percent without screaming to high heaven about the very obvious injustice of it all?

If the new middle-income housing bill passes Congress it will, in effect, drive the general mortgage rate down toward 3 percent. Equals will insist on being treated equally. This would undoubtedly serve to stimulate the housing market, but what practical good would such stimulus do as long as the Nation is already in the ecstatic throes of a housing boom? One million new homes are in the works for 1950, and labor, lumber, contracting charges, and architects' fees are already sky high. The net effect of cheaper money would not be more homes; it would be costlier labor and more expensive Douglas fir and white pine with resultant hardship on all home builders, rich or poor.

Government has entered the area of housing to stay; even such antistatists as Senator TART are willing to vote for public-slum clearance and low-cost public housing. But in housing, as in other things, Government will do well to stick to the principle of treating equals equally. Otherwise, even by welfarist standards, Government will become an abhorrent monstrosity.

Mr. FULBRIGHT. Mr. President, I also want to call attention to a letter on this subject which I received today. It relates to a question which has been discussed in the committee, namely, that if we set the new interest rate lower than the existing rate of interest on FHA and VA, there will immediately be pressure to lower the interest rate and to give the same amortization terms as we are giving to the cooperative housing. In a letter I received, dated March 9, from the Director of the Veterans of Foreign Wars, he made exactly that

point; and here it is, before the legislation is passed, a letter in which he is already requesting that amortization terms of the VA mortgages be extended. I should say it would not be 2 weeks until all others interested in housing will be wanting to have the same privileges, which, as we said in committee, would have the effect of a general lowering of all interest rates on housing and, in the long run, would mean an increase in subsidy from the Federal Government. Furthermore, in the long run, there is serious question whether, having taken on these obligations at the very top of the building boom, there will not be a great loss to the Government. I think most of us are reconciled to there being a loss, but when we cut down the interest rate, all we are doing is to increase the ultimate loss to the Government. That is what I mean by saying we are increasing the subsidy. That would be the effect. The idea that there is some magic about lowering the interest rate, and that no one is going to have to pay for it, is a lot of nonsense. If that be true, why do we not eliminate entirely the interest rate and give them the money? If there is any logic in the idea that this is all net gain, and no one pays for it, then we ought to go on and abolish all of it and give everyone a house. That should be perfection to those who support title III.

Mr. President, I am not sure whether the editorial published in this morning's Washington Post, entitled "Co-op Housing Bill" was inserted in the Record. If not, I ask that it be inserted in full at this point in my remarks.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

CO-OP HOUSING BILL

Senator SPARKMAN's middle-income housing bill on which the Senate will vote today has many appealing features. It is designed to aid a group that is said to benefit little from the present FHA and public-housing programs. The bill would transfer most of the burden of financing the program from governmental to private shoulders. It would doubtless stimulate the cooperative movement which Americans have found useful in meeting many other economic problems outside the housing fields. Nevertheless, we are persuaded that enactment of the bill at this time would not be in keeping with the best interests of the country.

One significant fact is that a vast number of homes are now being built—most of them with governmental aid of one sort or another. The total reached more than a million homes last year; this year the estimate is 900,000 dwelling units. While it is true that a great many of these are beyond the economic reach of middle-income families, Senator SPARKMAN himself pointed out that about 51 percent of the homes financed with the aid of FHA in 1948 were purchased by families with annual incomes from \$2,400 to \$4,200. This is the group that the cooperative housing bill is especially designed to aid. Most of these low-cost FHA homes are in the low-building-cost areas rather than in the big cities. It should not be assumed, however, that the existing programs discriminate against middle-income families.

The major objection to giving cooperative housing associations the extremely generous incentives provided in the Sparkman bill is the one voiced by officials of the Federal Reserve Board and reiterated on the Senate floor by Senator TOBEY. The bill would permit

the proposed National Mortgage Corporation for Housing Cooperatives to lend co-ops 100 percent of the development cost of their projects over a period as long as 50 years at an interest rate estimated at from 3 to 3½ percent. If the program should prove to be successful, the effect would be to give our economic system a strong shot in the arm at a time when it is already operating in high gear. That is what the Federal Reserve officials told the committee in guarded technical language. "If amortization is stretched further to 50 and 60 years in periods of high activity like the present," said Winfield Riefler, the Board's chief economist, "you are setting a precedent throughout the mortgage market that might come home to roost very seriously." This is no time to court inflation. If the country were in a depression, the situation would be an entirely different one. The bill has been modified to meet this criticism in part, but we doubt that it has been modified enough."

Closely related to this point is the question of whether the Government should, as a matter of policy, offer mortgage money at 3½ percent to co-ops when private builders must pay 4½ percent under FHA. In addition to that favored treatment, the Sparkman bill would set up a special agency to give technical assistance to housing co-ops and to make advance planning loans to them. In order to take advantage of these benefits, groups having no cohesive unity might be encouraged to venture into cooperative housing. We cannot help thinking that the bill provides too much nursing for a movement which, after all, owes its strength to private initiative on a cooperative basis. In this connection it is well to remember that the present law gives cooperatives an opportunity to operate under FHA. Senator TOWER makes a strong case for further perfection of this method instead of launching a new rival program.

More important, however, are the over-all economic objections to the Sparkman bill at this time. Economy is required to steady the general economy and to ready it in case of emergency needs. The Government has already gone too far with socially desirable programs that it cannot finance with the present tax structure. When to this fact is added the danger of upsetting the mortgage market with overly liberal credit pushed out through Government guarantees, the case for rejection of the bill by the Senate seems to be very strong.

Mr. FULBRIGHT. I merely want to call attention, for the purpose of the RECORD, to the testimony of Mr. McCabe, as it appears on page 374 of part 2 of our hearings. I shall not take the time to read it at this moment, but it made very clear the attitude of the present Board of Governors of the Federal Reserve System toward the pending legislation.

I have certain remarks, of a more general nature, which I have prepared, but which I do not have time to read. I ask that they be inserted at this point in the RECORD. These are my own remarks, and I desire them inserted in the RECORD, in order to complete my statement.

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

S. 2246 is the latest, and probably not the last, of a series of legislative actions and proposals designed to provide special Government aid to enable the American people to obtain housing of higher quality and at lower prices than might be available without such aid.

The major question is whether this chain of development, in which S. 2246 is the latest

link, has gone further than is necessary and is leading to establishment of special-privilege groups and to the accumulation of financing procedures which will operate as inflationary stimulants with the danger of overbuilding and subsequent collapse of values.

The early actions of the Federal Government to intervene in housing problems were reasonably successful before the war in achieving their purposes, which were mainly to encourage the formation of stronger mortgage financing institutions, to secure greater mobility of funds available for mortgage lending, to relieve distress—on the part of both mortgage lenders and debtors—and to provide a method of distributing the risk of home ownership and financing in such a way that people would be willing to take their proper share of the risks.

Before the war, the Federal Housing Administration was successful in achieving a distribution of risks which made for wide acceptability of insured mortgages. This led to the use of the insured mortgage as a device by which the Federal Government assumed the risk of emergency building during the defense and war periods, and since the war, the Government has continued to assume a larger part of the risks of lenders and builders than was necessary or desirable.

The prewar progress toward raising standards of construction has been halted, and the Government has become a party to lowering standards, and shares the risk of this deterioration with the borrowing home owners. In the case of rental housing, the owners do not even share the risk, the Government carries practically all of it.

The borrowing home owner has been encouraged to overlook his risk by being able to obtain insured loans almost large enough to cover, in many cases, the entire cost of the property, and by having his monthly payment cut—both through low interest rates and through long amortization periods—to a level that is in many cases less than the cost of renting.

All of this has been done with the object of broadening the market for housing. Toward the end of the war it was decided that the market had been made so broad that veterans returning from the services would not be able to compete successfully for housing. So an entirely separate program, providing still easier financing terms, was provided for veterans—but without curtailing any of the easy terms on new housing available to nonveterans.

Maximum interest rates have been legislated at a level which is so low as to stimulate demand beyond the supply of savings available. So the Government is forced to advance the funds through "Fannie May," thus adding to the Government deficit and inflating the cost of housing. It is now proposed in S. 2246 that the Veterans' Administration have power to make direct loans, using additional Government money. Maturities have been lengthened so that 25 years has become common, and, under some programs, 30 years is possible.

This easing of terms has been introduced at a time when demand would have been strong enough in any case to absorb the supply of housing that could be made available. People wanted houses. Enough of them had funds for larger down payments, and had sufficient incomes to support larger monthly payments.

It has been argued that not every family could have met the more traditional terms. This is true, but it is also true that even under the best of circumstances, not every family can have a new house. The supply of housing can be increased only slowly, even when building goes forward at capacity. The 1,000,000 houses built in 1949, for example, added only about 2½ percent

to the total supply. The bulk of the families must depend upon existing houses for their homes.

When demand for housing rises rapidly, as it did after the war, building is stimulated. But building cannot be increased indefinitely. When demand increases faster than building can increase, consumers are bidding against each other for land, labor, and materials to build new houses, and for possession of old houses.

So the fact that not every family could have met more traditional mortgage terms does not mean that the easier terms got many more families into houses. Under more traditional terms, many families would not have been in the market. With the easier terms, many families have been priced out of the market. More houses may have been built since the war in the very strong market which Federal programs have helped to produce than would otherwise have been built. But it may be doubted that this additional building will compensate for the inflation of building costs and property values which has also resulted.

Problems have been raised for the future. We have used extremely easy terms during a period of high economic activity and demand for housing, when people had large amounts of accumulated savings. What terms shall we offer in a period of lower economic activity or slack demand for housing, or when people's savings are smaller or needed for other purposes? We may very well find that the cheap credit we have offered in recent years will turn out to be very expensive.

These programs have not only created inflation in the housing market, but have also added to general monetary inflation. Widespread extension of credit on mortgages, stimulated by the Federal programs, has resulted in over-all monetary expansion. At a time when Federal Reserve authorities were attempting to restrain inflationary pressures by appropriate actions to make credit more difficult to obtain, insurance companies and other investors in Government securities have been encouraged to sell such securities and obtain insured mortgages. The Federal Reserve has had to support the market for Government securities and indirectly that for insured mortgages. In this process additional inflationary bank reserves have been created.

Title III of S. 2246: In part, the provisions of title III reflect the competitive deterioration of standards which has developed in mortgage-financing programs during the past decade. Just as it was felt necessary to make terms under the Servicemen's Readjustment Act somewhat easier than those available under the FHA programs of the time, and then to successively relax terms under both programs, it is now felt necessary to ease terms for middle-income families who want to try obtaining housing through cooperative efforts. It is difficult to see what other effect progressive relaxation of terms by Government action can have, or whether the process can logically stop. Someone is always likely to be priced out of the market by relaxed terms which sustain inflation. And there will always be someone who cannot meet even the easiest terms.

The conclusions that may be drawn from an appraisal of the bill and comparisons with existing legislation may be summarized as follows:

1. The middle-income cooperative-housing provisions would within the limits established by the act stimulate the building of cooperative projects, because of the more favorable terms than would otherwise be available.
2. These projects would have definite advantages in competition with existing and other newly constructed projects and would tend to depress the markets for other housing.

3. Purchasers of the Corporation's debentures would be much more adequately protected against risk and the inconvenience of foreclosure and default than is generally the case for other Government corporations such as Federal-land banks and home-loan banks.

4. The debentures would be practically the same as Government-guaranteed obligations, thus in effect restoring a practice which was abandoned years ago as undesirable.

5. Under the guaranties and safeguards now in the bill, the Corporation should be able to borrow in the money market in competition with Government securities at only slightly higher rates.

6. The effect on the monetary situation of the issuance of such securities would be practically the same as a government deficit. Purchasers would either sell or refrain from buying Government securities in the form of direct obligations. Banks, and to some extent the Federal Reserve, would then have to buy more Government securities. The result would be an expansion in bank credit and the supply of money, that is, a credit inflation.

We should be moving away from, instead of further into, the kind of program that has developed toward socialization of housing credit.

Mr. FULBRIGHT. Mr. President, do I correctly understand that I have consumed all my time?

The PRESIDING OFFICER. The Senator had one more minute, when the Chair advised the Senator, provided he did not take into consideration the 3 minutes that had been used by the Senator from South Carolina [Mr. MAYBANK].

Mr. FULBRIGHT. I thought the Chair had indicated that my time was up.

I can only say I hope the title III will be stricken from the bill. In my opinion, everything that can be done under title III can be done under the remaining sections of the bill, the only difference being on the extent of the cost. I mean it is a larger subsidy. It is a device to give a larger subsidy to a particular group. I think that is the only substantial difference. The other difference is that the impact upon our economy is much greater, under the particular kind of financing that is provided in title III. The impact is much greater than under the regular FHA method of financing.

Mr. MAYBANK. Mr. President, I do not desire to go into any lengthy speech again about the interest rate. No interest rate is provided, and so I send to the desk an amendment to make the interest rate 4 percent. There has never been an interest rate.

The PRESIDING OFFICER. Does the Senator request that it lie on the table?

Mr. MAYBANK. I request that the amendment be read, and that it be voted on.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 89, in line 22, after the word "rate", it is proposed to insert the words "which shall not be less than 4 percent per annum."

Mr. MAYBANK. Mr. President, I desire to make a brief statement. I know that publicity throughout the country

has been disseminated in a desire to defeat title III. Everyone should know that there is no interest rate provided in the bill. Because a witness came before the committee and testified that he thought they could get money at 3 percent or 3½ percent, the press and radio have picked it up and have stated that we have included an interest rate. We have not. The rate might be 6 percent, it might be 3 percent, but the bill as reported, does not fix an interest rate. I stated yesterday, and I now repeat, if any Senator can show me that there is an interest rate provided in the bill, I, myself, shall vote against the bill.

The original bill introduced last year carried an interest rate. At the request of the Senator from Alabama [Mr. SPARKMAN] the bill was held up, and an amendment to the bill was offered last year to make it plain that no interest rate was fixed on any Government guaranty. It is easy enough for those who do not want title III, who do not want provision made for middle-income families and for veterans with children so that they may have decent places in which to live, to broadcast misinformation.

The Senator from Arkansas referred to a letter from the Veterans of Foreign Wars. I received a similar letter this morning. They complain about the implications of section 606. I ask that the letter be made a part of my remarks at this point in the RECORD.

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

VETERANS OF FOREIGN WARS
OF THE UNITED STATES,
Washington, D. C., March 13, 1950.
Senator BURNET R. MAYBANK,
Senate Office Building,
Washington, D. C.

DEAR SENATOR MAYBANK: This office is very much disturbed over the implications of section 606 of the additional amendment in the nature of a substitute in the bill, S. 2246, which would grant to the President the authority to reduce maximum principal amounts, ratios of loan to value or cost, or maximum maturities of any type of loans for housing which may be insured or guaranteed by a Government agency.

This section was not contained in the original bill, or first amendment, which served as the basis for hearings early this year and in 1949. Apparently the section was placed in the bill at the request of the Administrator of the Housing and Home Finance Agency and considered by the committee in executive session. As a result, neither this organization nor the other proponents of the bill had an opportunity to voice their objections at the hearings on the measure.

The implications of the section, particularly as it affects the Servicemen's Readjustment Act of 1944, are far-reaching. No longer will the veteran have the statutory protection of loan guaranty granted him by a grateful Congress in 1944. The President upon the recommendation of some other agency, not concerned with the GI home-loan program, could literally nullify this veterans' program by reducing the amount of guaranty, maturity period, and ratio of loan to value or cost.

Surely the Congress should reserve for itself the authority to adjust the housing credit of the Nation. Surely the Congress should reserve for itself the authority to

lessen the benefit granted millions of veterans of World War II in the home-loan program of the GI bill of rights.

In behalf of the members of the Veterans of Foreign Wars of the United States, I strongly urge you to reconsider this section and cause it to be stricken from the bill. Should you deem this impractical, I hope you will at least consider adding a proviso to section 606 as follows:

"Provided, That nothing contained in this section shall apply to loans guaranteed under section 501 of the Servicemen's Readjustment Act of 1944, as amended."

The GI home-loan program has but a few more years to run. Surely it merits a strengthening at this late date, rather than an emasculation, which enactment of this section may very likely bring about.

Respectfully yours,

OMAR B. KETCHUM,
Director.

Mr. MAYBANK. Mr. President, I yield the next 13 minutes—

Mr. TOBEY. Mr. President, will the Senator give me 1 minute?

Mr. MAYBANK. Yes.

Mr. TOBEY. In the oratorio of the Messiah, by Handel, there appear the words, "Why do the heathen imagine a vain thing?" I am paraphrasing it now and applying it to the Senate of the United States. "Why does the Senate of the United States imagine a vain thing?" What is that vain thing? It is the procedure under which we work. Here is a handful of Senators. Senators rise to speak on this important matter but no one hears them, for the Senators are not on the floor. Their words fall on the vacant air. They place things in the RECORD for the benefit of the Senate, in the vain hope that Senators may read them before they vote. Will they read them? Not until they see them in the RECORD tomorrow morning. Could there be anything more ridiculous than the procedural policy of the Senate? I ask it in all due respect. In the way we carry on the debate, not a word of it will come to most of the Senators until tomorrow. But we have agreed to vote at 4:30 today. So the words are spoken on desert air. In addition, not a word of the things that are placed in the RECORD will be seen until tomorrow morning, after the Senate shall have voted. When will we grow up? When will we begin to act as mature men? When will we change the rules of the Senate to provide some way whereby words of wisdom and pure gold, when, as, and if they flow from the lips of men on both sides of the aisle, will fall upon fertile ground, and not on arid soil?

Mr. MAYBANK. Mr. President, how much time do I have left?

The PRESIDING OFFICER. Ninety minutes.

Mr. MAYBANK. I yield 15 minutes to the Senator from Vermont.

The PRESIDING OFFICER. The Senator from Vermont is recognized for 15 minutes.

Mr. FLANDERS. I shall confine my remarks to title III of the bill, which provides for the support of cooperative housing.

First let me state the reasons for my interest in housing since my first session

in the Senate now more than 3 years ago. It has been my conviction that the main concern of government in welfare should not be with equality of wealth or equality of income. It should concern itself with equality of opportunity. That is the democratic way of approaching welfare.

Equality of opportunity relates primarily to education, health, and housing, for if the citizens of the country, and particularly the children of the country, grow up in slums, are afflicted with incurable diseases and have their educations neglected, they are denied equality of opportunity. This is not bad merely for them but for the country as a whole, because such children when they grow up are easily attracted into lives of crime, but still more easily, and still more importantly, become easy recruits to communism. My interest in last year's housing bill was supported by this line of reasoning.

The present housing bill has an additional interest for me, in that it seeks to encourage cooperative housing in this country. My interest in the cooperative movement is of many years' standing and began long before my election to the Senate. It is based on my conviction that there should be an alternative to the profit system as we know it. That alternative should not be old-fashioned socialism or State socialism, or communism. The alternative is to be found in the existing cooperative movement. This movement is in reality a form of private business, though a competing form. It is likewise a great and effective means of adult education in that it gives business experience and knowledge of business problems to many citizens who would otherwise never have that experience and knowledge.

For many years, however, I have felt that the cooperative movement would not come of age and stand upon its own feet until it was treated tax-wise in the same way that any other business is treated. There is no tax discrimination in favor of some cooperative undertakings. There is such favor shown to other types. I believe the charge of unfair competition can be brought against cooperatives who are able to plough back their earnings into expansion and improvement without handicap, where other private businesses are taxed on the profits they so employ. I am looking forward to the time when the cooperative movement will come of age and when these discriminations will be evened out.

Now let us get back to the housing bill. I am interested in it because it encourages cooperative housing. This movement is seen at its best in Sweden, where many thousands of people have gotten together and, under the guidance of the overhead cooperative organization, have built apartment houses or single- and double-house suburban developments. They have had, many of them, the experience of assisting in the development, building, and maintenance of these residences. While the arrangements under which they were built gave them favorable costs under competitive conditions, there has developed among them a sense of ownership and a strong sense of the

responsibilities of ownership. I believe the same development can take place in this country and that this bill makes it possible.

Let me clear up a number of misapprehensions about the bill. The Government does not lend money to the cooperatives. As the bill was first proposed, it would have done so. I therefore voted against it in subcommittee, again in committee, and would have fought it on the floor. After our trip to Sweden, the committee concluded that private funds should be available, and the bill has been changed so that private funds in the form of debentures issued by a Government corporation are insured by the Government in exactly the same way that FHA mortgages are insured.

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

Mr. FLANDERS. I shall be glad to yield to the Senator from South Carolina.

Mr. MAYBANK. Is there any interest mentioned in the bill?

Mr. FLANDERS. No; there is none mentioned in the bill. I shall come to that point later.

Mr. MAYBANK. I thank the Senator.

Mr. FLANDERS. Mr. President, this Corporation itself does have governmental support. It is set up with an initial \$100,000,000 of capital stock subscribed by the Government. After the capital stock reaches \$150,000,000 by stock subscription by cooperative members, the additional funds are applied to retire the Government subscription. This organization pays interest to the Government the same as in the case of the Rural Electrification Administration. In that respect it differs from the irrigation bonds which pay no interest.

Not only are the Government funds expected to be retired from this Corporation, but provision is made for its becoming cooperatively managed, as is the case with the Swedish system. Its Government directors are progressively retired in favor of directors drawn from the cooperative movement. It is a self-liquidating venture.

Criticism has been made of the low interest rate which will be available to the cooperators. It should be noted that this rate is not one set in the law. It will be determined by the rate at which money can be obtained on the open market. The reasons for expecting a lower rate principally result from the fact that the cost of servicing these debentures will be very much less than the service costs on the FHA mortgages. They will be serviced by the cooperatives themselves. This being the case, the cooperatives are entitled to any interest rate which the money market feels the debentures are worth.

I mentioned the fact that the funds for setting up this organization bear interest. At the same time it should be noted that there are no tax advantages given the cooperatives. Their profits are taxed in the way that any business profits are taxed. Furthermore they are subject to full State and local taxation on their real estate. They compete on even terms with individual private building and are entitled to the lower inter-

est rate because they perform services which make that rate acceptable to money lenders.

Finally, this deals no blow at the building industry. Bids will be advertised and accepted on the same basis that would take place with purely private housing developments, and the bill is so drawn that it will not make heavy additional drains on scarce labor and scarce material. This avoids the inflationary effect.

Why has the device of the Government Corporation been written into the bill? Why not put the whole thing directly under FHA? The reason for this is that the Swedish development has shown the necessity for a central organization to give initial guidance to corporations of citizens who wish to engage in cooperative housing. They are for the most part inexperienced in the more difficult points of business relating to real-estate development. Like all sensible American citizens they have a capacity for absorbing business knowledge and experience, and it is one of the great advantages of the cooperative movement that it educates its members in this direction, but it cannot be expected that a group of citizens would have at the beginning all that such an undertaking requires. It is the function of the Government Corporation to furnish counsel, assistance, means of financing, and perform other services until the cooperative becomes a going institution on its own.

If we can make in this country some such record as the Swedish cooperatives have built up, I am sure that every citizen will be proud of the results.

Mr. MAYBANK. Mr. President, this morning I read a telegram from the American Legion highly endorsing this measure. The members of that organization know that there is no interest charge in this bill. They know there is no direct grant, because they appeared before the committee and testified.

It is now my pleasure to read a letter from a very distinguished American, Mr. Omar B. Ketchum, director of the Veterans of Foreign Wars:

Reports have reached me that several Members of the Senate have voiced opposition to title III of the bill S. 2246, relating to cooperatives, and are contending that the title represents a discrimination against veterans who are obtaining 4-percent loans under the GI bill of rights with a 25-year amortization.

Mr. President, as I have said there is no interest rate in the bill. An interest rate was fixed in the bill last year, about which the Washington Post printed an editorial this morning, but this is not that bill. The members of the American Legion, the members of the Veterans of Foreign Wars, and the people of the United States will know before the debate has finished what the facts are. I am sorry, as is the Senator from New Hampshire [Mr. TOWSE], that there are not more Senators present. I have never seen, in all my experience in public life, so much misinformation passed out to the people of America as has been the case with reference to this bill.

I read further from the letter of Mr. Ketchum:

There is no basis for the contention that the cooperative provision represents a discrimination against the veteran who utilizes the benefits of the GI home-loan program. Under the GI bill it is true that the veteran pays a larger interest rate but, at the same time, he has greater freedom in the selection of the type of house he wants, its location, and of course he can sell it at any time, at a profit.

The veteran or nonveteran participating in the cooperative provision would receive a saving in the financing but would not have an opportunity to sell at a profit and, in addition, he would have to conform to the plan of development of the cooperative. I am unable, therefore, to concur in the belief held by these Members of the Senate that title III represents a discrimination against the veteran.

Mr. President, I spoke at length on that point yesterday. I think I am able to say, as chairman of the Committee on Banking and Currency, that after conferences lasting more than a year, no person has ever come to me with any such statements as have been heard here. They have approved the proposed legislation. Last year, when we deferred the bill which was then before the Senate, many persons were very much upset because we extended it only from October until March.

I should like to read the concluding paragraph of the letter:

Our experience in the field of housing has led us to the inescapable conclusion that many veterans because of low income are unable to avail themselves of the benefits of the GI bill of rights. For these, enactment of title III would provide the means whereby they could acquire decent homes for themselves and their families within their modest means to pay.

Mr. President, it is the head of the Veterans of Foreign Wars who is speaking in this letter. The members of that organization know there is no interest rate in this bill; they know there is no discrimination. The people of the United States will find out, when we get through voting this afternoon, that more persons know what is going on around Washington than some Members of the Senate may think is the case.

Mr. President, I should like to repeat the last sentence which I read:

For these, enactment of title III would provide the means whereby they could acquire decent homes for themselves and their families within their modest means to pay. In behalf of the thousands of delegates to our fiftieth national convention who endorsed unanimously—

Mr. President, there was not a vote against title III in that convention—

In behalf of the thousands of delegates to our fiftieth national convention who endorsed unanimously the cooperative program envisioned by this bill, I hope the Senate will approve title III along with the rest of the bill.

Mr. President, I shall interpose short remarks from time to time today during the debate, because I want the RECORD to show clearly that the veterans of the United States are for title III. I want the RECORD to show that there was not any so-called disrespect intended to my friend, the Senator from Alabama [Mr.

SPARKMAN]. The Senator withdrew his bill last year at my request. This is an entirely new bill. It is an insurance bill. It gives the middle-income group of the country, the poor people, the same chance which thousands of people more fortunate than they have had under the FHA provision.

I ask that the letter be included in my remarks.

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

VETERANS OF FOREIGN WARS
OF THE UNITED STATES,
Washington, D. C., March 15, 1950.
Senator BURNET R. MAYBANK,
Senate Office Building,
Washington, D. C.

