

the Western Hemisphere. I do not confine my attention to Latin America; I refer to all of the Western Hemisphere, from Hudson Bay to Patagonia. We discuss aid programs, sorts for the Middle East and our interest in the future of the Middle East. But after the Senator from Florida and I have gone, the future of our country will lie in the Western Hemisphere.

Mr. SMATHERS. I thank the able Senator from New Mexico. I hope that both he and I will be here for some time. However, I agree with him that even today our future lies in that area. I thank the Senator from New Mexico very much for his remarks, and I agree with him 100 percent.

Mr. President, I have just been handed an Associated Press dispatch which has just come off the wire. It further emphasizes the ferment and restlessness which are occurring. The dispatch reads as follows:

WASHINGTON—The United States declared "grave concern" today over the clash between troops of Honduras and Nicaragua and declared its readiness to take part in an international peace commission or any other move for a settlement.

Matters of that sort can be headed off if we give to the countries in that area of the world, which have been our good neighbors, and which mean so much to us, at least some of the attention which they deserve to receive from us. If we do so in time, there will not be the disputes and clashes which, unfortunately, we read about today in the press.

Meanwhile the Communists, although busy elsewhere in the world have not abandoned their efforts to subvert Latin America. The widespread publicity given to the brutal Communist suppression of the Hungarian revolt struck a blow to the Communist effort south of the Rio Grande. But it was only temporary, and there has been no letup in Communist endeavors to capitalize on the widespread social conflict and weakened nationalism under which many of the Latin American republics are laboring.

The combination of social transition, nationalism, and Communist intrigue is as explosive a mixture in Latin America as anywhere else on the globe. After the Guatemalan experience, there can be no grounds for belief that the Western Hemisphere is immune from Communist penetration and subversion. The conditions which made possible Communist penetration in Guatemala are duplicated in other parts of the hemisphere.

I am convinced that we have too much at stake in Latin America to trust to a benevolent destiny there. We must work harder to ease the tensions in the Americas than the Communists are working to create them.

It is well to recall that the Middle East is not the only oil-producing region in the world. Latin America produces nearly a billion barrels of oil a year, about 16 percent of the world's total, compared with 15 percent in the Middle East. Of course, in known reserves, the Middle East far outstrips the Latin American area, but to date most tracts

south of the Rio Grande regarded as promising by geologists remain unexplored.

Nor is oil the whole story. Latin America is our principal supplier of many raw materials vital to defense and to peacetime industry. United States private investments in the area last year climbed to over \$6.5 billion, more than in any other region of the world. Our two-way trade with the American Republics ran to over \$7 billion.

The emphasis which the State Department puts upon crisis spots elsewhere in the world, while letting Latin American problems slide, can lead to future disaster in Latin America. No one can predict, of course, what course Latin America's tremendous political, social, and economic upheavals may take. The United States, as the preponderant power in the Western Hemisphere and as leader of the free world, can and must help our sister republics to channel the course of their development toward constructive goals, or else be prepared to suffer the consequences.

Moreover, it is a highly precarious gamble to take international friendships for granted, as we seem wont to do with our neighbors. The Kingdom of Jordan recently provided us with an example of how deceptive a so-called sure thing can be in international affairs. Jordan, created under British tutelage and with over half of its annual budget supplied by the British Treasury, rewarded Britain by pushing out the British commander of its armed forces and generally ripping the bonds which only a few years ago appeared to be irrevocable. If, at the moment, we are inclined to feel a degree of satisfaction with the goodwill and friendship existing between the Latin American Republics and our country, it would be foolhardy to believe that this state of affairs can continue under any and all circumstances.

Under the circumstances—turbulence in the region, Communist activities there, and our vast stake in the political and economic progress of the area—it is difficult for me to comprehend why the administration left the key post of Assistant Secretary of State for Inter-American Affairs vacant since the resignation of Henry Holland on August 31, 1956. Only this month—8 months later—has a nomination for the position been submitted to the Senate.

I might say that Mr. Rubottom has been recommended for the post of Secretary for Inter-American Affairs. Mr. Rubottom is a Texan. He is an able man, in my opinion. He is a career diplomat, with a splendid record. I hope the Senate will shortly confirm his nomination. I believe that if Mr. Rubottom will exercise the independence which any Assistant Secretary of State for Latin American Affairs should exercise, if he will stand up and speak his piece in behalf of the Latin American countries, as I have no doubt he will, he will make a great Assistant Secretary of State, and will do a great deal toward cementing better relations between the countries of Latin America and ourselves.

