

and referred to the Committee on Banking and Currency.

(See the remarks of Mr. PROXMIER when he introduced the above bill, which appear under a separate heading.)

NOTICE OF MOTION TO SUSPEND THE RULE—LEGISLATIVE APPROPRIATION BILL

Mr. WILLIAMS of Delaware (for himself and Mrs. SMITH) submitted the following notice in writing:

In accordance with rule XL of the Standing Rules of the Senate, I hereby give notice in writing that it is my intention to move to suspend paragraph 4 of rule XVI for the purpose of proposing to the bill (H.R. 12232) making appropriations for the legislative branch for the fiscal year ending June 30, 1961, and for other purposes, the following amendment; namely: At the proper place in the bill insert the following:

"Sec. . (a) The second sentence of section 502(b) of the Mutual Security Act of 1954, as amended, is amended to read as follows: "Within the first sixty days that Congress is in session in each calendar year, the chairman of each such committee shall prepare a consolidated report showing the total itemized expenditures during the preceding calendar year of the committee and each subcommittee thereof, and of each member and employee of such committee or subcommittee, and shall forward such consolidated report to the Committee on House Administration of the House of Representatives (if the committee be a committee of the House of Representatives or a joint committee whose funds are disbursed by the Clerk of the House) or to the Committee on Appropriations of the Senate (if the committee be a Senate committee or a joint committee whose funds are disbursed by the Secretary of the Senate).

"(b) Each member of the United States group or delegation to the Interparliamentary Union, the NATO Parliamentary Conference, the Canada-United States Interparliamentary Group, the Mexico-United States Interparliamentary Group, or any similar interparliamentary group of which the United States is a member, and each employee of the Senate or House of Representatives, by whom or on whose behalf expenditures are made from funds appropriated for the expenses of such group or delegation, shall file with the chairman of the Committee on Foreign Relations of the Senate in the case of Members or employees of the Senate, or with the Committee on Foreign Affairs of the House of Representatives in the case of Members or employees of the House, an itemized report showing all such expenditures made by or on behalf of each Member or employee together with the purposes of the expenditure, including lodging, meals, transportation, and other purposes. Within sixty days after the beginning of each regular session of Congress, the chairman of the Committee on Foreign Relations and the chairman of the Committee on Foreign Affairs shall prepare consolidated reports showing with respect to each such group or delegation, the total amount expended, the purposes of the expenditures, the amount expended for each such purpose, the names of the Members or employees by or on behalf of whom the expenditures were made and the amount expended by or on behalf of each Member or employee for each such purpose. The consolidated reports prepared by the chairman of the Committee on Foreign Relations of the Senate shall be filed with the Committee on Appropriations of the Senate and the consolidated reports prepared by the chairman of the Committee on Foreign

Affairs of the House shall be filed with the Committee on House Administration of the House. Each such consolidated report shall be printed in the Congressional Record within ten days after receipt by the Committee on Appropriations of the Senate or the Committee on House Administration of the House.

"(c) Section 60 of the Revised Statutes (2 U.S.C. 102) is amended by adding at the end thereof a new paragraph as follows:

"Reports of the Secretary of the Senate and the Clerk of the House of Representatives under this section shall be printed as Senate and House documents, respectively."

Mr. WILLIAMS of Delaware (for himself and Mrs. SMITH) also submitted an amendment, intended to be proposed by them, jointly, to House bill 12232, making appropriations for the legislative branch for the fiscal year ending June 30, 1961, and for other purposes, which was ordered to lie on the table and to be printed.

ADJOURNMENT TO 10:30 A.M. TOMORROW

Mr. JOHNSON of Texas. Mr. President, in accordance with the order previously entered, I move that the Senate adjourn until 10:30 o'clock a.m. tomorrow.

The motion was agreed to; and (at 11 o'clock and 54 minutes p.m.) the Senate adjourned, under the order previously entered, until tomorrow, Friday, June 17, 1960, at 10:30 o'clock a.m.

HOUSE OF REPRESENTATIVES

THURSDAY, JUNE 16, 1960

The House met at 12 o'clock noon.

The Reverend William Coley Roeger, S.T.M., pastor of St. James' Evangelical Lutheran Church, Chalfont, Pa., offered the following prayer:

Almighty God, our Heavenly Father, Who art truly our mighty fortress and a bulwark that never faileth, we give thanks unto Thee for Thy goodness vouchsafed to Thy children in this fair land. We praise Thee for the precious heritage of liberty which is ours, and we beseech Thee that we may be found worthy of Thy trust in us. Give to the leaders of our Nation true love of liberty, a zeal for righteousness, and courage to choose the hard right rather than the easy wrong. Kindle in them a determination to lead our Nation and the world to peace with honor and justice, and in all their deliberations guide them by Thy most Gracious Spirit; through Jesus Christ Thy Son our Lord. Amen.

THE JOURNAL

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

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. McGown, one of its clerks, announced that the Senate had passed a joint reso-

lution of the following title, in which concurrence of the House is requested:

S.J. Res. 170. Joint resolution to authorize the participation in an international convention of representative citizens from the North Atlantic Treaty nations to examine how greater political and economic cooperation among their peoples may be promoted, to provide for the appointment of U.S. delegates to such convention, and for other purposes.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 12117) entitled "An act making appropriations for the Department of Agriculture and Farm Credit Administration for the fiscal year ending June 30, 1961, and for other purposes."

The message also announced that the Senate agrees to the amendments of the House to the amendments of the Senate numbered 4 and 6 to the foregoing bill.

COMMITTEE ON RULES

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

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

There was no objection.

IMPORT DUTIES ON CERTAIN COARSE WOOL

Mr. MILLS submitted a conference report and statement on the bill (H.R. 9322) to make permanent the existing suspension of duties on certain coarse wool.

TEMPORARY SUSPENSION OF DUTY ON PERSONAL AND HOUSEHOLD EFFECTS BROUGHT INTO UNITED STATES UNDER GOVERNMENT ORDERS

Mr. MILLS submitted a conference report and statement on the bill (H.R. 9881) to extend for 2 years the existing provisions of law relating to the free importation of personal and household effects brought into the United States under Government orders.

SUSPENSION OF IMPORT DUTIES ON CERTAIN SHOE LATHES AND CASEIN

Mr. MILLS submitted a conference report and statement on the bill (H.R. 9862) to continue for 2 years the existing extension of duties on certain lathes used for shoe last roughing or for shoe last finishing.

COMMITTEE ON BANKING AND CURRENCY

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that the Committee on Banking and Currency may have until midnight Saturday night to file a report on the bill H.R. 12603.

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

There was no objection.

NATIONAL WOOL MONTH

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent for the immediate consideration of the joint resolution (H.J. Res. 696) to provide for the designation of the month of September 1960, as "National Wool Month."

The Clerk read the title of the bill.

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

There was no objection.

The Clerk read the joint resolution, as follows:

Whereas September 1960 marks the two hundredth anniversary of the recognition of wool production and wool manufacture in the United States as an industry; and

Whereas from its humble beginning in the homes and on the farms of the colonists in the early 1600's, the American wool growing and textile industry has become an integral part of our national economy and one of our great industries with millions of citizens directly, or indirectly, dependent upon it, and representing more than \$5,000,000,000 a year in the retail value of its products; and

Whereas its nationwide scope is evidenced in that over three thousand of the three thousand and sixty-eight counties in the United States are involved in one or more wool production or textile operations, with wool grown in every State of the Union, including Alaska and Hawaii; and

Whereas this great industry has been and is now facing severe competition from various sources, and is fighting in every way to preserve wool growing and wool manufacturing in the United States, it is most fitting that national recognition and support be given the wool industry: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the President is authorized and requested to issue a proclamation designating the month of September 1960 as "National Wool Month", and calling upon the people of the United States to observe such month with appropriate activities and ceremonies.

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

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

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

There was no objection.

Mr. McCORMACK. Mr. Speaker, this year, 1960, we celebrate a landmark in the history of textiles, the 200th anniversary of the American wool textile industry. The story of textiles is the story of mankind. We do not know when wool was first spun and woven into cloth. But long before the time of recorded history, woolen fabrics were made by the Swiss lake dwellers. Garments made of wool fabrics were worn by the Babylonians as early as 4000 B.C. Joseph's "coat of many colors," mentioned in the Bible, was said to be made of wool.

Skipping many, many centuries of world history, we come to more modern times. During the years of lusty growth of the 13 American Colonies, England was the world's leading wool textile manufacturer. And that was the basis for much conflict. The mother country, pursuing a policy of industrialization on the home front, attempted to thwart any development of industry in the Colonies. Strict mercantilism was the rule; the Colonies were looked upon as sources of raw materials for the mother country, markets for goods of English manufacture. This two-way trade served to enrich the coffers of enterprising English industrialists, as well as the entire island economy.

Attempts at colonial manufacture of woolen textiles and other products sowed the seeds of ferment in young America. The manufacture of woolen cloth was literally one of the foundation stones of our American Nation.

As early as 1699, the English Parliament passed an act forbidding exportation of wool and woolen manufactures from any colony in which such goods were produced. Nevertheless, by 1760, the beginnings of woolen textile manufacture, centered in New England, were well under way. It was the attempt by England to stifle independent industry and commerce that led in large measure to sounding the tocsin for liberty.

Then, as now, the woolen industry was a right arm of American fighting forces. It was during the American Revolution that woolen manufacture received its first great impetus for expansion. Cut off from imports, the patriots were hard pressed for warm clothing.

A few years after the successful conclusion of the War for Independence, Arthur Scholfield introduced factory manufacture of woolen yarn at Byfield, Mass. The year was 1794. These endeavors formed the beginning of the industrial revolution in this country.

In 1801 Merino sheep, producers of some of the finest wool in the world, were imported into the United States from Spain and France. This strain helped to improve domestic sheep. By 1810, around 24 woolen mills were operating in New England and nearby States. About this time, the manufacture of wool carpets and rugs began. Since then, the fame of these American products has spread throughout the world.

After 1830, improvements in machinery, the development of transportation, and growth of cities stimulated further growth of wool manufacture.

Then came the Civil War. Once again the clash of arms brought in its wake a tremendous impetus for vast expansion of the industrial machine. Demand for uniforms, overcoats, woolen caps, mittens, and blankets stepped up woolen manufacture to previously unheard of heights.

Following the civil strife of the 1860's came the great push westward. The country was fairly dizzy with railroad building, construction of factories, and new cities. Woolen manufacture kept pace with the times, increasing to such an extent that before 1900 the industry was providing more than 90 percent of domestic requirements.

The horizons of history are dotted with wars. The 20th century has proved no exception, and during both world conflagrations which have occurred within the lifetime of many of us, the wool industry was a necessary adjunct to the war efforts. During World War II, the textile industry as a whole furnished 10,000 different items from uniforms to blankets and helmet liners.

We have seen the woolen textile industry grow to a giant among all American fields of enterprise. In recent years, like all branches of textile manufacture, woolens have been challenged by synthetic fibers.

But wool has met the competition from synthetics perhaps more successfully than most other natural fibers. There is an old maxim, "If you can't beat them, join them." Many wool textile manufacturers have done just that. Formerly utilizing natural fibers exclusively, they are now producing fabrics of mixtures of wool and dacron, wool and nylon, and other combinations. Fabrics of pure wool and wool used in combination with synthetics now have many consumer-desired properties, such as nonshrinkability, permanent pleating, crushproofing, mothproofing, and showproofing. These are truly wonder materials.

Today the manufacture of woolen goods, including fabrics for clothing, blankets, upholstery, industrial materials, and carpets, is a multi-billion-dollar business. In 1957, the latest year for which data are available, the value of shipments of all woolen fabrics and carpeting amounted to nearly \$1.2 billion and in 1958 the payroll of the woolen goods industry totaled almost \$375 million.

We must not forget that the economic ramifications of woolen textile manufacture extends far beyond the borders of the industry itself. Large expenditures upon machinery are required. Such investments total hundreds of millions of dollars annually. The woolen textile industry has become a huge customer of the chemical industry, source of synthetic fiber materials. Woolen textile manufacture also requires hundreds of millions of dollars worth of fuel, power, transportation, paper products, electrical supplies, hardware, and packing materials.

Even as wool manufacture was a vital part of the economy during the early days of our Republic, so is it today. All industries today are characterized by constant technological changes. Woolen textile production has always kept pace with new developments. Excellence of manufacture, plus ingenious new materials of wool and wool in combination with other fibers, I know, will insure the continued importance of woolen textiles for the unforeseen future.

It is proper that the contributions of those engaged in the American wool textile industry, past and present, be recognized on the occasion of the 200th anniversary of the establishment in America and in our hemisphere of this important business, which has contributed so much to the building and progress of our country.

FORCED WITHDRAWAL OF INVITATION TO PRESIDENT EISENHOWER TO VISIT JAPAN

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

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

There was no objection.

Mr. HERLONG. Mr. Speaker, the forced withdrawal of the invitation to President Eisenhower to Japan is another victory for the Communists. It points up more clearly than ever the ineptness of the free world in counteracting international Communist agitation. Both in the United States and in the rest of the free world we need to have dedicated, trained people who are knowledgeable and skilled in the art of counteraction to Communist propaganda. We needed them yesterday. If we get them tomorrow it will help. Who can say when it will be too late?

I again call the attention of the House to the fact that the gentleman from Minnesota [Mr. Judd] and I have introduced a bill calling for the creation of a Freedom Commission which would establish a freedom academy. At this school would be taught the science of counteraction to Communist propaganda about which it has been shown that we know so little. Students would also be instructed in the best ways to sell democracy to the free world in this great battle for the minds of men.

Some people have said that we cannot afford the \$2 million that it might take to establish this school. At the same time we are being asked to consider spending \$12 million to build a freedom wall in nearby Virginia. I have no objection to our setting up monuments to commemorate great events to remind us of the heritage that is ours, but a wall is a dead thing. Would it not be so much better to spend just one-sixth of that amount to create a living monument in the form of a school which could do something constructive toward the preservation of our way of life?

FORCED WITHDRAWAL OF INVITATION TO PRESIDENT EISENHOWER TO VISIT JAPAN

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

The SPEAKER. Is there objection to the request of the gentlewoman from Massachusetts?

There was no objection.

Mrs. ROGERS of Massachusetts. Mr. Speaker, apparently our great President has been stopped from going to Japan at the request of the Japanese Government. I hope at least that certain public officials will not take this as an opportunity to further make excuses and justification for Mr. Khrushchev's insulting, horrible, and vicious attacks on the President of the United States. To do so would certainly be lending added aid and comfort to the Communists. It is a disgrace to

the people of this country who use those tactics and a sad commentary on their Americanism. The fact that they are not presenting them as they should constitutes not only an attack on our President but also an attack on the United States. I pray they will cease, and I am sure the Members of the House also pray that they will. This is the belief of the people of my district, who tell me they bitterly resent insults to the President and to the United States. They dearly love their country.

CALL OF THE HOUSE

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

The SPEAKER. Evidently a quorum is not present.

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

A call of the House was ordered.

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

[Roll No. 135]

Barden	Flynt	McGinley
Blitch	Fountain	Morris, Okla.
Brown, Mo.	Hull	Moulder
Buckley	Jackson	Pfost
Burdick	Jensen	Rogers, Tex.
Carnahan	Kearns	Shelley
Celler	Kilburn	Steed
Durham	Loser	Taylor

The SPEAKER. On this rollcall 408 Members have answered to their names, a quorum.

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

MUTUAL SECURITY AND RELATED AGENCIES APPROPRIATION BILL, 1961

Mr. PASSMAN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 12619) making appropriations for mutual security and related agencies for the fiscal year ending June 30, 1961, and for other purposes; and pending that motion, Mr. Speaker, I ask unanimous consent that general debate be limited to not to exceed 4 hours, one-half to be controlled by the gentleman from New York [Mr. TABER] and one-half by myself.

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

There was no objection.

The SPEAKER. The question is on the motion offered by the gentleman from Louisiana.

The motion was agreed to.

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 12619, with Mr. MILLS in the chair.

The Clerk read the title of the bill.

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

Mr. PASSMAN. Mr. Chairman, on page 16 of the minority report we find this language: "This is no time to 'kowtow' to Khrushchev or be soft on communism."

That is a rather serious, and certainly an unfounded, insinuation against the members of the committee of both parties who voted to report this bill to the floor, based upon common sense and justifications, and not from yielding to pressure and propaganda.

I shall ask you this question at the outset: Are you willing to substitute propaganda from many sources and propaganda-inspired wires and letters for the diligent study and work of your committee?

Judging by what has happened recently in our foreign relations, it is even more evident now than previously that money alone will not get the job done.

The bill before you calls for new funds in the amount of \$3,384,500,000; unobligated funds to be reappropriated, \$52,514,000; and cash receipts anticipated, \$56,200,000. This makes a total of new dollar funds in the amount of \$3,493,214,000. This is the highest amount recommended for the mutual security program since I became chairman of the Foreign Operations Appropriations Subcommittee 6 years ago.

I heard earlier today over the radio that some of the liberal Republicans and some of the liberal Democrats have joined up to fatten the bill. They could have saved their trouble had they talked first with me or any other member of the committee, because the bill is already fattened. It calls for the highest amount recommended during the past 6 years.

Mr. HOFFMAN of Michigan. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. HOFFMAN of Michigan. Mr. Chairman, how often can one make a point of order that the House is not in order.

The CHAIRMAN. Any time that the House is not in order. Does the gentleman make the point of order that the House is not in order?

Mr. HOFFMAN of Michigan. I do, Mr. Chairman.

The CHAIRMAN. The Committee will be in order.

Mr. PASSMAN. Mr. Chairman, the funds now recommended for fiscal 1961 exceed the amount reported by the committee in 1956 by \$854 million. It exceeds the 1957 recommendation by \$680,940,000. It exceeds the 1958 report by \$968,554,000. It exceeds the 1959 recommendation by \$415,121,150, and the 1960 recommendation by \$306,714,000.

So great has been our outpouring of dollars to foreign aid recipient countries that they now have dollars in excess of their needs, and they are using these dollars to buy U.S. bonds and securities. In reality, therefore, we are paying these recipient nations interest on the dollars that we have given to them.

I might appropriately state for the RECORD at this point that our gold reserves in the last 7 years have dropped from \$23 billion to approximately \$19 billion. During that same period foreign dollar holdings have gone up from \$11.5 billion to about \$19 billion. You know, and I know, that foreign governments have a direct claim on our gold reserves. It requires what amounts to

about \$12 billion to support our own monetary system, and that only leaves \$7 billion for other purposes. If there should be a run on our gold reserves you could not pay \$19 billion with \$7 billion. The holders of the gold, in addition to the foreign central governments, would have to transfer their holdings over to the government of their country in order to become eligible for a direct claim, but it could conceivably be done.

May I say also that the record is clear that we are pricing ourselves out of the world market for many items and in all probability this foreign aid program has been a major contributory factor.

I say to this House at this time that we had a trade deficit with Japan last year; we had a net trade deficit with all of Latin America last year. And if you exclude the shipment of surplus agricultural commodities last year we had a trade deficit with Europe.

I can say that we now can have steel delivered dockside at New Orleans, from foreign countries, at lower cost than we can get it from Philadelphia.

May I also remind that too many times we do not go as far as we should into the record. So, I say to you again that our public debt exceeds by \$47,744 million the entire public debt of all the other nations of the world.

And I want to say, too, it happens that every year when we handle this foreign aid bill, at just about this time, there is some tense international incident. I recall that one year an unidentified submarine was reported lurking in the waters near New York Harbor. And we had that headline across the Nation. In another year the Chinese Reds were stepping up their bombardment of Quemoy and Matsu. That caused some excitement. Then, in another year the Russian sputnik was in orbit. And that caused a lot of excitement. Another year the U.S. Marines were landing in Lebanon, and again we had a fight on our hands. Another year the Nixons were being spat upon in Latin America. That, too, cost us some extra money.

Of course, in this year, there was the U-2 incident. And, as long as we are Members of this House, and I am sure long thereafter, there will be varying types of incidents. That fact in itself should convince us that money alone will not cure our ills.

There is more interference from more quarters and more pressure concerning this bill than in all of the other money requests that the Congress is asked to consider. With this bill, if the requests of the administration are justified, why do we get such pressures and propaganda as we do?

Why is this program so fouled up and uncontrollable? One part of the answer is a simple one. These are the different directors of the program since I have been chairman of the subcommittee: Mr. Stassen, Mr. Hollister, Mr. Smith—and we were told that 18 men refused the directorship before Mr. Smith finally accepted. Then we came to Mr. Saccio, who was Acting Director, and the Director at this time is Mr. Riddleberger. And he is there because they had to pull

in a career man so that he would not quit the job.

I want to say that those people are told much of what to do. And when they find that they actually have little to do with managing the program, they usually resign and the subordinates let the program run wild. So, as a result, everybody's program is nobody's program.