DEAR SENATOR MAYBANK: Reports have reached me that several Members of the Senate have voiced opposition to title III of the bill S. 2246, relating to cooperatives, and are contending that the title represents a discrimination against veterans who are obtaining 4-percent loans under the GI bill of rights with a 25-year amortization. On the other hand, those participating in the benefits of title III would receive a lower rate of interest and a longer period of amortization.

There is no basis for the contention that the cooperative provision represents a discrimination against the veteran who utilizes the benefits of the GI home loan program. Under the GI bill, it is true that the veteran pays a larger interest rate, but at the same time he has greater freedom in the selection of the type of house he wants, its location, and, of course, he can sell it at any time at a profit.

The veteran or nonveteran participating in the cooperative provision would receive a saving in the financing, but would not have an opportunity to sell at a profit, and in addition, he would have to conform to the plan of development of the cooperative. I am unable, therefore, to concur in the belief held by these Members of the Senate that title III represents a discrimination against the veteran.

Our experience in the field of housing has led us to the inescapable conclusion that many veterans, because of low income, are unable to avail themselves of the benefits of the GI bill of rights. For these, enactment of title III would provide the means whereby they could acquire decent homes for themselves and their families within their modest means to pay. In behalf of the thousands of delegates to our fiftieth national convention who endorsed unanimously the cooperative program envisioned by this bill, I hope the Senate will approve title III along with the rest of the bill.

Respectfully yours,
OMAR B. KETCHUM,
Director.

Mr. MAYBANK. I yield 15 minutes to the Senator from Illinois [Mr. DOUGLAS].

Mr. DOUGLAS. Mr. President, the purpose of the pending bill is to help to provide housing for the middle-income third of our population or those families which have annual incomes of from \$2,800 to \$4,400 a year, in larger cities, and for those with somewhat under those incomes who live in the smaller cities and towns. It is aimed to provide decent housing under substantially the conditions now provided under FHA for the upper third income group, with the exception that cooperative projects which would be large-scale, or wholesale, projects, with probably 500 to 1,000 units in each, and with a capital investment of from \$4,000,000 to \$8,000,000, shall be

provided with access to investment capital at wholesale rates. They should not be compelled to pay retail rates.

FHA which has been in effect for about 15 years, has helped to provide for the upper third of our population Government-insured loans made by private lenders for the construction and improvement of housing. During these 15 years approximately \$18,500,000,000 have been loaned under FHA of which nearly 10 billion is now outstanding. There is, therefore, a contingent liability, which the Federal Government has assumed, of nearly \$10,000,000,000 on private loans. So far as housing is concerned, the loans have thus far primarily benefited people in the upper third of our income groups. It is the upper third which has primarily benefited, because the housing developed under FHA in our cities has been primarily above \$8,000 a unit and indeed all too often \$10,000 a unit or above.

It is virtually impossible for medium-income families to meet such a figure under present carrying charges. About all that a middle-income family can pay for rent is 20 percent, or, at the most, 25 percent, of its income. Therefore, a range is established of between \$800 and \$1,100 a year for rent. It is impossible, under FHA construction, for families who are in this middle-income third to be accommodated. As a matter of fact, the only way FHA has been able to dip into this middle group has been in cases in which so-called accommodation apartments or accommodation houses have been built. That is simply a term for overcrowded apartments or overcrowded houses. It is a term for a one-bedroom house, or a house with a bedroom and an alcove. It does not mean a house with two adequate bedrooms, or, best of all, a house with three bedrooms, so as to provide one bedroom for the mother and father and one bedroom for children of each sex. That is the American home, the home with three bedrooms, which FHA has not been able to help people in the middle-income group to acquire, because it has been tied to existing business conditions in the realty business.

Nevertheless, the Government has taken on a \$10,000,000,000 contingent liability in order to develop housing for the upper third of the population. I am not attacking the proposal. I am simply pointing out that it represents housing for a section of our population which, on the whole, needs housing the least. We have taken on a contingent liability of \$10,000,000,000 which, while it has not yet caused much of a loss, because we have been sailing in clear waters, with rising prices, full employment, and high profits, may nevertheless turn into a loss if we have falling prices, unemployment, and reduced profits. Should that happen it will become a Government subsidy for the groups in the population which need a subsidy the least.

I have been somewhat struck by the inconsistency, to say the least, of the people who were perfectly happy about providing another three and one-quarter billion for a group which needs housing the least, but who declared that putting

\$2,000,000,000 into housing for the middle-income third would be inflationary. Now, when we have scaled the whole program down by putting a billion and three-quarters into FHA, and only a billion into title III, it is the billion dollars about which these people get excited, and it is the one and three-quarter billion under FHA which they swallow without protest. Apparently it is only the billion dollar proposal under title III which is inflationary. The \$1,-750,000,000, which would have a much greater effect, is glossed over. Not only that, but amendments have been offered whose effect would be to pour an additional \$500,000,000 into section 608 provisions. This is the worst type of speculative building we have had. It is for cheap apartment house construction, where little or no money has been put up by the promoters. The proposal now is made to put another \$500,000,000 into the 608 program in order to bail out people who made their applications prior to March 1 with the knowledge that the previous law was going to expire.

Mr. President, the Senator from Louisiana exposed section 608 on the floor of the Senate yesterday, and now the very ones who are objecting to putting \$1,-000,000,000 into title III are coming forward and demanding that half a billion be poured into section 608 housing.

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

Mr. DOUGLAS. I am glad to yield to the Senator from Louisiana.

Mr. LONG. I appreciate the Senator's kind reference to me. I should like to ask the Senator from Illinois, who has been so conscientious in his consideration of the housing bill, whether in his opinion the section 608 loans are not probably the most unsound loans the Government has ever had anything to do with.

Mr. DOUGLAS. That is my judgment. The Senator from Louisiana has again and again pointed out that the private sponsors of the section 608 loans do not have to make any real investment on their own part. He exposed that in very complete fashion. Contractors' profits, architects' fees, and the like, are counted as their contribution, and there is virtually no money coming from the ordinary private investors in section 608 loans, but the opponents of title III are proposing that an additional half a billion be poured into such loans.

Mr. LONG. As a matter of fact, Mr. President, I can inform the Senator that some private investors obtain loans of 90 percent of the estimated cost of a section 608 project, but build the project at 70 percent, and walk away with 20 cents on the dollar of Government money on which they take no risk whatsoever.

Mr. DOUGLAS. Mr. President, in title III we are making an honest attempt to get down to the middle income third by reducing rental costs and reducing the items which go into costs. The cooperative is an admirable way of reducing these costs. In the first place, the cooperative furnishes within its own members some business people, some draftsmanship experts, some architects,

and so forth. These men generally, pitch in and give their services at greatly-below-cost figures, so that they start off with lower costs than obtain in the ordinary venture, and that helps out in many ways.

Once the building is constructed, moreover, the cooperative does not have to make as large a charge for possible vacancies as a private enterprise. In the ordinary section 608 venture, the owner or manager adds to cost an allowance of at least 7 percent for vacancies and, hence increases rents by that amount. He adds that allowance of 7 percent for vacancies, moreover, even though the vacancies do not exist. This point was developed in the testimony in the hearings again and again, namely, that there is a 7-percent allowance even though there are no vacancies. In the cooperative only those vacancies which actually exist will be a cost against the apartments which are rented, and experience indicates that these will not exceed 3 percent, and may be less. On an \$8,000 apartment, in which, under section 608, the rents would be \$90 a month, this should effect a saving of approximately \$4 a month.

In the third place, in a cooperative the members can provide a portion of the maintenance themselves. They can do some of the painting, they can help take care of the grounds, they can mend the windows, they can do for their collective property what we all do individually for our own houses, and they can reduce the maintenance cost, according to the actual experience, both in public housing and in private cooperative ventures, by approximately \$6 a month more. So we have savings of \$10 a month which the cooperative can bring about.

Then, since the cooperative returns to its members the savings which it makes, and is not organized for the purpose of making a profit, the profit which normally would have to go to the owners can now be distributed to the members and the tenants, and that represents a saving of another \$7 a month.

Therefore the ordinary cooperative structure brings with it savings of around \$17 a month, or close to 20 percent.

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

Mr. DOUGLAS. I yield to the Senator from South Carolina.

Mr. MAYBANK. I wonder if the Senator is going to touch on the fact that the cooperatives are not tax exempt, but have to pay State, county, municipal, and school district taxes.

Mr. DOUGLAS. I am very glad the Senator from South Carolina has brought that point out again. The cooperatives will pay the same taxes to the localities, to the States and to the Federal Government, that the private builders pay.

I may be asked, "If this is a good venture, why cannot the cooperatives secure loans under the FHA?" That is the challenge which has been more or less thrown at us by many Senators from the other side of the aisle, and by some of our brethren on this side of the aisle, I am sorry to say. I will tell the Senators why. In the first place, in order to secure

these loans the cooperatives will have to go to private lending institutions; and private lending institutions do not as a whole like cooperatives. Private lending institutions in the real estate field do business with private real estate men and private builders, and they want to make the loans to them. They do not necessarily regard the cooperatives as un-American, but they tend to regard them as strange, as new, and as somewhat hostile, and they do not want to make loans to them.

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

The PRESIDENT pro tempore. Does the Senator from Illinois yield to the Senator from South Carolina?

Mr. DOUGLAS. I yield.

Mr. MAYBANK. That is not the case in the REA with its rural electrification, is it?

Mr. DOUGLAS. No. That is where the Government broke through the private credit system and made its loans direct.

Mr. MAYBANK. We have not done that.

Mr. DOUGLAS. No; we have not. Indeed we have not.

Mr. MAYBANK. I am for the REA.

Mr. DOUGLAS. I understand the Senator is.

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

Mr. DOUGLAS. I yield.

Mr. LONG. As a matter of fact, has not the Government made possible loans to farm cooperatives through banks for cooperatives which the Federal Government has set up, recognizing that cooperatives could not borrow from the ordinary sources?

Mr. DOUGLAS. Exactly. We do not go as far as that.

Another point. The private lending institutions want to lend at retail credit rates. Although the cooperatives will be large organizations seeking \$4,000,000 loans or \$8,000,000 loans, the private lenders will want to treat them as though they were a man building a \$10,000 house. Although the cooperatives will be buying credit at wholesale, the lending institutions will be wanting to sell them credit at retail rates, or around 4½ or 5 percent.

Then in addition the authorities in FHA, while estimable gentlemen, generally come from the real estate industry, and commonly hope to return to that industry at a higher salary some day, and they in general do not want to do anything which will get them in bad repute with their fellow realtors. They, therefore, tend to pour cold water on the applications of cooperatives, and make it difficult for the cooperatives to obtain credit. This was developed in the hearings so far as Detroit, California, and many other places are concerned.

So what we find is this, that despite the economic advantages of housing cooperatives, there is a roadblock in the way of their obtaining credit. All the present bill does is to try to remove that road block and to enable the cooperatives to have their case judged on its merits and to obtain wholesale credit at wholesale rates.

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

Mr. MAYBANK. Mr. President, I should like to yield five more minutes of the time controlled by me to the Senator from Illinois.

The PRESIDENT pro tempore. The Senator from Illinois is recognized for five more minutes.

Mr. DOUGLAS. All the bill does is to set up a mixed corporation, in which the Government puts up the initial capital, but which is to be retired by contributions by the cooperatives. This corporation then borrows money in the private open market at the commercial rates. It buys this money wholesale and then passes it on to the cooperative at cost, namely the cost of borrowing, plus the cost of administration, plus the cost of reserves. We had hoped that this could be done at an ultimate retail interest rate of around $3\frac{1}{4}$ percent. Had that been possible we would have saved another \$8 a month, and have produced a net saving of \$25.

Mr. President, I am very frank to say that this proposal has run into the opposition of the great lending institutions of the country and the small lending institutions of the country, and they have joined with the real estate group to try to prevent wholesale credit being sold at wholesale rates. And the Senator from South Carolina [Mr. MAYBANK], with his back against the wall—and he has made a manful fight for the bill—has now, I understand, submitted an amendment permitting the interest rate to go up to 4 percent.

As has been developed by the Senator from Louisiana [Mr. LONG] and by other Senators, this mixed corporation is not a new thing. It is what we established when we created the Federal land bank, the Banks for Cooperatives, and the Home Owners Loan bank. It does not go so far as we did in the REA, where there is a direct governmental loan at 2 percent. This is not a direct governmental loan. The whole thing is to be conducted under private enterprise, with this mixed corporation merely as the intermediary, borrowing money in large sums at low rates of interest, and passing it on to the cooperatives at cost. That is all there is to it.

I submit that there are certain groups in this community that, in my judgment, ought to be ashamed of themselves for the opposition they have given to the bill; and there are many editorial writers scattered all over the United States who ought to search their consciences tonight as to whether they have given the correct interpretation of the bill as it now stands.

Mr. President, this is a very real issue. The middle third of our population is the group more than any other upon which the country really rests. It is the group for whom we have done nothing in the way of housing. It is time now that we made a beginning, and I hope very much the bill may be passed.

Mr. MAYBANK. Mr. President, it is my understanding that I have 55 minutes left. I understand the distinguished Senator from New Hampshire now de-

sires to yield some of the time controlled by him.

Mr. TOBEY. Mr. President, I yield to the distinguished Senator from Ohio [Mr. BRICKER] as much time as he desires up to 25 minutes.

Mr. BRICKER. Mr. President, there is a great deal of confusion in the thinking with regard to this bill and the motion which I have filed to strike out title III, the cooperative housing title.

The distinguished Senator from Illinois [Mr. DOUGLAS] has just suggested that nothing of any substantial character has been done in the housing program, and that now is the time to begin. Last year there were built in this country 1,000,000 homes for American citizens. This year, judging from the start that has been made, a greater number than that will be built. I note that building in January of this year was 60 percent above the mark for last year. The first 4 months of last year were not high months; nevertheless this indicates that this year an increased number of homes will be built in America. That will have been accomplished to no small degree because of the impetus given to the building program by FHA and by the veterans' loans. Last year more than 50 percent of the total homes built were under mortgages insured by those two legal processes. Now we are asked to add another one.

I discussed yesterday the interest rates proposed under title III. It is perfectly apparent at the present time that, under the bill as reported by the committee, the interest rates will be approximately $3\frac{1}{4}$ to $3\frac{1}{2}$ percent. At any time they are bound to be lower than the normal interest rates because of the Government guaranty of the debentures which are issued for the purpose of securing the money.

Mr. President, in order that it may be clearly understood, I think it is essential to review briefly how money will be secured for the purpose of lending to cooperatives. The National Mortgage Corporation for Housing Cooperatives, as it is called in the bill, is created by the Government with \$100,000,000 of Government capital poured into it. It issues debentures, which are sold to the public generally. They are negotiable. They enter into the channels of trade. They become securities for loans, and thereby, under this bill, there is pumped into the credit of the country generally a billion dollars and the billions of dollars more which will be added to it if the program is started this year. That money is loaned by the Corporation at a low interest rate to the cooperative housing projects which may make application. These loans will run from 40 to 50 years. The standard minimum is 50 years, but there is a possibility of paying the loans under unusual circumstances in less than 50 years. The period can be increased to 60 years or 63 years of duration.

That, Mr. President, is bad enough. Few if any persons will live to see the home paid for, or the individual's share of the cooperative ever in his own possession. It is altogether likely that the buildings, if they are of the char-

acter we have seen in so many places recently, will not outlive the mortgage itself which is taken by the Corporation on the project.

But now we have the distinguished chairman of the committee, realizing the absurdity of that situation, realizing the faults in the bill itself, proposing to the Senate that we adopt a minimum of 4 percent for loans. That is even worse than the original proposal, and it points out clearly the fallacy of the whole program.

There is no need to try to write a bill on the floor of the Senate as between $3\frac{1}{2}$ and 4 percent interest. What we are asked to do to the poor cooperating tenants who have been lured to participate by cheap money and by organizations in which they may believe, would be to tie a debt of 200 percent of the original capital upon every man that goes into one of these cooperative housing projects. That is worse than the old three-percenters used to do. When they would get hold of a borrower they would hold onto him and hold onto him and hold onto him until finally he owed more than he had borrowed in the first place. Two hundred percent of the original investment will be paid out in the life of these projects in interest to the United States Government. It is unsound, it is fallacious, and I do not think the Senate intends to put its stamp of approval upon this kind of experimentation at this time when we are already building 1,000,000 homes, and one-half of them are under insurance provided in the VA and in the FHA programs.

It has been suggested by the distinguished Senator from New Hampshire that he wants an alternative to the private capitalistic system of economy now prevailing in the United States. Mr. President, I do not want any alternative to that system. I want to preserve it, I want to strengthen it, I want to make it adaptable to the needs of this day; to the changing, present-day conditions, to the increased complexities of industry, and to the demands of the people of America. I want no alternative to the system we have. We have done a very good job, as the world recognizes today, under the private capitalistic system, and it should be the determination of every Member of the Senate to preserve that system.

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

The PRESIDENT pro tempore. Does the Senator from Ohio yield to the Senator from New Hampshire?

Mr. BRICKER. I yield.

Mr. TOBEY. I do not wish to interrupt the Senator from Ohio; but a moment ago I think he was referring to the distinguished Senator from Vermont, not the Senator from New Hampshire. The Connecticut River is all that lies between the two States, and they dwell together in amity and comity.

Mr. BRICKER. Yes; I am glad the Senator from New Hampshire has made that statement. It was the Senator from Vermont to whom I was referring, and I am glad to have the RECORD so show.

Mr. President, I have no opposition to the capitalistic system, and I do not

think any Senator who is going to support title III has any opposition to it.

If we refer to the reports of the Banking and Currency Committee, prepared by the staff of that committee—and an admirable job has been done—we see there that the cooperatives should and do stand on their own feet, that they have much merit and much strength within themselves. They are a part of our present capitalistic structure. Apparently the Senator from Illinois has not read that report, because he said that people who are in the business of lending money will not lend money to cooperatives. That statement simply is not substantiated by the facts, and in that connection I refer the Senator from Illinois to the reports of his own committee. There is presently a loan of that sort in the amount of \$6,000,000,000 by one of the large financial institutions of the United States. There are 20 or 25 cooperative organizations today that are held up and generally referred to as being most successful in the business field and in the field of housing, and there is much satisfaction which comes from the availability of these projects. Yet all that has been developed without the granting of any special favors or without any long-term cheap money, which ultimately will have a destructive effect upon the Government program which now is in operation. We shall cut down on the loans which now are made available to the public through FHA and through the veterans' loans, by forcing in cheap money, by pumping it into our credit system, by inflating our currency, which already is dangerously inflated, almost to the point of explosion; and we shall have the Government using 3-percent money, or whatever the percentage might be—perhaps 4 percent, if the amendment is adopted—in competing with itself in the field of FHA and in the field of veterans' loans.

Mr. President, in the statement made a moment ago by the distinguished Senator from South Carolina, the chairman of the committee, reference was made to the American Legion. Many of us belong to the American Legion. I happen to be a charter member of that organization, as I know some other Members of the Senate are. I know how resolutions are adopted at meetings of such organizations. I know that the guiding spirit of the resolution referred to by the Senator from South Carolina is an attorney for the Philadelphia Public Housing Authority. He is a protagonist of this special kind of thing. I understand how such resolutions are submitted to the American Legion. At its convention, someone makes a speech in favor of the adoption of such a resolution. No one else who is there understands what the resolution is all about—with the result that the resolution is adopted, and then is sent to the Members of Congress, and they are to assume that the resolution carries the weight and the judgment and perhaps the voting of the members of the American Legion. Mr. President, that simply is not the situation at all.

Mention has been made—

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

Mr. BRICKER. No; Mr. President, I decline to yield. The Senator from South Carolina has had his time.

Mr. President, mention was made a moment ago that there are on this side of the aisle Senators who are opposing this proposal, and that most of the Senators on the other side of the aisle are in favor of it; and an apology was made by a distinguished Senator for those on his side of the aisle who are not supporting the proposal for this cooperative movement. Possibly that gives a little bit of meaning to one of the provisions of title III, which I wish to read for the information of the Senate. It did not make very much sense to me in the beginning, but now perhaps it is being clarified. Lower-case letters were used in printing that portion of the title, but possibly capital letters should have been used. I refer to the statement at the bottom of page 69, that the movement "will contribute to the sound integral character and success of such cooperatives, provide necessary leadership therein, involve democratic voting principles."

Mr. President, if word democratic had been spelled with a capital letter, the explanation made a little while ago by the Senator from Illinois might have been a little more obvious.

I wish to call attention to a rather absurd thing in this measure Mr. President. It is supposed to be for the benefit of families of moderate income, to help the moderate-income families. But it is nothing of the kind. That description has been added to this measure for the purpose of making it sound good, for the purpose of attracting attention, possibly for the purpose of getting a few more votes for the bill on the floor of the Senate, because all of us are for the middle-income group of families; all of us like to think of ourselves as belonging to the group of great, average American citizens; and therefore we are in favor of helping them.

But title III is not for anything of that kind. It is a measure for cooperatives, for cooperatives alone, to promote special favors for a group of our people who might belong to some organization—perhaps a labor union or perhaps some other group—or who might be in some particular industry or might be engaged in this or that kind of business.

Mr. President, in the promotion of this measure a great deal of emphasis has been placed on the social aspect. It was suggested by the Senator from Vermont, a while ago, that we are trying to build a better social atmosphere for the people who will live in these housing units. Of course, all of use are in favor of that. Last year we passed a bill for the elimination of slums and for better housing for the lower-income group. Yet a moment ago it was suggested that this measure should be enacted into law for the purpose of helping those who cannot help themselves. However, this measure is not for any purpose of that kind. It is a Government-support measure, a measure for the promotion of a particular group of people, for a particular purpose—perhaps the purpose defined in what I read a moment ago, when I was reading from the amendment.

But this measure is not for the purpose of helping people of moderate income to acquire housing. There is no assurance in this measure that any person will be able to get into one of the cooperatives. A cooperative can keep any person out, if it wishes to do so; or a cooperative can invite a person in, if it wishes to do so. In any event, these provisions will apply to only about 1 percent of the 8,000,000 people in the middle-income group who will need housing, and that is a very small minority of them. Title III provides, in part:

Assist (1) families of moderate income in acquiring (subject to the right of the cooperative to repurchase)—

Mr. President, under this bill that man will never own his home. He will never have a title in fee simple to the place in which he lives, because the cooperative will not permit him to have it. On the contrary, the cooperative may bring in someone to whom they owe a special favor. The cooperative will not necessarily permit the man who already happens to be in the cooperative to remain in it, because there will be no profit in it. There will be a profit of only a few dollars on a thousand, for the first 4 or 5 years, anyway.

So the right to be given under the provisions of title III will be merely a right of tenancy, which will be provided to strengthen the cooperative movement by granting it special Government favors. Mr. President, when favors can be granted by any Government organization, those favors can likewise be withdrawn. This measure is an implement of political power, and nothing else, proposed to be put into the hands of a special group; and the taxpayers of the Nation will have to pay for the really extensive subsidy provided in this measure.

First, Mr. President, there is a subsidy of the administrative cost; second, there is a subsidy by means of providing lower interest rates; third, there is a subsidy in the sense that the Government will get the money for the cooperatives, whereas they could well go to private sources and could, operating through private channels, get the money for themselves.

Mr. President, I read further from title III:

Subject to the right of the cooperative to repurchase—

In other words, he might sometime hope to have—
ownership of their individual dwellings where such dwellings are free standing—

In other words, meaning a separate house.

I read further from title III:

And (2) the association of persons into such cooperatives, who—

This is interesting and intriguing—
by reason of their like interests, association together in other fields, or otherwise—

Mr. President, what are the "like interests" of people, because of which we wish to put them together into a housing project? What are their associations together that would bring them into such a cooperative housing project, and how

would they ever become dissociated if they desired to move?

A moment ago mention was made by the distinguished Senator from Vermont [Mr. FLANDERS] of the situation in Sweden. I observed that also, along with him. I wish to commend the Swedes for the things they have done. But, Mr. President, let us remember that Sweden is a completely socialistic country, where labor is herded in one place and directed in another place, where special favors are given to those who are in the shipping industry and to those working for cooperatives that are engaged in the export business.

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

Mr. BRICKER. I am glad to yield.

Mr. THYE. Let me inquire of the Senator whether Sweden has anything comparable to our FHA.

Mr. BRICKER. No; the Swedish system uses private money up to 60 percent of the entire cost of the project; and then the government, without interest, puts in 30 percent, up to 90 percent.

Mr. THYE. Sweden has no such authority as exists under our FHA, has it?

Mr. BRICKER. No; Sweden has a special set-up; and, under the government, the cooperatives control the housing program.

Mr. THYE. Sweden has nothing comparable to our special arrangements for GI loans, has it?

Mr. BRICKER. No; it has not. The Swedish Government puts in the money at the top, rather than, as we do, insure FHA loans and GI loans.

Mr. THYE. The United States has gone forward with a housing program which has been entirely different from that of the Swedish Government. Is that correct?

Mr. BRICKER. That is correct.

Mr. THYE. The program followed by the United States has been of greater assistance to the people than the Swedish plan has been. Is that true?

Mr. BRICKER. Yes; by far.

Mr. THYE. The Swedish program has nothing comparable to our slum-clearance procedures, in the way of national legislation, has it?

Mr. BRICKER. No. However, Mr. President, I will say for the Swedish people that, to my observation, we saw very few slums in their cities.

Mr. THYE. I would say that, from what I saw of their cities, their housing situation is excellent.

But I wished to inquire of the Senator whether he thought the Swedes have achieved that excellency under a system similar to ours.

Mr. BRICKER. No; their system is not comparable to ours, because as the Senator from Minnesota knows, their system is almost completely socialistic, in that they control the flow of labor and the migration of people from one place to another and the kind of cooperative which shall be emphasized, and where cities shall be built, and where highways shall be built, and how they shall be built, and everything in connection with living conditions.

Mr. President, it might be that Senators would wish to have the Govern-

ment develop cooperatives among people of like interests, although that is a hard thing to understand. I cannot understand it in connection with a housing program. Yet I did observe in Sweden—and I think the Senator from Minnesota will confirm this—that there were in the newspapers there, in both the daily newspapers and the Sunday newspapers, whole pages of advertisements by persons who wanted to move from one cooperative apartment to another. They had to advertise in the newspapers, and they could not leave the cooperative apartment in which they were living until they could find someone who would take their apartment off their hands, on the basis of the money they had in it; and then those persons would hope they might get another apartment somewhere else, under more favorable circumstances and conditions. So they are tied down to a program, extending almost beyond the end of their lives, in most instances.