Mr. President, it is hard to fathom the apparent disinterest and complacency on

the part of the Department of State with regard to our relations with Latin America. I introduced last July, and the Congress passed, an appropriation for a special fund aimed at assisting our sister republics in the vital basic fields of health, education, and sanitation. It was a relatively small amount, \$15 million, 75 percent of which had to go out on loan; 25 percent could go on grant. Last December I visited Central America, and was astounded to learn that none of the countries had even heard about the program. In fact, it was not until this past February or March, 1957, that a decision was reached within the Department of State as to how the program was to be administered. The machinery of operation for this program was thereafter not set up until very recently, so that for practical purposes about a year was wasted. My judgment is that this slowness of administration was due solely to the fact that the program was one the Congress had to force on the State Department and the ICA, and because they had not originally recommended it, but actually opposed it, they were at first determined to administer slow death to it. However, after visits with the new Under Secretary of State, Mr. Herter; Acting Assistant Secretary of State for Inter-American Affairs, Mr. Rubottom; ICA Administrator, Mr. Hollister; and Dr. Atwood, also of ICA, together with a very strong push from the very able and distinguished Senator from Montana (Mr. MANSFIELD), who is a member of the Senate Foreign Relations Committee, the program finally began to function.

When the Latin American countries found out about this congressional program designed for them, they literally ran over each other to get this limited help. The applications in short order exceeded the supply. I must say that in recent weeks, Dr. Atwood and his deputy, Mr. Minot, have done effective and expeditious work in putting the program into motion and in applying it to those whose need was most immediate. For this action which we have seen in the last few weeks I think Dr. Atwood and Mr. Minot deserve commendation.

Bear in mind that the total amount of money available under this program is only \$15 million. It was allocated in the following manner: Two grants totaling \$2 million have been made; one was to the Organization of American States for agricultural research in the amount of \$500,000, and the other to the Panamanian Sanitary Bureau in the amount of \$1.5 million. The latter grant is to be used in the battle to eradicate dreaded malaria from the hemisphere. It is estimated that national expenditures by the Latin American governments in the same campaign will exceed \$26 million for the year. The disappearance of malaria from the American scene would relieve some 76 million people who live in malarious areas from the severe effects of the disease in terms of human suffering and financial and economic drain. The malaria-eradication campaign is in the great tradition of inter-American cooperation against disease begun by Drs. Walter Reed, United

overall question dealing with expenditures which have some bearing on "bribes" and may consist of "kickbacks" arising from overpricing for materials or supplies destined for foreign countries, the following general information will set forth the Service's position thereon.

In order for an expenditure to be deductible as a business expense as contemplated in the applicable provisions of the Internal Revenue Codes of 1939 and 1954, it must be ordinary and necessary and directly connected with or pertaining to the taxpayer's trade or business. Thus, an expenditure which is normal, usual or customary in the business affairs of the taxpayer and is necessary in the furtherance of such business, would generally qualify as an allowable deduction for Federal income tax purposes. An exception to this treatment would be expenditures which otherwise are ordinary and necessary in the generally accepted meaning of those words but which themselves violate a Federal or State law or are incidental to such violations. The Service has consistently held that such expenditures do not constitute allowable business expense deductions since they are of a character which, if allowed, would frustrate sharply defined National or State policies proscribing particular types of conduct, evidenced by governmental declarations of them. This position is in accord with the principle expressed by the Supreme Court of the United States in the cases of *Commissioner v. S. B. Heintinger* (320 U. S. 467), and *Thomas B. Lilly et ux, v. Commissioner* (343 U. S. 90).

The case of *Thomas B. Lilly v. Commissioner*, referred to above, involved so-called kickback payments by opticians to doctors prescribing eyeglasses under the long-established practice in the optical industry. In reversing the decision of the United States Court of Appeals for the Fourth Circuit in that case, the Supreme Court reasoned that since there were no declared public policies in the years under consideration proscribing the payments which were made to the doctors, such payments do not fall in the class of expenditures which, if allowed, would "frustrate sharply defined National or State policies proscribing particular types of conduct."