I have been accused of being a party to ruining this program ever since I have been the subcommittee's chairman. That is a harsh indictment against one who has tried to live up to his responsibilities and to help put some sense into the program. This committee is entitled, I believe, to your commendation, not your condemnation.

Mr. Chairman, I want to say this—and I shall document this so that you may take it into account later in the day—that back in 1957, when we were considering the appropriation for the fiscal year 1958, they called a White House conference. I was invited. We had some very fine men there; Mr. Saltonstall, Mr. Knowland, the Speaker of the House of Representatives, and Joe Martin, and others. There were many dignitaries, along with the chairman of this committee.

After considerable deliberation they finally invited me to make a statement. I was shaky; I do not mind acknowledging that, because I knew I was going to tell the President the truth. I said, in effect, "Mr. President, your subordinates have misled you. They have not given you the facts. I can report to you, Mr. President, that just a few hours ago \$538,800,000 in military funds were allowed to lapse because they had no justifications and they could not even reserve them." He turned to a secretary and verified that information. Immediately afterward, the meeting broke up, and I have not been back to the White House since. However, I have sought opportunity to discuss the program with the President so I could point out to him, as I did that year, something of the weaknesses and the hidden money which I do not believe the President knows about. Such an opportunity did not materialize. I asked my friend, the gentleman from New York [Mr. TABER] a few days ago to please get an appointment for me with the President. He said he would try. I have not heard about it from Mr. TABER, either.

Now, Mr. Chairman, let us face this matter realistically. It is not our personal money that we are giving away, but it belongs to the people we represent. Working conscientiously to do a good job, I can report to you that even though we have "ruined" the program every year since I became chairman of the subcommittee, we have reduced the President's request in 5 fiscal years by \$4,071,003,750, only to have it acknowledged later that our action had helped to improve the program.

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

Mr. PASSMAN. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. I might say in connection with my friend's statement that he tried to make an appointment that this is the eighth year of the present

administration and the Democratic leadership in both branches has never been asked to meet before the fact. Any meeting we have ever had has been just a briefing or an after-the-fact disclosure.

Mr. PASSMAN. I thank the majority leader.

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

Mr. PASSMAN. I yield to the gentleman from Minnesota.

Mr. JUDD. I happen to have been present a time or two when Mr. Dulles even came up to the House to ask our advice. I recall the Speaker was there on one occasion when he consulted us about the problem we faced, early 1955 when Formosa was being threatened. Mr. Dulles asked what policy we would suggest and what kind of language we would put into a resolution which was being considered as a possible policy statement. We went over a tentative draft sentence by sentence and gave suggestions. There were other times when I happened to be present at bipartisan consultations in the State Department, before policies were decided.

Mr. McCORMACK. If the gentleman will yield further, at any meeting I have ever attended, and as far as I know any Democratic leader has ever attended, we have been told certain things, we have been given a briefing. We have had the opportunity to ask questions, but in a meeting of that kind if you ask two questions you are asking one too many. So that there has never been any meeting I have ever attended and, as far as I know, the Democratic leadership, where we were asked to try to have a meeting of the minds and a frank discussion as to where we could get together on legislation, not only this but any legislation. It was just the difference between being there before the fact and being simply briefed.

Mr. PASSMAN. I thank the majority leader. I am not an orator, nor an attorney, but I am a conscientious Member of this House trying to do a creditable job for the American taxpayer. I am going to present our case based upon the testimony and the justifications. I will document our case accurately; and I say without fear of successful contradiction, you are not going to be able to tear my figures down—try as hard as you may.

Mr. Chairman, every year, as you are aware, this charge has been made—that the cut in the funds would destroy the program. But let us see what has really happened.

From page 189 of the hearings for the fiscal year 1958 appropriation, you find this question:

Mr. PASSMAN. Will you agree with me that we actually appropriated too much money for these agencies last year?

This is the answer by Director Hollister:

Mr. HOLLISTER. More than they were able to obligate.

From page 13 of the hearings on the fiscal year 1959 appropriation, there is the following question:

Mr. PASSMAN. Are all phases of the mutual security program financed and are commitments being met to a reasonable measure at this time?

The following is the answer by Secretary Dillon:

Mr. DILLON. They are sufficiently financed. Yes, Mr. Chairman.

In this colloquy, from page 251 and page 252 of the hearings for fiscal year 1959 appropriations, there is the following:

Mr. PASSMAN. Mr. Secretary, there has been a tremendous amount of publicity given to the foreign aid programs indicating that great damage has been done to this program in the past. However, would the evidence not indicate our commitments are being lived up to in a reasonable manner?

This was the answer by Secretary Sprague:

I feel that your statement is substantially correct. The reductions that Congress has effectuated in this program have assisted the executive branch in administering the program in a more efficient manner. There is no question about that.

May I say this, with reference to all the howling in the past about the committee ruining this program, that in addition to all the money that was obligated, and in this program with the military, if they cannot obligate they reserve—and after all the trouble they go to trying to obligate and trying to reserve, the actual figures for each fiscal year—1956, 1957, 1958, 1959, and 1960, the total amount of unobligated funds that would have lapsed if we had not reappropriated the money amounts to \$818,653,000.

Do you not think we are entitled to your commendation, rather than your condemnation, for doing a creditable job for the Nation? From our hearings on the 1961 bill, I quote the following colloquy, from page 507:

Mr. PASSMAN. If we had given you the money you asked for, you would have used it in this program. You would have bought something whether you needed it or not, and it would have been, today, in excess.

General NORSTAD. If you had given us, every year, everything we had asked for, the total at the present time would indicate some overages that now make; that is correct.

Mr. Chairman, this is the sixth year that it has been my privilege to present for your consideration the mutual security appropriation bill. The bill before you calls for \$300 million more than the bill presented last year for the military assistance program.

This year, the justifications are weaker, but the pressure is stronger. It is customary in almost every field of endeavor to talk most on the weaker points. Big guns will be fired today. But, in the end, if you will base your decision on the facts, rather than fancy, you will support the committee.

May I say now, as I have said in the past, without mental reservation and without fear of successful contradiction, and supported by the testimony of others, that a major trouble with the program is, indeed, too much money, and not too little. If you want to get the true picture of this situation, I invite you to read the GAO reports.

Mr. Chairman, I wish I had the strength of Samson, and of Johansson

and Patterson—and it would require that kind of strength to combat many of those who have a downright selfish and personally profitable interest in the program, such as the 44,000 employees of the mutual security program, high-ranking military personnel, the prestige of the White House and the State Department, the many colleges and universities in 30 States and the District of Columbia which have contracts under this program, and numerous others.

I repeat, we have been on the receiving end of pressure from all phases of the program, the prestige of the White House and the State Department, the many colleges and universities in 30 States and the District of Columbia who have contracts under this program, and the others. Administration leaders at the top echelon are too busy and without sufficient time to hear the other side of the story. Their recommendations and beliefs are based practically entirely upon the presentation of only one side of the story.

However, for 6 years you have supported the committee's recommendations, and without exception have found that you had acted wisely, and that we had not misled you or misrepresented facts. Support the committee again and you will be on even firmer ground than you have ever been.

I have endeavored to face up to the tremendous responsibility assigned to me and have conducted during the past 10 months, studies, listened to briefings, and held hearings and made inspections in many nations of the world. More than 10,000 pages of transcript were taken in our hearings this year, and later condensed into more than 3,000 printed pages of hearings. I might add that the committee conducted closed-door hearings in the Republic of China, Denmark, the Netherlands, France, Norway, and Belgium, the latter two moving their witnesses to designated spots in order to accommodate the committee.

The hearings are most voluminous and more self-condemning than ever before—voluminous notwithstanding the fact that possibly 25,000 words have been deleted and not for security reasons alone, but to save downright embarrassment to many of those connected with the program. You may go to the committee room and read for yourselves what they deleted. Believe it or not, they even took out quotations from newspaper clippings.

So, I say that this program has developed into a monstrosity. It is indeed a mild characterization, considering the diversity, the broadness, and complexity of the program. The hearings will indicate that some of the witnesses implied that the program has become so complicated that they themselves do not understand it.

Past, present, and planned, we are in 77 nations of the world with this program, and in 60 of these nations they have received or soon will receive military assistance.

The total amount spent on all phases of foreign aid since the end of World War II through June 30, 1960, stands at \$103,209 million.

The grants, gross credits, investments in international institutions and other assistance amount to \$87,840,168,000.

The total cost of all phases of foreign aid to the American taxpayer is now averaging \$10,841 million annually. This includes 4-percent interest only on the \$87 billion of money we have borrowed to give away. The total cost, therefore, of all foreign aid to the American taxpayers is now approximately \$30 million daily.

Mr. Chairman, it might be well to establish, and later it may well be established, that I am one of the best friends the foreign aid program ever had, because if its weaknesses, abuses, extravagances, and mismanagement are not checked and brought under control the entire program might eventually fall of its own weight, by the demands of the indignant American taxpayers.

The greatest abusers and manipulators in the program are the military. They cannot stand to be questioned or pinned down. They are infuriated when their lack of knowledge of the program is pointed out. They expect those stars to blind you, Mr. Chairman, and when you press your point in all but a few instances, they stare at you with what appears to be contempt. Clever as they may be, there are a lot of unanswered questions.

Apparently they want us to appropriate on fiction, and not on facts.

It would appear that when they need a dozen screwdrivers they buy a gross. There is abundant information concerning these conditions. Much of it is running in the Washington newspapers at this time, pointing up the waste and inefficiency of the military procurement system. They have used the mutual security military assistance program in many instances to unload billions of dollars on the program, representing their own overpurchases.

Mr. Chairman, the total amount of military assistance since the inception of the program stands at \$25,252 million to all of the nations receiving equipment and services in the military category, a total of 60.

The belief that once the requirements had been filled the program would decrease prompted me to request a letter and a report and to make some on-the-spot inspections and studies.

On June 27, 1958, warehouses throughout the world bulged with military equipment the countries did not need.

Here is what a high official in the Defense Department said to me in a letter, the letter which I hold in my hand:

DEAR MR. CHAIRMAN: You may recall that I reported to you I had requested the military assistance advisory groups in the Near East to assist me in arriving at a percentage of equipment delivered since the beginning of the military assistance program that is currently available and serviceable for combat.

I now have the information from the military assistance advisory groups and have arrived at an estimate of 92 percent. This figure was derived as the weighted average on information I had in Iran, Greece, Turkey, and Pakistan.

Then they give the estimates as developed from separate data on ships,

aircraft, tanks, and combat vessels, motor transport vehicles, weapons, electronics and other equipment, and that information is available for any person's inspection.

I decided to follow this up with on-the-spot studies and hearings. The transcript of those hearings is here on the table. The information is classified, but any Member is privileged to come here and check my figures.

We found out that in Denmark 95 percent of the equipment we had given them was on hand and ready for use if needed; Norway, 87 percent; The Netherlands, 90 percent; Belgium, 90 percent, and China, 82 percent. The Comptroller General's report certainly points up these facts.

If there is any question in your mind about the accuracy of what I am detailing to you, please check the record:

Military assistance program, United States gave 421 jet planes to a Far Eastern country, the air force of which boasted only 186 qualified jet pilots.

The military shipped 255 tanks to a country that had an active tank force of only 30 men. This figures at over 8 tanks per man in the tank corps.

The Defense Department shipped to Germany more F-84 jet planes than there were pilots in that country. When caught, they had a vague excuse. They explained that storage charges are less in Germany than in the United States.

They shipped to another country 391 planes at a total cost of \$70 million, and by the fall of that year 45 of the planes had been placed in permanent storage and 160 in temporary storage.

They delivered to Ethiopia three Army surgical hospitals. At the time of the program there was only one native doctor in the Ethiopian Army.

Examples of similar types are practically innumerable.

The Comptroller General warned the Congress that as a result of such excessive arms shipments many countries are building up a military force which the United States may be unable or unwilling to support indefinitely.

Commenting on the GAO criticism, Secretary Dillon stated, and I read you his remarks:

The Comptroller General said also that certain of these deliveries are in amounts that the countries concerned will be unable to support themselves. That is certainly true, and in the case of these Far Eastern countries, we recognize that.

The Comptroller General's current criticism is based on a series of 10 GAO reports, all of them classified for security reasons, or so they say; the military, that is. The military program in these countries you will find in these reports here on the committee table. The Comptroller General's criticism appears to back up the charges that the Defense Department is using the highly secret military aid program to get rid of surplus military equipment.

Here is an article from the Wall Street Journal, dated November 2, 1959, and I quote:

Treasury-State Department battle looms over foreign aid outlay in new budget. The State Department, which oversees joint eco-

nomie and military aid, is pressing for a larger request, officials disclose, on the ground that Congressional paring may reduce the lowered request to dangerous levels.

In discussing this matter, the gentleman from New York [Mr. TABER] summed it up better than I can when he said, and I quote:

Mr. TABER. I have been around here for a long time and I have never known of a time when there was not an asking price. You have to expect that and not get too much disturbed by the fact that there is an asking price.

I know Mr. TABER and I still agree, and that is why I understand the difficult position in which our distinguished senior colleague is placed today.

But, Mr. Chairman, I was so alarmed over this asking price, and Mr. TABER's support that there is an asking price, that I suspended our subcommittee hearings and, accompanied by the gentleman from Arizona [Mr. RHODES] and committee staff members, from one Friday night to the following Friday night we examined the military assistance programs covering five countries. The conditions there in the military assistance programs ran true to form.

In countries A, B, C, and D we found military equipment on hand in excess of requirements and available for redistribution in the amount of \$214,543,000, and country E had \$100 million in excess. The total cost of excess military equipment in those five nations alone was more than \$314 million.

On page 4 of the Comptroller General's report dated May 16, 1960, he said this:

For example, in one country the MAAG was aware that consideration was being given to deactivation of certain country forces as early as 1957. However, MAP supported force goals in that country were not adjusted until January 1959 at which time the program was substantially advanced and over 90 percent of the conventional equipment program had been delivered. In this country quantities of equipment, estimated to exceed \$100 million, are now excess to the needs of the forces currently approved or contemplated for MAP support.

Although certain of the excesses resulted from deliveries made before there was knowledge of the country's plans for reducing its forces, substantial quantities of unneeded equipment were programed and delivered after the country's plans for deactivation became known.

They kept rolling it in.

Overcharges to the military assistance program run into the hundreds of millions of dollars, even though the Defense Department will make no admissions of this fact. This is a "husband-and-wife" deal. The same people who overbuy have the right, at the same desk, to move it out and charge it to the military assistance program.

They told me, the first year that I served as chairman of the subcommittee, "Oh, what a charge you are making, that we have overcharged the military assistance program."

And while we were in conference, there was a check of \$302 million that got so hot the Air Force could not handle it. It was so hot that the military assistance program could not catch it. But, in con-

ference I said that the \$302 million check must be explained. Then, they admitted the truth.

I think it possible that the Defense Department owes hundreds of millions of dollars in overcharges to the military assistance program.

Mr. Chairman, the defense support program, too, runs true to form. I think I should indicate that "defense support program" is a misnomer. It is, in fact, outright economic aid.

I respectfully urge you to turn to page 2206 of the hearings, where you will find several pages of projects. You may not agree with me, but I think the Chair might have to call you down when you possibly start laughing over some of the projects which they have set up under defense support. Let me give you just a couple of examples of how this program operates. I am referring now to page 2239 of the hearings:

Mr. GARY. Page 89 indicates you are proposing to set aside up to — as a cushion for China's needs for foreign exchange.

The dollar amount is blank, but it runs into millions and millions. And what do they say about that? That it is as a cushion for that country's need for foreign exchange.

Then, referring further to the record:

Mr. PASSMAN. We have to do this to indicate to them our earnestness? You made that statement, I believe.

Mr. ROSEMAN. If I did, sir, I misspoke.

Mr. PASSMAN. As a token of our earnestness.

Mr. ROSEMAN. Yes.

So, they are setting aside so many millions of dollars—I cannot tell you how much—as a cushion in connection with this country, should they later need it.

Let us take another item under this untouchable and sacred defense support—economic aid in Vietnam. They started a highway system. They said it was going to cost \$18,300,000. At a subsequent date they decided to enlarge upon this program, and they amended it by several million dollars more. So my friend, the gentleman from Georgia [Mr. PILCHER], and the gentlewoman from Illinois [Mrs. CHURCH], and others of a special study mission, wrote a report, one of the finest I have ever read, and I have never heard one word to discredit it. The agency gentleman came back and said that this highway was now costing \$85 million, but the study mission said it would probably cost \$100 million.

I talked to Mr. PILCHER and to the others and decided to do a little investigating, too. We started to interrogate the witness about this matter and he told us that it could not cost \$100 million. We recessed the subcommittee, and we got our pencil and paper together and started to put the figures down. When we went back to the hearings he admitted that, with the local currencies involved, it was already up to \$129,900,000, for that one highway project. Now, that is the record.

Consider the Johns Hopkins contract, just briefly. Do you realize that we are paying \$800 a month for tuition, \$4,000 each of tuition, for a class of 20, for about 5-month terms? We find that

some of the ICA people are instructing other ICA people. But we are paying \$80,000 for each 5-month course, which is about the highest tuition cost that has ever come to my attention.

As to the new projects, I think there are few Members of this House who realize what we are up against except possibly those on the Foreign Affairs Committee. It is a great committee, and we are not interfering with their prerogatives. We are writing limitations in the bill because these people said, "We do not even read your report." So we wrote some limitations into the bill, to specifically deny the projects. They did not, before, pay any more attention to us than the man in the moon.

These people go out and they throw this money in behind an obligation. Then they come in for new funds. After we give them new funds, we go home, trying to get reelected, and they start deobligating. With the deobligated funds they can start just as many new projects as they want, without justifying them to any committee of Congress. When they come in to us with a continuing category of projects we do not know whether they are old or new ones. If you take the estimated cost and then project the cost to completion, it is evident that these projects can go into hundreds of millions of dollars.

You wonder why the colleges and universities have such a terrific interest in this proposition? We have in force at this time 676 contracts with 56 different colleges, universities, nonprofit institutions, and so forth. The cost is \$347,636,700.

Now, a few words about the Development Loan Fund, if I may. You know, and I know, that this is not in fact, a loan. Calling it a loan is a misnomer. Most of us agree on that. This so-called loan is repaid in local currency. We cannot spend that currency in the country until the country agrees for us to spend it. You cannot bring anything out of that country, you cannot spend it in any other country. It is to the credit of that country. If you get any dollars back, the dollars do not go to the Treasury for some other program.

Let us look at the trap in which we have got caught. It simply means that if you give nation A \$100 million and you get local currency back, you cannot spend that currency until you reach an agreement with that country. If they do not like it, that \$100 million is completely gone.

Do you not think it might be better to give a direct grant than to call this a loan, when you cannot buy anything with it or pay debts with it?

There are going to be some big guns fired today. If you will read the report, I have every reason to believe you will support this committee. I did not ask for this job, but, having accepted the assignment, I have been, and am, determined to do as good a job as possible for the committee, the Congress, and the Nation. I have spent some 300 days this year trying to give you justifications and a report so that you could afford to support and possibly commend this committee, not condemn us.

The conditions involved in this program should be understood. The facts should be brought out into the open.

I trust that as we deliberate this bill later in the day there may be opportunity to detail for you some of the other information I have now on the military that I am not going to divulge until the proper time, but getting it was about as difficult as twisting a rabbit out of a hollow log. But I have it, and I will reveal it at the proper time.

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

Mr. PASSMAN. I yield briefly.

Mr. MERROW. I received, and I assume every member of the committee received, a letter from the very able gentleman yesterday including a table showing the available amount of money for expenditure in the fiscal year 1961. I ask the gentleman for information. At the bottom, in the recapitulation, the unexpended funds, including unobligated funds, amount to \$4,713,665,000. I wonder if the gentleman would tell me what the unobligated funds would be?

Mr. PASSMAN. The estimated unobligated funds amount to \$52,014,000. Those funds may not remain unobligated by the end of this fiscal year. They have until then to obligate those funds. But I might say that there will be hundreds of millions of dollars of those funds reobligated, if history means anything. I will have more to say later about that. But, I do want to say to the gentleman, there is more money at this time in the bill than the total amount after this bill had gone through conference last year. Make no mistake about it. All of us know that this bill is going over to the other body, and there will be some adjustments before it is finally completed. So, if you load this bill up here, you do not leave us any room to save any money. I trust that you will support your committee.

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

Mr. PASSMAN. I yield to the gentleman from New Hampshire.

Mr. MERROW. Did the gentleman say that the unobligated funds amounted to \$52 million?

Mr. PASSMAN. Yes; \$52,214,000.

Mr. MERROW. Then, actually, according to this table, the new funds you have listed is what is included in this bill plus the unobligated funds and sales receipts, and that money then is the only money for new projects because the rest of this is obligated; am I correct?