I presented yesterday for the RECORD several editorials from different newspapers. Let me say, in commending the Senator from Washington, that as he pointed out a moment ago, most of the newspapers from which he read supported last year the public-housing program. I hold in my hand the Evening Star editorial of last night, which I think has already been presented. But let me read the last paragraph, again, for purposes of emphasis:

Responsible Members of Congress will consider this bill on its merits, and not because the real-estate lobby opposes it—

And I do not know whether they do or not—

or the Democratic National Committee favors it.

And I do not know whether they do or not, except I know telegrams have been sent out, and a great deal of pressure has been brought to bear. I have been told by Senators that that is the situation.

If so considered, it ought to be defeated by a healthy margin.

That comes from one of the great newspapers of the Capital City.

I turn to another editorial from my home State, an editorial which appeared in the Cleveland Plain Dealer, which has for 100 years, I presume, been a newspaper of democratic persuasion. This is what it has to say in an editorial on March 14, 1950:

A DELUSION IN HOUSING

The Senate is scheduled to begin voting tomorrow on a bill which would put the Federal Government in a gargantuan new business enterprise, exert a definitely inflationary effect on an important segment of the economy, and, in effect, increase the Government's dangerously high indebtedness by another one or two billion dollars.

Continuing, it said:

In the Senate is not swayed by a political catch phrase—"A housing program for the middle-income group"—it will reject the bill as being unsound, and as one which would do nothing, absolutely nothing, to reduce the cost of housing, to bring better shelter within the purchasing and renting power of more people.

Mr. President, the pending bill, and title III of the bill, do not in any way attack the serious problem in housing, which is the high price and high cost of materials at the present time. The bill only goes to the cost of money, which does not go to the root of the trouble. Continuing, the Plain Dealer said:

The price would not be cut; the monthly payments would be lowered, but the purchaser would be paying more in the long run because of the higher aggregate of interest over a longer period of years. That would be a subsidization of inefficient methods, just as the present Federal bills would subsidize present-day builders' inefficient and excessive demands. They are equally fallacious.

That is the word for the Federal legislation providing Government-guaranteed loans for the middle-income class—fallacious.

I have here several other editorials. I think this one was introduced by the distinguished Senator from Arkansas [Mr. FULBRIGHT] a little while ago, "Piecemeal-plan danger shown in housing bill," but let me read it again for emphasis. The last paragraph of the article reads as follows:

The more the backlog of demand for housing is filled at exorbitant prices now, the smaller will be the cushion under the entire industry when prices come down, and therefore, the more intense the deflation in the industry will be. Plain talk and very much to the point.

I have another editorial, one from the Washington Post, which I think has been placed in the RECORD. That newspaper has been one of the strongest exponents of the Government housing program. It supported the bill last year in full, and I think had a decided effect possibly on the outcome of voting on that bill. Here it is opposed, and again for emphasis let me read the concluding paragraph:

More important, however, are the over-all economic objections to the Sparkman bill at this time. Economy is required to steady the general economy and to ready it in case of emergency needs. The Government has already gone too far with socially desirable programs that it cannot finance with the present tax structure. When to this fact is added the danger of upsetting the mortgage market with overly liberal credit pushed out through Government guarantees, the case for rejection of the bill by the Senate seems to be very strong.

A few moments ago mention was made by the Senator from Illinois to the effect that private lending authorities will not lend to cooperative movements. The pending bill itself would invade the field of private lending, to the detriment of those who have saved a little bit of money, which is still a virtue, regardless of the attacks made upon that fundamental principle of the American way of living. It would deprive these people of an opportunity of investing their money in savings and loan associations, depositing in banks or mutual associations to be reinvested in real-estate loans. It is an attack at the very foundation of the life insurance companies, because it will mean ultimately one thing—a lowering of the general interest rates in the field of housing generally. That means dividends will be cut off or cut down to the holders of life-insurance policies, of

whom there are some 86,000,000 in this country. It means that they cannot compete in the market. It means that the investor will have to buy Government securities, securities guaranteed by the Government, rather than deposit his money in private financial institutions, which have done so much to build the economy of the Nation, and which are responsible today for the outstanding housing development we are experiencing.

Mention was also made a while ago that we ought to do this because the housing cooperatives can effect certain economies in the building and in the maintenance of the housing projects. The fact is that the bill itself prevents those economies. The bill itself requires that labor standards be maintained in the local community, and if one contributes his service, under the law, before the administrator of title III may approve it, he has to be paid the same as the standard of labor which is set in that community. The architect's fees have to be the standard architect's fees in the community.

The PRESIDING OFFICER. The time of the Senator from Ohio has expired.

Mr. TOBEY. Mr. President, does the Senator from Ohio care to have a few minutes more?

Mr. BRICKER. I shall be glad to take about 2 minutes more in which to conclude.

Mr. TOBEY. The Senator has it.

Mr. BRICKER. So, Mr. President, appreciating the opportunity which has been afforded me to point out only a few of the fallacies and dangers which are attendant upon title III, I hope it may be stricken from the bill. Certainly it is even more important that it should be stricken in view of the amendment which has been suggested by the distinguished chairman of the committee of a minimum of 4 percent, thus tying upon the occupants and upon the cooperatives 200 percent of interest before they will be able to pay out to the Government. It is a curb upon the building program. It is an inflationary process which will force up the prices of materials used in house building. Title III is inflationary in that it will pump into our economy generally a billion dollars, which will be added to, no doubt, in the years which lie ahead. It is a program which will curb and hinder and break down the Government building program now under FHA and under the GI loan program, which has built in the last year a million houses, 50 percent of them insured under those programs; and this year with in excess of a million more houses built, practically 50 percent of them will be insured, if the Congress does its duty by the housing industry.

Mr. TOBEY. Mr. President, I shall be glad to yield 5 or 10 minutes to the Senator from New Jersey [Mr. SMITH], or such part of it as he may wish to use.

The PRESIDING OFFICER. The Senator from New Jersey is recognized for any part of 10 minutes he may choose to use.

Mr. SMITH of New Jersey. Mr. President, by way of preliminary to my brief

remarks, I wish to say that I have been very much impressed by the care and deliberation given the pending bill by the committee. I think we all owe a debt of gratitude to them. I think it has been one of the most interesting and stimulating debates on a vitally important subject that we have had here in a long time.

Mr. President, I have followed with much interest and considerable concern the debate on S. 2246, the so-called middle-income housing bill, which has now been reported by the committee in the form of an additional amendment, in the nature of a substitute, to S. 2246 as originally proposed.

I want to make it perfectly clear at the outset that I am in sympathy with the reasonable extension and modification of the activities of the Federal Housing Authority. I recognize that the FHA has, through its mortgage insurance program, made a real and constructive contribution to the rapid building of much-needed housing in this country. I am convinced of the social and economic desirability of decent and adequate housing for the people of this country. I supported the Housing Act of 1949 because I believed that the disgraceful slum areas in our Nation should be obliterated, and because I felt that only through Federal aid could this problem be practically and successfully solved.

I am particularly concerned, however, over title III of the committee amendment to S. 2246, providing for a new National Mortgage Corporation for Housing Cooperatives.

In my judgment, title III as recommended by the committee offers an unsound and impractical plan which may jeopardize, rather than be a constructive addition to, our entire housing program. My objections to this title are not based on any opposition to housing cooperatives as such. On the contrary, I feel that such groups may make a real contribution to the continued maintenance of a sound housing program. For this reason I shall support the substitute amendment to title III proposed by the Senator from New Hampshire [Mr. TOBEY] and the Senator from New York [Mr. IVES] which seems to me to offer a reasonable and practical plan for the encouragement of cooperative housing.

Mr. President, any legislation which involves an expenditure of Federal funds and the assumption by the Federal Government of new and far-reaching commitments should be scrutinized with the greatest care.

I think, Mr. President, that in the times through which we are living, that statement is particularly important.

It should not be passed unless it meets a demonstrable need, contributes to the over-all stability of the economy, and provides for Federal assistance only in those areas where State assistance, or private initiative and private enterprise are not available to meet that need.

I should like to emphasize the point, Mr. President, that we should at this time go back to our reliance upon State initiative and State assistance, and, so far as we can, rely on private operations,

and, as soon as we can, get away from the necessity of the Federal Government's joining in these programs.

I believe that the substitute TOBEY-IVES amendment meets these criteria. It recognizes that the cooperative program may offer a constructive and progressive way to decrease housing costs and to enlist the support of groups of people who are willing to work together and shoulder the responsibility for making plans for their own housing and carrying them through to a successful conclusion. It provides for limited Federal assistance to such groups without discriminating against other individuals and groups. It utilizes the tested financing principles of our present FHA program.

As I have previously said, I feel in sympathy with our FHA program, and I think that to continue the principles of it is a sound and wise policy.

It provides for continuing study of the potentialities of housing cooperatives, so that we may discover the way in which such cooperative enterprises may best contribute to the maintenance of a prosperous and adequate housing industry.

On the other hand, title III of the committee amendment to S. 2246 seems to me to set up new and cumbersome Government machinery that is not only not necessary but also inappropriate to meet the needs of the situation. My most serious objection to title III of the committee amendment is that it provides for Government encroachment in the mortgage-lending field.

I do not want to have the Government in the lending field if that can possibly be avoided.

I believe that arrangements for Government-insured private lending, such as are utilized under normal FHA procedures and are provided for in the Tobey-Ives amendment, would not only be adequate, but greatly preferable.

We have before us then, Mr. President, the choice between alternative approaches to the encouragement of cooperative housing in the United States. The Tobey-Ives amendment offers a reasonable, practical approach, without providing for further Government encroachment in the mortgage-lending field, without establishing a new Government bureaucracy, without discriminating against those people who are already taking advantage of the financing arrangements under the present and future FHA and GI mortgage-insurance programs and without committing the Federal Government to the creation of a large amount of new liability. In all these respects, Mr. President, it is much the sounder proposal and I shall support it.

In conclusion, Mr. President, I would like to call the attention of the Senate to an editorial in today's Washington Post, which I understand has been placed in the Record, which discusses a number of objections to title III of the committee amendment and concludes by stating:

The Government has already gone too far with socially desirable programs that it cannot finance with the present tax structure. When to this fact is added the danger of up-

setting the mortgage market with overly liberal credit pushed out through Government guaranties, the case for rejection of the bill by the Senate seems to be very strong.

So, Mr. President, I shall support the Tobey-Ives amendment, and I sincerely hope it will prevail.

Mr. MAYBANK. Mr. President, I send to the desk an amendment about which I think there can be no controversy. It simply makes effective certain recommendations made by the Hoover Commission under Reorganization Plan No. 14.

The amendment would provide that the Secretary of Labor shall issue standards, regulations, and procedures, and make necessary investigations, in connection with the enforcement of the labor standards provisions of the bill. The actual enforcing authority, however, would continue to be vested in the administering agencies.

The amendment brings the enforcement procedures with respect to the bill's labor standards provisions into conformity with Reorganization Plan No. 14 of 1950, submitted by the President to the Congress on March 13, 1950. It is consistent with a recommendation made by the Hoover Commission that enforcement authority with respect to labor clauses in public contracts be vested in the Secretary of Labor.

If Reorganization Plan No. 14 does not go into effect the amendment will not be effective.

I have discussed the amendment with the chairman of the Committee on Expenditures in the Executive Departments and shall not go into further detail regarding it.

The PRESIDING OFFICER. The amendment will be received and lie on the table.

Mr. MAYBANK. Mr. President, I understand that the Senator from New Hampshire [Mr. TOBEY] has agreed that the next 25 minutes be allotted to me.

Mr. TOBEY. Yes; and as much more time as the Senator desires.

Mr. MAYBANK. I thank the Senator.

Mr. President, I ask that 15 minutes be given to the Senator from Pennsylvania [Mr. MYERS].

The PRESIDING OFFICER (Mr. FREAR in the chair). The Senator from Pennsylvania is recognized for 15 minutes.

Mr. MYERS. Mr. President, I intend to give my full support to the Housing Act of 1950 as reported to the Senate by the Banking and Currency Committee in the form of Senate bill 2246. As has been the case with other legislation processed by that committee, under the chairmanship of the distinguished Senator from South Carolina [Mr. MAYBANK] Senate bill 2246 is a thorough, realistic, and sound proposal to aid families of moderate income in their efforts to obtain decent housing under financing terms which they can afford to pay.

The measure as reported to the Senate, Mr. President, does not have any trick provisions that say one thing and mean another. The bill does not propose a

huge hand-out or raid on the Federal Treasury.

What the committee has proposed is the extension of a time-tested method to encourage home-building. The most controversial provision in the bill—in fact, the only provision over which there is any real controversy—is title III, which, as all of us know by now, outlines a method by which cooperative and non-profit rental housing may be developed.

The other features in the bill, the continuation of the basic FHA insurance programs, with of course some changes which now appear desirable in light of more recent developments, the disposition of remaining war housing, the now adequate mechanism proposed to give veterans a real opportunity to build their homes under a revised GI bill, the direct loans to colleges for needed housing to be used for students and faculty alike, and, lastly, of course, the RFC loan program to assist in the development of prefabricated housing, are all provisions which are now pretty much removed from the realm of disagreement.

The real heart of Senate bill 2246, Mr. President, is in title III. This provision is the one by which help will be made available to that almost-forgotten group of American families who, in the post-war period, have found it virtually impossible to procure adequate housing within their means.

When we were debating the low-rent public housing program adopted by the Eighty-first Congress last year, I pointed out that the public housing program was going to help those whose incomes were simply on the bottom of the economic heap, and I also pointed out that there were then—as there are now—simply millions of families earning incomes just above the level which would entitle them to live in publicly owned rental housing. I remarked that these people wished to build their own homes, but could not do so on the existing market with its high building costs and prohibitive financing methods.

It was certainly my understanding when we passed the public housing bill last year—and I am confident it was the understanding of a large majority of Congress—that we would also face in the Eighty-first Congress the problem raised by that great group of families who were self-sufficient but who at the same time were priced out of the housing market. I felt just as certain then as I do now that new financing methods could be worked out to offer real assistance to families of modest incomes through financing methods that were completely in keeping with our free-enterprise system. I am completely satisfied that title III meets all these requirements.

I should like to look back at just a bit of history, Mr. President. Twenty-five years ago, the population of the United States was approximately 115,000,000 people. In that year of 1925 a record number of 937,000 private residential dwellings were put under construction. This stood as the high-water mark for home construction until last year, 1949, when for the first time in 24 years the

old record was broken by having begun construction on more than 1,000,000 residential units.

I think it is important to point out several things in connection with our home building efforts in this 25-year period. For one thing, construction fell steadily after 1925, and in the bottom year of the depression, 1933, less than one-tenth as many homes were started as in the year of 1925; to be more exact, about 93,000.

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

Mr. MYERS. I yield.

Mr. MAYBANK. The Senator is more familiar with the situation in Pennsylvania than I am, but does the Senator know that 50 percent of the homes which were built in the United States last year and which are expected to be built this year were built and are going to be built with Federal aid under one title or another?

Mr. MYERS. Undoubtedly that is correct.

Mr. MAYBANK. In Pennsylvania, as I understand, it is a little less than 50 percent.

Mr. MYERS. I believe that is correct.

Of course, conditions improved after 1933, and housing construction picked up considerably. But the advent of the war halted progress again, and by the close of World War II, we were faced with a tremendous backlog in terms of housing needs. For one thing, we had failed for a substantial part of 20 years even to build enough housing to replace homes that became uninhabitable as a consequence simply of wearing out.

Of course, the story is much more complicated than that. If we assume, as I do not think is really so, that an annual building program of 937,000 homes for 115,000,000 Americans in 1925 was sufficient to meet our needs at that time, it is quite apparent that 1,000,000 homes in the year 1949 when we had increased our population by almost one-third, up to 150,000,000 people, is not adequate to meet our needs today. In other words, I do not believe a 10-percent increase in record housing construction is adequate to meet a 30 percent increase in population.

I firmly believe, Mr. President, that we must establish as our goal a yearly production of 1,500,000 homes within the next 15 years. This is just about half again what we did last year. This raises the question, therefore, of what will be necessary to reach the 2,000,000 goal.

I want to make it clear, too, that I believe this can be accomplished only through encouraging the growth of our home-building industry on a free-enterprise basis. This is the way we have traditionally operated this American economy of ours, and I know this is the way all of us want to continue to operate in this fashion.

If we look carefully at the types of housing constructed last year, it is at once apparent that most of it was priced far out of reach of one of the most im-

portant family groups in America. By this I simply mean that group with 2 or 3 children whose incomes are modest, ranging from, say, \$2,500 a year to about \$4,000. Here, as has been pointed out so frequently in debate, is the backbone of this country.

It is perfectly clear that this group simply cannot undertake financing a \$10,000 to \$15,000 home. These families of moderate income must shop in a market ranging from \$50 to \$70 a month as the total payment to retire a mortgage on any home they seek to purchase.

It is pretty clear, Mr. President, that we did not build many houses in that price group during the past year when our home construction exceeded a million dwellings.

But it is not only important to the moderate-income people that we make it possible for them to buy a home, but it is vitally important to our home-building industry that new markets for housing are developed if the building industry and the industries which supply materials and furnishings for homes are to expand and stay economically sound.

As matters stand now, we are drying up the market for expensive housing, because the people who can afford it are rapidly filling their needs, and are either satisfied where they live at present, or have recently acquired a new home.

So it is clear to me, at least, that the housing market must be opened to more families, or the entire building industry will soon start feeling the effects of a vanishing market.

The major question before us, Mr. President, then becomes one of examining the method proposed in title III to meet the needs of the middle-income families. We must inquire as to two points. First, will title III accomplish the purpose for which it is intended? Secondly, is the method proposed in title III compatible with our traditional free enterprise system? My answer to both these questions is a very emphatic "Yes."

As to my first question, whether the encouragement of housing cooperatives will meet head-on the problem of providing reasonably-priced housing for moderate income families, I feel this matter is pretty well conceded even by those who oppose the cooperative mechanism itself. It is apparent to anyone who examines the advantages of the cooperative home-ownership method that through it great reductions in price of individual homes are possible through sayings that can be achieved all along the line.

When the cooperative acquires an entire tract of land for all the members, the price of individual lots is greatly lowered as compared with prices that would be required if the lots were purchased separately. The same kind of savings result through the quantity purchase of building materials which a cooperative may do, and which the individual home builder cannot do. And by having a single contract with a builder to erect all the homes in the cooperative development, the unit price of construction can also be lowered.

Finally, of course, the financing method proposed in title II gives some real

assistance to the individual family because the mortgage matures over a 50-year period instead of 20 or 25 years. Furthermore, the rates of interest are considerably lower than those available through ordinary financing methods, which generally range up to 5½ percent.

So without any question, the cooperative method can produce housing well within the means of middle-income families, there is no doubt about it.

So we come down, finally, Mr. President, to my second question: Is the method proposed in title III compatible with our traditional free enterprise system? And that, after all, is the real focal point of our debate.

As I have already indicated, I am completely satisfied that the methods set forth in title III are time-tested and long-accepted parts of our basic private enterprise picture. Now just what is it that we are dealing with here? First, we are saying that loans will be available to assist in setting up a cooperative and in acquiring the land it will need. This is the sort of thing which has been done for years not only in our housing programs, but in our farm programs, and in many other measures which have assisted our people initially to organize themselves into a group to accomplish some perfectly legal and needed purpose.

Secondly, we are saying that cooperatives may borrow money supplied by private investors to cover the total mortgage on the cooperative. This is not money from the Federal Treasury in the form of a direct loan to cover the mortgage. It is—and I repeat—money raised from private investors who purchase debentures in the cooperative bank.

Finally, we are saying that Government mortgage insurance shall be available to protect the holders of the debentures against a possible default on the cooperative mortgage. There is certainly no Member of Congress who is not aware that Federal mortgage insurance has proven itself again and again in the past 15 years in other types of building programs financed by private investors. It is true that the FHA mortgage was originally criticized, and it was called socialistic, because some people thought it would do away with private enterprise. It would be interesting to read in newspapers and periodicals of that time the comments which were made about the road down to socialism which we would be taking if we were to adopt the FHA principle.

The PRESIDING OFFICER. The time of the Senator from Pennsylvania has expired.

Mr. MAYBANK. I yield 3 minutes more to the Senator from Pennsylvania.

Mr. MYERS. It is true that private lending agencies, or some of them, at first refused to lend money if the mortgage was to be covered by FHA insurance.

But that was a long time ago, Mr. President. Today the lending agencies will in many cases absolutely refuse to make a home loan unless the mortgage can qualify for FHA insurance, and, furthermore, as has been repeatedly pointed out in the debate on S. 2246, FHA insurance has paid its way and proven itself. It has today a premium balance about 10

times greater than the total payments which have been made through mortgage defaults.

So it is perfectly obvious that the essential idea of FHA-type insurance has not socialized anybody; it is obvious that it has been of material aid both to private investors in insuring them against loss; and it is obvious that mortgage insurance sponsored through our Federal programs has made it possible for millions of families to acquire a home when private lenders would otherwise have turned them down unless some form of insurance was provided.

Now, title III visualizes the use of similar mortgage-insurance methods to insure the risk of the private investor who seeks to put his money into the cooperative program.

So, Mr. President, I submit that the proposal set forth in title III is completely in keeping with our entire free-enterprise system.

I think there has been a great deal of confusion on this point. I believe some of those who have opposed title III feel that somehow this will ultimately replace the private lender and private builder from the housing picture. Nothing could be further from the truth. In the first place, the cooperative program is designed for those families who today simply are not buying homes. The cooperative program is creating a market that does not exist now. It is not replacing the private builder and lender who seek to build housing at a profit from a market that now exists. The cooperative program does not touch that field at all.

I am satisfied that as we gradually enlarge our home-building industry, and develop along with it new methods of construction, as I am sure we are doing, and will continue to do, that the price of all construction—profit and nonprofit alike—will gradually give us much more for our money. The net effect of this will be more people at work in this vast business of housing our people. It will mean a big expansion for building of all types, and, most important of all, it will move us along faster at the job of building the homes which so many of our people so desperately need.

I am convinced that title III is the way we should do this if we are to keep faith with our veterans, and with all their fellow Americans who today simply cannot afford a decent place to live.

Mr. MAYBANK. Mr. President, I yield to the distinguished junior Senator from Connecticut [Mr. BENTON] whatever time he may need.

The PRESIDING OFFICER. The junior Senator from Connecticut is recognized for whatever time he may need.

Mr. BENTON. Mr. President, I intend to call up after 4:30 o'clock this afternoon, my amendment lettered A, dated March 14, to the committee amendment to S. 2246.

In Connecticut we have a very successful State home ownership program which is based upon direct loans at low interest rates through banks to families with incomes between \$2,500 and \$3,700 a year. These loans are insured by the FHA or by a combination of the FHA and the VA. Under section 500d of the

Servicemen's Readjustment Act, the VA can process automatically combination loans approved by the FHA which are made by any Federal Land Bank, national bank, state bank, private bank, building and loan association, insurance company, credit union, or mortgage and loan company. Obviously the State does not fall within any one of these classifications, and at the present time each application must be processed individually both by the FHA and the VA. This places an unreasonable burden of work upon the VA.

The purpose of my amendment would be to permit loans made under our State program to be processed in the same manner in which most other combination loans are handled. This is the only purpose of the amendment.

Its language has been worked out in cooperation with the Veterans Administration. I understand the Chairman of the committee has no objection to it.

Mr. MAYBANK. I am glad to say, Mr. President, that it will be a privilege to me, as chairman of the committee, to accept the amendment proposed by the distinguished Senator from Connecticut. He knows the situation in Connecticut, of course, far better than I do, but I know that what his amendment calls for is generally needed.

Mr. President, I now yield such time as he may desire to take, to the distinguished Senator from Minnesota [Mr. HUMPHREY].

Mr. HUMPHREY. Mr. President, in the few moments the distinguished chairman has yielded to me I should like to make one or two observations with reference to the pending measure. First of all, I should like to have my colleagues take the veneer off the talk we have heard this afternoon and the preceding days. In other words, let us rub off the polish, let us get rid of the fringe issues and get down to the substance of what the debate is all about. It is obviously over title III. It is obviously over cooperative housing.

There are those who would have us believe that cooperative housing and cooperative development in America are something new, unusual, dreadful, damaging, and demoralizing. However, the Congress has seen fit to provide for the American farmer to have his rural electrification cooperative without any serious injury to American industry, American standards, or American prosperity.

The record of REA cooperative associations wherein farmers join together to own their own electric lines, to own their own generating plants has been one of splendid success. In fact, the REA Act goes much further than the legislation which is now being considered by the Senate in the proposed measure. Under REA there are direct Government loans. In this legislation, the middle-income housing bill, there are no direct Government loans provided. So I say, let us take a look at the real issue. Those issues can be pretty well summarized in about three categories.

No. 1. Is there a need for middle-income housing? Is there a need for a better housing program to meet the

housing needs of that great middle-income group between \$2,500 a year income and \$4,500 a year income, which represents about one-third, I believe, of the urban families, and an even larger number of rural families? I doubt if any Member of the Congress, regardless of partisan preference, would deny that there is a need for a better housing program for the middle-income group. I doubt that any Member of the Congress would deny the desirability of home ownership. I have heard very few people say that they think this will be a better America if more people rent houses from more landlords.

So I think the answer to the first issue, "Is there a need for more middle-income housing?" is clearly outlined in the report of the committee. I think the answer has been made again and again by everybody interested in the home-building industry. Yes, there is a need, a clear-cut need for more middle-income housing.

The second question we automatically ask ourselves then is this: Does the pending measure deny private enterprise an opportunity to meet the housing need? Does the bill deny the building industry of America, the private building industry, the private financing industry of this country, an opportunity to meet the needs of the middle-income market? I submit that there is nothing in the pending legislation that in any way would curb the activities of the loan companies or the building and loan associations—there is nothing in the pending measure that says to the building industry, "You cannot build." In fact the pending measure encourages the building industry and the lending industry to continue to meet the housing needs of middle-income groups or middle-income families.

The third question we ask ourselves then is this—and this is the question which is frequently posed on the floor of the Senate: Does the bill socialize housing? Does the bill in any way put the hand of Government more into the housing field? Does the bill do something that we have not already done? Does the bill, in other words, destroy the principle, the very meritorious principle, of individual home ownership? My answer is clear and categorical. The bill in no way socializes housing; the bill in no way destroys the principle of home ownership; the bill in fact underwrites individual home ownership and promotes an interest on the part of the middle-income group in maintaining, owning, and using their own housing facilities.