Although sharply defined Federal or State policies are not in issue when bribes are paid to officials of a foreign government, the expenditures must still be "ordinary and necessary" business expenses to be deductible. The illegitimate expenses of a legal business are generally considered unnecessary, even though expedient. *Kelley-Dempsey & Co.* ((1934) 31 B. T. A. 351); *Reliable Milk & Cream Co., Inc.* ((1938) P-H B. T. A. Memo Dec., par. 38,290). See also *Rugel v. Commissioner* ((CCA 8, 1942) 127 F. 2d 393); *Harder Mortgage Loan Co. v. Commissioner* ((CCA 10, 1943) 137 F. 2d 282, cert. den. 320 U. S. 791); *Easton Tractor and Equipment Co.* ((1936) 35 B. T. A. 189); and *New Orleans Tractor Co., Inc.* ((1936) 35 B. T. A. 218). In the *Kelley-Dempsey* case (reviewed by the Board) it was stated that "tribute" paid by a subcontractor to an employee of the contractor to secure relief from arbitrary and impending inspection demands was unnecessary. The court said that while there was no doubt that payment was the easiest and quickest relief, the courts were open to the petitioner although such action may be expensive and perhaps disagreeable. Where, however, it is the foreign government itself which demands or acquiesces in the payment, so that legal recourse is not available to the taxpayer in the operation of his legal business, the Service would find it difficult to sustain the position that the expenses were not ordi-

nary and necessary to the taxpayer's business.

Very truly yours,
RUSSELL C. HARRINGTON,
Commissioner.

INTEREST RATES AND THE COST OF LIVING

Mr. GORE. Please be advised, Mr. President, that interest rates have reached a new high since 1933; also that five separate outstanding issues of United States Government bonds reached all-time lows on the market yesterday.

This means that the cost of living is being pushed higher. Let not the American people be beguiled or misled. One of the prime sources of inflationary pressures is the inflationary spiral of interest rates. As the cost of living goes higher, let housewives be advised that one of the principal causes is higher interest rates, brought about by fallacious policies of the administration.

Not only does this mean a higher cost of living, but it means a higher cost of doing business. It means a higher cost of products. It means higher interest rates which every man, woman, or institution in the United States must pay on borrowed money and on installment purchases.

It means, too, that every county, city, water district, or State in our country must pay higher interest rates on bonds to build hospitals, schools, sewer lines, and water systems. The cost of this policy is staggering, and eventually—and the sooner the better—the Congress must take steps to call a halt to it.

Mr. JOHNSTON of South Carolina. Mr. President, will the Senator yield?

The PRESIDING OFFICER. The Senator from Tennessee has the floor, but the Chair reminds him that he has used his 3 minutes under the 3-minute rule. Does he desire to request additional time?

Mr. GORE. I ask unanimous consent to be permitted to yield for 1 minute to the Senator from South Carolina.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Tennessee? The Chair hears none, and the Senator from South Carolina may proceed.

Mr. JOHNSTON of South Carolina. Mr. President, I noticed that the Senator from Tennessee stated that interest rates were at an alltime high.

Mr. GORE. Since 1933, the time of the bank holiday.

Mr. JOHNSTON of South Carolina. Then we are being compelled to pay premiums in order to sell bonds. We are paying the highest premiums we have paid since 1933. Is not that correct?

Mr. GORE. The Senator is correct; and across the land communities are postponing the development of projects necessary for the health and prosperity of the people because of exorbitant interest rates on banks.

Mr. JOHNSTON of South Carolina. It is necessary to pay a premium in order to sell Government bonds, is it not?

Mr. GORE. That is my understanding.

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

Mr. GORE. I yield.

Mr. WILEY. I remind the distinguished Senator also that the overall product of the United States is at an all-time high of \$440 billion. The income of citizens of this country is at an all-time high of \$340 billion. The demand for money is at an alltime high, and we are now enjoying the highest standard of living that any people in the world have known.

In view of all these "highs," what is the Senator's remedy for the high interest rates?

Mr. President, I now desire to speak on another subject.

The PRESIDING OFFICER. The Senator from Wisconsin has the floor.

THE EXCELLENT ROLE OF PUERTO RICO IN TRAINING FOREIGN TECHNICIANS

Mr. WILEY. Mr. President, I believe that most of my colleagues are familiar with the outstanding results in Puerto Rico of what is known as Operation Bootstrap.

This is the excellent program pioneered by the very able and industrious Governor Muñoz-Marín. Under this program, the Commonwealth of Puerto Rico has been industrializing and raising its standard of living through comprehensive steps to welcome and retain private enterprise within its borders.

The marvelous results achieved by this program are a testimonial to what a nation can achieve in its own enlightened self-interest, thanks to encouragement of private initiative, in accordance with the system of private profit.