Mr. PASSMAN. That is correct, but that is more money than has been provided in the past 6 years.

Mr. MERROW. In view of the fact that this is a procedure which is carried out by all departments of the Government and the Department of Defense itself has unexpended funds as of June 30, 1960, amounting to \$31.3 billion and unobligated funds amounting to \$7.5 billion, I cannot see how the conclusions in the gentleman's table are an argument against mutual security.

Mr. PASSMAN. I am not arguing against the bill. I am only asking you to support the committee's recommendations for the appropriation.

Mr. MERROW. Excuse me, I mean that the gentleman's table headed "Mutual security dollar funds available for expenditure in fiscal 1961," is not an argument against the mutual security program.

Mr. PASSMAN. I am not arguing against the mutual security program. I am trying to save the mutual security program. If we let this program get completely out from under control again, we will never be able to bring it back under control.

Mr. MERROW. What are the funds available for new projects?

Mr. PASSMAN. If I may point out again, there may be \$3,493,204,000 for new projects, which is the greatest amount which has been available for new projects in the past 6 years, since I have been chairman of the subcommittee.

Mr. MERROW. But it is still a cut from what all the experts advise; is it not?

Mr. PASSMAN. What experts are you talking about?

Mr. MERROW. I am talking about the witnesses who testified before our committee.

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

Mr. PASSMAN. I yield.

Mr. GARY. Will the gentleman name the experts he is talking about?

Mr. MERROW. You have asked me who the experts are. Well, in conducting a hearing, we ask the people from the Department of State and from the Department of Defense and those who have been living with the problems to testify before our committee. These are the people I refer to as being experts and from the advice of all of these people, the minimum we should appropriate is what the Congress has authorized.

Mr. PASSMAN. They say regularly that we are going to destroy the program if we reduce the appropriation, and then in subsequent years, after we have reduced the funds by a total of approximately \$4 billion it is acknowledged that we helped to improve the program as a result of our actions; nevertheless, we continue to be accused of wrecking the program. They make many conflicting claims and statements which in many cases are not supported by the facts. Is that the kind of expert testimony to which you refer?

Mr. MERROW. Then the gentleman claims that it is useless to consult with the departments.

Mr. PASSMAN. I am asking you to listen to our committee. We have never misled you. We base our recommendations upon the facts, and certainly in the interest of our Nation.

Mr. MERROW. Mr. Chairman, on June 14, 1960, I received a communication from the chairman of the Foreign Operations Subcommittee on Appropriations discussing foreign aid. Attached to the letter was a table showing the mutual security funds by program and amount with the note "Available for expenditure" fiscal 1961 which begins July 1, 1960. It is my intention to present an explanation of these figures, and may I state that the conclusion one reaches in respect to the funds involved depends

on his definition of "available." The plain fact is that over 50 percent of these funds are not available for new programs during the new fiscal year as is obvious from an objective evaluation.

This table to which I have referred, by way of recapitulation, indicates that mutual security funds available for expenditure in fiscal year 1961 total \$8,154,365,000. It is pointed out in this table that more than half of this amount—\$4,713,665,000—is from unexpended funds as of June 30, 1960, from previous appropriations, another 40 percent of the amount is from new funds recommended for appropriation for fiscal year 1961 and the balance—\$56,200,000—for fiscal year 1961 from such sources as sales of military materiel, loan repayments and reimbursements from special and technical assistance and ICA administrative accounts.

It will help to clarify this picture if we look to the next fiscal year. It is now estimated that the unexpended balance as of June 30, 1960, will be \$4,713,665,000 and the amount of money unobligated as of June 30, 1960, \$52,514,000. By subtracting \$52,514,000 from the unexpended balance, we get \$4,661,151,000. All of this is obligated for various programs and the only money available for new projects from previous appropriations is \$52,514,000.

Now should the Congress appropriate \$4,086,300,000, the amount we have authorized, the total funds available for the next fiscal year would be \$8,799,965,000. This figure is arrived at by adding the assumed appropriation—\$4,086,300,000, the obligations—\$4,661,151,000, and \$52,514,000 unobligated as of now, plus \$56,200,000 of sales receipts. On superficial analysis, it would seem to be a large sum of money but actually since \$4,661,151,000 is obligated, the only money available for new projects from previously appropriated money would be \$52,514,000.

For the purpose of clarification, if the Congress refused to appropriate any new money, then by the end of the current fiscal year, there would be \$52,514,000 of unobligated funds plus sales receipts of \$56,200,000 to carry on the program and, in a short time, the mutual security effort would come to a halt because the pipeline would be cut. Therefore, by whatever figure the Congress reduces the authorization request, that figure is the amount by which the pipeline for foreign assistance is reduced. It would seem to me that, although if full appropriation were made over \$8 million would be available for expenditure, we ought to make it perfectly plain that since considerably more than half of this amount is already obligated, then the only money available for the purpose of continuing the program is what the Congress appropriates plus the small amount of unobligated funds and sales receipts at the end of this fiscal year.

By whatever we cut appropriations, we cut the pipeline and do irreparable harm to the program.

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

Mr. PASSMAN. I yield.

Mr. GARY. I gathered from the gentleman's statement that the experts referred to were the gentlemen who were spending these funds and were responsible for the very waste that is pointed out in the report.

What the gentleman is trying to do is not to wreck the program but to point out the waste.

Mr. PASSMAN. The gentleman is correct.

Mr. Chairman, now if I may continue with my remarks, let me say again that although we are dealing here with that portion of U.S. foreign aid which is known as the mutual security program—a name which, incidentally, is a misnomer—let me reiterate that it should be understood that many billions of dollars in foreign-aid funds are not carried in this so-called mutual security bill. The fact, I say to you again, is that the aggregate of foreign aid not carried in this particular bill actually exceeds the amount which is included in the bill. This other aid, apart from the mutual security funds, includes grants and loans under seven separate lending institutions, assistance through the operation of Public Law 480—involving the disposal of surplus agricultural commodities—overseas military construction, and billions of dollars in accumulated foreign currencies.

So, I say to you once more that, overall, the total of our foreign assistance programs since the end of World War II has exceeded the astronomical sum of \$100 billion.

As chairman of the Appropriations Subcommittee handling the funds for the mutual security phase of foreign aid, I think I should again note that, year after year, our committee is forced to work against tremendous odds in endeavoring to write a reasonable bill. The pressures and propaganda exerted by and emanating from many quarters are of shocking proportions. The approximately 44,000 employees and 10,000 trainees of the mutual security program, scattered in 77 nations of the world; the White House and the State Department and their prestige; the Defense Department; hundreds of large manufacturers who profit from the program; many colleges and universities which also profit from the program; church organizations; much of the press and other information media—all of these, and literally hundreds of other organizations, inadequately informed or misinformed, or both, are constant and powerful proponents of more foreign aid.

But, as I have already said and documented, the truth of the matter, as consistently developed in the hearings of our subcommittee, in considering the annual requests for funds—and as also stated by the Comptroller General of the United States—is that a major weakness of the program is too much money, and not too little. I tell you again that this is so despite the fact that the actions of our committee and the Congress for the 5 years through fiscal 1960 cut approximately \$4 billion from the mutual security budget. It will continue to be true for fiscal 1961, notwithstanding the re-

duction below the budget in the bill now before you.

In continuing to resist the unwarranted pressure and propaganda for an excessive amount of foreign-aid funds, let me reassert that our committee's efforts are aimed at bringing this grandiose, worldwide spending program under at least a semblance of control. It has been—and it is now—our purpose to provide adequate funds to meet the commitments, but with the decisions made more upon the basis of needs, rather than upon unfounded bureaucratic desires.

Permit me to repeat to you that during the period from July 1, 1945, to June 30, 1959, the United States had extended to foreign countries and international organizations—and this is exclusive of the total for overseas military construction and currencies generated through surplus commodity sales—gross aid amounting to \$76,471,617,000.

In addition to this aid, the United States had extended foreign assistance in the form of capital investments in three international financial institutions—the International Bank for Reconstruction and Development, the International Finance Corporation, and the International Monetary Fund—through June 30, 1959, in the amount of \$4,795,168,000.

A further form of foreign aid, I remind you once more, is the accumulated foreign currency balances resulting from transactions in connection with sales of agricultural surplus commodities and partial utilization of these funds. On June 30, 1959, such net assistance had amounted to \$2,119,764,000.

Total gross foreign aid, including the phases enumerated—but exclusive of overseas military construction—from July 1, 1945, through June 30, 1960, amounts to \$87,849,168,000. The amount for fiscal 1960 is estimated.

Then, add to that figure the expenditures for overseas military construction since July 1, 1945, and the aggregate soars to more than \$100 billion.

Figures which I have previously presented have shown that as of July 1, 1959, a total of \$14.9 billion of foreign aid money was available, under existing legislation, for utilization in the fiscal year 1960 and thereafter—and that sum did not even include the mutual security appropriation for fiscal 1960. A table which I prepared more recently, and distributed to the Members, showed that a total of \$8,111,521,750 was available for expenditure in the mutual security program alone in fiscal 1960. This money included \$4,837,708,750 in unexpended mutual security funds as of June 30, 1959; \$3,225,813,000 in new mutual security funds appropriated for fiscal 1960, and other new funds for fiscal 1960 amounting to \$48 million.

Despite all this spending on the part of the United States, it is clearly evident that our foreign aid has not accomplished the purposes for which it was intended. Nevertheless, many of our leaders remain eager to borrow vast sums of money to continue many unbelievably lavish and inexcusably wasteful programs.

However, it is my contention—based upon careful study of our own fiscal affairs and 8 years of close association with the vast and complex so-called mutual security program—that this Nation's financial position is such that this aid must be substantially curtailed.

The U.S. public debt is unprecedented. The Director of the Budget has put our debt and domestic commitments at \$4 trillion; and that does not take into account our commitments for the future through foreign aid. Our taxes are at the point of being confiscatory. Yet, during the past three decades only five times has our budget been balanced. Our gold reserves stand at about \$19 billion; and foreign dollar credits stand at approximately the same figure. If foreigners should call this gold—which they could conceivably do with respect to most of it, if they should so elect—the value of our dollar would become all but worthless.

U.S. Government obligations held by foreigners have been stated at about \$12 billion. Government interest payments on these obligations alone are said to amount to more than \$500 million annually; and these interest payments themselves constitute another form of foreign aid.

The announced Communist objective is world domination. The prime requisite to block this sinister Red ambition is a sound American economy and, I believe, supremacy in our military power. It is elementary that without a sound economy we cannot defend ourselves. Without superior military might no national and free world strategy is likely to succeed.

But, realistically, what are our leaders doing—and particularly with relation to the mutual security program—toward achieving those goals? The answer must be, relatively little that is effective.

Despite conclusive evidence that, due to obvious uncorrected weaknesses—including inadequate planning and poor administration—the mutual security program has failed to achieve the results its proponents have anticipated toward the strengthening of our own security and the establishment of peace and security for the free world, the President requested a total of \$4,175 million in new funds for the program in fiscal 1961. In addition to the mutual security funds, as such, it must be kept in mind that large sums of additional funds will be made available to the mutual security program under Public Law 480, as well as aid given through the numerous other sources.

And the wasteful, lavish spending continues.

Many nations, including some of those which are relatively newly independent, seek to build prestige by constructing huge dams, steel mills, and superhighways before there is need for such grandiose projects. As a result, the International Cooperation Administration, which administers the economic phases of the mutual security program has acceded to far too many requests for such projects; and there have been too many projects begun without proper planning,

determination of need, or benefits to be derived. Entirely too much emphasis has been placed on meeting personal desires of the political leaders of the recipient governments; and too little emphasis has been given to common-sense thought and action.

In too many instances there have been a multiplicity of unjustified projects, and, further, inadequate planning has resulted in the undertaking of many impractical and unsuitable projects in numerous countries. Such conditions have led, of course, to more excessive spending and additional waste of U.S. funds.

Examples in documentation of these charges could be cited by the hundreds, and very many of them—some of which I have already reviewed—are illustrated in detail in the record of the hearings of the subcommittee which I have the honor to serve as chairman.

Yet, while the waste runs rampant, each year there has been further shrinkage in the degree of control exercised over the so-called mutual security program by the Congress, and it follows that progressive loss of control of funds inevitably leads to loss of administrative control. But, despite the fact that the American people are being asked to continue to pour vast sums of money into the program, the presidential request for funds in fiscal 1961 again made no suggestion for strengthening congressional control over the program and expenditure of funds. Nor was any recognition seemingly given to the fact that very many of the projects do not have economic justification, let alone a defense requirement.

The foreign-aid program is administered by an increasingly large number of personnel without noticeable increase in efficiency. This has led to the establishment of an entrenched, self-perpetuating bureaucracy, still growing in size, power, and inefficiency—concerning which the figures speak for themselves. This year, as I have previously pointed out in this discussion, approximately 44,000 personnel are employed in the mutual security program.

Another important factor which should again be brought to attention is the danger inherent in the so-called Development Loan Fund. This Fund continues to be an adjunct of the mutual security program for the making of what are, actually, largely phony loans, rather than undisguised grants. When the Development Loan Fund—which receives most of its repayments in local, or soft, currencies of virtually no use to our own Government—was created, the executive branch sought to give the impression that the making of these so-called loans would result in a reduction of outright grant assistance. But that has not been the case.

Furthermore, testimony in our committee hearings has indicated conclusively that money in the Fund has been earmarked for certain countries without having received from those countries specifications and plans for particular economic projects.

Apart from these unorthodox and inefficient procedures, the Development Loan Fund contributes substantially to

the vast amounts of local, or soft, currencies which the mutual security and other aid programs are generating throughout the world, which is a cause for very real concern. There are certain holdings of local currencies of such size that they could not possibly be spent in the foreseeable future.

In the following few paragraphs, I shall sum up some of the practically innumerable documented shortcomings of the program of economic foreign aid, as administered by the International Cooperation Administration.

First. The absence of adequate advance planning, in the form of firm technical and financial plans and reliable cost estimates, and the failure to reach definitive understandings with the recipient countries on essential project elements, is a condition which has led to overprogramming, piecemeal financing, and premature obligations. It has also frequently resulted in delays in the execution of project aid and in increased costs.

Second. In several countries, the official exchange rates used by the U.S. Government have substantially overvalued the local currencies in relation to the dollar. The use of such rates has unduly increased the dollar cost of U.S. aid, particularly where its principal purpose was the generation of local currency. Also, the use of these unrealistic exchange rates has certainly provided incentives for speculation and irregular practices.

Third. ICA has not had, for several of its programs and activities, adequate information on the use of aid funds, through a satisfactory accounting from the recipient country and its agencies, and through effective end use investigations and field audits by the ICA overseas missions.

Fourth. In individual countries there has been (a) excessive staffing with local nationals, (b) insufficient pooling of common administrative support functions with other U.S. agencies operating in the same foreign countries, (c) dispersal of assistance efforts over too wide an area and too large a number of individual projects, (d) delays in recruitment of qualified technical and administrative personnel and (e) deficient property management.

Now let me summarize some of the military assistance phases of the foreign-aid program.

First. The programing objectives established by the Department of Defense for our allies, expressed in terms of divisions of troops, squadrons of aircraft, and so forth, have not been sufficiently refined to distinguish between those forces which are justifiable on the basis of military roles and missions and those which are equipped and maintained because of political or other considerations. Furthermore, revision of program objectives in line with the force objectives which participant countries themselves have agreed to support and commit for mutual defense purposes has been unduly delayed, and as a consequence substantial quantities of material have been delivered which are, and will be, in excess of the several countries' needs.

In the lack of adequate refinement for program criteria to establish which countries and which military units shall first receive equipment and supplies, items have been programed for high-priority units which could have been filled from excess equipment in the hands of low-priority units.

Second. Estimates have not been developed—and presented to the committees of the Congress—of the aggregate cost of equipping, maintaining, and modernizing allied military forces approved for support or for otherwise achieving U.S. objectives in the countries being supported. Without these data, it is, of course, extremely difficult to relate the annual appropriation request to the current and projected costs of the program in the recipient countries and the overall objectives of our own Nation, and it is equally as difficult to evaluate program accomplishments in relation to plans presented in earlier years.

Third. Lists of items of military equipment and supplies for recipient countries continue to be developed and used to support annual appropriation requests without sufficient knowledge, in many instances, of the real needs of the countries as determined by the gross requirements of the military units, the equipment assets on hand, or of the countries' capabilities to utilize the material planned for delivery.

Fourth. Military equipment continues to be programed, procured, and delivered to recipient countries without adequate regard for the degree of utilization achieved in those countries. Substantial quantities of material have been programed for delivery to recipient countries to be placed in storage, stockpiled, or otherwise not used in the manner intended.

Fifth. Stocks excess to the military services which should be transferred to the military assistance program without charge, stocks which should be transferred at reduced prices because of condition and market value, and other categories of military equipment have been transferred at prices which have resulted in overcharges to the mutual security program military assistance appropriations. The regulations, procedures, and controls have been ineffective in preventing unauthorized reimbursements to the military services.

Sixth. Funds provided by the United States to support the military budget of many countries have not been adequately controlled to insure that the funds are utilized for the purposes for which they were given.

There is abundant documentation in the more than 3,000 printed pages of the record of the hearings of our subcommittee with relation to the conditions which I have summarized.

Mr. Chairman, surely we must come to the understanding, without further delay, that we can no longer afford political extravagance here in Washington—while our country bleeds with a national debt of \$290 billion—which is a greater amount by many billions of dollars than the combined debts of all the other countries of the world.

May I remind that we cannot spend ourselves rich.

We cannot make ourselves secure by giving ourselves away.

We cannot buy friends.

We are told that it is our duty to buy our way of life for countries all over the world. But we cannot, in fact, improve the living standards of most of them by as much as 1 percent, even if we should give away everything we own and treasure.

If we are to win this life-and-death struggle between the United States and Communist Russia, we must think of something else to do other than to spend money—for one reason, even if there were no others, that we are rapidly approaching the time when it is quite possible we shall not have any more money to spend.

I should like to point out also that even if we had no foreign aid spending at all, the United States would be investing—through private industry, charities, and foundations—considerably more abroad than the Soviet Union has been reported to be lending—at a profit—every year.

Mr. Chairman, the waste and the inefficiency of our global foreign aid, only a small part of which I have pointed out to you today, serve as a symbol for growing and uncontrolled extravagance throughout every department and agency of our Federal Establishment.

Foreign aid is now one of the largest items in our Federal budget. Foreign aid expenditures since the end of World War II have cost the American taxpayer, as I previously pointed out, more than \$100 billion, an amount which is equivalent to more than one-third of our staggering national debt. The annual interest alone for this part of our debt is in excess of \$3 billion.

If we do not want to stop the excessive spending for the Nation's taxpayers, surely we owe it to those who will come after us to assure them the same type of advantages and the same type of country that we inherited. We do not have the right to mortgage American babies still in their cribs or generations yet unborn.

With our national debt at \$290 billion, the time has come to cut foreign aid to fit the needs.

I am convinced that we can never hope to hold our own, much less win the cold war, until we, first, stop the spending trend which is leading us toward national insolvency. Not only must our great deficits be reduced, but our staggering national debt must be cut down as well; second, that we stop inflation by practicing prudent economy throughout our Government, just as every individual American could be forced to do if faced with personal distress and possible disaster; third, that we stop the river of waste occasioned by the extravagance and inefficiency of our Government's insistence to perpetuate and enlarge our global aid programs.

I believe sincerely that only if we do these things can we hold our own, and eventually win the cold war.

Mr. TABER. Mr. Chairman, I yield myself 15 minutes.

The CHAIRMAN. The gentleman from New York is recognized.

Mr. TABER. Mr. Chairman, I am going to confine myself largely to items I know will be considered when the bill is read for amendment. I shall not spend too much time on things I feel will not be matters of controversy or matters in which I shall support the committee if amendments are offered. I am going to confine myself largely to the items of military assistance. I believe those items and defense support are the only ones involved in the whole bill that have any justification whatever. Those items I believe they absolutely need for the defense of the United States. I am going to spend my time largely on them because I want to see the United States military situation covered just as well as it can be in these times of stress.

The gentleman from Louisiana referred to a conversation with me about an interview with the President. At the time we were approaching the end of the hearings and the markup. The President had just returned from Europe, and it was impossible to arrange for anything in the days that followed that return. The President had been through a very considerable strain and there are a great many things he has been unable to do that some of us would like to have him do because of that situation.

Frankly, I do not think there is any reason why we should have any such bill as this except where it is needed and where it will do some good in the military situation throughout the world. The military situation, to my mind, is the key of the question. There are all sorts of things involved in connection with that. We have in Taiwan the Chinese situation. If we did not have Taiwan in there and have the things there that we have provided to take care of the threat of Red China, if they did not have an air force and with ammunition, guns, and implements of war, which we supplied them with, we would have trouble to keep the Red Chinese on the mainland from crowding down into Vietnam farther than they have.