At this point, Mr. President, I should like to quote from a debate in which I took part with the executive vice president, National Association of Real Estate Boards, Mr. Herbert U. Nelson. The debate took place in Washington, D. C., at the Statler Hotel, on the evening of December 14, 1948. I think my colleagues will be interested to know what Mr. Nelson had to say about cooperative housing. Mr. Nelson, as the executive vice president of the National Association of Real Estate Boards should be interested in the building industry. I quote from Mr. Nelson. He came forward with this sug-

gestion while we were discussing the public housing bill:

Mr. NELSON. Mr. HUMPHREY, I agree with that, and I wanted to mention in this discussion some housing which I saw in Sweden this summer, built by the cooperatives, which helps the white-collar class in that country very effectively, and which also serves the low-income group. These are tenant-owned houses, not only houses, but apartments, and they are privately owned and operated, but they are assisted by government loans, and in some cases by government grants. And they reach very low rents and they perform a very satisfactory type of housing. And I hope we can have this matter as a matter of discussion when Congress reassembles to discuss this question.

May I read on the same page another comment by Mr. Nelson:

The merit of the Swedish system is that it leads to home ownership, and the occupants of this housing do not merely become permanent wards of the Government, which I think is one of the handicaps of so-called public housing. We have done some figuring on what we could do with this Swedish idea here if we tried it, and we could get down to rents as low as \$21 a month—that is, payments in lieu of rent—if a certain amount of grants were made. And on self-sustaining cooperatives, we think that if there were some system of Federal loans, we could get down to rents of \$45 a month.

Now, what does this statement mean? It means that Mr. Nelson, the paid representative of the Real Estate Boards, in an open debate over the airways of this land not only is for cooperative housing but he is for direct Government grants and loans for cooperative housing. At least he was on December 14, 1948. I understand he was severely chastized some time later, and there was a bit of retraction in terms of the Federal loans and the Federal grants. The proposal which is now before us does not call for Federal loans, does not call for direct Federal assistance.

This proposal calls for the middle-income people to get the same break in life that the bankers are getting. It appears to me that the leading newspapers of this country are being influenced by the savings and loan companies, the banking profession, and some of the big real estate companies. It is an amazing thing that all at once, after newspaper after newspaper has supported public housing—the kind of housing that nobody can make any money out of—suddenly these same papers find something bad in middle-income cooperative housing. Yes; cooperative housing that permits private investors to buy debentures so that cooperatives can borrow money from a cooperative housing bank and those loans will be mortgage insured just exactly as the mortgages of any banking institution in this country are insured. What is good for the banks ought to be good for the cooperatives.

What this ultimately amounts to is simply this: Cooperative housing loan interest rates may provide a yardstick for all interest rates. Let the junior Senator from Minnesota go on record right now. I am for low interest rates. I have watched America being bled white by high interest rates. The average little fellow who tries to build a home spends half his life paying interest. And

the lower our interest rates can be and still maintain the solvency of this country and the solvency of our financial system the better. I am not going to sugar-coat this issue. I say quite frankly that a 4½ percent interest rate on insured mortgages is too high; and if we can get the rate down to 4 percent or lower, we will be doing a service for the country.

Mr. President, I should like to present for the RECORD an analysis of how I believe cooperative housing deserves a lower interest rate, because of the fact that there is one mortgage, rather than hundreds of small mortgages. The analysis states how the servicing charges will be much less. So I ask unanimous consent to have printed at this point in the RECORD, as a part of my remarks, my analysis of the interest rates and of how I feel that the cooperative-housing program provides for more economical building and more economical financing.

THE PRESIDING OFFICER (Mr. GEORGE in the chair). Is there objection?

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

HOW CO-OPS SAVE MONEY

The reason that I am in favor of this middle-income legislation is that in making cooperative housing a major vehicle for providing homes for the American people we are making a significant cost saving technique available to them. We are all in favor of any new building material which will do a job better and cheaper. We put a section in the Housing Act of 1949 directing the FHFA to set up a division to search out new building techniques to achieve such cost reduction.

There are four basic ways in which the use of the cooperative technique reduces housing costs. I will develop these further, but let me list them:

1. It makes available for home ownership the use of multiple building forms hitherto only available to builders of rental housing.
2. Cooperative housing fully justifies a lower interest rate, longer amortization, and hence reduces monthly housing costs.
3. Home ownership makes it unnecessary to charge against the housing consumer such fees as vacancy allowances and sale commissions.
4. Home ownership reduces the rate of depreciation of the property.

In the first of these four ways cooperative housing lowers costs. It can be seen that the savings really amount to something in that a saving of about a thousand dollars per family is possible through the use of the multiple housing types, particularly the attached house and garden apartment as opposed to the one family free-standing house. This saving is not only the obvious saving of about one end wall in three, but adds up to the thousand-dollar figure when one takes into consideration the reduction of paving, elimination of unnecessary walks and individual driveways, the grouping of garages into parking compounds and the like. While here I'm stressing the cost reduction aspect, it should not be overlooked that in this cost reduction the housing itself is made more spacious, is better designed; the neighborhood looks better and, with no extra costs, achieves larger private gardens as well as common parks and play areas where small children may play in perfect safety.

The second item has received a lot of attention from the bankers. They say that the reduction of interest rates to cooperatives is just a bonanza to co-ops and as such doesn't reflect a genuine cost saving feature

of cooperative home building and ownership. I submit that just the opposite is the case. The longer amortization is justified most simply by the fact that when you write a mortgage for a corporation—in this case a soundly organized nonprofit corporation—you write a mortgage for an entity which has perpetual life. Hence it becomes entirely feasible to tie the length of the mortgage to the life of the building. The bill permits up to 50 years. This could well be longer. I am informed that the New York life insurance companies have expressed a willingness to advance money to cooperatives up to 70 years. In Sweden ferro-concrete buildings may be amortized up to a hundred years. So you see, the provisions of the bill are not at all too liberal, in fact they are to conservative. Remember, that the Administrator of the new Cooperative Housing Agency is directed to see to it that the construction in each case will justify the length of amortization, that the 50 years is permissive, not mandatory.

The lower interest rate this bill offers cooperatives has come in for even more abuse, equally unjustified. The difference between the 4½ percent now required of FHA insured houses offered for sale and the suggested 3 percent to cooperatives represents the cost of collecting and keeping track of a lot of small mortgages. When you combine all these little mortgages into one big one there is a considerable saving in bookkeeping alone. Add to this the cost of possible foreclosure in the case of individual mortgages, the checking on the state of the property so that the banker's equity is protected, it can be seen that the 1½ percent interest reduction offered cooperatives by this bill only represents a savings achieved by the cooperative. If we do not give this savings to the cooperative which earns it by its own assumption of the service functions we shall be simply giving it to the bankers who have not earned it. If you look closely at their argument against this phase of the bill you can see that what the bankers who have raised this argument want is a cut—entirely unearned—just a tribute—for themselves.

The third group of savings are based on the fact that this is home ownership and as such the initial share capital and the constantly accruing equity of the member family takes the place of the vacancy allowance in rental housing. While co-op housing will have lower vacancy ratios than rental housing since it will be built to consumer specifications at honest costs, such vacancy costs as there may be will be assumed by the member family just as if he owned a home. In this respect cooperative housing works exactly as home ownership. When a family moves, the cooperative moves in a family on the waiting list. If there are no families on the waiting list, the outgoing family's equity takes the loss until either the dwelling is rented or a new member is found. Financially this is exactly like individual ownership, but since the co-op is there with its better environment and organization the outgoing family stands a better chance of getting a replacement than if he were alone. Furthermore, the cost of transferring membership is saved, the customary 5 percent real-estate fee is a positive saving at this point.

Finally, the cooperator is a home owner and as such he will take the customary better care of his own property than the renter. I need not labor this point; you all agree with me on this item. But let me just briefly itemize some of these savings. First, there won't be the damage in co-op housing customary in rental projects since the cooperator knows that if he abuses his home he will have to make the abuse good out of his equity when he leaves. So you see, there is every incentive to keep up the property. He can do his own interior painting in accordance with his ability and wishes with the cooperative to see that it is done cor-

rectly. Outside maintenance should be by the cooperative so, as experience has shown that this is the cheapest in the long run—the entire neighborhood gets painted when it needs it, all the roofs are repaired when necessary, and so forth.

I'm not saying that every cooperative will achieve these savings in the same manner or in the same degree. One of the beauties of this bill is that cooperative housing is a flexible instrument and can adapt itself to local conditions and customs.

In closing I want to say that here we have the most important cost-reduction technique in housing that this House has considered. It is economically sound, it gives more housing to the consumer for less money. What more can we ask I say, let's pass this bill now.

Mr. HUMPHREY. Mr. President, this is a question as to whether or not the Congress will support the program and policy of the financial interests engaged in the loan business, or support title III of the pending measure which meets the needs of millions of our people. Mr. President, we are not talking now about individual dwelling units, but we are talking about housing to be provided by a nonprofit, cooperative association. I submit this type of association is worthy of our consideration and of the helping hand of the Government. The interest rates which will be forthcoming will be sufficient to pay back the costs, to pay the service charges, and to pay a profit to those who have made the investment by purchasing the debentures. It is sound business and good public policy.

Mr. MAYBANK. Mr. President, I yield 5 minutes to the Senator from Louisiana [Mr. LONG].

Mr. LONG. Mr. President, I offer and send to the desk an amendment to perfect the amendment which I offered yesterday. The amendment deals with the proposed title 207 of the present bill, providing that a loan up to 90 percent may be made on rental units, when the cost of the average unit does not exceed \$7,000.

Yesterday I explained how, under title 608, builders are building such projects at anywhere from 80 to 70 cents on the dollar of the estimated cost, and are pocketing the difference between 90 cents and the 70 or 80 cents which it costs them to build those housing projects.

I understand that an amendment may be offered in an attempt once again to place the private-rental housing projects on the basis of cost, rather than on the basis of value. If that is done, I shall certainly oppose it, because I believe we need to be more and more conservative with these projects, in order to be sure that there is actually some cash equity investment on the part of speculators, who risk so little in building such houses, and who have so much to gain from building them.

Mr. President, in that connection, I should like to state that I have the assurance of many members of the Banking and Currency Committee—in fact, of a majority of the members of the committee—that they will go along with this amendment.

I certainly hope the Senate will see fit to reduce to 85 percent the 90-percent

loan provision for private rental housing.

In addition, as regards the amount that the cost of each unit exceeds \$7,000, I would be willing to permit the loan to be 70 percent, rather than 60 percent, of the estimated value, in order to be a little liberal on the higher figure, but to be sure that in the future there would be some equity investment in the construction of private rental housing.

Mr. President, briefly, the argument has boiled down to a few points, insofar as cooperative housing is concerned. One of them is the complaint about the low interest rates which the middle-income group might have the benefit of if we pass a cooperative housing bill; and the statement is made that the veterans are paying 4 percent and that other groups are paying 4½ percent.

Mr. President, this measure does not spell out the interest rate which the cooperatives will pay for their loans. Nothing is said about the interest rate they will pay. The bill merely says that the Government will guarantee the mortgage, just as the Government guarantees FHA mortgages, and that the cooperatives can work together, through a corporation for cooperatives, and can go to the private lenders and can borrow money at the best rate they are able to obtain from them. As the junior Senator from Illinois [Mr. DOUGLAS] so ably pointed out, what certain persons wish to deny the middle-income group is the ability to go to the credit market and get their money on wholesale terms, rather than on retail terms, in connection with incurring a debt on which they will pay for the remainder of their lifetime.

Under those circumstances, is it not proper that many people working together should be able to borrow on the wholesale market, rather than on the retail market? Would not it be better and fair enough to let those persons band together, so that they could save perhaps up to 1 percent interest on the amount of money they will borrow, and on which they will have to pay interest for the remainder of their lives?

Mr. President, it is bad enough that the people in such circumstances have to borrow money and pay any interest, whether 4 percent or otherwise. So far as I am concerned, it is not proper to say that the people in the middle-income brackets cannot borrow money for less than 4 percent interest.

Mr. President, we have heard much of the fact that veterans are having to pay 4 percent interest. So far as I am concerned, I should be glad to support any reasonable device whereby we might make it possible for veterans to pay, in acquiring their homes, less than 4 percent interest. If we find any way by which we can help veterans borrow money from private groups for less than 4 percent interest, I submit that the same persons who today are opposing the proposal that might enable middle-income people to obtain credit at 3 percent interest, will be the same ones who will be fighting the attempts of veterans to obtain money for anything less than 4 percent.

The PRESIDING OFFICER. The time of the Senator from Louisiana has expired.

Mr. LONG. Mr. President, I should like to have 30 seconds additional time, if the Senator from South Carolina will yield that much additional time to me.

Mr. MAYBANK. I yield 30 seconds additional to the Senator from Louisiana.

Mr. LONG. I thank the Senator.

Mr. President, this provision will not undermine Americanism. On the contrary, it will strengthen Americanism, by making it possible for persons in the middle-income brackets to own their own homes, and thereby to acquire an interest in the private-property system on which our country is founded.

Mr. MAYBANK. Mr. President, as I understand, an agreement was reached for the Senator from New York to address the Senate at 10 minutes of 4.

Mr. TOBEY. At 13 minutes of 4.

Mr. MAYBANK. And then the Senator from Illinois [Mr. LUCAS] is to speak.

Mr. TOBEY. Yes; at 17 minutes past 4; and I have given the Senator 3 minutes, to go with the 10 minutes he has from the Senator from South Carolina; so the Senator from Illinois will have 13 minutes.

Mr. MAYBANK. Then, Mr. President, I yield the remainder of the time available to me, other than those 13 minutes, to the distinguished chairman of the subcommittee.

The VICE PRESIDENT. The Senator has only 18 minutes remaining, and the Chair understands that he yields 5 minutes to the Senator from Alabama [Mr. SPARKMAN].

Mr. TOBEY. Mr. President, how much time is the Senator from South Carolina yielding to the Senator from Alabama?

Mr. MAYBANK. Mr. President, I am glad to yield to the Senator from Alabama any time I have remaining.

Mr. TOBEY. Mr. President, how much time does the opposition have remaining?

The VICE PRESIDENT. About 17 minutes.

Mr. TOBEY. And how much time do I have?

The VICE PRESIDENT. Forty-one minutes.

Mr. TOBEY. Very well, I yield to the Senator from Washington [Mr. CAIN] 5 minutes, at the present time.

Mr. MAYBANK. Mr. President, the time consumed by the discussion we have just had will not come out of the time allotted to either side; will it?

The VICE PRESIDENT. Everything comes out of the time.

Mr. MAYBANK. That is correct; time is of the essence, as I realize.

The Senator from New Hampshire has agreed to yield 3 minutes additional to the Senator from Illinois [Mr. LUCAS], as I understand.

Mr. TOBEY. That is correct.

Mr. President, I now yield 5 minutes to the Senator from Washington.

The VICE PRESIDENT. The Senator from Washington is recognized for 5 minutes.

Mr. CAIN. Mr. President, the advocates of title III, or the cooperative section of Senate bill 2246, seek—as it seems most clear to me—to establish an agency and a principle affecting the Federal Government, which in a period of financial stress cannot be supported by the

facts or defended. If title III is approved by the Senate today, it will add to the prevailing evils of inflation; it will provide liberalized housing credit to Americans in large number who now benefit from housing credit which is both reasonable and available; it will discriminate between Americans in the middle-income group; it will give to one Federal housing agency unfair competitive advantages over another Federal housing agency, to the possible future ruin of both; it will encourage Americans, by Government largesse and bounty, to think seriously of living in a group society, rather than as family units in a single home, it will mean, because of the total absence of a proved need, that no serious consideration will be given or can be given in the days to come either to sound money or a balanced budget; and, finally, and most tragically, it will set the stage and will clear the decks for special-group requests and pressures for special benefits yet undreamed of, even before the present session of Congress ends.

Mr. President, on Monday, March 13, the junior Senator from Washington spoke at reasonable length in support of his amendment which would strike from Senate bill 2246 the provision which would authorize direct Government loans to GI's; or veterans, if you please. Permit me now briefly to summarize my opposition to that provision, which is section 512, as set forth on page 108 of the bill.

First, there is more than ample 4-percent GI money available to the veterans of America, on today's money market.

Second, FNMA is now operating as a 100-percent secondary market, with ample funds, and actually is selling GI section 501 loans at a premium.

Third, building costs are down, on the average, approximately 10 percent, from a year ago.

Fourth, a recent change in Veterans' Administration regulations is helpful to veterans, because a 1 percent origination charge has been agreed to, in lieu of certain closing costs.

My fifth reason for opposing section 512 is that no single witness appeared in support of this provision, nor was there a word of testimony in support of it from any Government official or any representative of an organized veterans' group at the 1950 hearings.

Lastly, Mr. President, the bill, H. R. 6070, which was passed by the House of Representatives in August 1949, and which is presently on the Senate calendar, contains no such provisions for direct loans to veterans.

I hope that in due time, this afternoon, the amendment will prevail. I feel strongly about it, because, being a veteran myself, I think it is not contrary to the facts to state that the average American veteran, faced as he is with today's financial problems, considers himself neither to be entitled to nor desirous of seeking a direct Federal loan which is not available, and which should not be made available, to other American citizens.

The VICE PRESIDENT. The time of the Senator from Washington has expired.

Mr. MAYBANK. Mr. President, I yield the remainder of my time, whatever it may be, to the Senator from Alabama [Mr. SPARKMAN].

The VICE PRESIDENT. The Senator has 17 minutes left. The Senator from Alabama is recognized for 17 minutes.

Mr. SPARKMAN. Seventeen minutes, Mr. President?

The VICE PRESIDENT. That is correct.

Mr. SPARKMAN. For this side?

The VICE PRESIDENT. Yes.

Mr. TOBEY. Mr. President, I yield to the Senator from Alabama 3 minutes of my time.

The VICE PRESIDENT. The Senator from Alabama is recognized for 20 minutes.

Mr. SPARKMAN. Mr. President, I wish I had time to discuss this highly controversial measure in the light of our over-all housing program, because it is to be taken as a part of the entire program. However, in 20 minutes it is rather difficult to give it adequate treatment.

Before I begin my discussion, let me say the Senator from Florida [Mr. HOLLAND] has been very much interested in the proposal to transfer the ownership of the farm labor camps from the Department of Agriculture to the Housing Agency. I have had prepared a statement relating to the policy of the housing agency in disposing of those units, in case that part of the bill is referred to. Rather than take time to discuss it, I ask unanimous consent that it may be printed in the RECORD at this point.

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

FLORIDA CAMP SITUATION

There are eight camps in Florida. None have been sold. They are under the jurisdiction of the United States Department of Agriculture. All are being operated under temporary licensing agreements. Six are being operated by three local public housing authorities. The other two (in Dade County) by a nonprofit association of farmers. This association has stated orally that a housing authority could be organized there and that they could get along with such an arrangement very well.

In H. R. 4009 a section similar to section 205, title II, S. 2246, was eliminated by the House of Representatives in 1949. In response to a request by the Florida spokesman this section has been further clarified in the Senate bill by adding the words "Such projects shall be operated for the principal purpose of housing persons engaged in agricultural work." While this section provides the Public Housing Administration with other disposal methods in addition to that specified in the bill the other methods are only included to provide a method in the event no disposals to housing authorities are possible. The PHA has given its word to extend every effort to dispose in this manner to local housing agencies. This bill provides for continuing temporary licensing agreements or use permits specifically to allow for—

1. Proper rehabilitation of the facilities prior to transfer.

2. Organization on the local level of local public housing authorities and arrangements by such authorities to receive the camps.

PHA has stated such transfer will be made as early as possible—it has no desire to continue its direct jurisdiction of the facilities and only wants to place them in the hands

of local public agencies so that they can be operated within the framework established by the United States Housing Act of 1937.

Mr. SPARKMAN. Mr. President, let me say at the outset that the desire of our committee, which has jurisdiction over housing legislation, is to try to make certain that at least a million housing units will be built every year. As a matter of fact, two different congressional committees, making a study of the problem, a housing committee of the Senate, I believe in 1945, and a joint housing committee in 1948, said it would be necessary to build at the rate of 1,500,000 units a year, in order to catch up by 1950. During the past year 1,019,000 units were built. It is the highest number in the history of the country. The next highest number was 968,000, in 1925. Most of the predictions are that 1,000,000 units will not be built this year. Most of those who are engaged in the building industry and in the finance field say about 900,000 units will be constructed.

Mr. President, if we have a run of 900,000 units a year and no more, there will continue to be a great housing shortage. Furthermore, we are going to have a problem of unemployment, and all the attendant problems incident to such a situation.

Much has been said here about the appearance of the Chairman of the Federal Reserve Board before the committee. But nothing has been said that I have heard thus far about his statement that it was absolutely essential to the economy of the country that we maintain a high level of building activity. He rather agrees that approximately 1,000,000 units a year was about what we needed. I want to read a very brief question I put to Mr. McCabe, after some discussion of the subject, and his answer. I said:

I believe you would agree with me that we do not want any great drop in the building industry, assuming that things go along on a pretty stable condition, is not that right?

Mr. McCabe replied:

That is right.

There was considerably more discussion, but all of it had to do with that very thing, that we must maintain a high building level. During the 14 years I have been in the Congress, I think I can say that the most vicious, unfair, and unfounded attack, so far as facts are concerned, has been made on this particular piece of legislation that I have ever seen. I do not believe I have ever seen a piece of legislation about which more misinformation was disseminated. All in the world anyone has to do, who is familiar with the legislation, is to read the editorials which have been placed in the RECORD today, to realize that the writers of those editorials do not comprehend the legislation, or are purposely trying to mislead the people.

Mr. President, I want to discuss the pending subject very briefly. First, let me say something about the question of discrimination. I regret that the chairman of the committee has felt compelled to offer an amendment fixing the interest rate not be less than 4 percent. He felt it necessary to do that, and I shall go

along with him on the amendment. But I regret it was necessary to offer it, because the arrangements contemplated by this particular legislation do not justify a rate of interest of 4 percent, where the handling of the mortgages is done on a wholesale basis, and the purchaser of the securities has no problem of servicing or processing.

In the report of the committee will be found the names of four different insurance companies, located in different sections of the country, whose records we studied. They all told us that after they charged for servicing and processing, they received a yield of approximately 3 percent, or not more than 3-percent interest. That is exactly what we propose to do, namely, to let the cooperative do the servicing, and to relieve the mortgage buyer or the security buyer of that expenditure.

So far as discrimination is concerned, is it not strange that most of the arguments made on the subject of discrimination have been with reference to the veterans? Yet every single veterans' organization in the country came forward to ask for this legislation and to testify for it. Telegrams have been placed in the RECORD today saying it is not discriminatory.

Mr. President, back yonder nearly a quarter of a century ago, when I was just starting out as a young lawyer, I built a home and I borrowed money. I paid 6-percent interest. Many mortgages were then drawing 8-percent interest, and more amortized over a period of 10 years. I thought it was a good mortgage. I managed to pay it. I had to have a moratorium during that time because the depression came. A private insurance company gave me a 3-year moratorium, which is exactly what we provide in the pending bill, and about which so many people complain. Did I feel that I was discriminated against because later on interest rates went down and other people could get more favorable rates? When private money was being loaned at 6-percent interest, and we set up a 4-percent loan for the GI's of World War II, did I, as a veteran of World War I, feel that I was discriminated against? Not at all.

I recently happened to pick up a New York newspaper in which I read an advertisement of a Federal savings and loan association. They have 12 different lending plans, running from 6 percent down to 3½ percent. Do the people who have to take the 6-percent loans feel that they are being discriminated against? No; they are paying for what they get, and they are getting what they pay for. That is exactly what we provide in the pending bill. There is not a dime of subsidy in the bill, any more than there is in FHA.

Mr. President, much has been said about the Federal Reserve Board recommendations. I do not believe I have heard anyone mention that Mr. McCabe, in presenting the statement for the Federal Reserve Board, said, "We believe you ought to go into a cooperative housing program; it should be on a smaller scale than the bill now provides. At that time, the bill provided \$2,000,000,000. So we cut it down, and if the amendment

offered by the chairman of the committee, in fact, as a committee amendment is agreed to, the total authorization will be \$600,000,000. It is not money out of the Government Treasury; it is the total authorization.

Furthermore, Mr. McCabe said he believed provision should be made for technical advice and assistance, and the bill makes such provision. He did not like the guaranteed bonds with which it was proposed to finance the housing; he said it ought to follow the FHA insurance plan. So we changed it, and wrote into the bill a provision and I should like all Senators to listen to this, because there has been more misinformation about this than any other one thing—we wrote into the bill a provision for financing, which is identical with the FHA insurance plan. The only difference is that we build up a higher, a bigger reserve to protect against losses, than is done in any part of the FHA program.

FHA title II has been in existence for 15 years, and a reserve of 3½ percent has been built up. Title VI, section 608, has been running for 9 years, and a reserve of about 2 percent has been built up. When this will have been operating for 15 years, we shall have a reserve of more than 15 percent.

Much has been said regarding the long period of amortization, but nothing has been said regarding the equities and the reserve for paying off. In effect, 36 years is the real program. When we passed title VI of the Housing Act we provided for a period of 32 years and 7 months. When we passed section 213 we provided for an amortization period of 40 years. When we lend to the farmers for farm housing, we lend for 40 years.

The VICE PRESIDENT. The time of the Senator from Alabama has expired.

Mr. SPARKMAN. Mr. President, according to the announcement made when I began, I had 20 minutes. I have used only 10 minutes.

The VICE PRESIDENT. The Chair is advised by the clerk that the time was to run to 3:49 o'clock.

Mr. TOBEY. I had 41 minutes. I gave to the distinguished majority leader 3 minutes. The Senator from Alabama—

The VICE PRESIDENT. The Chair understood that the Senator from Illinois was to have 10 minutes. When the Senator from South Carolina [Mr. MAYBANK] yielded to the Senator from Alabama all his time, that did not leave any time for any other Senator.

Mr. SPARKMAN. Mr. President, of course, if the time has expired, it has expired. But I understood the Presiding Officer to say that I had 17 minutes. Then the Senator from New Hampshire [Mr. TOBEY] yielded me 3 minutes, which made 20 minutes.

Mr. TOBEY. Mr. President, tempus fugit.

Mr. LUCAS. Mr. President, I yield 3 minutes of my time to the Senator from Alabama.

Mr. SPARKMAN. I hesitate to accept it, but I should like to add this further word: The Corporation provided for in this bill is exactly the same as that provided under the FDIC bill. It is exactly the same as the one provided for in con-

nection with the home loan bank. It is exactly the same kind of a Corporation. The Government still owns \$75,000,000 worth of stock in that Corporation.

In the name of private enterprise, a great many persons are fighting this proposed legislation. The Senator from Ohio [Mr. BRICKER] had a remarkable tribute to pay to cooperatives as being the purest kind of private enterprise. In this instance the principle involved is not socialistic, because it is the same as the principle which applies to FHA. I call attention to the fact that of all the big housing programs, this is the only one which makes any provision whatsoever for the Government's ever getting out of the program. The Corporation eventually becomes a private corporation, owned by the persons who own their homes. There is no other part of the Government housing program from which the Government can ever withdraw. There is no provision for the Government's ever getting out of FHA. Title II of the FHA law is permanent. There is no way for the Government to get out of any of the other programs. I shall go along with any private group to try to get the Government out of housing. This is the first program which has ever been offered to help to bring about that situation. The same persons who fought FDIC and who have fought practically every new movement are the persons who are leading the vicious fight against this proposed legislation.