More than 450 new factories have been opened on the Caribbean island during the past 5 years.

This tremendous record, as the Administrator of Economic Development, Mr. Teodoro Moscoso, has pointed out has been set, while avoiding attracting so-called runaway plants.

FOREIGN VISITORS FEEL CLOSE TO PUERTO RICO

There is another aspect, however, of Puerto Rico which I believe well merits our sympathetic interest.

I have been pleased to receive from the office of Mr. Pedro A. Gonzales, Administrator of the Office of the Commonwealth here in Washington, material which I had requested, describing the Commonwealth's excellent role, as a training ground, for technical cooperation.

I had asked for this material, because it is universally recognized that the great achievements on the island represent a source of inspiration to all of Latin America, and, indeed, to the whole underdeveloped world.

Visitors from the underdeveloped areas are often far more impressed with Puerto Rico's progress than they are,

Mr. JOHNSTON of South Carolina. I wish to join with other Senators in speaking in behalf of building homes and helping the building of houses and maintaining low downpayments. I am sure that we need not expect too much from the present administration, because the man at the head of the Housing Administration told us how he felt when he was appointed. We may as well wake up to the fact that, fundamentally, he is the trouble. We may have to go directly to the White House to get some action. We should make sure that the laws enacted by Congress are put into effect. That is what we should do, as I see it.

Mr. NEUBERGER subsequently said: Mr. President, I happened to be presiding over the Senate at the time earlier today when the distinguished junior Senator from Texas [Mr. YARBOROUGH] began what I consider to be a most useful and important discussion of the fact that the administration may not put into effect the lower FHA downpayments authorized by the housing bill which was recently passed by Congress. In my opinion, it would be a most disastrous and tragic occurrence if the lower downpayments should not be approved by the administration. At the present time the provisions of the GI bill for the assistance of ex-soldiers in building or buying homes are almost invalid and useless, because the 4½ percent interest rates authorized by the GI bill are practically not in existence today in the money markets of our country.

Furthermore, because of the high interest rates now prevailing and because of the high downpayments now required, we have such a situation in the United States that the home building and the home buying markets both lag. While the ability of our people to build homes has fallen behind, there have been record expenditures, for example, on liquor and cigarettes. Certainly this cannot be regarded as a very advantageous contrast, morally and ethically, and for the future welfare of our country.

In addition, as one of the Senators from Oregon, which is the leading lumber-producing State in the Nation, I certainly know something about the adverse impact of the lagging home market on the lumber industry in our State. Silent sawmills and deserted logging camps in Oregon are mute testimony to what has happened to the home-building industry in our country.

I want to join with the Senator from Texas and the Senator from Tennessee [Mr. GORE] and the Senator from New York [Mr. JAVITS], who participated in that colloquy, to strenuously urge the administration to approve the lower FHA downpayments which are authorized by the housing bill which Congress recently passed.

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

Mr. NEUBERGER. I am glad to yield briefly to the Senator from Minnesota.

Mr. HUMPHREY. I desire to associate myself with the request which has been made by the Members of Senate. It was rather shocking and very disturbing to me to learn that the administra-

tion insisted on maintaining higher downpayments in light of what are the very obvious economic facts existing today in home building.

Mr. NEUBERGER. If that were done, it would be virtually in defiance of the bill just passed by the Senate and the House of Representatives.

Mr. HUMPHREY. I was about to add it was the general feeling of children and adults from the beginning of this Republic that the Congress of the United States legislated policy and that the executive branch administered it. Apparently the executive branch seeks to ignore the directive, mandate, and expressed policy of the legislative branch.

Mr. NEUBERGER. I think this is a very pertinent discussion at this time, because the Senate is being presided over by the able junior Senator from Alabama [Mr. SPARKMAN], who in the Senate was the leader in securing the passage of the housing bill, which, while it did not contain all the liberal and forward-looking provisions we might like to have seen it contain, certainly was an improvement so far as lower down payments are concerned.

DEATH OF ELMER LEWIS, SUPERINTENDENT OF DOCUMENTS, HOUSE OF REPRESENTATIVES

Mr. CASE of South Dakota. Mr. President, death has repealed a law of Congress. I refer to the death of Elmer A. Lewis, superintendent of documents of the House of Representatives for 37 years.