We are going to have trouble of that kind, and it is not going to lessen. It will increase, if anything.

The gentleman from Louisiana has indicated that there is a very considerable reduction in the period that he has been chairman of the subcommittee. That is correct.

I am going to read to you from page 2327 of the hearings, the testimony of General Palmer, who is the military man directly in charge of military expenditures under this bill. For a long time he was chief of staff to the Commanding General of NATO. He has come back here with a great fund of experience. I will say for him he had more lucid answers to questions that we have put to him with reference to these particular subjects than any other man who appeared before the committee.

This statement appears on page 2327 as an incident under the heading "Financing Military Assistance":

For a 5-year period, 1955 to 1959, inclusive, the average annual expenditure on the military assistance program was \$2.36 billion.

This rate of expenditure was sustained by an average annual grant of only \$1.37 billion in new obligational authority, the remainder, an average annually of \$1 billion having come each year from unexpended balances of still earlier appropriations.

Seven years ago, on June 30, 1953, these unexpended balances stood at almost \$8.5 billion. By June 30, 1960, they will have shrunk below \$2.1 billion.

Now, it is absolutely necessary that we have a pipeline of these implements of war to keep shipments rolling to those of our allies who are dependent for their military strength in this situation. It is absolutely necessary that we have money enough so that we can keep those things rolling. It takes from 6 months to 18 months for almost all of the material to go through from the time it is ordered to the time it is delivered. Sometimes, when you are dealing with these new missiles and modern equipment for the Armed Forces, it takes longer than that. Now, we must understand these things. We must think of those things and balance them up so that we understand them.

Now let me go back to General Palmer's statement:

The unexpended carryover will have fallen to approximately \$2 billion by June 30, 1960, and the program is also falling. The forecast of expenditure during the current fiscal year, 1960, is \$1,830 million, while it is forecast that the program in fiscal year 1961 will be marked by an expenditure of \$1.79 billion. In these 2 years there is a drastic drop of \$560 million below the rate of the preceding 5 years.

For that reason and because I want to see the situation of the United States and the people of the United States protected, I expect to offer an amendment when the time comes to increase the appropriation for military assistance from \$1.6 billion to \$1.8 billion. I shall do that because of a sincere sense of duty that to me demands that I do this. I shall do this because I believe it is necessary in these troublesome days, days when it is almost impossible to tell what is going to happen from one day to the next and because I want to uphold the hands of the President of the United States while he is over across the water trying to build up and steam up our allies all over the world. I do not think it is the right thing for this House or the Congress to let him down in view of the situation confronting us.

I do not think we have any business slipping up on our responsibilities. I think we must face them.

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

Mr. TABER. I yield.

Mr. ARENDS. The amount of the increase proposed by the gentleman is approximately one-half of the reduction that was made by the committee, is that true?

Mr. TABER. That is exactly correct.

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

Mr. TABER. I yield.

Mr. JUDD. Do I understand correctly that the reason the amount authorized for military assistance in the bill this year is larger than it was last year is because we have been living off the accumulated fat of those years immedi-

ately following the Korean war and the Vietnam war, when we appropriated huge sums of money for this purpose; we have eaten down that balance of \$8 billion in the pipeline to about \$2 billion. So now we have to replenish the pipeline, and that requires more new money.

Does the gentleman give an affirmative answer to that question?

Mr. TABER. Will the gentleman please repeat the question?

Mr. JUDD. Is it not true that we have to appropriate more money this year because we do not have the large pipeline of reserves that was built up in the first part of this decade? And is it not true that last year, when the amount was cut down by \$300 million, we were warned that this year we would have to appropriate more money this year to make up for it?

Mr. TABER. That is correct, except this; that as a result of the drawing down of these unexpended balances which represent the pipeline, that item has shrunk year by year during all that period; and on top of the drawing down of those unexpended balances, there has been a very great reduction in the amount of expenditures and the amount of the delivery of the necessities of war to our allies.

Mr. JUDD. So a larger amount, appropriated this year, does not mean that a larger amount will actually be spent than in other years. It means that we have to appropriate more money this year just to keep the rate of expenditures at a reasonably even level.

Mr. TABER. I did not ask that question, but I expect that the figure of \$1,790 million which General Farmer used to illustrate the amount that would be expended next year was based upon a \$2 billion appropriation of funds in this bill. And with that cut down to \$1.6 billion, that figure would be considerably lower. It could not help but be. I just want to be sure to give the right answer to that question.

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

Mr. TABER. I yield.

Mr. PASSMAN. Is it not true that at this point in our deliberations we already have \$300 million more than we had last year? We gave them then \$1.3 billion, and at this point in the deliberations we are already up to \$1.6 billion.

Mr. TABER. This is an increase over last year, but it is not an increase actually because we have to prevent the dropping down of the balances that we need to maintain the Military Establishment. That is the picture.

Mr. RHODES of Arizona. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield to the gentleman.

Mr. RHODES of Arizona. Is it not also true that when the gentleman from New York submits his amendments, if the amendment is adopted, raising the amount to \$1.8 billion, that would still represent a 10-percent cut from the budget estimate of the administration, which was supported in the committee by practically everybody who came up to testify?

Mr. TABER. That is correct.

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

Mr. TABER. I yield.

Mr. PASSMAN. It was expected they were all going to testify for the request. That was their purpose in appearing.

Mr. TABER. I think that General Farmer told us what he thought was the truth. He is the ablest gentleman I have seen down there representing anybody during the term I have been a member of that subcommittee, and that is from the beginning of the program right straight through to the present time. I believe he came down there prepared to tell us the truth. I think he is that type of gentleman.

Mr. ANDERSEN of Minnesota. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield.

Mr. ANDERSEN of Minnesota. I am in full agreement with the gentleman when he states that the military assistance and defense support is really the heart of this bill insofar as the United States is concerned. This has been my judgment from the very beginning of the foreign-aid program, despite the fact that I have often found it necessary to vote against the bill brought before us because it was too liberal in other respects.

I might add to that the point 4 type of assistance which I have long favored but which, unfortunately in my opinion, has been allowed to languish in favor of direct grants for public works and other purposes.

There is in the world today an urgent need for mutual assistance and mutual cooperation on the part of the nations aligned on the side of freedom, but I personally believe there is a reasonable limit to the amount of dollar assistance the other nations should expect from us. The term "mutual" seems to be ignored in the planning of the proposals submitted to the Congress and most of what we have before us consists of one-way aid from the United States to others.

Recognizing our own immediate interest in the military part of the whole program, and consistent with our desire to maintain a reasonable ceiling on the entire appropriation devoted to mutual security, would it not be possible in the submission of the gentleman's amendment whereby he seeks to add \$200 million to the military assistance item to accomplish that desirable increase by a comparable decrease elsewhere in the bill? In other words, could not this be in the form of a transfer between items and thus avoid increasing the total amount appropriated as recommended by the Committee on Appropriations?

Mr. TABER. The only thing I can say to that is that there are a great many items in the bill which have no strong reason back of them for support as the military assistance has. That is the heart of the proposal, to me.

Mr. ANDERSEN of Minnesota. I am in full agreement with the gentleman on this one point and intend to support his amendment for \$200 million more for military assistance. At the same time, I want it clearly understood that I also intend to support reductions in other

items to keep the entire amount appropriated within the total recommended by the committee.

We must not lose sight of the fact that approval of the \$3,384,500,000 total recommended by the committee will actually make available to the mutual security program on July 1, 1960, an amount \$42,843,250 more than was available in fiscal year 1960. As the committee report shows, \$8,154,365,000 will be available for expenditure in fiscal year 1961 if we hold the line on this bill and that is a tremendous sum of money. Any additions appropriated at this time would simply pyramid the program and the Congress would be faced with requests for just that much more money in succeeding years to keep the program going.

From my years of experience in the Congress and as a member of the Committee on Appropriations, precious few reductions in appropriations originate any place other than at the hands of the Congress. The mutual security program is no exception because I have found that the dedicated public servants administering all of our various governmental programs become convinced as to their necessity and the burden of making reductions almost invariably rests on our shoulders here in the Congress.

Economy is seldom a popular course for us to follow, but those of us who have the courage of our convictions are left no alternative and we must fight to hold the line in this constant battle for fiscal responsibility.

Mr. TABER. There are spots in there that could be cut out, especially such foolishness as they have in that technical assistance, where they rent schools at a cost of \$34,400,000, where they have people taking courses that would make your heart sick to look at them. That is a very conservative statement. That is no exaggeration.

I think that is all I am going to say at this time. There will be a lot of other amendments offered. If there is occasion as they are offered for me to say something, I will be saying it.

Mr. Chairman, I yield such time as he may desire to the gentleman from Illinois [Mr. CHIPERFIELD].

Mr. CHIPERFIELD. Mr. Chairman, I strongly endorse the minority report to this bill when it states that the cuts proposed to the House "indicate a weakening in the determination and leadership of the United States to hold together the nations of the free world at the very time when the Communist bloc is engaged in a major drive to split it apart."

I, therefore, will support amendments to restore these drastic cuts, at least in part, especially in the military field which I believe is so essential for our own security and that of the free world.

In these last weeks since Premier Khrushchev scuttled the summit conference, the capitals of the free world have experienced a tense expectancy and apprehension as to possible further hostile moves by the Soviet bloc. We wonder where pressure will be exerted next—on exposed Berlin, along the uneasy truce lines in the Far East, or elsewhere along the periphery of the bloc. One conclu-

sion at least seems justified as a result of the summit breakdown, that the United States and its allies are in for a prolonged period of stress, confronted by the full range of possible bloc moves from propaganda to military action. Never short of war itself, have there been such demands on the United States in its role as leader of the free world.

The spotlight is on this Government, and particularly this Congress, to test our strength and earnestness in the face of these increased, even awesome, cold war responsibilities. One of these responsibilities is helping to bolster the free world's military and economic strength, a responsibility we meet largely through our mutual security program.

Through this program we provide military assistance to some 40 countries, to enable our free world partners to maintain 5 million soldiers, 2,200 combatant ships and 30,000 aircraft. Approximately one-third of the economic assistance we provide is used to sustain these large forces abroad, and the remainder comprises loans, technical assistance and grants to underdeveloped countries. This aid for development frequently means the difference between economic stagnation and economic progress for hundreds of millions of people throughout the free world.

President Eisenhower has told us that America's security, and the common defense of the entire free world, depend in a substantial measure on this program of military and economic assistance. Vice President Nixon, the Secretaries of State and Defense, and all the other key members of the executive branch fully support this view. Defense Secretary Gates, for example, recently reaffirmed that military assistance is an essential element in the basic U.S. strategy of collective security. Stressing the mutuality of the defense efforts, he said that only 10 percent of the ground forces that will come under General Norstad's command in time of war are American; in Korea, General Magruder, as the U.N. commander, commands 21 divisions on the line, only 2 of which are American. Moreover, the Joint Chiefs of Staff have stated that they would not want one dollar added to the defense budget for 1961 if that dollar had to come out of the recommended budget for military assistance.

Support for the mutual security program has been, and remains, substantial. Support for the program is bipartisan—both Presidents Eisenhower and Truman have repeatedly urged its continuance, congressional leaders on both sides of the aisle have voted for it year after year, Mr. Nixon and every Democratic candidate for the presidency has endorsed it, and the national party platforms to be adopted next month will certainly approve the program once again.

Public support is widespread. Spokesmen for the United States Chamber of Commerce, the AFL-CIO, and many veterans, civic, church, and other organizations have repeatedly testified on behalf of the program. Opinion leaders in these organizations, in business, in the press, and elsewhere have consistently spoken out for the aid program.

Despite this wide understanding of the need for the mutual security program, there are those who favor major reductions in it. As reported by the Appropriations Committee, the bill which we are to vote on calls for cuts totaling \$790.5 million below the amount the President requested for operations of the program in fiscal year 1961. But the President has warned us that such heavy cuts in the mutual security program would mean "a crushing defeat in today's struggle between communistic imperialism and a freedom founded in faith and justice" and "within a matter of months new international tensions and new international problems of the utmost gravity for every one of our citizens."

Now, as the President carries America's message of hope for peace through freedom to the Far East, the Congress must not let him down. By our action on this bill we will once again demonstrate, both to our friends and to our enemies, the strength of our purpose in pursuing our and the free world's security effort.

Mr. TABER. Mr. Chairman, I yield 20 minutes to the gentleman from Michigan [Mr. FORD].

Mr. FORD. Mr. Chairman, I, along with the gentleman from New York and the gentleman from Arizona [Mr. RHODES], and the gentleman from Massachusetts [Mr. CONTEL], signed the minority report. As the report indicates, we strongly believe that in two areas the majority made reductions which will have a serious adverse impact on the military assistance and defense support parts of the program. The distinguished gentleman from New York [Mr. TABER] has outlined in several instances a point or two that I would like to reemphasize. It seems to me the best way to analyze the need and the necessity for at least a \$1,800 million appropriation in military assistance is to look at the unexpended balances that have been available over the past few years; the annual appropriations that were made available, and the expenditures during the same period of time.

This chart here points up rather dramatically why we need in the fiscal year 1961 a larger appropriation for military assistance than we had during the current fiscal year.

The President requested in the fiscal year 1961, \$2 billion for military assistance. The Subcommittee and the Committee on Appropriations have recommended \$1,600 million. This is a \$400 million reduction, or a 20-percent cut.

If you look at this chart, you will see in 1951 the unexpended balance was about \$5¼ billion.

In the fiscal year 1952 and fiscal 1953, you see the unexpended balances raise substantially to a figure over \$8 billion. In the interim it has been gradually reduced so that at the end of the fiscal year 1960, the unexpended balance will be slightly over \$2 billion, which is, in effect, a pipeline of about 15 months under current procurement practices.

If you look at the green line, you will see that the trend in appropriations in military assistance only. It shows in fiscal 1951 the appropriation was slight-

ly over \$5 billion. It raised somewhat in fiscal 1952. It dropped substantially down to slightly over \$1 billion in fiscal 1955, and has followed since that time a relatively stable amount, averaging in the past 5 years \$1.37 billion annually in new obligational authority.

In fiscal 1960 the current fiscal year, the figure was \$1,300 million. This was \$300 million less—I repeat, less than what the President requested for the current fiscal year.

Now, if you will look at the expenditure picture, you will find this to be the case. In fiscal 1951, at the beginning of the program, the expenditures were less than a billion dollars per annum. They rose to about \$4 billion in 1953 and then leveled off in the last 5 or 6 years to the amount of approximately \$2,300 million in each year.

The point, I think, is vividly demonstrated here that we have been living for the past few years off of previously appropriated funds. Our expenditures in the last few years have averaged about \$2,300 million per annum. Our annual appropriations have an average approximately of \$1,350 million. We have been supporting the military assistance program to the extent of about \$1 billion annually for the last 4 or 5 years off of previously appropriated funds.

Frankly, it seems to me, from the testimony I have heard both in our Defense Department hearings and in these hearings is that we are finished living off of previously accumulated funds. The lead time, and I do not believe there is any question about these figures, is about 15 to 18 months for military hardware. If you agree to that, and I doubt if many disagree, then you need a pipeline of about \$2 billion. This bill, reported by the full committee, provides new obligational authority for military assistance to the tune of \$1,600 million.

That figure, if agreed to, will draw down further our pipeline and, in my opinion, have a serious impact on our military assistance program worldwide, including particularly NATO.

The estimated expenditures in the current fiscal year in this program will be \$1,830 million. In fiscal 1961 the anticipated expenditure will be \$1,790 million. So if we make available \$1,800 million in new obligation authority, as the amendment of the gentleman from New York will provide, we will level off into what I think is a sound program.

The chairman today and on previous occasions has made serious charges about overcharges by the three military services to the military assistance program. In effect, he is saying that the Army, the Navy, and the Air Force in the transfer of military hardware to the military assistance program are making a fast buck. Even if those charges are correct—and I do not agree with that—even if those charges are correct, does it make one bit of difference to the U.S. Treasury? Of course, it does not. We pay the bill as taxpayers whether we finance it through our own Defense Department appropriation or through the military assistance program, the program before us today. So even if those charges are accurate, which I dispute,

it does not make a bit of difference to the U.S. Treasury or to the taxpayers.

Now, are these charges accurate? And what difference does it make? In February of this year the General Accounting Office filed a report alleging there were serious overcharges by the Army, Navy, and Air Force to the military assistance program. These charges were predicated upon the field surveys which were made in 1957 and 1958. The allegation is that the overcharges amounted to approximately \$450 million. So far the Army has agreed that only \$45 million of the overcharges are justifiable. They completely and totally deny that any other overcharges exist. The Navy and the Air Force deny completely that they are guilty of any overcharges.

Gen. Williston B. Palmer, who is the military head of the military assistance program, in a statement to the subcommittee found on page 2387 through page 2391 expressed his department's view on the General Accounting Office allegation. General Palmer also volunteered to have technical witnesses from the three departments present the military viewpoint on these alleged overcharges. Those witnesses were not called by the committee, so we have to go by the statement of General Palmer.

It is a very technical field; it involves an interpretation of what the law is and what the regulations are. As I said before, the Army admits overcharges to the extent of \$45 million; they deny the rest. The other two services deny there are any overcharges. But I repeat, from the point of view of the taxpayer, from the point of view of the Treasury Department, it makes no difference whether these allegations are accurate or not, because we either pay the bill through our own Defense Department appropriations or we pay the bill through the military assistance part of this appropriation bill. In my opinion these charges are of no consequence as far as this bill is concerned.

In reality it is a matter which the lawyers of the GAO and the Defense Department can argue over in the future. However, in the meantime let us not jeopardize our military security by slashing this budget request.

The distinguished chairman made the statement during debate today that somewhere between 90 and 95 percent of the equipment in various countries which we have supplied is serviceable today. This was testimony taken a year or two ago before the subcommittee. Apparently it was substantiated in some hearings that the gentleman from Louisiana and the gentleman from Arizona held this spring in Europe. That charge, in my judgment, should be construed as a compliment to the recipient countries that they over the years could accept this material, maintain and keep it serviceable for as long a period as they have.

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

Mr. FORD. I yield to the gentleman from Louisiana.

Mr. PASSMAN. How would the gentleman justify the \$100 million in material shipped to X country which they requested should be held up? It is over there now awaiting redistribution.

Mr. FORD. I believe the gentleman is referring to alleged changes in force structure that were contemplated but at the time of shipment of equipment had not been effectuated.

NATO did set up certain force standards. There was some discussion of possible readjustment. In the meantime the equipment was shipped. I think the facts are that 97 percent was delivered before the force goals were actually reduced. But that is not on the point I was discussing at all at the time I yielded to the chairman.

The fact that a military organization has 95 percent of its equipment serviceable does not really refer to its competence in the military field to fight a war over a period of time. We do not fight a war—never have—simply with the military equipment that we have on hand in the field. We really rely on what we have on hand and the mobilization reserves. The mobilization reserves in our own Army, Navy, and Air Force is many times what we have with troops in the field and thank goodness that is true, because if you are called upon to engage in a shooting war you use what you have first but you call upon your mobilization reserves to continue the fighting. So the charge made by the chairman I do not think has any validity. His allegation that they have 90 percent plus of the equipment which we have supplied as serviceable does not prove a single thing as to their capability to fight a sustained war. This equipment which we are going to provide with the funds made available here will help to build up their mobilization reserves, it will help to maintain their existing forces, and it will provide for force improvement which is highly essential to the security of the United States and the free world.

The distinguished chairman has discussed the fact that certain countries received more than they were able to digest, so to speak. He alleges that about \$450 million worth of this material over the years had to be or should be redistributed. It is true some of our military equipment which we have made available to allies after a period of time has become surplus to that country and, therefore, should have been and will be redistributed to other friendly allies. It seems to me that the actual redistribution of military equipment in this way is the best proof of good management.

For example, 5 years ago we gave country X certain equipment. As that country improved its military posture it was found that the country needed new and more modern equipment. Should we leave that old and obsolete equipment in country X in storage, equipment that is out of date, equipment that that country cannot effectively utilize? Should we not take that kind of equipment and transfer it to another country that has a current need for that hardware? That redistribution makes sense to me. I think that is proof of good military management. You redistribute your equipment so that all recipient countries get the best use from it. The country that can absorb and use the most modern equipment should get that, and other countries should receive that equipment which they can best utilize. And, this

process of redistribution simply carries out good management practices.