Mr. TOBEY. Mr. President, I yield 30 minutes to the senior Senator from New York [Mr. IVES].

The VICE PRESIDENT. The senior Senator from New York is recognized for 30 minutes.

Mr. IVES, Mr. President, in supporting the substitute amendment to title III of Senate bill 2246, which has been offered by Senator TOBEY and myself, I call the attention of Senators to our supplemental views which appear on pages 99, 100, and 101 of the committee report. This expression of our views and Senator TOBEY's statement of last Friday represent an important part of my personal opposition to title III, as it is now written.

It seems to me that the question of housing should not be viewed separately, alone, and apart from the other elements in our public and private economy. Neither should any of these matters be viewed exclusively from the standpoint of desirability. The question immediately arises—what is the need and how much can we afford? Now, these questions may appear to be somewhat old-fashioned, but it seems to me that unless we begin soon to recognize the intrinsic value in the so-called basic virtues and past policies by which our Nation has grown great, someday we are going to be in for a rude—perhaps disastrous—awakening.

In this connection, I read, from a Washington Post editorial, which I understand has been inserted in the RECORD:

More important, however, are the over-all economic objections to the Sparkman bill at this time. Economy is required to steady the general economy and to ready it in case

of emergency needs. The Government has already gone too far with socially desirable programs that it cannot finance with the present tax structure.

If there is one thing above all others which can turn our whole economy into a tailspin, it is an overextension and overexpansion of credit, whether it be private credit or public credit. I have not forgotten October of 1929. I have not forgotten the forces which provoked the financial crash of that year, a crash resulting in the great depression of the 1930's. I have not forgotten that the primary cause of that crash was the overexpansion of private credit. And let me state here and now that the social and economic devastation wrought by an overexpansion of governmental credit would be infinitely greater than were the consequences of the 1929 debacle. In fact, had it not been for the excellent condition of our governmental credit in the 1930's, we should not have been able to weather the depression as we did.

So, today, as we contemplate so callously the expenditure of additional billions—whether they be private or public obligations—it seems to me we would do well to pause and consider the direction we are taking. In a period of prosperity we are continuing to pile up a national debt which only a miracle can liquidate without disaster to the country. With all the economic traffic lights against us, we are proceeding to plunge headlong down that dizzy thoroughfare which leads to a pot of gold at the foot of a rainbow where, we are told, our national income will exceed \$300,000,000,000, perhaps even a trillion dollars. As in a dream world, we stagger on blindly, sometimes seemingly in all directions at once, defying experience and reality.

What memories of 1928 and 1929 come to mind if one pauses long enough to grasp the significance of current trends. Does anyone remember the predictions of that great economist, Prof. Irving Fisher, who said that there was to be no top to the stock market, no top to values, no top to prosperity, that we were merely in the infancy of our great development—almost at the very moment when the crash came? Nor was Professor Fisher alone in his optimism, for in those years most unpopular and rare was that economist who dared to resort to common sense and to warn of impending catastrophe.

So now, as we so ambitiously look to the future of housing, we would do well to consider where our housing program is at the moment. The majority committee report which so strongly advocates the enactment of the Maybank-Sparkman version of title III makes little use of 1949 housing statistics. This is indeed unfortunate because 1949 was the banner year for housing construction in the United States. Well over 900,000 private housing units were begun and public building of various sorts brought the over-all total to more than 1,000,000 units.

Happily, the prospects for 1950 and even for well into 1951 appear to be excellent. Even the weather, which has been mild, has contributed to this end. The impact of the Housing Act of 1949, with its provisions for a huge program of

public housing and slum clearance, will be felt increasingly during the coming months.

Data from the Housing and Home Finance Agency and from the Public Housing Administration reveal most illuminatingly the progress that is being made under the Housing Act of 1949.

I ask unanimous consent that they be incorporated in the RECORD at this point.

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

MEMORANDUM FROM THE OFFICE OF THE ADMINISTRATOR, HOUSING AND HOME FINANCE AGENCY, WASHINGTON, D. C., MARCH 6, 1950

With 49 communities already participating officially in the new billion-dollar slum-clearance and urban-redevelopment program, and a score preparing to participate, the Housing and Home Finance Agency is now prepared to handle preliminary-planning loans as the second step in the program, HHFA Administrator Raymond M. Foley said today.

The preliminary loans, for which communities may apply after they have been granted capital-grant reservations, will permit communities to go forward with initial planning of specific projects, Mr. Foley said.

Nathaniel S. Keith, Director of the Division of Slum Clearance and Urban Redevel-

opment, said that the purpose of preliminary and final advance loans was to yield the data to enable communities to enter into loan and grant contracts with the Federal Government and get their projects actually under way.

The 49 communities which are already officially participating in the program represent almost every geographic area of the country and range in size from the small town of Robbins, Ill., which had a 1940 census population of 1,349, to New York City, which had a 1940 census population of 7,500,000. Seven of the cities are under 25,000, nine are under 50,000, and ten others are under 100,000.

The cities began participation by applying for Federal-grant aid through resolutions of their official governing bodies, which expressed the intention of the communities to initiate slum-clearance and urban-redevelopment projects before July 1, 1951, and to meet all of the requirements of title I of the Housing Act of 1949. These requirements include the planning of projects in accordance with an over-all plan of community development, plans for the adequate rehousing of families displaced by slum-clearance or urban-redevelopment projects, and the provision of maximum opportunity for private enterprise to participate in the redevelopment.

In addition to the 49 communities, 6 other cities have pending official requests for capi-

tal-grant reservations and more than 20 other cities have indicated they are preparing requests. The capital-grant reservations, which are not final commitments since contracts for Federal aid will be entered into only on the basis of fully developed specific projects, are being made out of the first \$200,000,000 portion of the \$500,000,000 capital-grant fund created for use during 5 years by the Housing Act.

A few cities have plans already prepared and can bypass the preliminary-loan stage, but most are in an early planning stage and will seek preliminary advances out of the \$1,000,000,000 loan fund authorized by the act over a 5-year period, according to their reports to the Housing and Home Finance Agency.

The purpose of the capital grants, under terms of the Housing Act, is to assist cities in slum-clearance and urban-redevelopment projects by absorbing up to two-thirds of the deficit resulting from acquiring slum or blighted-area land, preparing it for a new use in accordance with the community's redevelopment plan, and reselling it for public or private use at its reuse value. The individual community must pay at least one-third of the deficit.

The total of capital-grant funds reserved to the 49 cities is \$77,748,650.

The complete list of capital-grant reservations, with cities classified by States, is as follows:

State and city	1940 population	Redevelopment agency	Amount of reservation
Alabama:			
Birmingham	268,000	Housing Authority of the Birmingham District	\$2,500,000
Montgomery	78,000	Housing Authority, City of Montgomery	938,210
Mobile	79,000	Mobile Housing Board	635,180
Arkansas: Little Rock	88,000	Little Rock Housing Authority	659,680
California:			
San Bernardino	43,646	Housing Authority of the County of San Bernardino	179,340
San Francisco	635,000	The Redevelopment Agency of the City and County of San Francisco	2,151,330
Florida:			
Daytona Beach	40,000	Housing Authority of the City of Daytona	161,140
Dade County	195,000	Housing Authority of the City of Miami	419,550
Lakeland	22,000	Housing Authority of the City of Lakeland	205,070
Miami	172,000	Housing Authority of the City of Miami	669,610
Tampa	108,000	Housing Authority of the City of Tampa	609,650
West Palm Beach	34,000	Housing Authority of the City of West Palm Beach	195,580
Georgia:			
Albany	20,000	Housing Authority of City of Albany	209,530
Columbus	53,000	Housing Authority of City of Columbus	609,000
Savannah	96,000	Housing Authority of City of Savannah	943,110
Indiana: Indianapolis	387,000	Indianapolis Redevelopment Commission	2,676,730
Illinois:			
Chicago	3,300,000	Chicago Land Clearance Commission	14,420,910
Chicago Heights	22,461	Housing Authority of the County of Cook	132,660
Harvey	17,878	do	78,540
Peoria	105,000	The Peoria Housing Authority	700,000
Robbins	1,349	Housing Authority of the County of Cook	26,110
Waukegan	34,000	Waukegan Housing Authority	182,280
Minnesota:			
Minneapolis	402,000	Minneapolis Housing and Redevelopment Authority	2,375,000
St. Paul	288,000	The St. Paul Housing and Redevelopment Authority	1,276,670
Michigan: Detroit	1,623,000	Detroit Housing Commission	4,311,440
New Jersey:			
Newark	430,000	Redevelopment Agency of the City of Newark	2,212,950
New Brunswick	42,000	Housing Authority of the City of New Brunswick	141,540
Jersey City	301,000	Jersey City Redevelopment Agency	1,402,500
Perth Amboy	41,000	Housing Authority of the City of Perth Amboy	177,170
New York:			
Albany	131,000	Albany Housing Authority	516,300
Buffalo	576,000	Buffalo Municipal Housing Authority	1,574,040
New York	7,500,000	The city of New York	10,000,000
Schenectady	88,000	The city of Schenectady	210,210
Ohio:			
Cincinnati	458,000	The city of Cincinnati	3,742,830
Youngstown	168,000	The city of Youngstown	822,790
Pennsylvania:			
Ambridge	19,000	Beaver County Urban Redevelopment Authority	155,190
Beaver Falls	17,000	The Beaver Falls Urban Redevelopment Authority	84,560
Easton	34,000	Easton Redevelopment Agency	203,400
McKeesport	55,000	Housing Authority of the City of McKeesport, Pa.	538,300
Rhode Island:			
Newport	31,000	Redevelopment Agency of Newport	103,390
Providence	254,000	Providence Redevelopment Authority	1,165,670
Tennessee:			
Jackson	24,000	Board of Commissioners of the City of Jackson	300,000
Knoxville	112,000	Knoxville Housing Authority	1,028,710
Nashville	167,000	Nashville Housing Authority	1,861,230
Memphis	292,000	Memphis Housing Authority	2,942,660
Texas:			
Corpus Christi	57,000	Corpus Christi Housing Authority	506,800
Dallas	294,000	Housing Authority of the City of Dallas	1,758,400
Waco	56,000	The city of Waco	467,180
Wisconsin: Milwaukee	689,000	Housing Authority of the City of Milwaukee	2,498,440

DATA FROM PUBLIC HOUSING ADMINISTRATION

Applications from local housing authorities have been processed and reservations of dwelling units approved for over 283,000 dwelling units. This is in excess of the amounts for which the beginning of construction may be authorized pursuant to the Housing Act of 1949 during the first 2 years. Preliminary loans have been authorized by the President for 262,000 units in 420 localities and funds have actually been advanced to local housing authorities to cover the initial preconstruction planning for 170,000 units.

Cooperation agreements between the local housing authorities and the governing bodies of the localities have been approved for approximately 100,000 units. It is contemplated that a substantial number of units will be placed under construction this summer. Further, it is anticipated that 175,000 family units will have been placed under construction contract by June 30, 1951.

Mr. IVES. Mr. President, from these data it can be reasonably assumed that if there is any drop in private housing construction during 1950—a rather remote possibility—public housing and other public construction should far more than make up the difference.

Insofar as the title III which is presently in the bill before us is concerned, I recently received from Mr. Herman T. Stichman, the New York State Housing Commissioner, a statement containing his ideas about it. Because the statement is so excellent and because Mr. Stichman is undoubtedly second to no one in the country as a housing authority I read it:

Instead of eliminating inefficiency and waste in building methods and preventing excessive demands, the bill seeks to reduce carrying charges by providing for the lending of mortgage money by the Federal Government through the device of a Federal guaranty, with an annual interest rate which it appears may be 3 percent, and lengthening the mortgage period to 50 years, or in the event of refinancing, to 60 years, with provisions for extending these periods three more years. This will not cut total actual costs; it will make them still higher so far as the man paying the bill is concerned.

Increasing the mortgage period from 34½ years to 60 years, which would undoubtedly be availed of under the refinancing provisions of the Maybank-Sparkman bill, would increase total interest payments by 90.9 percent, almost double; i. e., by \$5,510.62 on a loan in the principal amount of \$10,000 at a 3-percent interest rate, and would effect only a 22.8 percent reduction in the amount of carrying charges. Total interest payments over a 60-year period on such a loan would amount to \$11,574.21, so that the borrower would be paying \$21,574.21 to pay off a \$10,000 loan.

Mr. President, in this connection I should like to point out that if the amendment which has been proposed by the distinguished Senator from South Carolina, which would require a minimum interest rate on the proposed debentures of 4 percent, were to be agreed to, these figures would be very materially increased, and the actual interest rate for the period involved instead of being \$11,574 would be approximately \$16,000, and the total cost to the buyer instead of being \$21,574, would be about \$26,000. I continue to read:

Whom would that help? Is that cutting costs? Increasing the mortgage period to

50 years would increase the aggregate of interest payments by 53.7 percent, i. e., by \$3,255.07 on a similar loan, and reduce monthly carrying charges only 17 percent.

As I pointed out just now, the change in the interest rate which has been proposed would upset all these figures, and very much to the disadvantage of the homeowner.

Mr. Stichman says further:

There is room for Federal aid in this essential field of cooperative housing and reducing home building costs, but the present bill gives no real help; it does not cut costs. Instead, it would increase the aggregate of carrying charges and merely spreads the heavier burden over a longer period of years. So far as supposed savings are concerned, there is shadow through the device of a Government guaranty, which would bring a lower annual interest rate but would carry with it greater aggregate outlay, and obvious inflationary possibilities today. But there is no substance. There is no effort to cut real costs by spurring technological advances, encouraging efficient building practices and definitely and specifically limiting builders' profits, in return for the benefits of the low interest rate and Government guaranty, which would aid builders. This would eliminate a continuation of the unfair and excessive speculative builders' demands which we have witnessed in other FHA housing programs.

It is as though the clothing or the radio, television, or automobile industries, instead of introducing efficient mass-production methods to lower true costs and meet competition, had asked that the Government provide purchasers with direct long-term Government loans or long-term Government-guaranteed loans at a similarly devised lower interest rate to enable such consumers to buy their products, and then offered the result as an example of cost savings. The price would not be cut; the monthly payments would be lowered, but the purchaser would be paying more in the long run because of the higher aggregate of interest over a longer period of years. That would be a subsidization of inefficient methods, just as the present bill would subsidize present-day builders' inefficiencies and excessive demands. They are equally fallacious.

The bill would demonstrate nothing to the country at large; the only people who would receive the benefits, questionable as they are in view of the increase in total carrying charges, would be those living in housing built under the Federal program. What we need instead is an open laboratory, just as we have in New York, to demonstrate how all building costs can be reduced—whether built with Federal financing or private financing, unless it is proposed to have the Federal Government finance all the housing needed now and in the future.

New York State's cooperative housing program does demonstrate how efficient building methods can reduce building costs; it proves that the responsibility for present-day high costs has been that of certain speculative builders and not that of labor, because at Bell Park Gardens, our first pilot project for 800 veterans families now completed in the Borough of Queens, we have used the same workmen, the same materials, paid the same prices for land, and used the same private lenders, but we have been watchful and efficient and limited the profits to a reasonable amount.

The bankers have been so enthusiastic about our laboratory-housing program and the hope it offers of stabilizing the home-building economy that they reduced the interest rate to 3½ percent. So productive was labor at Bell Park Gardens, and so efficient the contractors, that there will be a dividend

of about \$400,000; which we have provided will go to the cooperators, on the total building construction cost of about \$7,500,000. This is equivalent to a reduction of about \$100 in individual down payments per room, reducing them to about \$140 per room, or to an appreciable reduction in monthly carrying charges. Those monthly carrying charges leading to mutual home ownership are now only a little over \$14 per room, including amortization of the mortgage, interest, heat, repairs, and maintenance. That is housing that the forgotten family can really afford. The contractors are making a good but reasonable profit, and are sufficiently satisfied that they are looking for more business.

Under the Maybank-Sparkman bill the contractors would get the additional \$400,000 which has been saved under our plan, instead of the cooperators, and the cooperators would have the privilege of paying almost double the amount of interest for 60 years, the remainder of their lives; that is, if they came from long-lived families.

We have found that most builders are willing to accept limitations of their profits to reasonable figures, under our program, because of the hope it offers of stabilizing the home-building industry and eliminating booms and busts. They are anxious to participate.

A program similar to that of New York would provide a true laboratory of home-building costs in every State of the Union.

This concludes Mr. Stichman's statement.

However, Mr. President, I personally object to a basic provision of title III, which is perhaps more fundamental than anything appearing in the joint statement of Senator TOBEY and myself or in that of Commissioner Stichman. I am opposed to the creation of a new governmental corporation, the purpose of which is to enter the field of private enterprise in competition with private enterprise when there is no genuine need for this form of governmental intrusion.

This is not a question of governmental aid for public or private housing. For many years I have supported this kind of aid, both in the Legislature of New York State and in the Senate of the United States. I have taken the position that in those areas of our economy where the people need financial assistance and cannot themselves obtain such assistance through private source, government should provide it. This principle is especially applicable in the field of housing; and in keeping with it, there have been established the various agencies of Government, both National and State, to provide funds either directly or indirectly for the purpose in question.

In the matter under consideration, however, there need be no lack of Federal assistance, if the substitute offered by Senator TOBEY and myself is agreed to. A broad program of cooperative housing can be undertaken through the utilization of facilities and procedures which are already available. In fact, to make more available these facilities, we provide for a new Assistant Federal Housing Commissioner to be appointed by the President, by and with the advice and consent of the Senate, and to direct and stimulate the development of the cooperative housing program. At the same time, we would retain the operation of this program within the Federal Housing Administration.

We would emphasize the processes which are essential to the stimulation of cooperative housing through providing means for the establishment of such private housing corporations as may be helpful in the advancement of the program. We would provide means through studies and other promotional activity for the expansion of private cooperative housing associations or organizations and for obtaining a maximum amount of private investment in cooperative housing.

All these things we would do—and more—without requiring the establishment of a new governmental corporation and without making big Government bigger.

At this point I ask unanimous consent that there be incorporated a joint statement issued by the Senator from New Hampshire [Mr. TOBEY] and myself, which gives more detailed information concerning the substance of our proposal.

THE VICE PRESIDENT. Is there objection?

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

JOINT STATEMENT BY SENATORS TOBEY AND IVES CONCERNING THE SUBSTANCE OF THE PROPOSED SUBSTITUTE AMENDMENT TO TITLE III OF S. 2246

We are today proposing a complete substitute to the Maybank amendment to title III of S. 2246. In so doing we are seeking to establish what we believe all of us on the Banking Committee agree upon, namely, a sound constructive approach toward the encouragement of cooperative housing in America.

We wish to state that we disagree that the Maybank proposals to amend title III of S. 2246 are the best or only way to accomplish what we all seek to do. In fact, we are convinced beyond a reasonable shadow of doubt that the discriminatory interest rates, the billion dollars of new Government liability, and the creation of a new bureaucracy will in themselves be injurious to the objective of sound cooperative housing. What we need is a sound, moderate, constructive program, and not a financial scheme.

Our amendment falls within the over-all pattern of FHA mortgage insurance and is in accord with the views presented to this committee by the Federal Reserve Board.

The important points in our proposal are as follows:

1. The amendment which we are offering retains the preamble to the Maybank cooperative-housing amendment which was suggested by Senator FLANDERS, indicating our firm belief in the cooperative program.

2. We have provided for a certain degree of independence for the new Assistant Federal Housing Commissioner, who will direct this program, by providing for his appointment by the President, by and with the advice and consent of the Senate. He will, however, remain within the Federal Housing Administration.

3. We have provided for technical aid and assistance to cooperatives, and our amendment will make possible the preliminary advance of funds in the sum of \$10,000,000, as contrasted with \$25,000,000 made available for the same purpose in the Maybank amendment.

4. In order further to encourage and expedite the cooperative housing program, our amendment provides that the previous criteria applied by the Federal Housing Administrator, namely, that the principal activity of the mortgagee is lending on or investing in mortgages and that the mortgagee

has had experience in mortgage investment, need not be controlling if the Commissioner determines that such mortgagee can adequately service the mortgage. For example, labor unions or other nonprofit organizations which could not meet the previous criteria and which have funds available can participate as a mortgagee in this program under the expanded definition.

5. To assist in determining additional appropriate and desirable legislative and other means for encouraging the development of cooperative and similar housing corporations and for facilitating the production of housing by such corporations, our amendment authorizes and directs the Commissioner to undertake and conduct full and complete studies, including but not limited to—

(a) Methods for promoting the organization of private, regional, and local cooperative housing associations, or similar organizations, to build or operate (or both to build and operate) housing accommodations, and (1) to make experience gained in connection with such housing fully available to other such organizations; (2) to consolidate, wherever feasible, and in the interests of greater efficiency and economy, the personnel and facilities used for the development and management of cooperative housing; and (3) to establish and maintain competent skills and services required to supply to other such organizations the technical advice and assistance required in the planning, financing, development, construction, acquisition, and operation and management of cooperative housing.

(b) Methods for securing, from both existing and untapped sources, the maximum amount of private investment in housing developed by cooperative housing corporations and similar organizations.

(c) Methods for reducing costs and charges to the occupants of cooperative housing through reduced interest rates on private housing loans, reduced original capital costs, lower maintenance and repair costs, self-help, and other means.

The Commissioner is also directed to report to the Congress, within 2 years after the date of enactment of this act, the results of his studies with such recommendations for legislation or otherwise as he may deem desirable.

MR. IVES. Mr. President, I realize that the provisions of the original Maybank amendment have been altered materially since it was first considered by the Senate Committee on Banking and Currency. I realize that its approach to the problem of cooperative housing is less ambitious and less dangerous to our Government's credit than when it was first offered.

But the fact remains that the notes to be issued by the corporation which would be directly guaranteed as to principal and interest in case of default and which would be given the same tax status as that of Government bonds, in effect and in truth would be Government bonds. The main difference, I am advised, is that these guaranteed notes would not show up in the budget as a Treasury transaction.

The further fact remains, moreover, that the Maybank amendment still retains the corporate plan by which to carry out the cooperative housing program. It still retains those characteristics apparent in the incipient stage of a malignant growth which later are likely to expand and absorb all the facilities and instrumentalities, both public and private, in the housing field.

It is not just a question of interest rates, although these rates, through the operation of the governmental corporation which is here proposed, might well be placed at a level that would be injurious both to public credit and to private finance, while at the same time being discriminatory with respect to other housing financing. It is not just a question of an excessive period of amortization, much as this excess violates every principle of mortgage financing. These inducements to prospective owners of cooperative housing would prove ultimately to be either harmful from the standpoint of the private owner or most troublesome for Government itself.

I make these statements, Mr. President, as they appear in my prepared text, because the low interest rates and excessive amortization period constitute the chief inducements in the Maybank amendment. If the amendment which is now proposed by the senior Senator from South Carolina, and which would require a minimum interest rate of 4 percent on the debentures, were to be agreed to, and the present title III as thus amended were to be enacted, the inducements to which I have referred would almost disappear, and the Maybank-Sparkman cooperative housing proposal would become so unattractive as to be almost worthless to prospective cooperative home owners.

Be all this as it may, Mr. President, separately and alone, no one of them contains my major objection to the corporate plan.

It is the combination of these and other inducements in the corporate plan which gives to it so dangerous an aspect. Actively promoted and logically carried out, and in and of itself and through its own expansion and repressive influence upon competing private institutions, it might set in motion forces in Government which would completely supplant these institutions by usurping their functions and depriving them of business, with the inevitable unhappy consequences for depositors in savings bank and savings and loan associations and for insurance company policyholders.

I know that it is claimed that already the Federal Government has invaded the field of private finance through the establishment of Federal financial institutions; but I would point out that in these particular cases such invasion in the first instance has been occasioned by conditions where private resources were either inadequate or unavailable.

No condition of this nature would exist in the field of cooperative housing if the substitute amendment offered by the Senator from New Hampshire [Mr. TOBEY] and myself were to be agreed to. Ample are the present facilities of our governmental agencies to meet the requirements of any cooperative housing program, if these facilities were to be fully utilized as contemplated by the terms of the substitute amendment.

As I have stated, I do not differ as to the principle involved in Federal aid for cooperative housing. I do differ on the question of method. I believe firmly that the proposal contained in the Maybank amendment is unwarranted and dan-

gerous. I believe firmly that the proposal contained in our substitute amendment is wholly adequate to meet the need for cooperative housing.

Mr. TOBEY. Mr. President, how much time have I left?

The VICE PRESIDENT. The Chair is informed the Senator has 13 minutes left. That cannot be so, however, because there is not that much time in all remaining.

Mr. TOBEY. That can hardly be so; I agree.

Mr. LUCAS. I believe the Senator has 10 minutes, Mr. President.

Mr. TOBEY. Mr. President, I yield 1 minute to the Senator from Florida [Mr. HOLLAND].

Mr. HOLLAND. Mr. President, 1 minute is not a great deal of time in which to make a statement upon this important matter. I do wish to cover two points as briefly as I can.

First, it has been assumed that 3¼ percent interest rate would be the most favorable which could be afforded under this set-up, because that figure is stated in the report of the committee.

I call to the attention of the Senate this sentence from the statement prepared by Mr. Marriner S. Eccles, member of the Board of Governors of the Federal Reserve System, which was placed in the RECORD today by the Senator from Arkansas [Mr. FULBRIGHT]:

On the other hand, by issuing short-term debentures the Corporation might get its money as low as 1¼ or 1½ percent, which might permit a gross rate much lower than 3 percent.

On the second point, Mr. President, even if the amendment to be offered by the Senator from South Carolina [Mr. MAYBANK], stating a minimum interest rate at 4 percent, were to prevail, it is my understanding that the following wording, which I quote from page 93 of the bill, would still remain in it:

Such debentures * * * shall be fully and unconditionally guaranteed as to principal and interest by the United States, and such guarantee shall be expressed on the face of the debenture.

Mr. President, so long as that expression remains in the bill I think it is dangerous and unwarranted legislation and would be a complete departure, insofar as this Nation is concerned, from tried, true, and sound methods of financing housing construction.

The VICE PRESIDENT. The time of the Senator from Florida has expired.

Mr. LUCAS. Mr. President—

The VICE PRESIDENT. The Chair is somewhat confused respecting the division of time. Does the Senator from South Carolina yield time to the Senator from Illinois?