Mr. Lewis came to Washington in 1919, and was appointed assistant superintendent of House documents. The following year he was made superintendent. In 1933, when he had held the position for 13 years, Congress did the very unusual thing of writing his name into an appropriation, to insure his permanent incumbency of that position.

Anyone who has served in the House of Representatives during the past 37 years knows something of the extraordinary ability of Elmer Lewis and of his devotion to his work. It has been said that he was a sitting encyclopedia on the bills and resolutions of Congress. That was an understatement, for no encyclopedia could give automatically the cross references Elmer Lewis could give, and no inanimate thing could give the personal interest and intelligent response he would give to any inquiry from any Member of Congress with respect to a bill or resolution. The inquiry need not even concern a bill introduced at a current session of Congress. If one merely made an inquiry on a particular subject, Mr. Lewis could give all the cross references to all the bills and resolutions which related to that topic.

His extraordinary ability was matched only by his personality. He was a friend of every Member of Congress, particularly of those serving in the House of Representatives.

I was shocked this morning to read of his death, because I did not know he had been ill. His passing takes away a man the Congress, and particularly the House of Representatives, can ill afford to lose.

THE CIVIL-RIGHTS BILL

Mr. STENNIS. Mr. President, the general theme of this brief statement will be to compare the President's recent statement to the governors' conference at Williamsburg with part III of the civil-rights bill.

Part III arms the Attorney General with far-reaching special powers to enforce all civil rights. Vast powers would be concentrated in Washington. The language is so broad and sweeping that it covers, directly or indirectly, almost every activity of the individual citizen, because civil rights not only pertain to political rights but to property rights and personal rights. It certainly covers every activity of State or local government.

Part III authorizes the Attorney General to proceed at his own discretion under a special court process that discards the judicial safeguards of our system of law. It dispenses with the use of a jury by traveling the unusual route of substituting the Federal Government as plaintiff in civil cases in equity courts.

It authorizes the Attorney General to proceed with special authority to confer jurisdiction on Federal courts even though no case is ever made out. It also sets aside and holds for naught the requirements of due process of law that local administrative and judicial remedies must be first exhausted before court dockets can be cluttered with cases where no legal controversy is present. It substitutes the opinion of a Federal judge for the orderly process of State and local governments whose actions he must, under this bill, undertake to review.

No such power has ever been given to any Federal officer in the history of the Nation, not even during reconstruction times. No such sweeping Federal power has ever been requested by or for any President.

The question I raise is this: How does part III of this bill stack up with the statement of the President to the governors' conference at Williamsburg in June 1957, wherein he said:

I believe deeply in States rights. I believe that the preservation of our States as vigorous, powerful governmental units is essential to permanent individual freedom and the growth of our national strength. But it is idle to champion States rights without upholding States responsibilities as well.

We are forcibly reminded of two great truths. The first of these truths is that a nation cannot be enslaved by diffused power, but only by strong centralized government. The second truth is that in spite of repression and ceaseless indoctrination, the determination of men and women to resist tyrannical control will not die; they will never accept supinely the lot of the enslaved.

I shall address myself further to the same subject during the debate on the bill. I leave it now, and raise this question of contrast between the bill and the President's statement to the governor's conference.

even with progress in the mainland United States.

The principal reason is, of course, because Puerto Rico has started to build itself up only within the past relatively short period, whereas the United States headstart was much longer and older.

Underdeveloped peoples, especially Spanish-speaking peoples naturally feel a kinship with Puerto Rico. It traditionally has, in times past, suffered from problems of overpopulation, insufficiency of education, unemployment, overreliance on one crop, and all the other ills to which underdeveloped regions have usually been heir.

SIGNIFICANCE OF UNDERDEVELOPED WORLD

Let us remember that the underdeveloped world represents some two-thirds of the free world's peoples. The underdeveloped world's average income is only about \$100 per person.

And the population of the underdeveloped world is soaring. 120,000 more people enter the world each day, and they are principally in underdeveloped regions.

Under these circumstances, Puerto Rico has much to teach the underdeveloped world. So, I hope that its facilities will be increasingly used by the International Cooperation Administration, the United Nations, the Organization of American States, and by other sources which are interested in exporting know-how to the underdeveloped world.

I send to the desk a letter from Mr. J. L. Colom, the Director of the Office of Technical Cooperation of the Commonwealth, briefly setting forth the various training programs.

I ask unanimous consent that it be printed at this point in the body of the RECORD, followed by introductory pages to two reports:

First. A Commonwealth publication entitled "Puerto Rico—Training Ground for Technical Cooperation"; and

Second. A Puerto Rican-ICA publication entitled "Caribbean Training Program in Puerto Rico—1956-57."