Now, Mr. Chairman, let me point one or two additional points. As I indicated earlier, the President asked for \$2 billion in military assistance. The subcommittee and the full committee has recommended a cut of \$400 million, a 20-percent reduction. What will this do to the program as submitted by the President? Four hundred and ninety-five million dollars of the \$2 billion requested is for substantially fixed costs, such as infrastructure, headquarters, and administrative expenses. Twenty-five million dollars is for credit sales. Six hundred and fifteen million dollars is to maintain our allied forces at current levels. Now, to cut this request, in the opinion of the Defense Department and the President, means that we would lose ground that we have already made to maintain the forces of our allies at the required levels for their security and for ours. Now, this means that if this cut is sustained, the \$865 million requested for force improvement, that is, the money that is requested to bolster up and make more modern our forces, would have to absorb about 80 percent of the cut submitted to you by the committee. It seems to me that this substantial reduction imposed on force improvement is much too great. I believe that the amendment to be offered by the gentleman from New York would be substantially helpful in reducing this adverse impact.

Now, the charge is often made that we are substantially paying for the maintenance of the military forces in NATO and in other areas of the free world. Let me point out that in 1953 the United States actually paid about 28 percent of the cost of maintaining the defense forces of NATO countries. Today, 7 years later, the United States, if this program is carried out, will pay approximately 8 percent of that cost. So, in an interval of 7 years our relative share of the contribution has gone down substantially, from 28 percent to 8 percent.

The charge is likewise frequently made that some of these countries are really cutting back rather than increasing their military expenditures. That is not true in NATO. For example, West German defense expenditures rose from \$1.6 billion in 1958 to \$2.7 billion in 1959. Great Britain is instituting a 7.6 percent increase for next year in their defense expenditure. Italy has a 4 percent annual increase in effect. The Netherlands is planning a substantial increase. European NATO countries as a whole spent \$13.6 billion in defense in fiscal 1959, a 1-year increase of 11 percent over the \$12.2 billion in 1958. The total for fiscal 1961 is now placed at \$14.2 billion, again a sizable increase in their expenditures for their security and the security of the free world.

In conclusion I would like to say simply this. It has been said not once but many times that our top military leaders would not subscribe to a reduction in the military assistance program in order to bolster our own military expenditure. It is the opinion of the Joint Chiefs of Staff that the money we spend

on this program gets for us and the free world the biggest return.

Consequently General Twining, Chairman of the Joint Chiefs, General Lemnitzer of the Army, General White of the Air Force, Admiral Burke of the Navy subscribe without hesitation or qualification to the figure recommended by the President for military assistance. I refer now to a release dated June 15 from the Secretary of Defense, Mr. Gates. He says:

The Joint Chiefs of Staff all stated that they would not take one dollar away from the military assistance program in order to augment the funds for their own services. Military assistance is just as much a part of our own national defense as are the appropriations for the Army, the Navy, the Air Force, Central Intelligence Agency, and the Atomic Energy Commission.

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

Mr. FORD. I yield to the gentleman.

Mrs. KELLY. I should like to try to clarify, if possible, the matter raised by my colleague from New Hampshire, Mr. MERROW, in a question to the chairman of the subcommittee. In speaking of the unexpended balance available, there was reference to \$8.1 billion. However, I would like to emphasize—and it is in the report—that there is an unobligated balance of \$52,514,000; is that correct?

Mr. FORD. That is an estimate of the unobligated balances at the end of this current fiscal year.

Mrs. KELLY. If you add that to the new money, then I think the Members of the House ought to know that that would be about \$3.4 billion available for obligation.

Mr. FORD. For new obligation in fiscal 1961.

Mrs. KELLY. And not \$8.1 billion as some might interpret it.

Mr. FORD. The gentleman from New York is correct. The difference between \$3.4 billion in new money as recommended by this bill and \$8.2 billion is a sum that is already obligated, already committed to specific programs and policies; orders on the books, so to speak.

Mrs. KELLY. With the exception of the \$52 million. Therefore, in considering this bill we should look to \$3.4 billion and not \$8.1 billion.

Mr. FORD. The gentleman from New York is precisely correct.

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

Mr. FORD. I yield to the gentleman from New York.

Mr. LINDSAY. I should like to commend the gentleman on his statement. I was particularly interested in his comment that the Joint Chiefs of Staff and the President had recommended even a higher figure than is urged by the minority. Is it not true that this is the minimum figure which they say will do the job, stripped down to the barest essentials?

Mr. FORD. The Joint Chiefs of Staff actually support the \$2 billion requested by the President. However I firmly believe they endorse the views of the minority as expressed in the amendment

the gentleman from New York [Mr. TABER] will offer. We are trying to recoup all but \$200 million of that amount requested by the President.

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

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

Mr. YATES. As the gentleman knows, I supported him and the gentleman from New York in the committee. The gentleman has stated the military assistance program is a part of the program of the defense of the United States. In the event this cut stands or there is a larger cut, will not the Armed Forces of the United States have to be increased?

Mr. FORD. I believe we will have to increase our own military appropriation to a substantially larger degree, because it costs much more to do it that way than this way.

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

Mr. FORD. I yield to the gentleman from New York.

Mrs. KELLY. I believe the gentleman may have stated this in his argument on this bill, but I should like to ask it in this way: Any reduction in the military assistance program would fall most heavily on NATO and that area; is that correct?

Mr. FORD. I believe that is correct, because that is where your principal force improvement expenditure will materialize.

Mrs. KELLY. That is the modernization, and so forth, of NATO?

Mr. FORD. That is my understanding. That is where the missiles and the remainder of the equipment in that category will fall.

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

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

Mr. GARY. When the gentleman says we have \$2,044 million unexpended as of June 30, 1960, that is not available for new obligation, it is available for expenditures in fiscal year 1961, and as those expenditures are made the materiel which they purchase and the programs for which they are intended will be financed to that extent during 1961. Is not that correct?

Mr. FORD. Those obligations have already been made out of appropriations we made in previous years.

Mr. GARY. But the materiel has not been delivered. It will be delivered in the next fiscal year, as that money is expended during the next fiscal year for the materiel delivered during that year?

Mr. FORD. That is correct. That is for the delivery of hardware which is in the pipeline, this pipeline of 15 to 18 months. The money we put up for fiscal 1961 will be to maintain that pipeline for the following 15 to 18 months.

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

Mr. FORD. I yield to the gentleman from New Hampshire.

Mr. MERROW. I commend the gentleman on the fine presentation he has been making. He has referred to the Joint Chiefs of Staff and others who

have recommended this program. Those were the experts to whom I referred a few moments ago.

Mr. FORD. I thank the gentleman.

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

Mr. FORD. I yield to the gentleman from Minnesota.

Mr. JUDD. I merely wanted to point out that we could probably cut out the whole military program assistance appropriation in this bill and the deliveries would still go on, but where would we be next year? One reason we have to provide more this year is because of the unwise cut of \$300 million below the authorized amount last year. We now have to appropriate an additional amount to make up for the failure to put into the pipeline the necessary amount to keep the deliveries rolling. Is not that correct?

Mr. FORD. That is correct.

I should like to make one statement before ending my remarks. The Secretary of Defense said in this release, dated June 15, 1960:

In spending military assistance funds, it is necessary first to maintain existing allied forces in good working order and conserve the investment already made. Therefore the proposed reduction must come from cutting down on force improvement, that is, postponing indefinitely the newer weapons. Eighty percent of any cut below the budget request must be absorbed in equipment for force improvement, which includes missiles, electronic equipment, modern aircraft and ships, modernized tanks and combat vehicles, and the like.

I subscribe to the views of the minority which more nearly reflect the recommendations of the President and hope appropriate amendments are approved by the House of Representatives.

Mr. PASSMAN. Mr. Chairman, I yield myself such time as I may require to clear up some misunderstanding.

We want you to consider this matter upon the basis of facts, and nothing else. You know that much of the information that comes down here, especially if it is of such nature as to be helpful to the subcommittee, is classified. I mentioned earlier about a certain nation where it had been suggested that we discontinue shipping materiel. You will find something of that situation on page 2269 of the hearings. And I say further, without fear of successful contradiction, because this letter is dated March 1, 1960, that notwithstanding the fact the military had been informed prior to the completion of the shipment, that the shipping continued to such a point that there is now in excess of \$100 million worth of new equipment that has been shipped into that nation.

Again, I invite your attention to the fact that so great has been the dumping of surplus equipment on nations, including material such as modern electronic items and other equipment to five nations alone, that there is probably \$2 billion worth of equipment that has been dumped on these nations that they cannot use. Let us face up to it. If you want to see secret testimony—if you want to see secret letters, come over to this side. I am going to make them

available. I know that you are all cleared for security. I am not going to be placed at such a disadvantage when I know that this is a strawman being set up. I want to go a little further.

This is not PASSMAN's idea. I have discussed this matter with the distinguished chairman of the great Committee on Armed Services of the other body. I met with him at NATO headquarters in Paris. I talked with him at length. Then, only a day or two ago, he said to me, in effect, "I want you to know, and you may quote me on the floor of the House, I am convinced that this program is adequately financed with what you are recommending."

I went to practically every great military leader on this side of the aisle. They are supporting this recommendation. This is not PASSMAN's idea.

The total amount of advanced weapons in this bill, such as airplanes, electronics, missiles, and so on, is only \$611 million. Some of it will not be used until 1961 or maybe 1962 or 1963, because we are facing programs where we have not even signed the agreements with the countries on a matching basis formula. So let us keep this in context. I will be very happy for you to see the secret—the so-called secret—it is stamped "Secret" and I will respect it, of course—but read page 2269 of the hearings. Then come over here and read this secret material. Let me say that instead of a reduction of 20 percent you actually have an increase of 23 percent over what we appropriated last year for the military. I have some more information that I am going to submit when we reach the amendment stage in these proceedings. I am sure you know that the majority of the committee has judged soundly and is on safe ground.

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

Mr. PASSMAN. I yield to the gentleman from New York.

Mr. TABER. I wonder, should the gentleman be playing fair with the House in not reading this material to which he refers so we may know what there is to it? If there is anything there that ought to be read, he ought to read it now.

Mr. PASSMAN. It is a secret document. I cannot read it and the gentleman from New York knows that. This is a secret document and you are welcome to come over here and read it.

Mr. TABER. Mr. Chairman, I yield such time as he may require to the gentleman from New York [Mr. HALPERN].

Mr. HALPERN. Mr. Chairman, we have before us at this time the all-important, vital mutual security appropriations bill for fiscal 1961, H.R. 12619. Once more we are faced with what tragically has become something of a numbers game.

Each year we seem to go through the same procedure of emphasizing funds available for expenditure in the coming fiscal year while ignoring or shunting aside the far more important factor of new funds to maintain the program at a level adequate for the defense of the free world and adequate to help new, young nations help themselves within

the accepted norms of independence and self-determination.

Mr. Chairman, each year we seem intent on approaching the bill with our eyes on the ground, searching for shortcomings with which to whip the program into reduced form, instead of lifting our gaze to the long-term policies and challenges that will be determinative of our fate in the years ahead. To publicize high expenses for maintaining technicians in Iran is essential and constitutes an integral part of our duty as legislators, but to stop there is catastrophic. To do so is to fail to appreciate fully the tremendous successes of the program and the necessity for its continuation on a high plane.

Nothing could illustrate this better than an article in the March 1959 issue of the National Geographic magazine entitled "Life Under Shell Fire in Quemoy":

The important thing is—

The author states—

that people are eating more and living better.

It is satisfying to an American to know that our foreign-aid dollars have been responsible for this. But what, I wondered would happen now that Quemoy was under fire. Would the program be wasted?

"Wasted? Certainly not," insisted Mr. Hsu. "Look at it this way. If a weak man receives a blow in the face, he may collapse. A strong man can take the same blow and stay on his feet. The strength this program has given the Quemoy farmer in the past 6 years has made it possible for him to survive."

Instead of discussing policy—because that is what we are actually formulating in appropriating for the mutual security program—in addition to considering the expenditure of funds, we tend to concentrate on the latter to the detriment of the former.

Opportunities slip by that can never be retrieved. We ignore the pleas of the President, decide that a halfhearted effort against the grim and total Communist threat will be sufficient, and hamstring the execution of the program by insisting upon more and more inflexible commands in the bill.

Somewhere in the process vision is lost and the chances for our expectations for the future to materialize, are reduced.

The committee report points out that there will be available for expenditure in fiscal 1961, \$8,154,365,000. The inference is that we can thereby reduce the amount of new funds to be provided for the program.

Shunted aside, regrettably, is the obvious fact that far more than half of that total is already obligated for projects planned a year or 2 years ago. These projects cannot carry the program forward in 1962 nor meet coming contingencies. Only the moneys we appropriate now can do that, and if we slash them unmercifully we endanger not only the future of the program but the entire free world.

I want to commend the Members who signed the minority report in which is set forth with clarity the consequences of drastic cuts in the military assistance

and defense support aspects of the program.

When it has been estimated by experts that we need to appropriate about \$2 billion a year to satisfactorily maintain the military assistance program, it is a serious matter that the bill provides for the appropriation of \$1.6 billion. It is difficult to comprehend just exactly what we are saving when we so cut the military assistance program as to imperil the improvement of our allied forces overseas, an improvement deemed necessary by our defense authorities.

The same criticism is applicable to the provision for the Development Loan Fund. Apparently oblivious to the necessary administrative procedures of committing funds prior to their final obligation, the report declares that some \$298,850,000 of these so-called committed funds are available for expenditure in fiscal 1961, and therefore, it is inferred, we can reduce the appropriation of new funds to \$550 million. As in the case of military assistance, the real factors of long production lead time and careful prior planning which tend to make necessary the existence of sizable amounts of obligated or committed funds, are unfortunately not even discussed.

Mr. Chairman, the President has asked for \$4,175 million in new funds to continue the program at a level deemed adequate for free world defense and development. Authorization bills have reduced this to \$4,086,300,000. H.R. 12619 reduces the amount available by another \$700 million. Most of the cut will come from military assistance, defense support, and the Development Loan Fund. Our foreign policy advisers have requested figures in these categories substantially higher than those provided in the bill. I believe this House should carefully weigh the consequences of ratifying these reductions, and should make every effort to restore the program to the authorized amounts.

Equally distressing as the monetary cuts are the restrictions placed on the use of funds for several important programs, particularly the Indus Basin development program, loans to small farmers, the special program for tropical Africa, and the Puerto Rican Hemispheric Center for Cultural and Technical Interchange.

Not only have we pledged ourselves to contribute to the Indus Basin project, but our failure to provide funds endangers its whole development. The long years of patient negotiation to create agreement on the development of a fertile bread basket out of the Indus deserts will have been for naught. U.S. participation, which would involve, over a 10-year period, the provision of \$177 million of grant assistance and \$103 million in loan assistance, plus some local currencies, is a prerequisite to the success of this program. The development of the agricultural potentialities of the basin is important not only for India and Pakistan but to the entire free world, since increase of yield in the area will strengthen the two nations and thus benefit the rest of the free countries as well.

The small farmer program is one of high vision designed to enable cooperatives to acquire equipment essential to the cultivation of large acreages which in time will help solve the most basic problem of most underdeveloped nations, provision of an adequate food supply.

The prohibition on the use of funds for the construction of buildings under the tropical Africa program immediately interdicts the raising of small schools and medical structures, two of the most serious needs in these countries.

The elimination of funds for the Puerto Rican Center is to drastically hinder one of the most useful ways of promoting technical skill and knowledge in the Latin America area. The contributions that Puerto Rico has made in the past in teaching skills and processes to our neighbors to the south have been invaluable. Now this admirable program is to receive no boost from us. One of the objectives of President Eisenhower's tour of Latin America in the late winter will be jeopardized.

I do not believe that these prohibitions, these policy determinations, can redound to the benefit of the United States. Instead, I fear that we are once again letting opportunities slip away that in the long run can mean the difference between success and failure in our demanding struggle with communism.

Expert after expert has testified that the intensity of the struggle will increase in Asia, Africa, and Latin America. The elimination of these programs will only cripple our efforts in the very areas where we should be dramatically increasing them.

Mr. Chairman, I hope that efforts will be made to restore much of the funds that have been cut by this bill. Statesmanship and concern for the future of our Nation and of the free world dictate that this is the only wise course. This does not mean that misfeasance is to be condoned. We must continue to root out such situations wherever they occur. It does mean, however, that our approach to the program should not be governed almost entirely by our reaction to these isolated occurrences. We have too much at stake. The Communist challenge to our civilization is too ominous.

Mr. TABER. Mr. Chairman, I yield 8 minutes to the gentleman from New York [Mr. DOOLEY].

Mr. DOOLEY. Mr. Chairman, I am not a member of this distinguished committee and I feel rather reluctant to speak on this bill. I have the most profound respect for the distinguished gentleman from Louisiana, as well as for the ranking Republican member on the committee, the gentleman from New York [Mr. TABER]. However, the circumstances surrounding the mutual security program remind me of a situation which developed a short time ago. It happened 2 years ago in California. The coach of a great team out there had lost six games in a row. The gentleman from New York asked him one day what had happened to his team, that it could not seem to win. He said: "Well, the boys have a mental block when they get down to the 10-yard line. When they get

down to the 10-yard line, they disintegrate, lose their sense of rhythm and attack." He seemed to emphasize that the 10-yard line, was a psychological barrier or mental hazard. So the gentleman from New York said: "Well, that happens to a lot of teams when they get to the 10-yard line." He said: "I am talking about my own 10-yard line, not the opposition 10-yard line."

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

Mr. DOOLEY. I yield.

Mr. CANFIELD. I think the gentleman now addressing the House can qualify as an expert on the 10-yard line. In yesteryear he was Dartmouth's all-American quarterback. Football history shows he was a great scorer, and I believe he still holds an intercollegiate record for forward passes.

Mr. DOOLEY. I thank the gentleman from New Jersey. This was not prearranged, I assure you, Mr. Chairman.

Mr. Chairman, I rise in support of this most important appropriations measure. I deplore the decrease by the Appropriations Committee in the amount requested originally. If ever there was need of a mutual security program—and certainly there has been much need—it is now, now, when our posture in world affairs is critical, and the future status of a number of our allies stands in doubt.

Ever since the U-2 incident splashed itself in headlines across the country, and brought about a volley of vindictive threats from Khrushchev, Americans by and large have been more eager to see our mutual security program implemented effectively. They know, as we know, that without the supplemental support guaranteed to a host of Nations who participate in the program, we would resemble a solitary yet gallant soldier, standing alone in a field of despair.

We do not have to apologize for our military assistance program, for which the bill authorizes almost \$1½ billion for carrying it forward.

In addition to the parts of the program included in the authorization, the Executive requested a total appropriation of \$2,720 million against authorizations already in effect, of which \$2 billion is for military assistance and \$700 million for the Development Loan Fund.

We need not defend such a vast expenditure on the basis of generosity, morality, altruism, or responsible leadership in the free-world bloc. Rather can we say that stark reality and objective self-interest dictates that this is a major device to counter the threats of communism.

Because of our mutual security program, it is an established fact that in the event of hostilities only 10 percent of the ground forces that would come under the NATO leaders command would be American troops.

In the volatile Far East, the commander of the allied forces would have to rely largely on non-Americans, to sustain and maintain his forward strategy, in time of war.

Only a small force of U.S. soldiers, sailors, airmen, and marines form a nucleus of an allied force of almost 2 mil-

lion men, which in the event of war would provide a deterrent band of resistance in the Pacific area, rather than on our own western coast.

Of the 21 operational divisions in Korea, only 2 are made up of Americans. In Spain, there is a close relationship to assure the maintenance of a retaliatory force.

There is no doubt in the mind of anyone who has given even a cursory examination to all segments of the mutual security program that there has been great and unpardonable waste in certain areas, particularly in the field of economic assistance. All too often in the past administrators of the mutual security program have overestimated the capacity of less developed countries to absorb and assimilate our opulent assistance. Then, too, projects have sometimes been initiated for which the United States was not in a position to give intelligent and pragmatic guidance and supervision.

However, it is generally believed by most knowledgeable adherents of the program that our national security and future peace depend in large part on improving the means by which this complex undertaking can be made to work more effectively, rather than to curtail drastically the aims and scope of the program.

One of the chief drawbacks has been the fact that some of the governments receiving military and economic assistance lack previous experience in administrative and technical fields, have little aptitude for mechanical contrivances and modern accounting methods, and sometimes their ethical standards are widely at variance with our own.

In such a program, well-conceived efforts are sometimes thrown into complete confusion by directives from Washington which show no understanding of the complexity of the problem on the local scene. In other words, we must realize that regardless of how painful it may be to our sense of economy there may be cases where there is waste despite all efforts to be meticulous in regulating and supervising expenditures.

Where are these so-called underdeveloped countries? They are Cambodia, Taiwan — Nationalist China — Greece, Iran, Korea, Laos, Pakistan, the Philippines, Spain, Thailand, Turkey, and Vietnam.