Mr. MAYBANK. Mr. President, I yield the remainder of the time I control to the Senator from Illinois.

Mr. TOBEY. Mr. President, I also yield the remainder of the time at my disposition.

The VICE PRESIDENT. The Senator from Illinois is recognized.

Mr. LUCAS. I first want to comment the able chairman of the Committee on Banking and Currency, the Senator from South Carolina [Mr. May-

BANK], and the able chairman of the able chairman of the subcommittee, the Senator from Alabama [Mr. SPARKMAN] who have worked so long and so laboriously to bring out this housing bill.

Mr. President, the bill which we are considering today would go far in meeting the critical need of our middle-income families for adequate housing at moderate cost.

The President, in his message to the Congress on January 4, 1950, emphasized the seriousness of this problem in these words:

With the help of various Government programs we have made progress in the last few years in increasing the number of homes. Despite this increase there is still an acute shortage of housing for the lower- and middle-income groups, especially in large metropolitan areas.

At the time the Housing Act of 1949 was enacted, all of us understood that it did not provide the comprehensive housing program that was needed. It made great strides toward meeting the needs of the lower-income groups of our society. It did nothing to help the middle-income families.

The bill now before the Senate is designed to encourage the construction of housing for the middle-income group. As has been said by various Members of the Senate who favor the bill, it continues many of the fine features of the FHA. It increases the authorization for the permanent insurance program and sets up a workable mortgage insurance for rental housing. However, the controversial part of this entire bill is the provision in title III for housing cooperatives.

Most of the criticism of the middle-income housing bill has been leveled against those provisions which would encourage housing cooperatives.

Title III establishes the National Mortgage Corporation for Housing Cooperatives. The Government would supply the initial capital of \$100,000,000. The corporation would be authorized to have outstanding at one time an amount in loans not exceeding \$1,000,000,000.

As private capital is subscribed the Government capital would be retired until the corporation eventually would be completely privately financed. I cannot lay too much stress upon that particular feature of the bill. In addition amounts up to \$25,000,000 might be loaned by the Government to assist cooperatives in formulating plans for housing projects.

Mr. President, we need only turn to the experience gained through the operation of the Home Owners' Loan Corporation to find proof of the soundness of corporations of this type.

Sixteen years ago the arguments of those who opposed the Home Owners' Loan Corporation were very similar to the arguments we are hearing now. It was prophesied that that legislation would cost \$1,000,000,000 at the minimum.

It was said that the home owners' loan legislation was communistic, that it was socialistic, just as opponents of this measure are now saying that the features involved in this housing bill

are socialistic and communistic. The statements made at that time were absurd and ridiculous, just as the similar statements with respect to the pending measure are absurd and ridiculous today.

Congress was not impressed by these dire prophecies and established this Corporation which saved the homes of millions who were in distress. This was a Corporation whose capital was supplied by the Federal Government. Banks, investment companies, and others, who held mortgages which appeared insecure, turned those mortgages over to HOLC and received in return bonds or cash. In this way \$3,530,000,000 of emergency financing was accomplished by the Home Owners' Loan Corporation.

On June 30, 1949, the deficit of HOLC had been entirely wiped out and it had a surplus of millions of dollars. Instead of losing the billion dollars the prophets of gloom predicted, this Corporation will wind up its operations with a tremendous profit.

In recent years the HOLC has been liquidating its assets in an orderly way. It has been doing this despite the efforts of Members of the House and the Senate to speed up that liquidation.

In 1943, a Republican Member of Congress succeeded in amending an appropriation bill in order to force the immediate liquidation of the Home Owners' Loan Corporation. The amendment passed the House of Representatives, but it was rejected by the Senate.

An amendment of this type would have forced that Corporation to transfer to private investment companies most of its good mortgages. It has been estimated that such an amendment alone would have drained from the Treasury approximately \$400,000,000.

I wish to emphasize to the Members of the Senate that if these attempts had been successful, a sound financial structure would have been converted into a losing proposition.

Mr. President, here and now, I wish to prophesy to the Members of the Senate that if the Congress enacts this measure, so far as orderly liquidation is concerned, the same thing will occur that has occurred in the case of the Home Owners' Loan Corporation.

When we hear arguments against the financial soundness of corporations such as that proposed in this bill, let us keep in mind the experience we have gained with HOLC.

I have gone into some detail in describing the experience we have had with HOLC because of its similarity to the Corporation established by the committee bill. I do so because of the attacks which have been made on this measure.

The able Senator from Alabama [Mr. SPARKMAN] in his magnificent speech in regard to this proposal said that probably—whether by design or through ignorance—there has been more misinformation spread abroad on this measure than on any other which has been before the Congress in a long time.

Mr. President, there are three main differences between the National Mortgage Corporation for Housing Cooper-

atives and the HOLC, each of which will substantially reduce the risks of loss below those of HOLC.

In the first place, provision is made for the compete ownership of this Corporation by private capital. This means that the Government's funds used as the original capital investment will be repaid in the future. This also lessens the likelihood that attempts will be made to force a disorderly liquidation at a tremendous cost to the taxpayers, as has been attempted with the HOLC.

Second, the Home Owners' Loan Corporation as a policy took up mortgages that were poor risks. As expressed in propoganda of that day, the credit was not advanced to solvent concerns. Under this measure, the Corporation for Housing Cooperatives would make loans to organizations that are financially sound.

A third safeguard is found in the provision for building up a reserve, which is contained in the pending measure. Through small premium charges, reserve funds will be accumulated to cover losses which might occur if individual cooperatives default.

Mr. President, this review of the record of the HOLC should emphasize to all Senators the soundness of a financial program such as this. It is vital that housing for the middle-income group be provided. This measure will encourage the needed construction.

Mr. President, in conclusion, I wish to repeat what I previously stated, that the Congress of the United States cannot go wrong if it takes as a yardstick the Home Owners' Loan Corporation, which has been a tremendous success from the standpoint of the Government and for the people for whom it has operated, and goes along with the cooperative features of the housing measure now before the Senate.

If my reasoning is correct, this proposition comes before the Senate at this time on a stronger footing and on a more secure basis, from a financial aspect, than did the Home Owners' Loan Corporation measure which was enacted by the Congress some 16 years ago. Everyone knows that the Home Owners' Loan Corporation has been a complete success, saving the homes of more than 1,000,000 persons, and making millions upon millions of dollars for the Federal Government.

Mr. President, I sincerely hope that title III will not be stricken from this measure. I sincerely hope that the Tobey-Ives amendment to it will be rejected. Let us stand with the committee which has brought forth such a constructive and forward-reaching measure.

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

The VICE PRESIDENT. The Secretary will call the roll.

The roll was called, and the following Senators answered to their names:

Aiken	Chapman	Flanders
Anderson	Chavez	Frear
Benton	Connally	Fulbright
Brewster	Cordon	George
Bricke	Donnell	Gillette
Bridges	Douglas	Graham
Butler	Dworshak	Green
Byrd	Ecton	Gurney
Cain	Ellender	Hayden
Capehart	Ferguson	Hendrickson

Hickenlooper	Long	Robertson
Hill	Lucas	Russell
Hoey	McCarthy	Saltonstall
Holland	McClellan	Schoeppel
Humphrey	McFarland	Smith, Maine
Ives	McKellar	Smith, N. J.
Jenner	McMahon	Sparkman
Johnson, Colo.	Magnuson	Stennis
Johnson, Tex.	Malone	Taylor
Johnston, S. C.	Martin	Thomas, Okla.
Kefauver	Maybank	Thye
Kerr	Millikin	Tobey
Kilgore	Mundt	Watkins
Knowland	Murray	Wherry
Langer	Myers	Wiley
Lehman	Neely	Williams
Lodge	O'Connor	Withers
	O'Mahoney	

The VICE PRESIDENT. A quorum is present.

The question is on agreeing to the amendment of the Senator from South Carolina [Mr. MAYBANK], on page 26.

Mr. WHERRY. Mr. President, is that amendment subject to amendment?

The VICE PRESIDENT. The Maybank amendment, being in the first degree, is subject to amendment.

Mr. WHERRY. Mr. President, as an amendment to that amendment, I offer the following: Strike out the date "January 31" and insert "February 15."

Mr. THYE. Mr. President, I request that I be permitted to associate myself with that amendment to the Maybank amendment, namely, to change the date from January 31 to February 15.

The VICE PRESIDENT. Under the rule, only one Senator can offer an amendment from the floor. The Senator from Nebraska has offered the amendment to the amendment of the Senator from South Carolina.

Mr. MAYBANK. Mr. President—

The VICE PRESIDENT. Under the unanimous-consent order, all debate has concluded.

Mr. MAYBANK. Mr. President—

The VICE PRESIDENT. For what purpose does the Senator rise?

Mr. MAYBANK. I rise to propound a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. MAYBANK. If the amendment to my amendment is adopted, thus changing the date to February 15 in respect to the filing of applications, which date is 3 weeks after the time applicants were notified not to file them, Mr. President, I ask this question—

Mr. WHERRY. Mr. President, I call for the regular order.

Mr. MAYBANK. Mr. President, how much more money would that cost?

The VICE PRESIDENT. That is not a parliamentary inquiry.

Mr. WHERRY. Mr. President, debate is not now in order, of course.

The VICE PRESIDENT. That is correct.

What has been stated by the Senator from South Carolina is not a parliamentary inquiry.

Mr. MAYBANK. Mr. President, what would be the cost of the amendment of the Senator from Nebraska to my amendment?

The VICE PRESIDENT. No Senator can engage in debate at this time. The question propounded by the Senator from South Carolina is not a parliamentary inquiry on which the Chair can pass.

Mr. LUCAS. Mr. President, I demand the regular order.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Nebraska to the amendment of the Senator from South Carolina on page 26.

Mr. RUSSELL. Mr. President—
The VICE PRESIDENT. For what purpose does the Senator from Georgia address the Chair?

Mr. RUSSELL. I desire to have the amendment stated. This measure is full of dates, and I wish to know what date will be changed by the amendment of the Senator from Nebraska to the amendment of the Senator from South Carolina, if it is adopted.

The VICE PRESIDENT. The Secretary will state the amendment offered by the Senator from Nebraska to the amendment of the Senator from South Carolina.

The LEGISLATIVE CLERK. On page 1 of the amendment of Mr. MAYBANK, in section 118 (b) it is proposed to strike out "January 31, 1950" and to insert in lieu thereof "February 15, 1950."

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Nebraska to the amendment of the Senator from South Carolina on page 26.

Mr. WHERRY. Mr. MAYBANK, and other Senators requested the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. O'MAHONEY (when Mr. HUNT's name was called). I announce that my colleague the junior Senator from Wyoming [Mr. HUNT] is temporarily indisposed. He is undergoing a check-up at the hospital and is unable to be present. If he were present, he would vote "nay."

The roll call was concluded.

Mr. MYERS. I announce that the Senator from California [Mr. DOWNEY] is necessarily absent.

The Senator from Mississippi [Mr. EASTLAND] and the Senator from Florida [Mr. PEPPER], and the Senator from Maryland [Mr. TYDINGS] are absent on public business.

The Senator from Rhode Island [Mr. LEAHY] is absent because of illness.

The Senator from Nevada [Mr. McCARRAN], and the Senator from Utah [Mr. THOMAS] are absent by leave of the Senate.

I announce further that if present and voting the Senator from Rhode Island [Mr. LEAHY], the Senator from Utah [Mr. THOMAS], and the Senator from Maryland [Mr. TYDINGS] would vote "nay."

Mr. SALTONSTALL. I announce that the Senator from Kansas [Mr. DARBY] is absent by leave of the Senate on official business. If present and voting, the Senator from Kansas would vote "yea."

The Senator from Oregon [Mr. MORSE], and the Senator from North Dakota [Mr. YOUNG] are absent by leave of the Senate.

The Senator from Ohio [Mr. TAFT], and the Senator from Michigan [Mr. VANDENBERG] are necessarily absent.

The Senator from Oregon [Mr. MORSE] is paired with the Senator from Ohio [Mr. TAFT]. If present and voting

the Senator from Oregon would vote "nay" and the Senator from Ohio would vote "yea."

The result was announced—yeas 26, nays 57, as follows:

YEAS—26

Brewster	Ferguson	Millikin
Bricker	Gurney	Mundt
Bridges	Hickenlooper	Schoeppel
Butler	Humphrey	Thye
Capehart	Jenner	Watkins
Cordon	Knowland	Wherry
Donnell	McCarthy	Wiley
Dworshak	Malone	Williams
Ecton	Martin	

NAYS—57

Alken	Hill	McMahon
Anderson	Hoey	Magnuson
Benton	Holland	Maybank
Byrd	Ives	Murray
Cain	Johnson, Colo.	Myers
Chapman	Johnson, Tex.	Neely
Chavez	Johnston, S. C.	O'Connor
Connally	Kefauver	O'Mahoney
Douglas	Kem	Robertson
Ellender	Kerr	Russell
Flanders	Kilgore	Saltonstall
Frear	Langer	Smith, Maine
Fulbright	Lehman	Smith, N. J.
George	Lodge	Sparkman
Gillette	Long	Stennis
Graham	Lucas	Taylor
Green	McClelland	Thomas, Okla.
Hayden	McFarland	Tobey
Hendrickson	McKellar	Withers

NOT VOTING—13

Darby	McCarran	Tydings
Downey	Morse	Vandenberg
Eastland	Pepper	Young
Hunt	Taft	
Leahy	Thomas, Utah	

So Mr. WHERRY's amendment to Mr. MAYBANK's amendment was rejected.

The VICE PRESIDENT. The question now is on agreeing to the amendment offered by the Senator from South Carolina [Mr. MAYBANK].

Mr. McCARTHY. Mr. President—

The VICE PRESIDENT. For what purpose does the Senator rise?

Mr. McCARTHY. I would like to call up an amendment which is lying on the desk, and I would also like to ask unanimous consent to have inserted in the CONGRESSIONAL RECORD at this point a letter from Mr. Omar Ketchum, director of the national legislative service of the Veterans of Foreign Wars, together with a brief explanation.

The VICE PRESIDENT. Is there objection?

Mr. LUCAS. I object.

The VICE PRESIDENT. Objection is heard.

The question is on agreeing to the amendment offered by the Senator from South Carolina [Mr. MAYBANK].

The amendment was agreed to.

Mr. BRICKER. Mr. President, I wish at this time to call up my amendment B. I ask that it be stated.

The VICE PRESIDENT. The Secretary will state the amendment.

The legislative clerk read the amendment as follows:

1. Strike out all of title III of said bill; and

2. Strike out all of subsection (f) commencing on line 9 of page 24 and insert the following subsection in lieu thereof:

"(f) The Commissioner is authorized, with respect to mortgages insured or to be insured under this section, to furnish technical advice and assistance in the organization of corporations or trusts of the character described in subsection (a) of this

section and in the planning, development, construction, and operation of their housing projects. In the performance of, and with respect to, the functions, powers, and duties, vested in him by this section, the Commissioner, notwithstanding the provisions of any other law, shall appoint an Assistant Commissioner to administer the provisions of this section under the direction and supervision of the Commissioner."

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Ohio [Mr. BRICKER]. Mr. BRICKER. I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. MAYBANK. Mr. President—

The VICE PRESIDENT. For what purpose does the Senator rise?

Mr. MAYBANK. A point of order, Mr. President.

The VICE PRESIDENT. The Senator will state it.

Mr. MAYBANK. I have a perfecting amendment to title III which I offered, to provide a definite interest rate. I desire to withdraw that amendment, pending the vote on the amendment offered by the Senator from Ohio [Mr. BRICKER]. I have conferred with the Senator. Perhaps I may be violating the rule—

The VICE PRESIDENT. The Senator withdraws the amendment to which he refers. The Chair would like to state to the Senator that the amendment to which he refers was part of the amendment which has just been voted upon, and which was agreed to.

Mr. MAYBANK. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. MAYBANK. I offered an amendment to title III, specifically providing an interest rate of 4 percent on loans to cooperatives. It is that amendment I desire to withdraw for the time being.

The VICE PRESIDENT. The Chair was misadvised. The amendment regarding the rate of interest was not a part of the Senator's amendment which was agreed to.

Mr. MAYBANK. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. MAYBANK. After the amendment offered by the Senator from Ohio [Mr. BRICKER] is voted on, I would still have an opportunity to perfect my amendment to title III, would I not?

The VICE PRESIDENT. If title III is eliminated from the bill, there will be no further chance to perfect it.

Mr. MAYBANK. And if it is not eliminated from the bill?

The VICE PRESIDENT. If it is not eliminated it will be open to amendment.

Mr. MAYBANK. Mr. President, I desire to say—

The VICE PRESIDENT. The Senator cannot debate the question now. The Senator has withdrawn his 4 percent amendment. Therefore, the question is on agreeing to the amendment offered by the Senator from Ohio [Mr. BRICKER]. The yeas and nays having been ordered, the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. McCARTHY. (when his name was called). On another amendment to the bill, I have a pair with the senior Senator from Mississippi [Mr. EASTLAND]. However, I understand if he were present, he would vote the same as I propose to vote on this amendment. Therefore, I shall cast my vote. I vote "yea."

Mr. TOBEY (when his name was called). On this vote I have a pair with the distinguished Senator from Michigan [Mr. VANDENBERG]. If he were present, he would vote "yea." If I were permitted to vote, I would vote "nay." I withhold my vote.

Mr. WITHERS (when his name was called). I have a pair with the senior Senator from Ohio [Mr. TAFT]. If he were present he would vote "yea." If I were permitted to vote, I would vote "nay." I withhold my vote.

The roll call was concluded.

Mr. O'MAHONEY. Mr. President, with respect to the absence of my colleague, the junior Senator from Wyoming [Mr. HUNT], I desire to make the same announcement that I made before. In voting on this amendment, he would vote "nay."

Mr. MYERS. I announce that the Senator from California [Mr. DOWNEY] is necessarily absent.

The Senator from Mississippi [Mr. EASTLAND], the Senator from Florida [Mr. PEPPER], and the Senator from Maryland [Mr. TYDINGS] are absent on public business.

The Senator from Rhode Island [Mr. LEAHY] is absent because of illness.

The Senator from Nevada [Mr. McCARRAN] and the Senator from Utah [Mr. THOMAS] are absent by leave of the Senate.

On this vote the Senator from Florida [Mr. PEPPER] is paired with the Senator from Maryland [Mr. TYDINGS]. If present and voting the Senator from Florida would vote "nay," and the Senator from Maryland would vote "yea."

I announce further that if present and voting the Senator from Rhode Island [Mr. LEAHY] and the Senator from Utah [Mr. THOMAS] would vote "nay."

Mr. SALTONSTALL. I announce that the Senator from Kansas [Mr. DARBY] is absent by leave of the Senate on official business.

The Senator from Oregon [Mr. MORSE] and the Senator from North Dakota [Mr. YOUNG] are absent by leave of the Senate.

The Senator from Ohio [Mr. TAFT] and the Senator from Michigan [Mr. VANDENBERG] are necessarily absent.

The Senator from Ohio [Mr. TAFT] is paired with the Senator from Kentucky [Mr. WITHERS] and his pair has been announced previously.

The Senator from Michigan [Mr. VANDENBERG] is paired with the Senator from New Hampshire [Mr. TOBEY] and his pair has been announced previously.

The Senator from Kansas [Mr. DARBY] is paired with the Senator from Oregon [Mr. MORSE]. If present and voting, the Senator from Kansas would vote "yea," and the Senator from Oregon would vote "nay."

The result was announced—yeas 43, nays 38, as follows:

YEAS—43

Brewster	George	Mundt
Bricker	Gillette	O'Connor
Bridges	Gurney	Robertson
Butler	Hendrickson	Russell
Byrd	Hickenlooper	Saltonstall
Cain	Hoey	Schoeppel
Capehart	Holland	Smith, N. J.
Chapman	Jenner	Stennis
Cordon	Kem	Thye
Donnell	Knowland	Watkins
Dworshak	McCarthy	Wherry
Ecton	McClellan	Wiley
Ellender	Malone	Williams
Ferguson	Martin	
Fulbright	Millikin	

NAYS—38

Alken	Ives	McKellar
Anderson	Johnson, Colo.	McMahon
Ben'on	Johnson, Tex.	Magnuson
Chavez	Johnston, S. C.	Maybank
Connally	Kefauver	Murray
Douglas	Kerr	Myers
Flanders	Kilgore	Neely
Frear	Langer	O'Mahoney
Graham	Lehman	Smith, Maine
Green	Lodge	Sparkman
Hayden	Long	Taylor
Hill	Lucas	Thomas, Okla.
Humphrey	McFarland	

NOT VOTING—15

Darby	McCarran	Tobey
Downey	Morse	Tydings
Eastland	Pepper	Vandenberg
Hurt	Taft	Withers
Leahy	Thomas, Utah	Young

So Mr. BRICKER's amendment was agreed to.

Mr. WHERRY. Mr. President, I move that the Senate reconsider the vote by which the amendment was agreed to.

Mr. BRICKER. Mr. President, I move that that motion be laid on the table.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from Ohio.

The motion to lay on the table was agreed to.

Mr. IVES. Mr. President, I offer the amendment which I send to the desk, and ask to have stated.

The VICE PRESIDENT. Does the Senator desire to have the entire amendment read?

Mr. IVES. No, Mr. President. I think that is not necessary. I think the Senate understands what is in the amendment. It has been well discussed.

Mr. LUCAS. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. LUCAS. May I inquire what this amendment does, and where in the bill it is to go? Is it an amendment to title III?

The VICE PRESIDENT. It provides for a new title, "Cooperative Housing."

Mr. IVES. Mr. President, I ask unanimous consent to speak for 1 minute concerning this amendment.

Mr. BRICKER. Reserving the right to object, a parliamentary inquiry, Mr. President.

The VICE PRESIDENT. The Senator will state it.

Mr. BRICKER. Is this amendment offered in the nature of an amendment to Senate bill 2246, or to the amendment in the nature of a substitute?

The VICE PRESIDENT. It is offered to the committee amendment which is in the nature of a substitute for the original bill.

Mr. MAYBANK. Mr. President, reserving the right to object, I ask for the same privilege, to explain the reason why some of us are opposed to the amendment.

Mr. LUCAS. Mr. President, I object. Mr. BRICKER. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. BRICKER. Mr. President, is not an amendment of this nature out of order?

The VICE PRESIDENT. It is offered as a new amendment to the bill.

Mr. IVES. Mr. President—

The VICE PRESIDENT. For what purpose does the Senator rise?

Mr. IVES. To explain affirmatively what the amendment provides for, if it is not to be read.

The VICE PRESIDENT. The Secretary will state the amendment.

The Chief Clerk proceeded to read the amendment of Mr. IVES, and read as follows:

Strike out all of title III and insert in lieu thereof the following:

"TITLE III—COOPERATIVE HOUSING

"PURPOSE

"SEC. 301. The purpose of this title is to provide an affirmative and vigorous program of assistance to nonprofit cooperative housing corporations in the production and management of housing of sound standards of design, construction, livability, and size for adequate family life, in well-planned, integrated residential neighborhoods (1) by providing necessary technical assistance and advice in the organization of such cooperative corporations and in the planning, financing, development, construction, and operation of their housing projects; (2) by making limited financial assistance, in the form of preliminary advances of funds, available to soundly organized cooperative housing corporations to enable them to develop specific plans for their housing projects; and (3) to provide mortgage insurance on liberal terms for such housing projects.

"ASSISTANT FEDERAL HOUSING COMMISSIONER

"SEC. 302. The President shall appoint, by and with the advice and consent of the Senate, an Assistant Federal Housing Commissioner to administer the provisions of this title (including section 213 of the National Housing Act, as amended) under the direction and supervision of the Federal Housing Commissioner (hereinafter referred to as Commissioner).

"TECHNICAL AID TO COOPERATIVES

"SEC. 303. To assist in achieving the purposes of this title, the Commission is authorized and directed to furnish technical advice and assistance (1) in the organization of (i) any nonprofit cooperative ownership housing corporation the permanent occupancy of the dwellings of which is restricted to members of such corporation, or (ii) any nonprofit corporation organized for the purpose of construction of homes for members of the corporation; and (2) in the planning, financing, development, construction, acquisition, and operation and management of the housing project or projects of any such corporation.

"PRELIMINARY ADVANCES OF FUNDS

"SEC. 304. (a) To further assist in carrying out the purposes of this title, the Commissioner, upon application by a cooperative or other nonprofit corporation of the character described in section 303 (1) may make a preliminary advance of funds to such corporation to assist in the formulation of a proposed housing project to be eligible for

mortgage insurance under section 213 of the National Housing Act, as amended: *Provided*, That such preliminary advance of funds shall be limited to the amounts required for necessary work preliminary to construction, and shall in no event exceed an amount equal to 5 percent of the amount which the Commissioner estimates will be the replacement cost of the housing project when the proposed improvements are completed: *And provided further*, That no such advance of funds shall be made until the Commissioner shall have determined that such corporation is a bona fide nonprofit cooperative ownership housing corporation or a nonprofit corporation of the character described in section 303 (1), that such corporation and its proposed methods of operation are such as will avoid its use for speculative purposes or the payment of excessive fees, salaries, or charges in connection with the housing project, and that the organization and proposed methods of operation of the corporation are such as will encourage the association therein of persons who will contribute to the sound integral character and success thereof, provide necessary leadership therein, and involve democratic voting principles."

Mr. MAYBANK. Mr. President—

The VICE PRESIDENT. For what purpose does the Senator rise?

Mr. MAYBANK. To submit a unanimous-consent request.

The VICE PRESIDENT. The Senator will state it.

Mr. MAYBANK. The distinguished senior Senator from New York stated that the Senate was familiar with his amendment, and I was wondering if we could dispense with the reading of the entire amendment.

Mr. IVES. Mr. President, the only reason why the amendment is being read is that the senior Senator from New York asked unanimous consent to have 1 minute to tell what the amendment provides, not to argue for it at all, but merely to inform the Senate of the nature of the amendment. That request was denied. Therefore the senior Senator from New York thought it advisable that the amendment be read.

Mr. MAYBANK. I thank the Senator. Mr. IVES. I should like to make a request, if it is in order.

The VICE PRESIDENT. It is in order to request that further reading be dispensed with.

Mr. IVES. I ask that the further reading be dispensed with and that I be permitted, in the same breath, to indicate what the amendment proposes.

Mr. WHERRY. One minute?

Mr. IVES. One minute or less.

The VICE PRESIDENT. Is there objection to the request, first, of the Senator from South Carolina that further reading of the amendment be dispensed with?

Mr. WATKINS. I object.

The VICE PRESIDENT. Is there objection to the request of the Senator from New York that further reading be dispensed with and that he be allowed 1 minute in which to explain the amendment?