Puerto Rico, I may say, is a great demonstration center of American leadership, American anticolonialism. But it is also a demonstration center of the islanders' own initiative under Governor Muñoz Marín.

There being no objection, the letter and introductory pages were ordered to be printed in the RECORD, as follows:

JULY 8, 1957.

MR. PEDRO A. GONZÁLEZ,
Office of the Commonwealth
of Puerto Rico, Washington, D. C.

DEAR MR. GONZÁLEZ: As you know Puerto Rico receives participants from the International Cooperation Administration, the United Nations, the Organization of American States and their specialized agencies, and those visitors who are sent by individual governments.

We have a special Caribbean training program, sponsored jointly by the International Cooperation Administration and the Commonwealth Government, designed to strengthen and supplement training facilities in the Caribbean area. The area included consists of the British countries, French departments, Surinam and the Netherlands Antilles. This program is described in a prospectus, a copy of which has been sent to you, and comprises the follow-

ing fields: trades and industrial education vocational teacher training in agriculture; training in extension practices for community education; home economics; cooperatives; social work; community education; public health.

Participating agencies include the University of Puerto Rico and affiliated institutions, selected vocational schools of the department of education, agencies of the Commonwealth Government, and selected industrial plants for on-the-job training.

Other activities consist of training offered under our international programs in such fields as the following: courses, seminars and programs of education, training, and observation for foreign training participants in the fields of agriculture, housing, education, community development, public health, public administration, trade and industry, labor relations, natural resources planning, economic development, social welfare and others.

The Commonwealth Government also provides training and instruction through the School of Medicine of the University of Puerto Rico for participants selected by the International Cooperation Administration for graduate training in public health. This training includes 9 months of academic instruction, in residence at the school, and up to 3 months of field training in cooperation with appropriate Commonwealth or other agencies.

The public health training program provides training for a group of up to 35 participants per annum for 3 years, of which the school is not required to accept more than 8 physicians, 9 nurses, 9 health educators, and 9 sanitarians or sanitary engineers per year. Participants in other professional fields may be accepted if facilities are available.

The Commonwealth Government also provides through the University of Puerto Rico training and instruction for participants from Latin America selected by the International Cooperation Administration for training in labor relations and trade unions. This training includes a series of 3-month seminars, in residence at the University of Puerto Rico, with a minimum of 3 seminars during each calendar year. Training is provided for a group up to 25 participants per seminar.

We trust that the above information and the material sent under separate cover, may be useful to Senator WILEY.

Very sincerely yours,
J. L. COLOM,
Director, Office of Technical Cooperation.

SELECTION OF PUERTO RICO AS A TRAINING CENTER

The Technical Cooperation Program of Puerto Rico is a joint project of the Government of the United States and of the Commonwealth of Puerto Rico. In February 1950, 1 year after the announcement of the bold new program, Gov. Muñoz Marín offered the assistance of the Puerto Rican Government in carrying on training activities for which he believed it was particularly well qualified. He believed that Puerto Rico had much to contribute to other countries and that its achievements in self-government, in the improvement of democratic processes, in dealing with serious economic problems, and in the raising of living standards would bring credit both to Puerto Rico and to the United States as a Nation.

His offer was accepted and the Department of State awarded Puerto Rico the distinction of being a training center for students from other countries of the world. The program is carried on in accordance with a joint agreement between the Federal and the Commonwealth Governments. An Office of Technical Cooperation is attached to the Planning Board and Dr. Rafael Picó, Chairman of the Board, is the public official ap-

pointed by both Governments to coordinate its activities. Mr. Emilio M. Colón is the Director of the Office and its staff.

Both Federal and Commonwealth funds have been made available. It is a reflection of Puerto Rico's interest in the program that, even before the Congress itself approved the necessary legislation (Act of International Development of June 1950) and the funds to start the program, the Legislature of Puerto Rico approved its initial contribution of \$50,000. For each of the following 2 fiscal years additional appropriations of \$35,000 were made by the Commonwealth Legislature and the Commonwealth's 6-year economic program contemplates a similar contribution for each of the next 6 fiscal years. As an additional contribution, Commonwealth Government agencies absorb most of the cost of training done for the program without any reimbursement.