No less than 11 of these 12 are in the periphery of the Soviet bloc, and the twelfth is within easy striking range. Superior Communist forces are on the borders of Korea, Taiwan, and Vietnam. Yet, combined, these countries maintain forces of 1 million men. Bilateral treaties exist between the United States and the three countries I just mentioned.

Speaking of those nations we call underprivileged—there is one close to our national threshold that should be receiving aid from us, and if it does not it will surely fall prey to the blandishments of communism. That country is Haiti, and it is teetering on the verge of fiscal chaos and national panic. With Cuba lost to the western orbit, Haiti has increased political significance to us,

and if we see it lost it will indeed be a tragic occurrence.

Let me say that the military assistance program is a vital and integral part of our defense. The four Chiefs of Staff make their strategic plans so that we can depend upon effective allied contributions generated by our military assistance program.

The assistance engendered by this program costs us far less than any alternative means of strengthening our defense in equal measure. Some reasons why this is possible are: It costs less to maintain allied forces than American forces. The cost of living in some of our allied countries is only one-tenth of what it is in the United States.

To those who feel we could afford a cut down on our military aid program, let me remind them that within our memory—within the memory of all of us, Russia has absorbed into its boundaries Latvia, Lithuania, Albania, Yugoslavia, Czechoslovakia, and a host of less noteworthy national entities.

Certainly now is not the time to weaken our assistance to our allies—to peoples who, proximate as they are to the Soviets, nevertheless stand up gallantly for their own sovereign rights. Turkey, under the guns of Russia and torn with internal strife, has not wavered in its allegiance to the Western World. Taiwan remains a bulwark of strength close to the shore of Communist China. Spain, regardless of what we might think of its form of government,

is the most powerful deterrent force to Russian aggression in Europe today.

The whole trend of current events calls for a continuance of a maximum mutual security program—more so than ever. We cannot at this critical time withdraw the shield of protection for assistance to our allies.

As the well-known majority leader of the Senate said recently—America's one hope of victory lies in standing together with our allies.

Mr. PASSMAN. Mr. Chairman, I yield 10 minutes to the gentleman from Kentucky [Mr. NATCHER].

Mr. NATCHER. Mr. Chairman, I believe that the free world must remain defensively strong if we are to continue to keep the peace.

I know that following World War II some of the leading nations in the world were facing economic collapse. At that time, property damage amounted to billions of dollars and millions of people had lost their lives. The Marshall plan saved our friends in Western Europe.

For nearly 15 years, we carried the mutual security program burden alone. During this period, we appropriated and expended over \$80 billion.

The bill before us today provides for \$3,384,500,000, for mutual security appropriations for the fiscal year 1961. In addition, an estimated \$52,514,000, in unobligated funds as of June 30, 1960, is reappropriated. The major items in this bill and our recommendations are as follows:

Item	Estimates	Recommended	Bill compared to estimates
Military assistance.....	\$2,000,000,000	\$1,600,000,000	-\$400,000,000
Defense support.....	424,000,000	600,000,000	+\$176,000,000
Technical cooperation.....	206,500,000	184,500,000	-\$22,000,000
Special assistance.....	268,500,000	206,000,000	-\$62,500,000
Other programs.....	101,000,000	94,000,000	-\$7,000,000
Contingency fund.....	175,000,000	150,000,000	-\$25,000,000
Development Loan Fund.....	700,000,000	550,000,000	-\$150,000,000
Total.....	4,175,000,000	3,384,500,000	-\$790,500,000

Mr. Chairman, the amount recommended in this bill is fully adequate for the mutual security program for fiscal year 1961.

At the present time, we still have the economic power to win the cold war, but certain changes in our aid and trade programs must take place. Our fiscal integrity must be maintained and we should not jeopardize our economy.

Western Europe is prospering and it is back on its feet. It is busy setting up the Common Market countries' agreement and the Outer Seven trade bloc. Of course, this is right unusual treatment to receive from those who have received so much from us since the close of the war.

Beginning with the Marshall plan, it was to our interest to encourage foreign aid recipients to buy from countries other than our country. We sanctioned restrictions of imports on our own merchandise. We made every possible move to get our friends back on their feet.

Today the situation has changed. Instead of being the recipient of a surplus of balance-of-trade payments, the reverse is true.

Foreign trade is a part of our foreign policy, and certainly the time has arrived when we must talk quite frankly to our friends. With \$19.5 billion in gold in this country, we have outstanding claims abroad against our gold amounting to approximately \$9 billion. Certain individuals and foreign corporations also hold some 7 billion of our dollars. It requires \$12 billion in gold to support the outstanding Federal Reserve notes and deposits in Federal Reserve banks in our country. If the foreign holders of claims demanded their gold, it would simply mean that we would have insufficient gold to back up our Federal Reserve notes and deposits in the Federal Reserve System.

Even though our exports exceed our imports in value, our export of dollars through mutual security, military aid, economic aid, and loans is such that we are permitting a loss in gold credits which has reached the danger point.

Development of nuclear weapons has brought us to the point where warfare can hardly bring victory. Our future course of action must meet present-day requirements. We are living in an age

which requires us to compete for men's minds and hearts.

Accepting the philosophy that our foreign aid program is an investment in strength and democracy still does not mean that the waste in this program should continue.

We know full well that millions of dollars have been squandered in the mutual security program, and in a number of instances our foreign aid dollars have not been used for the purposes for which they were given.

During our hearing, several matters were developed in detail which should now be receiving the attention of the Inspector General and Comptroller.

It was established that a nonprofit institution known as the Governmental Affairs Institute entered into a contract with the ICA on February 12, 1957. This contract was to expire on June 30, 1960. The total amount involved was \$1,113,000, and the Governmental Affairs Institute was to advise and guide the plan of organization in Iran using 12 management specialists in various fields. This contract involved technical cooperation and the specialists were to be used in organization, personnel administration, accounting, auditing, budgeting, statistics, and general reports. Beginning on page 1131 of part I of the hearings and continuing through 1206, you will find this sad story.

Of the 12 technicians, 9 were former Government employees. Some received salaries of \$18,000 per year, and others were paid by the week and by the day. In one instance, one of the officials of the Governmental Affairs Institute who by the way received a salary of \$10,000 a year, also received some \$6,025 which represented payments at \$100 per day for time spent in Iran and for time spent on this program. Of the total amount involved, \$228,530.43 is for overhead; \$20,758.15 was for transportation of automobiles; \$12,438 was for air freight for excess baggage; \$24,605.41 for transportation of household effects; \$90,909.85 was for travel of technicians; \$20,158.15 was for international travel from here to Iran; \$5,368 was for travel allowance in the United States; \$12,000 was for out-of-pocket expenses; \$39,000 was for a retirement system; insurance premiums totaled \$4,653.04; social security taxes amounted to \$5,958.98; educational allowances totaled \$14,400.51; \$18,191.77 was consumed in travel for the senior committee of this institute; and \$596,235, is for salaries.

A chart appears on page 1169 covering the period from February 12, 1957, through March 31, 1960. During this period, all of the 16 employees of the Governmental Affairs Institute received total base pay amounting to \$408,616.33. One of the technicians received \$32,983.69; another received \$30,083.33; another received \$38,461.75; another received \$58,794.91; another received \$40,992.26; another received \$39,706.24; and so on down the list. You will note that the salaries range from \$5,265 to \$18,000.

On page 1200 you will find a chart which discloses the fact that the vice president, secretary, and acting treasurer of this nonprofit institute receives an annual salary of \$17,000.

The technicians used in the Iran program under this Governmental Affairs Institute contract cost our Government \$28,200 per man each year. Technicians employed by ICA under the technical cooperation program cost the Government approximately \$17,000 per year. The amount provided for under the Governmental Affairs Institute contract as you can see is nearly double.

We must keep in mind that we have passed the point when the noncommunist world is willing or forced to look only to us for economic aid. A number of countries assisted by us in the past now believe that we have a competitor in the Soviet Union. Some are now bargaining with Russia and with our country.

We now have problems in our own backyard.

Today, Russia is attempting to exert more influence in Latin America through trade and propaganda offenses than at any time in the past. We know that the 20 Republics of Latin America comprise an area of almost 8 million square miles and the total population is about 185 million, and Latin America is the fastest growing area in the world. While the rate of industrial progress in Latin America in the past several decades has been phenomenal, the economy of the region as a whole is still essentially agrarian and mineral. Too many countries are still dependent upon one native commodity, such as coffee, sugar, copper, or tin. As a consequence, fluctuations in world markets can raise havoc with national economies.

We know that economic progress is a very important factor in preventing the spread of communism in Latin America, but economic progress is not a cure-all. It will not guarantee peace and democracy. But it can provide jobs for the jobless and land for the landless. It can provide satisfactory outlets for restless intellectuals and it can reduce the tensions within, and the clamor for crusades against those outside. It can replace apathy and disaffection with hope and confidence. This should be the rationale for our foreign-aid program in Latin America.

Mr. Chairman, we must remain strong spiritually, economically, and militarily in order to preserve our freedom and the peace of the world. To justify the appropriation of funds for this particular program, it is imperative that we eliminate all waste and duplication. Total funds available for expenditure in fiscal year 1961 amount to \$8,154,365,000. The unexpended funds total \$4,713,665,000, and this amount together with the new money in this bill, and the reappropriated funds give us the total which I have just mentioned. The amount recommended in this bill is fully adequate for the mutual security program for fiscal year 1961.

Our committee recommends this bill to the Members of the House.

Mr. TABER. Mr. Chairman, I yield 19 minutes to the gentleman from Massachusetts [Mr. CONTE].

Mr. CONTE. Mr. Chairman, before proceeding with some of my objections to the cuts in this bill and the restrictive limitations I should like to discuss

some of the remarks made by my chairman. I would like to quote from his speech on the floor here today:

No one is going to tear my figures down, try as hard as you may.

Mr. Chairman, the gentleman sent to every Member of Congress a fact sheet, "Mutual Security Dollar Funds by Program and Amount," showing the total available for expenditure. Having great respect for my chairman, as I do, I took his word; but I thought I would tabulate these on the adding machine for human error. He has a total here of unexpended funds of \$4,713,665,000.

In tabulating these figures on the adding machine, the total came to \$4,715,565,000.

I further investigated his figures, I became interested and intrigued, and I noticed that on defense support he had an unexpended figure of \$758,601,000. I checked the committee report voted on by the majority of this committee and I found in that report the figure was different. Instead of \$758,601,000 the committee report, which I understand is correct, is \$758,001,000.

I then investigated further, Mr. Chairman, and I found the technical cooperation, bilateral figure in error. In the report that he sent to the Members of Congress he had a figure of \$168,417,000. I then again checked the committee report and the committee had a figure of \$167,617,000.

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

Mr. CONTE. I yield.

Mr. PASSMAN. Those people will change their figures as frequently as the sun rises. All of my figures will stand up to the dollar. If the gentleman does not understand the facts of the matter it is not my fault.

Mr. CONTE. These are the figures he sent around to the Members of Congress. Here is the committee report. These do not come from downtown. Check them, compare the two. Put them on an adding machine.

He mentions the public debt of the United States and says that it is greater than the total debt of all countries we are giving aid to. Let us take his famous cuff-link formula which he used about a hundred times in committee, about the \$36 cuff links he bought in Hong Kong. He stated he could sell them in a jewelry store for \$165 here in the United States, a ratio of 36 to the \$165. However, for the purposes of this analysis, the disparity needs to be flattened out by one-third since only two-thirds of the listed countries are underdeveloped. For general purposes, 25 to 100 or 1 to 4, we find, Mr. Chairman, the total debt of these countries is \$236 billion. Using his formula, the cuff-link formula, times four, comes to \$944 billion compared with \$288 billion of the United States. This is not my formula, this cuff-link formula that we heard so much of in committee.

Mr. Chairman, I rise in support of the amendments that will be put forth here today in the military and defense support fields because I feel that these cuts are of a crippling nature to the pending bill. I am also concerned, Mr. Chairman, with many of the limitations inserted

by this subcommittee on point 4 program.

The chairman can laugh all he wants. He can try to take the prerogative away from the Committee on Foreign Affairs. That is what he is doing here today. There is limitation after limitation here. Only a few weeks ago this Congress endorsed the Indus Basin project in the authorization bill. The chairman says, "I will cut the pins from the Indus Basin project. I will put a limitation in there. They will not be able to spend a plugged nickel." He did that in program after program. He is going to establish the policy of the Nation.

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

Mr. CONTE. I decline to yield to the gentleman from Louisiana.

Mr. Chairman, I support the mutual security program and am in opposition to a number of crippling features of the pending bill. The minority report stresses two of the significant deficiencies of the bill—the unwarranted heavy reductions in the military assistance program and in defense support—unwarranted on the evidence before the committee—unwarranted by the facts of the world situation—and contrary to the firm and convincing judgment of the President, the Joint Chiefs of Staff, and the Secretaries of State and Defense.

I believe the severe reduction in special assistance endangers both short-run security programs and long-range humanitarian and progressive objectives.

I am also convinced that a number of provisions of the pending bill, other than on appropriation amounts, would seriously handicap the United States in the pursuit of our necessary responsible role as a leader in the move toward world peace. Specifically, I oppose the placing of shackles on technical cooperation, the gross delimiting of the contingency fund, the rejection of our necessary part in the solution of the troublesome Indus waters problem, and the illogical narrowing of the special program for tropical Africa.

MILITARY ASSISTANCE

I strongly support the statements by my colleagues from New York and Michigan in regard to the partial restoration of the Military Assistance Acts.

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

Mr. CONTE. I am glad to yield to the gentleman from Virginia.

Mr. GARY. Is it not a fact that practically every one of these limitations was supported by the members of the committee on your side of the aisle?

Mr. CONTE. They certainly were not supported by me.

Mr. GARY. That is not an answer to my question. Were they not supported also by members on your side of the aisle?

Mr. CONTE. Mr. Chairman, I can only speak for myself. I oppose them and I took reservations because I knew I was going to speak on them here today.

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

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

Mr. YATES. I would like the gentleman to know, as he well knows, that I, too, took reservations on the restrictions and I stated specifically before the full committee that I was going to reserve on a number of the restrictions and limitations that were in the bill.

Mr. CONTE. The gentleman from Illinois and I were going to file additional views but, unfortunately, through a technicality, that was ruled out by the chairman.

Mr. PASSMAN. I beg the gentleman's pardon. I was not even consulted relative to such a proposal. What does the gentleman mean when he says that the chairman ruled it out?

Mr. CONTE. I did not say the chairman of the subcommittee. This is the chairman of the full committee.

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

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

Mr. YATES. If I may clarify that point, I think what the gentleman from Massachusetts meant by that was that he made an inquiry as to whether he could file separate views on the report, and it was the ruling of the chairman of the full committee, and not of the subcommittee, as to the filing of these separate views.

Mr. CONTE. Mr. Chairman, I cannot yield further.

In regard to defense support, the committee proposed \$600 million. This is 47 percent below the program just 3 years ago. It is 23 percent below the program of the current year. The Executive has described to us plans for further progressive reduction in the immediate next years for many of the defense support countries. We should all take pleasure in the improvements of the conditions which have permitted these reductions and which promise more reductions in the future. However, make no mistake, Mr. Chairman and Members of the House, it is the improvements in the economic and administrative systems of these nations which makes this possible and not, I repeat, and not because of the aggressive intentions of the Soviet bloc being lessened.

TECHNICAL COOPERATION

In addition to a reduced appropriation, which with authorized carryover will be under the current year's level, this program would be shackled by a restrictive provision in the committee bill. The prohibition against starting technical cooperation projects which are not presented in the Executive's proposed program introduces unworkable rigidity into this bipartisan program.

SPECIAL ASSISTANCE

I also wish to call to the attention of the House the possible harm to our security interest in the serious reduction of \$50 million below the authorization which is proposed for special assistance. I am concerned with the very difficult job which will face the President if he has to live with this reduction which is nearly 25 percent below the request, particularly in view of major requirements of vital security interest which

must be met from special assistance—strategic airbases in Morocco and Libya, support to Jordan without which violence in the Middle East would almost certainly erupt—oil and communications, as well as the threat of world war involvement—maintenance of effective operations in Afghanistan on the Soviet border and recipient of vast Soviet aid.

These four critical programs with the malaria eradication program which the committee report leaves untouched come to 78 percent of the appropriation proposed. These figures cannot be reduced without hazard. Accordingly, the remaining requirements must be subject to very drastic reduction which the President may find impossible. Other proponents have urged the untouchability of other worthy elements of special assistance. The Committee on Foreign Affairs urged maintenance of the programmed figure for the special program for tropical Africa and also in its report recommended a higher level for Israel than was programmed by the Executive. The Senate Committee on Foreign Relations recommended retention in full of the African program and the health and related activities.

Consideration of a reduction of almost 25 percent in this appropriation poses a most difficult dilemma to the House, as it will to the Executive. The dilemma is that of the choice between the long-range good and the short-range imperative. The choice is between military bases and full support to the malaria eradication program, between staving off certain collapse of Jordan and aid to American-sponsored schools abroad, between maintenance of an operating foothold in Soviet-courted Afghanistan and the longer run education task in tropical Africa, between averting probable chaos in Bolivia and Haiti and international medical research.

I do not wish to thrust this type of cruel choice on the President. I recognize the clear and present dangers which dictate much of the special assistance program. I subscribe wholeheartedly to the enduring merits and cumulative values contained in its constructive forward-looking elements such as the malaria program. At the low figure in the committee bill, the long-range will inevitably suffer under the pressure of the immediate and urgent.

CONTINGENCY FUND

Mr. Chairman, I also am disturbed by the limitation on the ability of the President to meet security pressures which may occur—a limitation imposed by the restriction on use of contingency funds. The provision on contingency might preclude speeding up or increasing a vital security program as it is now worded. It states that contingency funds cannot be used for projects or activities for which an estimate has been submitted to Congress.

There have been estimates submitted for modernization of armies of a number of allies; for base construction in key areas, that is, the Philippines; for long-range economic stabilization programs essential to political and military posture, as in Turkey.

Activities of these types have had to be accelerated in the past to confront crises—in the Middle East and in the Far East.

Estimates have been submitted for these programs. I fear that the contingency limitation might be interpreted as limiting the ability of the President to accelerate deliveries, rush construction, or otherwise act rapidly and effectively. Reductions already made in the President's request for other categories will require programing below the estimates. Can we afford to prevent the President from using the contingency fund to restore the reductions? I submit that we cannot so handicap ourselves.

INDUS BASIN DEVELOPMENT

The bill reverses the recent action of both Houses of Congress and prohibits U.S. participation in the multinational plan to assist in the resolution of the Indus waters question, which has plagued two major and friendly nations for some years. I strongly urge that this provision be stricken so that we may join with the other contributing nations to permit India and Pakistan—with nearly a quarter of the world's population—to address themselves even more fully to peaceful, constructive pursuits.

SPECIAL PROGRAM FOR TROPICAL AFRICA

The Executive has presented a strong case for a long-run program to assist the old and the many new, small nations of tropical Africa to begin to train leaders, administrators, engineers, doctors, and other technical personnel. Without these they will not be able to govern themselves or function in world society and would as a direct consequence sink into chaos—subject to infiltration or exploitation by African or other aggressors.

The bill permits this program of vital education and training to move ahead but refuses funds for construction of training institutes or facilities. This is almost like saying "hang your clothes on a hickory limb, but don't go near the water." To my mind this is absurd and dangerous. We must not allow the advantage—temporary I hope—which the Soviet bloc has gained by rapidly moving to build and staff a technical institute in Guinea to be duplicated elsewhere by imposing limitations on ourselves.

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

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

Mr. YATES. Is not the most critical thing that is needed in Africa facilities for the training of administrators, personnel, and so forth?

Mr. CONTE. Yes. We are not going to train them in the burning sun down there. We have to have buildings so that we can train them ably. This is the most ridiculous amendment.

CONCLUSION

These are times which call for confidence, in ourselves, in our friends and in the prospects for our form of society in a peaceful world. In this confident spirit—within our demonstrated great capacity—we must continue prudent mutual defensive programs as well as cooperative, constructive activities. The pending bill—in a number of its recom-

mended amounts and in a number of its restrictive provisions—fails to measure up—confidently—to the tasks of security, peace and progress for the United States and the free world.

I hope this Congress in its wisdom will restore back in part, at least, the money in the military assistance program and in defense program which I will offer in an amendment later on today, and take away some of the shackles that now exist, take away some of this restrictive language which will tie the hands of the Administrator of the mutual security program.

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

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

Mr. GROSS. Can the gentleman give me any idea as to how much in the way of U.S. securities the recipient nations hold? It seems to me I have somewhere seen a figure of approximately \$4.5 billion that the recipient nations of this foreign aid handout program hold in U.S. securities—foreign governments, banks, official institutions, and individuals.

Mr. CONTE. Is that the governments or individual holding the securities?

Mr. GROSS. Both.