Mr. CAIN. Mr. President, reserving the right to object, I wonder if it is the intention of the Senate to permit similar 1-minute expressions to be made about other important amendments which on their face may not be clearly understood.

The VICE PRESIDENT. Is there objection?

Mr. WHERRY. Regular order.

The VICE PRESIDENT. The regular order is, Is there objection? The Chair hears none.

Mr. CAIN. Mr. President—

The VICE PRESIDENT. Does the Senator from Washington object?

Mr. CAIN. The Senator from Washington objects if it is not the intention of the Senate to permit similar expressions on other amendments.

Mr. WATKINS. Mr. President, I objected to the request.

Mr. WHERRY. Mr. President, the Senator from Utah has objected.

The VICE PRESIDENT. Objection is heard. The Secretary will proceed with the reading of the amendment.

Mr. WATKINS. Mr. President, may we have order?

The VICE PRESIDENT. The Senate will be in order.

The Chief Clerk resumed and concluded the reading of the amendment, as follows:

"Such advance of funds shall bear interest at 3 percent and shall be repaid out of the proceeds of any construction or other loan obtained for the project by such cooperative or other nonprofit corporation.

"(b) In carrying out the provisions of this section, the Commissioner shall (in addition to his other powers and duties) have (1) the powers and duties authorized by section 1 of the National Housing Act, as amended, for the purpose of carrying out any provisions of that act, and (2) the powers and duties provided in that act with respect to property acquired or to be acquired by the Commissioner for any purpose thereunder.

"PROVISION OF FUNDS

"Sec. 305. (a) To obtain funds for preliminary advances as provided in section 304, the Commissioner may, with the approval of the President, issue and have outstanding at any one time notes and other obligations for purchase by the Secretary of the Treasury in an amount not to exceed \$10,000,000.

"(b) Notes or other obligations issued by the Commissioner under this title shall be in such forms and denominations, have such maturities, and be subject to such terms and conditions as may be prescribed by the Commissioner, with the approval of the Secretary of the Treasury. Such notes or other obligations shall bear interest at a rate determined by the Secretary of the Treasury taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of such notes or other obligations. The Secretary of the Treasury is authorized and directed to purchase any notes and other obligations of the Commissioner issued under this title and for such purpose is authorized to use as a public-debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under such act, as amended, are extended to include any purchases of such notes and other obligations. The Secretary of the Treasury may at any time sell any of the notes or other obligations acquired by him under this section. All purchases, sales, and redemptions by the Secretary of the Treasury of such notes or other obligations shall be treated as public-debt transactions of the United States.

"(c) Funds made available to the Commissioner pursuant to the provisions of this section shall be deposited in a checking account or accounts with the Treasurer of the United States. Principal repayments on ad-

vances made under section 304 shall be applied to the retirement of notes or other obligations issued by the Commissioner pursuant to this section: *Provided*, That this requirement shall not be construed as limiting the authority of the Commissioner under section 305 (a). Other receipts and assets obtained or held by the Commissioner in connection with the performance of his functions under this title shall be available for any of his functions thereunder. There are hereby authorized to be appropriated, out of any moneys in the Treasury not otherwise appropriated, such sums as may be necessary for administrative expenses of the Commissioner in carrying out his functions under sections 303, 304, and 307 of this title.

"Sec. 306. Title II of the National Housing Act, as amended, is hereby amended by inserting a new section reading as follows:

"COOPERATIVE HOUSING INSURANCE

"Sec. 213. (a) The purpose of this section is to provide an effective program of mortgage insurance which will make a substantial contribution toward meeting the housing needs of American families. The Commissioner is authorized and directed in the administration of this section to take affirmative steps to facilitate and accelerate operations hereunder and to promptly modify or eliminate any procedures or requirements that prove to be obstacles to the planning or development of housing projects acceptable for purposes of mortgage insurance hereunder. The Commissioner is also directed to administer this section pursuant to regulations and administrative requirements prepared for and specifically adapted to cooperatives, and to avoid the use of rigid or inflexible standardization in its requirements which would prevent cooperatives from planning their construction to meet the needs and desires of their members.

"(b) In addition to mortgages insured under section 207 of this title, the Commissioner is authorized to insure mortgages as defined in section 207 (a) of this title (including advances on such mortgages during construction), which cover property held by—

"(1) a nonprofit cooperative ownership housing corporation the permanent occupancy of the dwellings of which is restricted to members of such corporation; or

"(2) a nonprofit corporation organized for the purpose of construction of homes for members of the corporation; which corporations are regulated or restricted for the purposes and in the manner provided in paragraphs numbered (1) and (2) of subsection (b) of section 207 of this title.

"(c) To be eligible for insurance under this section a mortgage on any property or project of a corporation of the character described in paragraph numbered (1) of subsection (b) of this section shall involve a principal obligation in an amount—

"(1) not to exceed \$5,000,000;

"(2) not to exceed \$3,100 per family unit for such part of such property or project as may be attributable to dwelling use, except that if the Commission finds that the needs of individual members of the corporation could more adequately be met by per room limitations, the mortgage may involve a principal obligation in an amount not to exceed \$1,800 per room for such part of such project to be occupied by such members; and not to exceed 80 percent of the amount which the Commissioner estimates will be the replacement cost of the property or project when the proposed improvements are completed: *Provided*, That (1) such maximum dollar amount shall be increased by \$9 per family unit or \$2 per room, as the case may be, for each 1 percent of the membership of the corporation which consists of veterans of World War II and such maximum ratio of loan to cost shall be increased by one-tenth of 1

percent for each 1 percent of the membership of the corporation which consists of veterans of World War II, if evidence satisfactory to the Commissioner is furnished to establish that the benefits of such increase will accrue to the members of the corporation who are veterans of World War II in the form of the elimination of the down payment which the corporation would otherwise require in order to supply the difference between the amount of the mortgage loan and the estimated replacement cost of the property or project, or (ii) if at least 75 percent of the membership of the corporation consists of veterans of World War II, the mortgage may involve a principal obligation not to exceed \$9,000 per family unit or \$2,000 per room as the case may be and not to exceed 100 percent of the amount which the Commissioner estimates as the replacement cost of the property or project when the proposed improvements are completed.

"(d) To be eligible for insurance under this section a mortgage on any property or project of a corporation of the character described in paragraph numbered (2) of subsection (b) of this section shall involve a principal obligation in an amount not to exceed \$5,000,000 and not to exceed the greater of the following amounts:

"(1) A sum computed on the basis of a separate mortgage for each single-family dwelling (irrespective of whether such dwelling has a party wall or is otherwise physically connected with another dwelling or dwellings) comprising the property or project, equal to the total of each of the maximum principal obligations of such mortgages which would meet the requirements of paragraph (A), paragraph (C), or paragraph (D) of section 203 (b) (2) of this act if the mortgagor were the owner and occupant who had made any required payment on account of the property prescribed in such paragraph.

"(2) A sum equal to the maximum amount which does not exceed either of the limitations on the amount of the principal obligation of the mortgage prescribed by paragraph numbered (2) (exclusive of clause (ii) of the proviso thereof) of subsection (c) of this section.

"(e) Any mortgage insured under this section shall provide for complete amortization by periodic payments within such terms as the Commissioner may prescribe but not to exceed 40 years from the beginning of amortization of the mortgage, and shall bear interest (exclusive of premium charges for insurance) at not to exceed 4 percent per annum on the amount of the principal obligation outstanding at any time. The Commissioner may consent to the release of a part or parts of the mortgage property from the lien of the mortgage upon such terms and conditions as he may prescribe and the mortgage may provide for such release, and a mortgage on any project of a corporation of the character described in paragraph numbered (2) of subsection (b) of this section may provide that, at any time after the completion of the construction of the project, such mortgage may be replaced, in whole or in part, by individual mortgages covering each individual dwelling in the project in amounts not to exceed the unpaid balance of the blanket mortgage allocable to the individual property. Each such individual mortgage may be insured under this section. Property covered by a mortgage, insured under this section, on a property or project of a corporation of the character described in paragraph numbered (1) of subsection (b) of this section may include such commercial and community facilities as the Commissioner deems adequate to serve the occupants.

"(f) The provisions of subsections (d), (e), (g), (h), (i), (j), (k), (l), (m), and (p) of section 207 of this title shall be applicable to mortgages insured under this section.

"(g) In order to encourage and facilitate investment in mortgages insured under this section, a mortgage otherwise eligible for insurance hereunder may be insured, notwithstanding the fact that the principal activity of the mortgagee is not lending on or investing in mortgages and the mortgagee has not had experience in mortgage investment, if the Commissioner determines that such mortgage can adequately service the mortgage."

"STUDIES AND REPORT

"Sec. 307. (a) To assist in determining additional appropriate and desirable legislative and other means for encouraging the development of cooperative and similar housing corporations and for facilitating the production of housing by such corporations, the Commissioner is hereby authorized and directed to undertake and conduct full and complete studies including but not limited to—

"(1) studies of methods for promoting the organization of private regional and local cooperative housing associations or similar organizations to build or operate (or to both build and operate) housing accommodations, and (1) to make experience gained in connection with such housing fully available to other such organizations, (ii) to consolidate, wherever feasible and in the interests of greater efficiency and economy, the personnel and facilities used for the development and management of cooperative housing, and (iii) to establish and maintain competent skills and services required to supply to other such organizations the technical advice and assistance required in the planning, financing, development, construction, acquisition, and operation and management of cooperative housing;

"(2) studies of methods for securing, from both existing and untapped sources, the maximum amount of private investment in housing developed by cooperative housing corporations and similar organizations;

"(3) studies of methods for reducing costs and charges to the occupants of cooperative housing through reduced interest rates on private housing loans, reduced original capital costs, lower maintenance and repair costs, self-help, and other means.

"(b) The Commissioner shall report to the Congress within 2 years after the date of enactment of this act the results of his studies with such recommendations for legislation or otherwise as he may deem desirable.

"DEFINITIONS

"Sec. 308. As used in this title (including section 213 of the National Housing Act, as amended), the following terms shall have the meanings, respectively, ascribed to them below, and unless the context clearly indicates otherwise, shall include the plural as well as the singular number:

"(a) The term 'corporation' shall mean either 'corporation' or 'trust' and references to members of such corporations shall with respect to trusts mean the beneficiaries thereof.

"(b) 'Housing project' shall mean a project (including all property, real and personal, contracts, rights, and choses in action acquired, owned, or held by a cooperative housing corporation in connection therewith) of a cooperative housing corporation designed and used primarily for the purpose of providing dwellings: *Provided*, That nothing in this title shall be construed as prohibiting the inclusion in a housing project of such stores, offices, or other commercial facilities, recreational or community facilities, or other nondwelling facilities as are necessary appurtenances to such housing project.

"FNMA LOANS ON INSURED MORTGAGES

"Sec. 309. Section 301 (a) of the National Housing Act, as amended, is hereby amended by adding the following new paragraph between paragraph (1) and paragraph (2) and

redesignating paragraph (2) as paragraph '(3)':

"(2) to make real estate loans which are accepted for insurance or insured under section 213 of this act: *Provided*, That no such loan shall be made by the Association unless the financial assistance applied for is not otherwise available on reasonable terms."

Strike out all of section 115 of the bill beginning on page 19.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from New York [Mr. Ives].

Mr. IVES. I ask for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. McCARTHY (when his name was called). On this vote I have a pair with the senior Senator from Mississippi [Mr. EASTLAND]. If he were present, he would vote "nay." If I were permitted to vote, I would vote "yea." I therefore withhold my vote.

Mr. WILLIAMS (when his name was called). On this vote I have a pair with the senior Senator from Michigan [Mr. VANDENBERG]. If present, the senior Senator from Michigan would vote "yea." If I were permitted to vote, I would vote "nay." I therefore withhold my vote.

Mr. WITHERS (when his name was called). On this vote I have a pair with the senior Senator from Ohio [Mr. TAFT]. If he were present, he would vote "yea." If I were at liberty to vote, I would vote "nay." I therefore withhold my vote.

The roll call was concluded.

Mr. O'MAHONEY. Mr. President, I make the same announcement with respect to my colleague [Mr. HUNT] that I made on the previous vote. If present my colleague would vote "nay."

Mr. MYERS. I announce that the Senator from California [Mr. DOWNEY] is necessarily absent.

The Senator from Mississippi [Mr. EASTLAND], the Senator from Florida [Mr. PEPPER], and the Senator from Maryland [Mr. TYDINGS] are absent on public business.

The Senator from Rhode Island [Mr. LEAHY] is absent because of illness.

The Senator from Nevada [Mr. McCARRAN] and the Senator from Utah [Mr. THOMAS] are absent by leave of the Senate.

I announce further that if present and voting, the Senator from Rhode Island [Mr. LEAHY], the Senator from Florida [Mr. PEPPER], the Senator from Utah [Mr. THOMAS], and the Senator from Maryland [Mr. TYDINGS] would vote "nay."

Mr. SALTONSTALL. I announce that the Senator from Kansas [Mr. DARBY] is absent by leave of the Senate on official business.

The Senator from Oregon [Mr. MORSE] and the Senator from North Dakota [Mr. YOUNG] are absent by leave of the Senate.

The Senator from Ohio [Mr. TAFT] and the Senator from Michigan [Mr. VANDENBERG] are necessarily absent.

The Senator from Ohio [Mr. TAFT] is paired with the Senator from Kentucky [Mr. WITHERS], and his pair has been announced previously.

The Senator from Michigan [Mr. VANDENBERG] is paired with the Senator from

Delaware [Mr. WILLIAMS], and his pair has been announced previously.

The Senator from Kansas [Mr. DARBY] is paired with the Senator from Oregon [Mr. MORSE]. If present and voting, the Senator from Kansas would vote "nay" and the Senator from Oregon would vote "yea."

The result was announced—yeas 14, nays 66, as follows:

YEAS—14

Alken	Langer	Smith, N. J.
Flanders	Lodge	Thye
Hendrickson	Malone	Tobey
Ives	Saltonstall	Watkins
Kefauver	Smith, Maine	

NAYS—66

Anderson	Gillette	McFarland
Benton	Graham	McKellar
Brewster	Green	McMahon
Bricker	Gurney	Magnuson
Bridges	Hayden	Martin
Butler	Hickenlooper	Maybank
Byrd	Hill	Millikin
Cain	Hoey	Mundt
Capehart	Holland	Murray
Chapman	Humphrey	Myers
Chavez	Jenner	Neely
Connally	Johnson, Colo.	O'Connor
Cordon	Johnson, Tex.	O'Mahoney
Donnell	Johnston, S. C.	Robertson
Douglas	Kem	Russell
Dworshak	Kerr	Schoepfel
Ecton	Kilgore	Sparkman
Ellender	Knowland	Stennis
Ferguson	Lehman	Taylor
Frear	Long	Thomas, Okla.
Fulbright	Lucas	Wherry
George	McClellan	Wiley

NOT VOTING—16

Darby	McCarthy	Vandenberg
Downey	Morse	Williams
Eastland	Pepper	Withers
Hunt	Taft	Young
Leahy	Thomas, Utah	
McCarran	Tydings	

So the amendment of Mr. Ives was rejected.

Mr. McCARTHY. Mr. President, I send to the desk an amendment which I ask to have stated.

I also ask unanimous consent to have inserted in the body of the RECORD at this point a letter from Mr. Omar B. Ketchum, legislative director of the Veterans of Foreign Wars, together with a brief explanation of the purpose of the amendment.

Mr. LUCAS. Mr. President, I am constrained to object to the latter request at this time.

The VICE PRESIDENT. Objection is heard.

Mr. McCARTHY. Mr. President, I ask to have the amendment stated.

The VICE PRESIDENT. The amendment will be stated.

The LEGISLATIVE CLERK. On page 113, at the end of title IV it is proposed to add a new subsection as follows:

(g) By striking out "25 years" in the second proviso of section 500 (b) and inserting in lieu thereof "30 years."

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Wisconsin [Mr. McCARTHY].

Mr. McCARTHY. Mr. President, on the amendment I ask for the yeas and nays.

The yeas and nays were not ordered.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Wisconsin.

The amendment was rejected.

Mr. LONG. Mr. President, I call up my amendment lettered "D" and ask that it be stated.

The VICE PRESIDENT. The amendment will be stated.

The LEGISLATIVE CLERK. On page 15, line 10, it is proposed to strike out "90" and insert "85."

On page 15, line 14, it is proposed to strike out "60" and substitute "70."

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Louisiana [Mr. LONG]. [Putting the question.] The "noes" seem to have it.

Mr. LONG. I ask for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. JENNER (when his name was called). On this vote I have a pair with the senior Senator from Ohio [Mr. TAFT]. If the Senator from Ohio were present and voting, he would vote "nay." If I were at liberty to vote, I would vote "yea." I withhold my vote.

The roll call was concluded.

Mr. MYERS. I announce that the Senator from California [Mr. DOWNEY] and the Senator from Wyoming [Mr. HUNT] are necessarily absent.

The Senator from Mississippi [Mr. EASTLAND], the Senator from Florida [Mr. PEPPER], and the Senator from Maryland [Mr. TYDINGS] are absent on public business.

The Senator from Rhode Island [Mr. LEAHY] is absent because of illness.

The Senator from Nevada [Mr. MCCARRAN] and the Senator from Utah [Mr. THOMAS] are absent by leave of the Senate.

I announce further that, if present and voting, the Senator from Maryland [Mr. TYDINGS] would vote "yea."

Mr. SALTONSTALL. I announce that the Senator from Kansas [Mr. DARBY] is absent by leave of the Senate on official business. If present and voting, the Senator from Kansas would vote "yea."

The Senator from Oregon [Mr. MORSE] and the Senator from North Dakota [Mr. YOUNG] are absent by leave of the Senate. If present and voting, the Senator from Oregon [Mr. MORSE] would vote "yea."

The Senator from Ohio [Mr. TAFT] and the Senator from Michigan [Mr. VANDENBERG] are necessarily absent.

The Senator from Ohio [Mr. TAFT] is paired with the Senator from Indiana [Mr. JENNER] and his pair has been announced previously.

The result was announced—yeas 61, nays 21, as follows:

YEAS—61

Alken	Frear	Knowland
Anderson	Fulbright	Langer
Benton	George	Lehman
Butler	Gillette	Lodge
Byrd	Green	Long
Cain	Hendrickson	Lucas
Capehart	Hoey	McClellan
Chapman	Holland	McKellar
Chavez	Humphrey	McMahon
Connally	Ives	Magnuson
Cordon	Johnson, Colo.	Malone
Douglas	Johnson, Tex.	Maybank
Dworshak	Kefauver	Millikin
Ellender	Kerr	Murray
Flanders	Kilgore	Neely

No. 53—6

O'Connor	Smith, Maine	Watkins
O'Mahoney	Smith, N. J.	Wherry
Robertson	Stennis	Wiley
Russell	Thomas, Okla.	Williams
Saltontstall	Thye	
Schoeppel	Tobey	

NAYS—21

Brewster	Gurney	McFarland
Bricker	Hayden	Martin
Bridges	Hickenlooper	Mundt
Donnell	Hill	Myers
Eaton	Johnston, S. C.	Sparkman
Ferguson	Kem	Taylor
Graham	McCarthy	Withers

NOT VOTING—14

Darby	Leahy	Thomas, Utah
Downey	McCarran	Tydings
Eastland	Morse	Vandenberg
Hunt	Pepper	Young
Jenner	Taft	

So Mr. LONG's amendment was agreed to.

Mr. LONG. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. LONG. Mr. President, I previously sent to the desk today, a perfecting amendment to my amendment. Was that a part of the amendment which has just been voted upon and agreed to?

The VICE PRESIDENT. The Chair does not know.

Mr. LONG. It changes the figure "\$8,100" to "\$8,050."

The VICE PRESIDENT. It was not a part of the amendment which was read.

Mr. LONG. Then, Mr. President, I offer that amendment.

The VICE PRESIDENT. The Senator cannot offer an amendment to an amendment which has been agreed to.

Mr. LONG. I offer it as an amendment, which I have sent to the desk.

The VICE PRESIDENT. It seems to be offered at a separate place, and it will be stated.

The CHIEF CLERK. On page 16, in line 14, it is proposed to strike out "8,100" and insert "8,050."

Mr. LONG. Mr. President, that was intended to go with the other amendment. It will make a difference of only \$50.

The VICE PRESIDENT. Debate is not in order.

The question is on agreeing to the amendment of the Senator from Louisiana.

The amendment was agreed to.

Mr. CAIN. Mr. President, I call up my amendment initialed "M"; and on the question of its adoption, I ask for the yeas and nays.

The VICE PRESIDENT. The amendment will be stated.

The LEGISLATIVE CLERK. On page 108, beginning with line 15, it is proposed to strike out all through line 17 on page 113.

Mr. CAIN. Mr. President, I ask for the yeas and nays.

The yeas and nays were not ordered.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Washington [Mr. CAIN].

The amendment was rejected.

Mr. BENTON. Mr. President, I call up my amendment dated 3-14-50—A.

The VICE PRESIDENT. The amendment will be stated.

The LEGISLATIVE CLERK. On page 106, after line 5, it is proposed to insert the following new subsection:

(b) By inserting after "District of Columbia" in the first sentence of section 500 (d) a comma and the following: "or by any State."

On page 106, line 6, strike out "(b)" and insert in lieu thereof "(c)."

On page 106, line 24, strike out "(c)" and insert in lieu thereof "(d)."

On page 107, line 15, strike out "(d)" and insert in lieu thereof "(e)."

On page 108, line 1, strike out "(e)" and insert in lieu thereof "(f)."

On page 108, line 15, strike out "(f)" and insert in lieu thereof "(g)."

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Connecticut [Mr. BENTON]. [Putting the question.]

The "noes" seem to have it.

Mr. MAYBANK. Mr. President, I ask for a division.

On a division, the amendment was agreed to.

The VICE PRESIDENT. The bill is open to further amendment.

Mr. CAIN. Mr. President, I call up my amendment initialed "N."

The VICE PRESIDENT. The Secretary will state the amendment.

The LEGISLATIVE CLERK. On page 48, line 24, beginning with the comma following "605 (b)" it is proposed to strike out all down to and including "606" in line 25.

On page 49, beginning with line 10, strike out all through line 7 on page 59.

On page 59, line 8, strike out "Sec. 607" and insert "Sec. 606."

On page 59, line 9, beginning with the comma following "housing", strike out all down to and including the comma following "act" in line 11.

On page 58, line 3, strike out "607 (b)" and insert "606 (b)."

On page 60, line 15, strike out "Sec. 608." and insert "Sec. 607."

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Washington [Mr. CAIN].

The amendment was rejected.

The VICE PRESIDENT. The bill is still open to amendment.

Mr. FREAR. Mr. President, I offer the amendment which I send to the desk and ask to have stated. I hope the amendment will be agreed to.

The VICE PRESIDENT. The Secretary will state the amendment.

The LEGISLATIVE CLERK. On page 11, it is proposed to strike out line 11, and to insert the following: "with another dwelling or dwellings: *Provided*, That the Commissioner may increase such dollar amount limitation by not exceeding \$4,500 for each additional family dwelling unit in excess of two located on such property, or."

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Delaware [Mr. FREAR]. [Putting the question.]

The "noes" appear to have it.

Mr. FREAR. Mr. President, I call for a division.

On a division, the amendment was agreed to.

The VICE PRESIDENT. The bill is open to further amendment.

Mr. MAYBANK. Mr. President—

The VICE PRESIDENT. For what purpose does the Senator desire recognition?

Mr. MAYBANK. I send to the desk an amendment.

The VICE PRESIDENT. The Chair is informed that the Senator has sent two amendments to the desk. Which one does the Senator want read?

Mr. MAYBANK. Mr. President, I desire the amendments to be read in order, No. 1 and No. 2.

The VICE PRESIDENT. The Secretary will read the first amendment.

The LEGISLATIVE CLERK. On page 123, line 11, it is proposed to insert the following as a proviso at the end of section 606: "Provided, That nothing contained in this section shall apply to loans guaranteed under section 501 of the Servicemen's Readjustment Act of 1944, as amended."

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from South Carolina.

The amendment was agreed to.

The VICE PRESIDENT. The Secretary will read the next amendment offered by the Senator from South Carolina [Mr. MAYBANK].

The LEGISLATIVE CLERK. On page 28, it is proposed to strike out lines 10 through 14, and to insert the following:

SEC. 118. Section 603 (a) of said act, as amended, is amended by striking out the period at the end thereof and adding the following: "And provided further, That, notwithstanding the first proviso of this subsection, mortgages may be insured under section 609 and section 611 of this title if the aggregate amounts of principal obligations of mortgages insured under said sections plus the aggregate amount of principal obligations of mortgages insured under section 610 of this title do not exceed the limitation contained in said section 610 upon the aggregate amount of principal obligations of mortgages insured pursuant to said section."

Mr. BRICKER. Mr. President, I ask unanimous consent that the Senator from South Carolina be permitted 3 minutes in which to explain the amendment. It has not been submitted heretofore to the Senate. None of us have seen it, and we do not know what the Senator is talking about.

The VICE PRESIDENT. Is there objection to the request of the Senator from Ohio? The Chair hears none, and the Senator from South Carolina is recognized for 3 minutes.

Mr. MAYBANK. Mr. President, I shall be glad to explain the amendment. FHA mortgage insurance for the manufacture of prefabricated houses and for large-scale modernized construction, and the manufacture of prefabricated houses, under section 609 and 611 of the National Housing Act, is subject to the over-all limitations on the amount of mortgage insurance under title VI, for which there is no remaining authorization. However, the authorization under

section 610 of the act for the FHA insurance of mortgages on Government constructed war housing projects and Greentown projects sold by the Government will continue in effect and is adequate to cover insurance under that section and also section 609 and section 611. This amendment would therefore, place insurance pursuant to sections 609 and 611 under the section 610 authorization.

I may say to the Senator from Ohio that yesterday afternoon, when he and I were debating the bill on the Senate floor, we had a special meeting in connection with the situation regarding loans for prefabricated houses, and also yesterday morning, in the Committee on Banking and Currency. Yesterday afternoon when our committee met in the Appropriations Committee room and because I was unable to be present at the time, having been occupied on the floor of the Senate, I requested the Senator from Illinois [Mr. DOUGLAS], who was present, and the Senator from Vermont [Mr. FLANDERS], who I think was present, and the Senator from Arkansas [Mr. FULBRIGHT], and others, to work out any necessary amendments which they felt would be in the interest of the bill. I understood a majority of our committee was present when they met in the Appropriations Committee room when I was on the floor of the Senate.

I may say to the Senator from Ohio, I have followed the bill every step of the way from its start until now; but yesterday afternoon I could not attend the meeting because I was engaged in a debate with the Senator from Nebraska and the Senator from Ohio. I assumed that this amendment is what the majority of the committee had worked out yesterday.