THE PRESENT STAGE OF PUERTO RICO'S DEVELOPMENT

A major factor in the selection of Puerto Rico as a training ground for students from other countries of the world is its rapid development during the past decade and its plans for future progress. In fact, Puerto Rico today provides an excellent example of a transition stage of development. Despite its limited natural resources and high population density, it is already beginning to approach the standards of areas that have in the past been much more highly developed. National-income data, recently published by the United Nations, suggest that Puerto Rico may be the most rapidly developing area in the hemisphere and perhaps in the world.

This development, moreover, is comparatively recent. In 1929 Gov. Theodore Roosevelt, Jr., wrote: "The inland districts, from the outskirts of the cane-ridden valleys to the tops of the mountains seethe with human misery * * *." Kingsley Davis wrote that the year 1940 marked the spreading of a new spirit and a new attitude throughout the island. To put it in Gov. Muñoz Marín's words: "The greatest indication of our progress is that whereas in 1941 our outlook overwhelmed us with a sense of the impossible, our prospects stand now more as a great adventure and a stern challenge. Puerto Rico is on the march."

There is abundant statistical evidence that development in Puerto Rico has not only been rapid since 1940 but that it has been felt throughout the economy and has benefited everybody on the island.

EXCERPTS FROM ICA BOOKLET FOREWORD

We in Puerto Rico have long realized the importance of technological advancement in order to attain economic and social progress. The continued application of new and improved techniques in industry and agriculture, as well as research and education in the social sciences and community improvement, are now permanent parts of the Commonwealth Government's development program.

The experience and knowledge so gained are shared with neighbors in the Caribbean area through the Caribbean training program carried forward by the Department of State of the Commonwealth of Puerto Rico.

This program is sponsored jointly by the International Cooperation Administration of the United States and the Commonwealth Government.

Puerto Rico is honored and happy to participate in the international technical cooperation program of the United States and to cooperate with its neighbors in the work of achieving greater progress in the Caribbean.

ARTURO MORALES CARRION,
Under Secretary of State,
Commonwealth of Puerto Rico.

CARIBBEAN TRAINING PROGRAM IN PUERTO RICO
1956-57—INTRODUCTION

Puerto Rico's Caribbean training program, designed to strengthen and supplement training facilities in the Caribbean area, is sponsored jointly by the Government of the Commonwealth of Puerto Rico and the United States International Cooperation Administration.

The program encourages the use, by countries in the Caribbean area, of training facilities in Puerto Rico. These include the University of Puerto Rico and affiliated institutions, selected vocational schools of the Department of Education, Agencies of the Commonwealth Government, and selected industrial plants for on-the-job training.

The program comprises the following fields: Trades and industrial education, vocational teacher training in agriculture, training in extension practices for community education, home economics, cooperatives, social work, community education, public health.

In the matter of contact with the various countries, close liaison is maintained with the Caribbean Commission.

The Governments of the British Countries, French Departments, and of Surinam and the Netherlands Antilles, are invited to develop appropriate selection procedures and to sponsor qualified applicants of this training.

HOUSING ACT OF 1957—LOWER
DOWNPAYMENTS ON FHA LOANS

Mr. YARBOROUGH. Mr. President, the Housing Act of 1957 was approved by the President July 12, and is now law.

The Housing Act of 1957 was enacted to relieve a shortage in housing and to end a depression in home building that had reached staggering proportions.

In order to try to relieve this situation, the Housing Act of 1957 provides for downpayments on FHA insured loans of 3 percent of the first \$10,000 of the loan, 15 percent of the next \$6,000, and 30 percent of the amount of the loan in excess of \$16,000. The lowered downpayment on FHA insured home building, if put into practice, will help relieve the housing shortage and will alleviate some of the distress being suffered in the home-building industry. It will make it possible for families in low-income brackets to meet the cash downpayment requirement of \$300 on a \$10,000 home, and thus become homeowners. The bill encourages home ownership, lessens the percentage of tenancy, and adds to the happiness and stability of our people.

In addition to aiding the housing problem, the Housing Act of 1957 will relieve unemployment in the building trades, and will stimulate business among contractors, suppliers, and home furnishers.

Mr. President, there are alarming reports in the newspapers day after day that the present administration is not going to put the lower downpayment provision of the Housing Act of 1957 into effect. That clause is the very heart and soul of the 1957 Housing Act. Many of us worked on this bill in good faith, never thinking that the Executive would try, by delay, to subvert and destroy this beneficial housing law.

But the executive department has not denied these reports of its intention to slow down the housing program.