Mr. CONTE. I think the gentleman will find that those are certain individuals in these countries who hold American securities.

Mr. GROSS. To the extent of \$4.5 billion, approximately.

Mr. PASSMAN. Mr. Chairman, I yield myself 1 minute so that I may reply briefly to the able and congenial gentleman, my colleague from Massachusetts, Mr. CONTE.

After having served in the House, as I have, for 14 years—12 years on the Appropriations Committee, 8 years on the subcommittee, and 6 years as chairman—maybe the gentleman will come to have a little bit more faith in the committee. Let me say to the gentleman that I am not going to put out any erroneous figures. I stay in touch with the Department, and I hold in my hand a letter dated May 27, 1960, showing that \$79.9 million will accrue to the mutual security program:

Military assistance, mutual security military sales collections, \$40 million; Development Loan Fund, receipts from operations, \$38 million; defense support, \$600,000; bilateral technical cooperation \$800,000; and administrative expenses, ICA, \$500,000; making a total of \$79.9 million.

So, if the gentleman from Massachusetts would like for me to have this letter mimeographed and to send him some copies, I will do so, and he will be in possession of the true facts.

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

Mr. PASSMAN. Mr. Chairman, I yield 13 minutes to the gentleman from Alabama [Mr. ANDREWS].

Mr. ANDREWS. Mr. Chairman and members of the committee, I do not believe that if the members took the report of the Comptroller General—and it is in the hearings—and read it, you would have any fear about harm being done to

the ICA program under the committee bill. As our chairman pointed out, on November 2, 1959, in the Wall Street Journal, we found this story:

The State Department, the overseer of the economic and military aid, is pressing for a larger request, officials disclosed, on the ground that congressional paring may reduce the aid requested to dangerous levels.

Those of you who have been around here for a long time know that it is almost a uniform custom of bureaucrats coming to Congress and asking for more money than they need. And, I think that is exactly what happened in this case.

One of the finest Government officials that I have ever known is a member of your party, an appointee of your President, Mr. Joseph Campbell, the Comptroller General of the United States. He is a dedicated, conscientious public official. He came before our committee last year and said:

If there were less money available, there would be a better job done.

He was speaking of this ICA program. He came back this year on May 16 and again told our committee, and I quote:

I am still of the same opinion that if the program had more competent people in it, with the present amount of money, they could do a better job.

Now, as our chairman pointed out to you, this program over all will have more money in 1961 than in 1960. It is estimated that there will be approximately a \$52 million unobligated balance on July 1.

Now, if you Members would take the time and read the RECORD and find out for yourselves how your tax money is wasted by these people in ICA, I do not think you would have any hesitancy about supporting the subcommittee and the full committee on the amount recommended in this bill. We do not have time to tell you about all the cases of waste, extravagance, and mismanagement. But, we spent 12 weeks checking into this program.

The Comptroller General spent 2 full days with our committee. He said that—

Equipment has been furnished to many countries in excess of their capability to utilize it adequately, due in large part to the lack of trained personnel. For example, in one country, reports from using units indicate that there are only about 40 percent of the needed radio operators and that receipt of newer, more complex equipment would aggravate this problem.

In other words, in one country they had shipped in far more radio equipment than they had personnel to operate the equipment. He said further:

In some countries, aircraft have been delivered in quantities in excess of the number of available qualified pilots. For example, in one country there were about two jet aircraft available for each pilot, including instructors.

He said further:

Our examinations frequently disclose that the program submissions prepared by the MAAG's contain equipment to meet training requirements although like equipment is apparently available from quantities furnished units which are only partially staffed.

For example, 255 tanks were programed for 5 tank battalions having active strengths of only 6 people each, or a total of 30 men for the 255 tanks.

I repeat, this record is literally filled with examples of waste and mismanagement. I am sure you have heard of a very, very plush contract, shall I say, that ICA made with the Johns Hopkins Institute. The total amount involved was but \$80,000, but that is not peanuts, as they say in my country. It is a good example to show what a reckless attitude these people have toward taxpayers' money. They made a contract with Johns Hopkins Institute for a lecture course. And that is what it amounted to; it was not a school in any sense of the word, just a series of lectures. And I will say this for them, they lectured those ICA employees to death. Under the terms of the contract they told us that the school was to operate 5 days a week, 8 hours a day, or 40 hours a week. We investigated and found that they did not have classes in the afternoon except once or twice a week. We sent an investigator down on an afternoon to see how the school was being operated. The program of lectures is set out in the record on page 1027 of volume I and I think you will find the subjects on which they were lectured very, very interesting.

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

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

Mr. GROSS. I went out to this same institution one afternoon about a year and a half ago, walked in, and there was not a wheel turning in the place.

Mr. ANDREWS. It is a little better now. When our staff investigator went there there was one student and one lecturer, however, there was no lecturing going on at the time.

Mr. GROSS. When I was there there was not a wheel turning.

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

Mr. ANDREWS. I yield to the gentleman.

Mr. CAHILL. Will the gentleman explain to me this? I recognize that the gentleman is making a case on the abuses. I am wondering what the committee has done by way of removing from Government service the people who are responsible for these abuses, so that there will be no repetition of them in the future.

Mr. ANDREWS. Unfortunately, this committee has no jurisdiction in that area.

Mr. CAHILL. What recommendations have the committee made?

Mr. ANDREWS. The best way you can stop those abuses is to cut the amount requested, as the committee has done. We do not hire those people, and cannot fire them.

Mr. CAHILL. Has the committee made any specific recommendations in the report or anywhere else as to the responsibility?

Mr. ANDREWS. I think making recommendations to ICA would be like pouring water on a duck's back. They told us they overrode a recommendation we

made in last year's report. They paid no attention to it.

Mr. CAHILL. Does not the gentleman feel that the publication of the names of the people who are responsible for these mistakes might accomplish some good?

Mr. ANDREWS. They are in the record.

Mr. CAHILL. The individuals that are responsible?

Mr. ANDREWS. Yes. You will find in the hearings the name of the man who said he was responsible for making the contract.

Mr. CAHILL. He is still connected with the Government?

Mr. ANDREWS. He is still connected with them.

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

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

Mr. GROSS. If I read the hearing record correctly, we are spending \$100,000 in Israel to teach some of the people of that country how to run banks and lending institutions.

Mr. ANDREWS. I would not say that is a bad program, as bad as some of the others.

Mr. GROSS. I think the people of Israel could teach most of us a lot about banking. They have been in the business a long time. They know how to do it.

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

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

Mr. GARY. There is considerable money in this bill to improve the farming situation in various countries. It seems to me I have heard some rumors of the fact that our own farm situation is not altogether satisfactory. We might start at home in our farm improvements.

Mr. ANDREWS. In conclusion, let me say this. I want to tell you one other thing about the Johns Hopkins Institute contract, just to show you how your money is being spent. They gave the committee a list of lecturers. Bear in mind that all of the students were well-paid employees of ICA. They are on the payroll at a pretty good salary, if I remember correctly, upward of \$8,000 each, some of them \$14,000 and \$15,000. They are men who have been with the program a long time. They were supposed to go to school 8 hours a day, 5 days a week, and they went only to morning sessions except for a few occasional afternoon sessions.

They gave the committee a list of the lecturers, one of whom was a staff member of a committee over on the Senate side. He heard about it, and he wrote a letter. You will find his letter on page 1327 of part II. In that letter he said he had never lectured at that school, he had never been consulted about lecturing there, and he knew nothing about it. A little thing, but, for that 5-month school, which was supposed to run 8 hours a day, 5 days a week, but which as a matter of fact operated only in the mornings except two afternoons a week, ICA paid Johns Hopkins Institute \$4,000 per student. That was the tuition, \$80,-

000 for 5 weeks. I will venture to say there is no institution in the world charging any such tuition fee as that. That is one of the ways in which your money is wasted.

I say to you in all sincerity that I think the amount of money in this bill recommended by your subcommittee and the full committee is ample to get a wonderful job done if they will just bear in mind what Mr. Joe Campbell said: "If there were less money available there would be a better job done."

Mr. PASSMAN. Mr. Chairman, I yield 10 minutes to the gentleman from North Carolina [Mr. ALEXANDER].

Mr. ALEXANDER. Mr. Chairman, we debate the mutual security appropriation bill today in an international atmosphere charged with great danger to the United States and the other nations of the free world. During the past several months we have seen a rapid decline in the prestige of the United States abroad and a grave increase in tensions between the free nations and the Communist bloc.

Certainly, we have seen a change in the Government in Korea, the situation in Japan, the agitation in Turkey and at no time in the history of our country have we had a period fraught with more danger to ourselves and our allies. At no time in the past have we been in greater need of strong, dependable allies overseas.

Mr. Chairman, it is a recognized fact that the United States cannot stand alone in the battle against communism. For this Nation to attempt to win the struggle alone that is taking place in the world for the minds of men would be to invite disaster. The great effort required to protect the free world and guarantee dignity for mankind depends not only upon the military and economic strength of the United States, but the good will and military resources of our allies in every part of the world.

Our military and defense support programs are essential if our allies are to have the means of resisting communism. It is imperative that we continue these programs, especially at this critical period in our international relations. The Communists fear only strength, and we would be taking a grave risk to the security of the free world if we did not continue to make available to those staunch allies of ours overseas, resources whereby they can join the common goal of the West in preserving freedom.

The mutual security bill, as reported by the House Committee on Appropriations, contains, I believe adequate funds for our military assistance and defense support programs. I believe the funds, as provided by the committee, are necessary to carry on these essential programs. There should be no further reductions in the funds provided, as I fear such action will only increase the tempo of the Communist bloc to intimidate our friends overseas.

I want to make myself abundantly clear. I believe the funds provided and made available in this bill are, in my opinion, much higher than I would have ever guessed several weeks ago. I believe the committee has been very responsive to the changing international

situation. The committee recommends an appropriation of \$1,600 million plus the reappropriation of unobligated balances remaining available on June 30, estimated to be \$35 million. The recommended amount is \$400 million below the budget estimate, but this is important—it is \$300 million more than was appropriated for the fiscal year 1960. The recommended amount of \$1,600 million plus military sales receipts of \$40 million and \$2,079,246,000 in unexpended funds as of June 30 will provide a total of \$3,719,246,000 for expenditures in fiscal 1961.

Funds are available. The committee recommended appropriations for 1961 of \$3,384,500 plus other funds on hand. This will make available \$8,154,365,000 for expenditure in the fiscal year 1961. The comparable figure for July 1, 1959, was \$8,111,521,750.

In my opinion this will give us adequate funds.

The question has come up as to whether or not under the military assistance section of this bill there are sufficient funds to take care of us in the situation today. It is my candid opinion that there are ample funds and that the committee has taken the international situation under consideration and has made allowances certainly that will give to the State Department and the head of the ICA plenty of room in which to maneuver and to operate. Frankly, there are many instances in this program—I could cite instance after instance, but I am not going to take your time to do so—to show the weaknesses of this program. I certainly have grave doubts as to the accomplishments of this program through the years, because since 1953 it seems to me that our foreign relations are in worse shape, even after we have spent billions and billions of dollars, than they were many years ago when we were not using foreign aid as a basic plank of our foreign policy. I have been opposed to much of the mutual security program in years past but I want to be secure and I will go along with the Committee on Appropriations as far as the military assistance and defense support section of this bill is concerned. There are, however, many other sections in this program which I cannot support. In addition to military assistance and the defense support program, we have the Development Loan Fund, the development assistance, the special assistance, the President's Asian Fund, the President's Contingency Fund, Technical Cooperation, Technical Cooperation United Nations, Technical Cooperation United Nations, Technical Cooperation United Nations, Joint Control Areas, Atoms for Peace, the North Atlantic Treaty Organization, the Intergovernmental Committee for European Migration, the United Nations Contingency Fund, the Escapee Program, the UN Children's Fund, the UN Relief Agency, the NATO science program, together with administrative expenses for state and ICA programs. Certainly many of these program have merit, but I must say to you quite candidly I cannot support the entire program as a package. It is regrettable to me that I do not have the opportunity to vote for those

programs which I think are worth while and have been of great benefit to the United States.

I have been alarmed at certain things which we have done in some of these programs. For instance, I have expressed my grave concern about the overall policy of our mutual security program, and particularly as to how it might apply under the Development Loan Fund. In many fields we have given out to foreign nations and tried to teach them, and to place in production in their countries the very things which we either grew or manufactured in excess in this country and which we exported to foreign markets.

I have felt very strongly that we should be promoting things which would not bring the chicken back home to roost in a way that would destroy our manufacturing concerns and take the jobs of our American workers. I live in a textile area and am very familiar with the grave problem which the textile manufacturers and the textile workers face with reference to imports of textile goods; all of which have been promoted, nurtured, and expanded with the American tax dollar.

I had intended to offer an amendment under the development loan program which would prohibit the agency from making a loan for a new textile industry in any of the underdeveloped countries. However, I was assured by Mr. Brand, on page 461 of our hearings, that—

The record will stand to show that in the textile business we have not made a single loan to a textile industry since I have been Managing Director, which is since September, 1959. * * * Although we have had several applications, we felt at this particular time it was difficult to do that without having an impact upon our own economy.

I am glad to know that they are no longer making loans of this type to establish new textile plants which would have an adverse impact on our own economy.

Now I am sure there are many instances of waste in our military assistance program. I strongly feel they should be eliminated and I feel very strongly that we must keep our missile bases within striking distance of the Communists and that at this particular time we must remain strong.

The free nations of the world must remain united if the battle for survival against communism is to be won. Our United States is the last great hope of free men and we should not disappoint those friends of ours overseas who stand with us in the achievement of a just peace and the preservation of human dignity.

Mr. HALEY. Mr. Chairman, I rise in opposition to the proposition that we again appropriate more billions of dollars to continue the wasteful and bungling monstrosity we call a foreign aid program, or a mutual security program. The time has come for this House and this Government to face up to a reality that most of our constituents, the taxpayers of America, already have faced.

That reality is simply this—there may be a great deal of foreign aid in this program, but there is in it neither mutuality nor security. To the contrary,

this program is operated in such a manner that it is destroying our own economic security. And once our economic security has been destroyed, so will be the security of our form of government, our way of life, and finally, our identity as a nation.

I prefer to call this a misappropriations bill. This is a program of using our own money to destroy our own economy—using a corporation's income taxes to set up plants in low-wage areas overseas to compete with the American corporation and perhaps force it to shut its plants—of using the dollars of the American wage earner in such a manner as to cost the wage earner his job.

Just last week I read an official announcement from the Labor Department which said the unemployment level in the United States must be expected to remain high for years to come. Of course, it will remain high, Mr. Chairman, if we continue to use our own tax income to destroy the productive capacity of our free enterprise system, then we obviously are destroying the jobs and guaranteeing a high level of unemployment.

I have come to the conclusion that this is a bill which calls for us to export our tax dollars and import unemployment.

I am an accountant by profession and not a lawyer. But I have dealt enough with the making of the law, as a member of the legislature in my own State of Florida and as a Member of this body, to know something about law. I do not think a man must be a lawyer, or must have any particular knowledge of the law, to know that there is no authority in the Constitution of the United States for the making of appropriations such as are called for in this bill, and have been called for in the foreign aid appropriations bills of past years.

The Constitution, Mr. Chairman, says very plainly and very explicitly that "the Congress shall have the power to levy and collect taxes, duties, imposts, and excises to pay the debts, and provide for the common defense and general welfare of the United States." I am quoting from section 8 of article 1.

That provision, in my opinion, prevents us from appropriating—appropriating legally, I mean—money for this type of foreign aid program. That section of the Constitution says that it is the "debts of the United States"—not the debts of foreign nations—that can be paid with the taxpayer's money. That section of the Constitution says that it is for the common defense and the general welfare of the United States, not the defense and welfare of foreign nations, that we have the power to tax and the power to spend.

Now it is the Constitution of the United States which is the supreme law of this land—and not, as some people seem to think, decisions of the Supreme Court. The Congress of the United States has no power to do anything except those things specifically enumerated in the Constitution. Yet we are preparing to exercise here today a power

which the Constitution does not give us. I wonder, Mr. Chairman, what it is that we are doing in the light of the oath we all have taken, to "preserve, protect, and defend the Constitution"?

I would not have my colleagues in the House who are preparing to vote for this bill to take the word of a mere accountant on a legal matter. I can cite numerous opinions of some of the Nation's most distinguished legal minds in support of the viewpoint I am advancing.

Many of you here today served in this House with the distinguished senior Member of the other body from the State of North Carolina. He was regarded in his brief service in the House as having one of its finest legal minds; he is so regarded in the other body. Between his service in this and the other body, SAM J. ERVIN served with brilliance and distinction as a member of the supreme court of his own State. And here is what he has to say on the matter I am discussing:

I believe that under the Constitution of the United States we have no right to take tax money and spend it for any purpose except that which is calculated to promote the general welfare of the United States. I do not think we are empowered to take tax money and give it to neutrals merely to advance their economic welfare. I do not believe we should take tax money to pay neutrals to remain neutral, because that does not advance the welfare of the United States as a government. If the United States were an institution operating charities instead of operating a government which depends on tax resources for its finances, then I would say it would be all right for the United States to act as a universal Santa Claus. Our Government is not a charitable institution and the Constitution does not authorize it to act as such.

That is what Judge ERVIN said. And to it, I say "amen."

But there are others. Clarence E. Manion is a distinguished constitutional lawyer known to all of us either in person or by reputation. He has served in high positions in our Government, he was for a quarter of a century professor of constitutional law at Notre Dame University, and he was for a decade the dean of the law school of that distinguished educational institution.

And what does Dean Manion have to say on this subject? He said this:

It is my considered opinion that foreign aid, as presently constituted, is not authorized by the Constitution of the United States.

He said Congress "may not do what it pleases, but merely what is authorized by the Constitution." And he challenged the administration and the Congress, or anybody in it, to "point out the constitutional justification" for what he called—and I may say properly called—"this unpopular and incalculably expensive waste of the taxpayers' money."

For myself, I would be pleased if some of the expert constitutional lawyers, among those who will support this program today, would accept Dean Manion's challenge. I doubt that the challenge will be accepted—because I doubt that the most skilled legal mind among this bill's advocates can find constitutional justification for this appropriation.

I say to you advocates of this bill, if there is one among you who can cite its constitutional support, you would be doing a favor to some of your colleagues who must wonder, as they vote for this misappropriation, what they are doing in the light of the oath they took, on becoming Members of this body, to "preserve, protect, and defend the Constitution."

I shall vote against this bill, because my conscience will neither permit me to take lightly the Constitution itself nor the oath I took to defend it.

Mr. TABER. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. LINDSAY].

Mr. LINDSAY. Mr. Chairman, I would like to express my appreciation to the ranking minority member of the Committee on Appropriations for giving me a few minutes to go on record in support of the minority position on this bill and in support of the amendments that will be offered later to restore funds that have been cut from the mutual security appropriation. Of course, the mutual security program is an expensive business, but is it not better to take care of our defense in dollars now than in lives later? I always wonder whether it will take a hot war in order to discover what we should be able to discover in a cold war. I wonder whether the Members who have argued against the program and who have stated that no damage would be caused by the deep cuts in the amounts requested realize that this whole thing has got to be examined in light of the requirements of foreign policy in the world as it exists today. As I see it, the mutual security program is a primary arm of our foreign policy. I believe that substantial damage would be caused to our foreign policy interest, and our own national security if we should allow this bill to go through with the cuts that have been made so far by the committee. For my own part I am not willing to risk the future of our country by withholding my support of amendments that will be offered to restore these amounts.

I listened with great interest to the points made by the distinguished gentleman from Michigan [Mr. FORBES] on the military aspects of the program and I must say I am in entire agreement.

There is another aspect to this program, and that is economic aid. In this connection I should like to say a word about the Development Loan Fund. There has not been much said about the DLF in the general debate today, and in a moment I should like to discuss it in greater detail.

Mr. Chairman, only a few weeks have transpired since the House considered and approved by a substantial majority—about a two-thirds majority—the Mutual Security Act itself which authorized the continuation of the program. This was done after cutting \$88,700,000 from the authorization request.

Now we have reached the question of how much to appropriate, as distinguished from how much to authorize. Again, as in past years, we run into a strange pattern. Many of the Members of this body who are willing to authorize sums recommended by our Foreign

Affairs Committee, after extensive hearings and study, now seem willing to accept appropriations smaller by many, many millions—appropriations which can have no other effect but to make it impossible to carry out the authorities granted only a few weeks ago.

Now why is this the case? Do Members really believe that while the continuation of the program is important and while the appropriation of funds for the program is important, the amounts appropriated do not really make too much difference? Do Members believe that no damage would be caused by the deep cuts recommended in the amount requested? This should be examined in the light of the requirements of U.S. foreign policy in the world as it exists today, for as I stated at the outset, the mutual security program is a primary arm of our foreign policy.