Mr. ROBERTSON. Mr. President, will the Senator from South Carolina yield?

The VICE PRESIDENT. The time of the Senator from South Carolina has expired.

Mr. ROBERTSON. I ask unanimous consent that the Senator from South Carolina have 1 minute more, in which to answer a question.

The VICE PRESIDENT. Is there objection? The Chair hears none. The Senator from South Carolina is recognized for one more minute.

Mr. MAYBANK. I shall be glad to answer.

Mr. ROBERTSON. While the Senator from South Carolina was engaged in debate on the floor, the remainder of his committee had answered his call to meet in the main room of the Appropriations Committee to consider one or two amendments to the pending bill.

Mr. MAYBANK. The Senator is correct.

Mr. ROBERTSON. One of those amendments provided that the present power of the RFC to finance prefabricated houses, such as Lustron, should be transferred to another agency. Another amendment was that the so-called FNMA loans of RFC should be transferred to another agency. The committee voted not to endorse either of those amendments. Is that what is involved in the amendments now pending?

The VICE PRESIDENT. The Senator's time has expired again.

Mr. MAYBANK. I ask unanimous consent for five additional moments, so that this matter may be cleared up.

The VICE PRESIDENT. Is there objection to the request? The Chair hears none.

Mr. MAYBANK. It was my understanding that this is the amendment which our committee worked out yesterday afternoon.

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

Mr. MAYBANK. I yield.

Mr. CAPEHART. Mr. President, I am a member of the committee, and I was present during the time about which the able Senator is talking. If my memory is correct, the committee voted to do nothing about the matter, suggesting that at a later date possibly a bill might well be introduced to accomplish its purpose.

Mr. MAYBANK. Mr. President, as I said before, I was not at the meeting. I understood that this amendment represented the sentiment of the committee.

Mr. WHERRY. Mr. President, if I may ask the distinguished Senator from South Carolina once again, will he tell us what is in the amendment? I ask that respectfully, because I am not interested in knowing about the meeting, but I would like to know what is in the amendment.

Mr. MAYBANK. I will say to my friend, the Senator from Nebraska, I was on the Senate floor, trying to clear up section 608 with him at the time. One of the matters which the committee discussed proposed to transfer certain powers of the RFC over prefabricated homes to the Housing and Home Finance Agency.

Mr. WHERRY. Is that what is in the amendment—the transfer of authority, which is now being asked to be taken out of RFC and transferred to the Home Owners Loan Corporation or to the Housing and Home Finance Agency?

Mr. MAYBANK. As I understand the discussion—

Mr. SALTONSTALL. Mr. President, will the Senator yield for a question?

Mr. MAYBANK. I am only too happy to yield for a question.

Mr. SALTONSTALL. I should like to ask the Senator from South Carolina this question: After listening to the Senator from Virginia and the Senator from Indiana, I inquire was not the amendment which was just adopted one of the two the committee decided not to do anything about?

Mr. MAYBANK. No, I beg the Senator's pardon; the other amendment, which was just adopted, was not taken up yesterday afternoon. It was an amendment which was suggested by the Veterans of Foreign Wars.

Mr. SALTONSTALL. Was that amendment considered by the committee and endorsed?

Mr. MAYBANK. Mr. President, I want to make certain. I had two minor amendments relating to loans or insurance for loans for prefabricated houses. One of them, I was told, was considered yesterday afternoon when I was in the Senate. The other was an amendment

which was suggested sometime ago but which the committee did not consider.

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

Mr. MAYBANK. I would like to get the other amendment back, first. I do not want to make a misstatement.

Mr. SALTONSTALL. Was the amendment considered yesterday afternoon considered and recommended by the committee previously?

Mr. MAYBANK. It was not considered previously, and it was not recommended by the committee, and neither was the amendment recommended by the Veterans of Foreign Wars, which was just adopted.

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

Mr. MAYBANK. I yield.

Mr. FULBRIGHT. I think the amendment that was handed to me is a different amendment, relating to a different part of the bill. I think the Senator has the wrong amendment.

Mr. MAYBANK. Mr. President—

The VICE PRESIDENT. The Senator from South Carolina has the floor.

Mr. MAYBANK. Apparently the amendment which was sent back to me was not the amendment which the committee had discussed yesterday afternoon and to which my remarks concerning committee agreements were addressed. I therefore withdraw the amendment.

The VICE PRESIDENT. The Senator withdraws the amendment. The bill is open to further amendment.

Mr. SPARKMAN. Mr. President, I offer the amendment which I previously proposed, initialed "G."

The VICE PRESIDENT. The Secretary will state the amendment.

The legislative clerk read as follows:

(a) On page 24, strike out the period at the end of line 8 and insert the following: "except individual mortgages insured pursuant to subsection (d) of this section covering the individual dwellings in the project, and as to such individual mortgages the provisions of subsections (a), (c), (d), (e), (f), (g), and (h) of section 204 shall be applicable."

(b) On page 29, strike out the word "and" at the end of line 3; and strike out the period at the end of line 17 and insert a semicolon, the word "and," and the following:

"(3) by striking out the period at the end of subsection (d) and inserting the following: 'covering a project described in subsection (b) of this section, and the provisions of subsections (a), (b), (c), (d), (e), (f), and (h) of section 604 shall be applicable to the individual mortgages insured pursuant to subsection (b) (4) of this section covering individual dwellings in the project.'"

Mr. WHERRY. Mr. President, I ask unanimous consent that the distinguished Senator from Alabama have 3 minutes in which to explain this amendment and that questions may be asked.

The VICE PRESIDENT. Is there objection?

Mr. LUCAS. Mr. President, reserving the right to object, I am not going to object to this request, but this is the last explanation that will be made.

Mr. BRIDGES. I object.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Alabama [Mr.

SPARKMAN]. [Putting the question.] The ayes seem to have it—

Mr. SPARKMAN. Mr. President, I ask for a division.

Mr. HICKENLOOPER. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. HICKENLOOPER. Had the Chair not already announced the result of the vote?

The VICE PRESIDENT. Yes, but the Senator from Alabama was on his feet asking recognition, and the Chair recognized him. The Senator from Alabama asked for a division.

The Senate proceeded to divide.

Mr. BRIDGES. Mr. President—

The VICE PRESIDENT. The Chair is in the process of counting.

Mr. BRIDGES. Before the Chair announces the result—

The VICE PRESIDENT. For what purpose does the Senator rise?

Mr. BRIDGES. I ask for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk called the roll.

Mr. MYERS. I announce that the Senator from California [Mr. DOWNEY] and the Senator from Wyoming [Mr. HUNT] are necessarily absent.

The Senator from Virginia [Mr. BYRD], the Senator from Mississippi [Mr. EASTLAND], the Senator from Florida [Mr. PEPPER], and the Senator from Maryland [Mr. TYDINGS] are absent on public business.

The Senator from Rhode Island [Mr. LEAHY] is absent because of illness.

The Senator from Delaware [Mr. FREAR] and the Senator from Pennsylvania [Mr. MYERS] are unavoidably detained on official business.

The Senator from Nevada [Mr. McCARRAN] and the Senator from Utah [Mr. THOMAS] are absent by leave of the Senate.

I announce further that if present and voting the Senator from Rhode Island [Mr. LEAHY], the Senator from Pennsylvania [Mr. MYERS], the Senator from Florida [Mr. PEPPER], the Senator from Utah [Mr. THOMAS], and the Senator from Maryland [Mr. TYDINGS] would vote "yea."

Mr. SALTONSTALL. I announce that the Senator from Kansas [Mr. DARBY] is absent by leave of the Senate on official business. If present and voting, the Senator from Kansas would vote "yea."

The Senator from Oregon [Mr. MORSE] and the Senator from North Dakota [Mr. YOUNG] are absent by leave of the Senate. If present and voting, the Senator from Oregon [Mr. MORSE] would vote "yea."

The Senator from Ohio [Mr. TAFT] and the Senator from Michigan [Mr. VANDENBERG] are necessarily absent.

The result was announced—yeas 59, nays 21, as follows:

YEAS—59

Alken	Flanders	Hoey
Anderson	Fulbright	Holland
Benton	George	Humphrey
Chapman	Gillette	Ives
Chavez	Graham	Johnson, Colo.
Connally	Green	Johnson, Tex.
Cordon	Hayden	Johnson, S. C.
Douglas	Hendrickson	Kefauver
Ellender	Hill	Kerr

Kilgore
Knowland
Langer
Lehman
Lodge
Long
Lucas
McCarthy
McClellan
McFarland
McKellar

McMahon
Magnuson
Maybank
Murray
Neely
O'Connor
O'Mahoney
Robertson
Russell
Saltonstall
Schoepfel

Smith, Maine
Smith, N. J.
Sparkman
Stennis
Taylor
Thomas, Okla.
Thye
Tobey
Wherry
Withers

NAYS—21

Brewster
Bricker
Bridges
Butler
Cain
Capehart
Donnell

Dworshak
Ecton
Ferguson
Gurney
Hickenlooper
Jenner
Kem

Malone
Martin
Millikin
Mundt
Watkins
Wiley
Williams

NOT VOTING—16

Byrd
Darby
Downey
Eastland
Frear
Hunt

Leahy
McCarran
Morse
Myers
Pepper
Taft

Thomas, Utah
Tydings
Vandenberg
Young

So Mr. SPARKMAN's amendment was agreed to.

Mr. FULBRIGHT. Mr. President, I send to the desk an amendment which was discussed a moment ago, but through mistake the amendment the committee adopted yesterday was not offered. I ask that the amendment be read.

The VICE PRESIDENT. The Secretary will state the amendment.

The LEGISLATIVE CLERK. On page 123, it is proposed to strike out all of lines 24 and 25; to strike out all of pages 124, 125, 126, and 127; and on page 128, to strike out all of lines 1 through 14 and appropriately renumber the succeeding sections.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Arkansas [Mr. FULBRIGHT].

The amendment was agreed to.

Mr. IVES. Mr. President, I offer the amendment, which I send to the desk.

The VICE PRESIDENT. The Secretary will state the amendment.

The LEGISLATIVE CLERK. On page 108 it is proposed to strike out all after the word "effective" in line 4 through the word "subsection" in line 14 and insert in lieu thereof the words "on January 1, 1951."

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from New York.

The amendment was rejected.

The VICE PRESIDENT. The bill is open to further amendment. If there be no further amendment to be offered, the question is on agreeing to the amendment of the committee as amended.

The amendment as amended was agreed to.

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

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

The bill was read the third time.

The VICE PRESIDENT. The question now is, Shall the bill pass?

Mr. LANGER. I ask for the yeas and nays.

The yeas and nays were not ordered. The VICE PRESIDENT. The question is, Shall the bill pass?

The bill (S. 2246) was passed.

The VICE PRESIDENT. Without objection, the sections will be renumbered and the titles corrected in accordance with the provisions of the bill as completed.

Mr. MAYBANK. Mr. President, I ask to have printed in the RECORD a letter from the American Federation of Labor, as well as a letter from Mr. Foley, the Administrator of the Housing and Home Finance Agency, in connection with the Tobey-Ives substitute for title III.

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

AMERICAN FEDERATION OF LABOR,
Washington, D. C., March 14, 1950.

To Each United States Senator:

The American Federation of Labor is wholeheartedly supporting S. 2246, the middle-income housing bill.

There can be no doubt that additional legislation is needed to meet the acute housing needs of this group whose incomes are too high to qualify them for public housing and too low to afford the new homes being constructed by private builders. Title III of the bill would help meet this need by a very modest cooperative housing program to be financed by private funds, entirely without Government subsidy.

Senators TOBEY and IVES have offered a substitute amendment to title III. No matter how well meaning their intentions in offering this substitute, the basic facts are that it is completely inadequate for meeting this housing problem. This is why:

1. The substitute does not provide for a middle-income housing program; in fact, the rents achievable under its provisions would average \$80 a month, far above the means of the average middle-income family.

2. Cooperatives would not be able to obtain private financing but instead would have to rely on direct loans from the Federal Government, which are specifically provided for by the substitute. This opens the program to all the objections raised by Federal Reserve Board Chairman Thomas B. McCabe.

3. The program would be seriously handicapped by an unfriendly administration. The enclosed memorandum gives additional material regarding the substitute. In behalf of 8,500,000 members of the American Federation of Labor, I specifically request that you vote for S. 2246, as reported by the Senate Banking and Currency Committee.

Sincerely,

WM. GREEN,
President, American Federation of Labor.

ANALYSIS OF TOBEY-IVES AMENDMENT TO MIDDLE-INCOME HOUSING BILL, S. 2246

INTRODUCTION

The Tobey-Ives amendment to S. 2246 would strike out title III of the bill, the cooperative-housing program for middle-income families, introduced by Senator MAYBANK and reported out by the Senate Banking and Currency Committee, and replace it with an entirely new title based on section 213 of the bill. This section was designed to provide cooperative housing for higher-income families under the usual type of FHA financing and FHA administration. Although the Tobey-Ives amendment nowhere specifically states that it is a program for middle-income families, it must be assumed that its sponsors regard it as a suitable substitute for the middle-income program contained in the Maybank title III.

MAIN FEATURES OF AMENDMENT

Financing: The amendment provides for financing of FHA-insured mortgages of cooperative housing projects at a 4-percent

interest rate, plus one-half of 1 percent for insurance premium, for a 40-year amortization period. It also authorizes the FHA Commissioner to make preliminary advances of 5 percent of the total cost for planning work preliminary to construction. Such loans are to bear interest at 3 percent. Permanent construction loans are to be obtained from ordinary mortgage-lending institutions, except that the amendment provides that a mortgage otherwise eligible for insurance under this section may be insured by an organization even if its principal activity is not mortgage lending. Its sponsors have indicated that they have in mind the possibility that labor unions and other organizations may have sufficient funds to finance these projects. The amendment further provides that if loans cannot be obtained from private sources "on reasonable terms," the Federal National Mortgage Association (FNMA) is authorized to make direct real-estate loans to housing cooperatives set up under this section.

Administration: All statutory authority for the administration of the program is lodged with the Commissioner of the Federal Housing Administration. However, the amendment provides that the President shall appoint, by and with the advice and consent of the Senate, an Assistant Federal Housing Commissioner to administer this program under the "direction and supervision" of the FHA Commissioner.

Types of projects: The amendment provides for two types of projects—(1) cooperative-housing projects, the permanent occupancy of the dwellings of which is restricted to the members of the cooperative; and (2) so-called building cooperatives, in which the cooperative exists only for the purpose of constructing homes for its members. In the latter case, both the title to the property and the mortgage would be held by the individual occupants of the homes. Under the first type of organization, there is no possibility for any kind of individual ownership. Under the second type, the cooperative in effect, ceases to exist after the homes are constructed.

Studies: The amendment authorizes the FHA Commissioner to undertake a series of studies involving various aspects of cooperative housing and to report to the Congress the results of such studies within 2 years after the legislation is enacted.

COMMENTS

1. The amendment does not provide for a middle-income housing program.

Title III of the Maybank bill very specifically states that its purpose is to meet the housing needs of families of moderate income, and it also specifies that the cooperative-housing groups assisted under the legislation must undertake a housing project designed to meet the housing needs of families of moderate income (p. 72, lines 12-13). In contrast the Tobey-Ives amendment never once refers to moderate-income families. This is clearly understandable because the amendment simply does not permit construction of housing for middle-income families.

The following table indicates the monthly rents which could be achieved for a 4½-room unit costing \$8,000 under the Maybank title III and under the Tobey-Ives amendment. Because the interest rate to be obtained from the private-money market may fluctuate under the Maybank title III program, figures have been included for both a 3¼ percent interest rate and 3½ percent interest rate. The figures for the Tobey-Ives amendment assume a 100-percent loan to a veterans' cooperative-housing project under the financing terms of the amendment, namely 4 percent for 40 years. The figures for the Maybank title III project assume a 90-percent

loan for a 50-year amortization period. The following are the achievable rents:

	Maybank, title III		Tobey- Ives amend- ment, 4 percent, 40 years
	3¼ per- cent, 50 years	3½ per- cent, 50 years	
Debt service.....	\$27.07	\$28.33	\$36.77
Operating expenses.....	24.40	24.40	27.20
Real-estate taxes.....	10.67	10.67	10.67
Vacancy allowance.....	1.98	2.02	4.08
Contingency reserve.....	1.86	1.90	4.18
Total.....	66.98	67.32	79.90

¹ Includes ½ of 1 percent for mortgage insurance premium.

² Operating expenses are assumed to be midway between those for a cooperative housing project under the Maybank title III and an FHA 608 project on the assumption that the families in the projects under the Tobey-Ives amendment would require more services than the lower income families in the projects under the Maybank title III but less services than average families in 608 projects.

³ Vacancy allowance is assumed to be midway between the 3 percent expected for projects under the Maybank title III program and 7 percent in section 608 projects.

⁴ Because of the greater amount allowed for operating expenses and vacancy allowance, a contingency reserve of only 1½ percent is assumed compared with 3 percent for Maybank title III projects.

Only families whose incomes are more than \$4,000 could afford to pay a rent of \$80 a month, assuming that no more than 25 percent of income should be spent for rent including utilities. Since the middle-third of American families include those of income of \$2,800 to \$4,400 a year, it is clear that the Tobey-Ives amendment cannot meet the needs of the overwhelming majority of middle-income families.

2. By providing for direct loans from the Federal Government, the Tobey-Ives amendment is open to all the criticisms offered by Chairman McCabe of the Federal Reserve Board.

The sponsors of the Maybank title III are so confident of the ability of the National Mortgage Corporation for Housing Cooperatives to obtain sufficient funds from private sources to finance the program that they have made no provision whatsoever for direct loans to housing cooperatives. Under the Maybank title III program, the funds to finance the mortgage lending operations of the new mortgage corporation would be obtained by selling income debentures (bonds) to private sources. No direct Government lending would be involved; the debentures would not even be directly guaranteed by the Federal Government.

The sponsors of the Tobey-Ives amendment, on the other hand, apparently do not have the same confidence that private funds will be available for their program. Under this amendment, the FHA will be insuring 40-year, 4 percent mortgages issued by private lending institutions to cooperatives. However, if this type of mortgage "is not available on reasonable terms," the Federal National Mortgage Association (FNMA) is authorized to make a direct Government loan under these terms to the cooperative concerned. (P. 14, lines 12-21 of the Tobey-Ives amendment.)

What will happen under this provision of the Tobey-Ives amendment?

Existing cooperatives attempting to obtain financing for their housing projects have encountered stubborn resistance from the ordinary type of mortgage lenders. Chairman McCabe of the Federal Reserve Board commented on this problem in his testimony before the Senate Banking and Currency Committee:

"We understand that cooperative projects have encountered some difficulty in obtain-

ing construction loans because of the lack of familiarity of lenders with this type of operation. Perhaps some special provision should be devised to remedy this particular situation." (Middle-Income Housing Hearings, p. 362.)

The Tobey-Ives amendment contains no "special provision * * * to remedy this particular situation." In view of the experience which cooperatives have had in meeting this problem, there is no reason to believe that private lenders will change their policies and make construction loans to cooperatives.

Under these circumstances, the only way cooperatives will be able to function under the Tobey-Ives amendment will be to invoke the provisions for direct Government loans. This will add directly to the current budget deficit and United States public debt, creating problems of debt management and credit control against which Chairman McCabe specifically warned.

Under the existing title III program, these problems will not arise. Because the income debentures of the new National Mortgage Corporation for Housing Cooperatives will attract funds from the investment market (rather than the mortgage market), it can reasonably be expected that such funds will be forthcoming. Since no Government funds would be utilized, there would be no problems of the public debt or credit control.

3. The type of administration provided by the Tobey-Ives amendment would seriously handicap any cooperative housing program.

The Tobey-Ives amendment would place administration of the entire program in the hands of FHA. It is true that a new position, Assistant Federal Housing Commissioner, would be created, but he would function under the direction and supervision of the Commissioner.

Unfortunately, the sad truth is that the FHA has simply proved itself extremely hostile to cooperative housing. Individual cooperative projects have found that FHA personnel and practices have, to use the words of Senator TOBEY, "thrown stumbling blocks in the way of FHA cooperative housing" (CONGRESSIONAL RECORD, March 10, 1950, p. 3215).

It is extremely difficult to understand how an agency hostile to cooperative housing under a 1948 law is suddenly to be made friendly by the enactment of a new law 2 years later.

Under the Maybank title III program, administration would be vested in a new division in the Office of the Administrator, Housing and Home Finance Agency. An even more preferable method of administration, one recommended by all labor, veterans, and public-interest groups, would be to establish a separate constituent agency (on an equal level with FHA and the Public Housing Administration) within the HHFA.

4. The Tobey-Ives amendment contains none of the incentives to voluntary effort contained in the Maybank title III.

Instead, it only pays lip service to this important feature of the program by directing the FHA Commissioner to make studies of various aspects of cooperative housing. The Maybank title III directs the Administrator of the program to encourage voluntary efforts on the part of the cooperatives to assume initiative and leadership and to supply necessary skills and services through their own resources so that eventually the program will be entirely divorced from Government participation or assistance (p. 20, lines 2-21).

5. The Tobey-Ives amendment is vague as to the size of the program it contemplates.

Whereas the Maybank title III program authorizes mortgage loans of a specified amount (an initial \$250,000,000, which may be supplemented, upon authorization by the President, by an additional \$750,000,000), the size of the program authorized under the

Tobey-Ives amendment is limited only by the \$1,750,000,000 fund which will be available for all FHA housing under title II of the National Housing Act. The only direct limitation on the size of the program under the Tobey-Ives amendment is that a revolving fund of \$10,000,000 is provided for preliminary planning for cooperative housing projects up to 5 percent of the construction cost. This would allow initially for the planning of cooperative housing projects up to a total cost of \$200,000,000, which is approximately the same as the \$250,000,000 initially authorized under the Maybank title III program. The \$10,000,000, however, is a revolving fund and there is no limit on the total amount that may be used for preliminary loans.

While the sponsors of the Tobey-Ives amendment criticize the Maybank title III program because of its huge size, actually their amendment allows for approximately the same size initial program as the Maybank title III, but, unlike the latter, provides no over-all ceiling on the eventual size of the program.

6. The Tobey-Ives amendment contains no adequate safeguards against speculation.

Both the Tobey-Ives amendment and the Maybank title III contemplate some kind of individual home ownership under a cooperative housing program. Under the Maybank title III, a member of the cooperative can obtain individual title to a free-standing home, even though there is still a blanket mortgage covering the entire project. There is a specific safeguard against speculation by the provision that the cooperative retains the right to repurchase individual free-standing dwellings, even when their occupants have obtained title to them. On the other hand, one type of project under the Tobey-Ives amendment would be a nonprofit corporation organized solely for the purpose of constructing homes for its members. However, once such homes are constructed, the occupant would own it outright, and presumably would be able to sell it for a speculative profit if he so desires.

7. The Tobey-Ives amendment's provision for mortgage financing by organizations such as trade-unions, which are not in the mortgage lending field, cannot be effective.

There are very few trade-unions or other citizens' organizations which have either the funds or technical knowledge needed to finance large-scale housing projects.

HOUSING AND HOME FINANCE AGENCY,
Washington, D. C., March 13, 1950.
Hon. BURNET R. MAYBANK,
United States Senate,
Washington, D. C.

DEAR SENATOR MAYBANK: In response to your request, I submit herewith my views on the amendment proposed by the Honorable CHARLES W. TOBEY, for himself, and the Honorable IRVING M. IVES, as a substitute for title III of the additional amendment to S. 2246.

Based upon my long and intimate experience with the FHA and housing generally, this proposed amendment cannot be appropriately considered, in the true sense, as a substitute for title III. The objective of this amendment is stated to be "the encouragement of cooperative housing in America."

The objective of title III is not the encouragement of cooperative housing as such. Its objective is directed to certain problem areas in the field of middle-income housing. Its objective is the establishment of an effective means which, without subsidy, can put the monthly cost of adequate housing within the reach of many of our families of moderate income, particularly those with two or more children living in high-cost areas, who otherwise would be unable to obtain such housing, even with the additional and improved FHA aids provided by title I of the additional amendment. To attain its objective, it uses the cooperative or nonprofit

form of business enterprise because that is the only form of private enterprise through which the savings in financing costs would certainly inure directly to the benefit of the moderate-income families in those problem areas, in the form of lower monthly costs, rather than to the benefit of the speculative builders, in the form of additional profits.

Some may have the impression that the FHA's authority to insure housing cooperatives was first provided in 1948. On the contrary, the FHA has always had authority to insure housing cooperatives. The Housing Act of 1948 merely liberalized that authority by providing that, in the case of housing cooperatives, the insurance could equal 95 percent of replacement cost, as compared to 80 or 90 percent of value in other cases. Last year the Administration recommended further liberalizations in the FHA's authority to insure housing cooperatives. These recommendations were designed to enable veteran members of such cooperatives to secure the benefits of 100-percent financing. They were included in S. 2246, as originally reported, and they are now included in title I of the additional amendment, as section 213 of the National Housing Act.

While the FHA has always had authority to insure housing cooperatives, and that authority was further liberalized in 1948, few housing cooperatives have been insured. Some have suggested that this is because the FHA has been unsympathetic to, and has thrown stumbling blocks in the way of housing cooperatives. This is not the case. I wish to state emphatically that the policy of the Housing and Home Finance Agency, including the FHA, has not been, is not now, and, in the future, will not be unsympathetic to housing cooperatives in any way. The principal reason why few housing cooperatives have been insured by the FHA is the fact that private lenders have been reluctant to finance housing cooperatives. The FHA is a purely voluntary system available for use by lending institutions who want to use it. The FHA cannot compel private lenders to use the mortgage insurance system, or to make any particular type of mortgage loan. It can only point the way. This it has done.

In essence, the substitute amendment is nothing more than this section 213, to which there have been added provisions for a new Assistant Commissioner for this section, to be appointed by the President, by and with the advice and consent of the Senate; preliminary advances for project planning; and a 2-year study of housing cooperatives by the Federal Housing Commissioner.

It is my considered judgment, as well as that of Federal Housing Commissioner Richards whose advice and counsel I have had in the preparation of this letter, that the additional provisions to section 213 which are included in the substitute amendment would not materially increase the effectiveness of operations otherwise possible under section 213, and certainly do not, in any way, make section 213 a comparable or adequate substitute for title III. While the further liberalizations included as the new section 213 are desirable additions to the FHA's operations, they cannot be expected to change materially the general attitudes of private lenders, or to result generally in housing at monthly costs within the means of those families of moderate income to which title III is especially directed.

Sincerely yours,

RAYMOND M. FOLEY,
Administrator.

STUDY OF FUEL RESERVES

Mr. MYERS. Mr. President, I ask unanimous consent to submit a resolution to authorize a full and complete investigation and study of the available fuel reserves of the United States, with