Mr. President, I call upon the executive branch of the Government to quit stalling the application of the Housing Act of 1957. It is the duty of the Executive to carry out the law of Congress. The Executive is bound by oath and by the Constitution to put this law into effect. It is my earnest request that other Senators join me in demanding that the Executive put into immediate effect all the provisions of the Housing Act of 1957, including the provision for lower downpayments on FHA homes.

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

Mr. YARBOROUGH. I yield.

Mr. JAVITS. I should like to take my 3 minutes on this subject, so as not to intrude on the time of other Senators.

Let me say to the able Senator from Texas that I could not agree with him more completely. A number of us have sent telegrams urging that there be Executive action in the matter of reducing downpayments. The situation is especially difficult for veterans, because the GI law, with its 4½ percent interest rate, is practically useless now.

An enormous number of sales of new housing have been made throughout the country. A great many new downpayments have been made on the very justifiable supposition that the President would not have signed the bill if he had not intended to put its provisions into effect. That is inherent in the expressed will of Congress. Incidentally, the decision referred to has not yet been made final. I certainly hope very earnestly that this taking up of the cudgels, which is so ably typified by the contributions of the Senator from Texas and of other Senators, including the chairman of the Housing Subcommittee, the Senator from Alabama [Mr. SPARKMAN], will have the desired result. I am very happy to have heard the Senator from Texas make his statement.

Mr. YARBOROUGH. I express my appreciation to the distinguished junior Senator from New York for his very fine contribution to this subject, particularly in connection with the many amendments he offered, designed to alleviate the acute housing situation which confronts so many of our people.

MAKE FHA DOWNPAYMENTS EFFECTIVE

Mr. SMATHERS. Mr. President, the Housing Act of 1957 recently passed by the Congress and signed by the President on July 12, authorizes among other things, lower FHA downpayments to permit the average American family to purchase their own homes on reasonable terms. However, according to news reports appearing in the daily newspapers by way of the Associated Press, some top administration advisers are opposing placing into immediate effect the lower FHA downpayments. The same reports point out that the housing agencies favor the liberalized terms. It is difficult for me to understand the interference that apparently is being encountered because the law itself expressly places the determination of this matter in the hands of the Federal Housing Commissioner.

How it is possible for this situation to arise, or the basis upon which these un-

named administration advisers are reported to be stopping the housing agencies from exercising the discretion vested in them by the Congress is difficult to comprehend.

I am thoroughly familiar with the argument that lowering FHA downpayments would be inflationary. In the face of the existing needs of the home-buying public—particularly middle and lower income families desiring to purchase homes—plus the fact that the home-building industry today is at its lowest rate in many years—this argument is totally without merit.

The official figures of the Bureau of Labor Statistics on housing starts in June show, to the surprise of all concerned, that starts were below May by some 10,000 units. This is highly unusual since June starts are traditionally at a high and rising rate.

So far this year, only 480,000 privately financed houses have been started. Thus, overall housing volume for the first 6 months of 1957 is down 10 percent from the same period in 1956; down about 30 percent from 1955; and actually is the lowest 6 months' volume since 1949. Moreover, the major share of this decline has occurred in the lower priced housing field, financed through the FHA and VA programs. For the first 6 months of 1957, VA starts are down 49 percent; FHA starts are down 30 percent, while conventional starts, involving higher downpayments, higher interest rates, higher fees and charges, and shorter mortgage terms, are up 3 percent. I greatly fear that in many instances conventional financing may involve a trend toward increased use of a second-mortgage loan in order to enable purchasers to obtain housing within the reach of their savings and credit. This is precisely the type of financing which was proven unsound and dangerous for home buyers during the late twenties and early thirties. It has been one of the great achievements of Federal legislation in the housing field to make homeownership possible for moderate income families without resort to second mortgages and similar devices.

There is no indication whatsoever of a shortage in building materials or construction labor. Indeed, the reverse seems to be true, and many of the building trades unions are now worrying about increasing unemployment in residential construction. In addition, there have been substantial layoffs in appliance, furniture, and other related industries as a result of the curtailment in home building.

Certainly none of the traditional elements showing an excess of demand over supply is present to indicate an inflationary possibility if the lower FHA downpayments are made effective at once. It appears that an attempt is being made to sacrifice the broad interests of the average American family, seeking to purchase a home of its own and a stake in their Nation, contrary to the intent of Congress and of the housing agencies. I trust that responsible officials of the Government will not permit this to happen.