At this very moment we and our allies are again subjected to renewed threats and aggressive behavior on the part of the Communist countries. Their actions are designed to dissuade us from our determination to prevent the aggrandizement of their power. Their actions are also designed to weaken the determination of free peoples on the borders of the Soviet sphere and elsewhere, to pursue their own goals without foreign domination. This mutual security program is one of our main instruments to show the Soviet leaders that our resolve is in no way diminished; it provides the demonstrable evidence to all peoples that we are prepared to persevere in our free world security efforts.

The mutual security program contains provisions addressed to both long-term and short-term foreign policy interests.

Through the military assistance component, which covers half of the requested funds, we are in a very great measure providing a shield behind which free peoples can pursue their livelihood and work toward improving their lot. This meets a short-term need for protection through a powerful deterrent and retaliatory power. It also provides assurance that our intention is to maintain our military strength and the strength of our allies to provide this deterrence over the long run. The plain fact is that without the support which the military program provides, certain key allied forces would simply not be able to play an important deterrent role and their own contribution to collective security would inevitably diminish. The plain fact is also that unless the cut made in military assistance is restored our allies will be weakened and our own defense impaired.

The economic programs also relate to both the short-term and long-term requirements. Under the Defense Support category, assistance is provided to countries which could not otherwise maintain armed forces of 3 million men alert to the dangers of Communist expansion on the periphery of the Soviet Empire. The heavy reduction of \$124 million below the President's request will necessarily weaken the economies of these allies and reduce their ability

to support forces we believe are important to the common defense. These funds should be restored.

Assistance under the category labeled special assistance helps maintain the minimum needs for economic stability in highly volatile parts of the world, particularly in the Middle East and North Africa. Certainly the funds deeply slashed from this program should be restored.

But free world security will not be secure very long through defense measures alone and through programs which support only the economic status quo. If we have learned anything from the experiences of the postwar era, it is that the peoples of the less developed countries have come into their own and the satisfaction of their legitimate aspirations is important to us for many reasons. Embedded in these aspirations is a deep and pressing determination to make significant economic progress.

The Development Loan Fund is the principal means we have of assisting them to meet these aspirations since its aim is to promote the expansion of the productive capabilities of the people. The technical assistance program also assists forward progress. The Loan Fund helps them to help themselves because it is with borrowings from the DLF that the countries are building the powerplants, the roads, the manufacturing plants and other facilities which will improve their lot and increase their future self-reliance.

In about 2½ years of lending the DLF has made what I believe is a very significant contribution to vital U.S. interests by providing funds which are available from no other source. All of this financing has been on a loan basis, a method which places the main responsibility for development squarely where it belongs—on the developing country itself.

It has been sometimes stated that the loans by the DLF are not loans at all since repayments are largely in the currency of the borrowing country. It is true that most of the loans are repayable in foreign currency, but over 20 percent of the loans are repayable in dollars, and there is no doubt whatsoever about the commitment to repay on all loans. But this skirts the main point which I believe should have more recognition. That is that, inasmuch as the continuation of development assistance is widely approved by the American people and their representatives, should not this be in the form of loans to the maximum extent possible? Recognizing that there are many situations where grants are still necessary, isn't the loan technique a far better way than any other?

Psychologically, loans foster better relationships between this country and the recipient countries and encourages greater self-confidence and initiative on their part. Loans help remove suspicion about hidden motivations, but most of all, the loan methods utilized by the DLF helps provide a realism about development that has not always been present. The borrower, whether it is a private business firm or a government

entity must submit well thought out and documented proposals; it must assess its own priorities and requirements; it must explore the whole range of financial and material resources available to it; it must take the means to establish sound management, sound engineering services and sound methods of accounting for its real requirements and for the operation of the facility when it is completed. All these together add up to a greater sense of direction and greater self-reliance on the part of the less developed country.

Up until now, the appropriations have not been made available to the Development Loan Fund sufficiently large to meet a great many of the important proposals which have come before it. I believe that the Congress should provide it with the \$700 million necessary to meet the highest priority development needs, which I repeat, can be financed by no other source of funds since DLF loans are largely to countries with no current dollar repayment capacity. The cut made by the committee to the extent of \$150 million to me is indefensible. The funds should be restored.

We are currently faced with a new twist in the unabated Communist effort to subvert the less developed countries in their association with the United States. No doubt they will continue to use all the means at their disposal to do this, because they recognize that the path to world domination is through the teeming cities and impoverished villages of Asia, of Latin America, of Africa, and the other parts of the world where aroused expectations of visible progress have become irresistible and irreversible.

In the appropriations bill now before us we have an opportunity, and indeed a responsibility, to vote for funds adequate enough to make possible growth in freedom and with dignity. I sincerely believe if we fail to support the restoration of funds in this Mutual Security Program and to delete the limitations which will so seriously hamstring it we will be tampering with our own future and that of future generations of Americans.

Mr. TABER. Mr. Chairman, I yield 5 minutes to the gentleman from Massachusetts [Mr. CURTIS].

Mr. CURTIS of Massachusetts. Mr. Chairman, I rise in support of the provisions passed by the Foreign Affairs Committee and accepted by the House. I oppose the cuts and other limitations made by the Appropriations Committee, and urge support of the amendments which will be offered to restore amounts and remove some of the limitations.

I take this time as a member of the Foreign Affairs Committee, which spent many months in detailed hearings on this legislation. It is a little discouraging to find that the bill passed by that committee is being so seriously cut down by the bill now before us. Some of the proposed limitations are just as disastrous as are the lack of funds which are provided.

It was a great privilege to travel on a study mission last year which examined the results and operations of the mutual security program in the Far East

and elsewhere. I am sure that I can speak for others who took that trip in saying that we were impressed by what this program has accomplished.

So, I submit to the committee that we should view this program a little more broadly than by focusing on examples of waste here and there, some of which are so far-fetched that we are even told that Johns Hopkins University, one of the greatest educational institutions in the land, is apparently accused of dishonesty in connection with one of these programs. That, at least is the way I interpreted the remarks that have been made in this Chamber, and which I cannot accept.

So I suggest that we take a broader view, and let us look at the world picture. Is this any time to cut back on the military potential of the United States of America? I say no, Mr. Chairman. And, we have been told by the military authorities of our country that these expenditures for military foreign aid are just as important to the defense of our country as are expenditures for our own defense forces. So, how can we accept the proposal of this bill that military foreign aid be cut \$400 million?

Second. With regard to these questions of mistakes and waste, I imagine that if we examined the programs of some of the other departments—say the Department of Agriculture, or even the Department of Defense—we could find examples where money had been improvidently spent. But, is that a reason, sir, for cutting down the necessary work of those departments?

Have we any assurance that the way to correct mistakes of judgment and waste is to limit the funds available? It seems to me, sir, that there are other ways of eliminating mistakes and waste; that those problems should be attacked directly, and that if we try to cure them by merely cutting down the amount of money available, we may find that some of this waste and mistakes will still continue but that the programs will be shackled because of lack of funds.

So, I say, let us not hamstring these programs because of these examples of mistakes. We all recognize the difficulties of dealing with these countries all over the world, many of them with different types of civilizations from our own. It is a tremendously difficult program to administer. We must rather bend our efforts to see that the administration of the program is improved.

One of the most important charges made against the present administration is that it has neglected the defenses of the United States; that the defense of our country has been sacrificed to the need for a balanced budget. Mr. Chairman, let those who are making that claim come in here today and make provision for that defense.

Instead of that, what do we see? They come in here and cut down the military assistance program which the Chiefs of Staff and all of our military experts tell us is just as necessary to the defense of our country as is our own defense program.

How can critics say with one breath that the administration has failed to

provide sufficient defense funds for our country and in the next breath come in here and cut down defense funds which are needed for the country?

Mr. Chairman, I want to quote from a speech that was made 2 days ago by a very leading contender for high public office in this country. He said that the summit conference was doomed to failure. Why? Because we had failed to provide adequately for the defense forces of our country and left ourselves in a position of weakness in dealing with the Communist nations.

All right; if that is true, are we going to come in here today and cut down further on the moneys available for our defense?

It is also said that we make insufficient provision for conventional types of troops to fight brush-fire wars. I would suggest, Mr. Chairman, that the forces that are made available through military assistance are in many cases conventional forces. They are the forces that would be needed in that type of war. And yet we are asked today to cut down on the sinews of war necessary for those forces.

Another passage in this speech to which I have referred recommended this:

Third. We must rebuild NATO into a viable and consolidated military force capable of deterring any kind of attack.

The Draper Commission, Mr. Chairman, came before the Committee on Foreign Affairs last year, and told us that modernization of the weapons of those forces was absolutely necessary. Yet now we are asked to cut down on the fund essential for that purpose.

And finally, going into the economic field for just a moment, I quote from this same speech which received much acclaim, in which it was said:

Seventh. We must greatly increase our efforts to encourage the newly emerging nations of the vast continent of Africa.

And, as chairman of the Subcommittee on African Affairs of the Committee on Foreign Relations, let me remind the Senate that in a few years, the countries of Africa will control one-quarter of all the votes in the General Assembly of the United Nations.

And yet, here today we are asked to shackle the very programs which will be effective in that vast continent of Africa.

Finally, I remind the committee that the program before us is a nonpartisan program. It was started by the prior administration, and many of those sitting on this side of the aisle supported and commended the action then taken. In this country partisanship ends at the waterfront, and the bill before us is one concerned entirely with the foreign policy of the United States.

The President of the United States, who bears such awesome responsibility for our country's foreign policy, has repeatedly urged that these programs should be carried forward adequately. In his speech of May 2 on strengthening the frontiers of freedom, he said, referring to mutual security:

No other investment has yielded greater dividends in terms of stability, security, and free world morale.

Let us then join together from both sides of the aisle and see to it that these

essential programs are provided with the necessary funds and freed from shackling limitations.

Mr. PASSMAN. Mr. Chairman, I yield 10 minutes to the gentleman from New Mexico [Mr. MONTTOYA].

Mr. MONTTOYA. Mr. Chairman, initially I want to state that I am in favor of controlled foreign aid. I have voted for the authorization bill in the past and have voted for and supported the appropriations to implement the authorization. I have enjoyed working with the members of the subcommittee under the able direction of our very esteemed chairman, the gentleman from Louisiana. I have nothing but the most profound respect for both the Democratic and the Republican members of the committee who, I know, are dedicated public servants interested in the economical operation of our Government.

On occasion we encounter differences of opinion, but I would never question the motives that generate these differences. The bill which is before this committee at the present time is not the result of overnight gymnastics with figures. It represents months, weeks, days, and long hours of calculated deliberation and study by members who are desirous of promoting the global interstate of the United States and her domestic welfare. I also know that these considerations are the guidelines for any action taken today by any of my colleagues in this House.

Personally, I cannot help but express words of commendation to those public servants who are charged with the most difficult task of administering the program for which money under this bill is appropriated. On frequent occasion we find lack of direction, lack of proper planning, and this might be because of the nature and scope of the program.

The hard fact we must face is that as Members of Congress we must discharge our duties to the fullest extent by exercising fiscal control and responsibility without losing the primary objectives enunciated in the foreign policy pronouncements of the executive department. This is all that this committee has strived to accomplish, even though divergence of opinion may cast a shadow upon these goals.

This bill recommends for the mutual security program an appropriation of \$3,384,500,000, which is divided as follows:

Military assistance.....	\$1,600,000,000
Defense support.....	600,000,000
Technical cooperation.....	184,500,000
Special assistance.....	206,000,000
Contingency fund.....	150,000,000
Development Loan Fund.....	550,000,000
Other programs.....	94,000,000

This amount represents a reduction of \$790,500,000 from the original budget estimate submitted by the President in the amount of \$4,175 million. While the bill carries additional appropriations for other functions, I will try to direct my attention mainly to the aspects of mutual security covered by the above figures which I have cited.

The sum which the committee has recommended is certainly not trivial by any stretch of the imagination. It represents hard-earned taxpayers' dollars

which we must make sure are spent with wisdom and fruition. Since the inception of the mutual security program we have heard charges and countercharges made concerning extravagant spending and irresponsible fiscal management. Part of these charges are true and while this should not detract from the advisability of having a mutual security program, we feel compelled to become ever more alert as to how this money is to be spent and what destiny it might nurture in furthering the security of our country. To put the entire mutual security program into discernible perspective we must ask ourselves how much money is available in the pipeline and through the medium of this appropriation for fiscal year 1961. According to figures which we have compiled in the committee there will be available to the executive department for expenditure in fiscal year 1961 the grand total of \$8,154,365,000. This total is made up of new, unexpended, and unobligated funds under the present and previous appropriations.

In addition to this fund availability the American taxpayer must continue to bear the cost of U.S. garrisons abroad which total close to \$3 billion and the numerous related aid and subsidy programs. Then we have interest payments which are accruing periodically on money that we have had to borrow because of the additional expense represented by the mutual security program. In spite of the fact that the basic appropriation recommended hereunder totals \$3,384,500,000 we cannot run away from the inevitable conclusion that the foreign aid cost to our Government and the taxpayers now exceeds \$10 billion annually. Can we call this a trivial sum? Is this a dark moment in our history when we can say if we do not appropriate more Russia will step in and take our friends away?

I am not about to admit that our international ties of friendship are bridged by a pipeline of hard-earned taxpayers' dollars. This argument is rejected by the fact that we have lost some of our friends in spite of our monetary overtures. I have no quarrel with the objectives that underlie foreign aid and the promotion of our global security, and I do not believe any single member of this committee does either, but we can certainly not surrender our responsibility to the American people amidst showers of accusations that we are endangering the future posture of our country.

Supporting our position is the record of all these hearings which have been conducted painstakingly. Instances of waste upon waste have been uncovered. I wish that I had the time to cite from the record examples of fiscal mismanagement, or to put it more mildly, misdirection. Citing the testimony of the Comptroller General, page 2269 of the hearings, there is an interesting revelation. I quote:

For example in one country the MAAG was aware that consideration was being given to deactivation of certain country forces as early as 1957. However, MAP-supported force goals in that country were not adjusted until January 1959 at which time the program was substantially advanced and over

90 percent of the conventional equipment programed had been delivered. In this country quantities of equipment, estimated to exceed \$100 million, are now excess to the needs of the forces currently approved or contemplated for MAP support. Although certain of the excesses resulted from deliveries made before there was knowledge of the country's plans for reducing its forces, substantial quantities of unneeded equipment were programed and delivered after the country's plans for deactivation became known.

In another country we were unable to determine how much equipment was delivered for units scheduled for deactivation because the Department of Defense denied us access to information regarding the recipient country's plans. However, at the time of our review, we observed that the MAAG had taken no action to cut back on funded programs although they had been aware for several months that the recipient country was planning to deactivate certain divisions. We were later advised by Department of Defense officials that after our review program revisions and deletions amounting to about \$15 million had been made as the result of the reduction in the forces being supported.

Citing another instance again quoting the Comptroller General in his testimony which appears on page 2271 of the hearings:

Equipment has been furnished to many countries in excess of their capability to utilize it adequately, due in large part to the lack of trained personnel. For example, in one country, reports from using units indicate that there are only about 40 percent of the needed radio operators and that receipt of newer, more complex equipment would aggravate this problem. With respect to vehicles, shortages of mechanics in various shops were as high as 50 percent, which was one of the principal reasons for the excessive deadline rate of 30 to 40 percent for wheeled vehicles. In one field artillery battalion, 12 howitzers received in mid-1957 were not fired until the latter part of 1958. Also, we found that rocket launchers and recoilless rifles were fired only two to three rounds each year per weapon in one country.

In some countries, aircraft have been delivered in quantities in excess of the number of available qualified pilots. For example, in one country there were about two jet aircraft available for each pilot, including instructors. At the time of our review, additional aircraft had been programed and were being delivered. Although a number of undelivered aircraft were canceled and the country has agreed to return some of the previously delivered aircraft, the MAAG in this country estimated that there will be excess or only partially utilized aircraft through March 1961. We have recently learned of a cost-sharing plan under which the military assistance program will contribute \$75 million toward the production of about 200 additional aircraft of a newer, more advanced design by a contractor in this country. Defense officials have assured us informally that the pilot training problem is receiving active consideration.

The record of the hearings demonstrates another patent difficulty which brings this program into ill repute, namely the need for improved programing at the recipient country level. This is more clearly brought out by the testimony of General Campbell, and I quote from page 2275 as follows:

Our review disclosed overprograming and excessive requisitioning of material resulting from (1) duplication of requirements, (2) failure to properly consider stocks on hand, (3) erroneous stock records, (4) overstatements of dues out to customers, and (5) in-

accurate supply data for rebuild activities. For example, the quantity of torque rods on hand or being reclaimed by a machine shop was understated in computing the requirements and resulted in excess requisitioning of units valued at \$332,000. Wire spray material was programed for use in 75 wire spray machines; although at the time of our review only 12 of the machines could be located. Requisitions amounting to \$502,000 for wool tropical cloth were canceled after our review disclosed adequate quantities on hand or due in. The fiscal year 1960 refined program included a requirement for about 15,000 rolls of glassine paper; however, our inspection showed 18,000 rolls to be in warehouse stocks which apparently had not been considered. One hundred and twenty generators valued at \$212,760 were requisitioned in 1958 and were duplicated again in 1959. The corrective action taken by the agency when these and numerous other cases were called to their attention resulted in program reductions of about \$6 million and requisition cancellations of about \$10 million.

Another glaring example fortifying the need for proper programing is the disclosure reflected in the record of hearings on page 2284 that a certain country was allocated in January 1958, 235 F-86 planes and 186 T-33 planes under the military assistance program and that the Air Force of that country only had 187 jet pilots including instructors, test pilots, and students. I repeat—a total of 421 planes and only 187 pilots, instructors, and students available to fly these planes. So what happened? I quote from the testimony of Mr. Gutmann which appears on page 2284 of the hearings:

In September 1958, 45 F-86 airplanes were in permanent storage. One hundred and thirteen were in temporary storage. At the same time there were also T-33 planes and 5 C-46 planes in permanent storage and 47 T-33 planes in temporary storage. The MAAG has estimated that there will be very little improvement in the situation through March 1961. At that time, after making allowances for tactical training and command support requirements, and after considering aircraft that will be required for inactive schoolwork and those which will be lost through attrition, the MAAG forecasts that — will have 101 F-86F planes excess to requirements and an additional 64 which will be only partially utilized. At the same time it is anticipated that there will be 50 excess T-33 planes.

Mr. Chairman, I cite these instances not to be critical in a manner that might indicate animosity toward the entire program; my purpose is constructive. It is designed to impress upon the membership here and the entire country that we must provide checks and balances by constricting spending and exacting thereby strict adherence to prudence and responsible administration by those charged with this responsibility. To give freely is but to encourage the continuation of carelessness. Are we to be called enemies of this program because we try to effectuate and bring about a better return for our dollar? Is our judgment to become subjugated to appeals in the name of national security when in truth and in fact our course of action is directed to the same goals except that our compass is geared to a road of cautious spending and rigid regard for the American taxpayer's dollar?

Mr. TABER. Mr. Chairman, I yield such time as he may desire to the gentleman from New York [Mr. Bosch].

Mr. BOSCH. Mr. Chairman, I am opposed to H.R. 12619, the so-called mutual security and related agencies appropriation bill for 1961.

It may be well to review the total cost to the American taxpayers of this program from its inception in 1948 to 1959, inclusive. It is reliably reported that the foreign expenditures during these years reached the astronomical figure of \$87,077 million. One begins to wonder how much longer the American taxpayers can be burdened with the tremendous cost of this program.

As recently as October 1959 the President of the United States remarked:

Now, any reasonable person will recognize that no nation, even with the legendary strength of an Atlas, could long support the world on its shoulders.

Is it not foolish indeed that 6 percent of the world population, even with all of our natural resources, can indefinitely support 94 percent of the world's population through this type of handout legislation? Yet today do we fully realize that the total foreign aid cost, including interest on what we have borrowed to give away, now exceeds \$10 billion annually?

As I stated during the debate of this legislation's authorization bill, H.R. 11510, little good can be accomplished by restating the waste and extravagance experienced over the years in connection with the administration of this program. It is to be noted, however, that billions of dollars are being squandered on a global basis without adequate control and in areas where the American people do not have an opportunity to appraise any results.

Now what is the actual status of our mutual security program as of this time? It appears that the total funds expended and authorized by this legislation total \$8,154,365,000. Said total is made up as follows:

Unexpended funds (including unobligated) as of June 30, 1960.....	\$4,713,665,000
New funds recommended for fiscal year 1961.....	3,384,500,000
New funds (other) for fiscal year 1961.....	56,200,000
Grand total.....	8,154,365,000

Referring to the 1959 action by Congress on this mutual security program, we find the amount authorized for fiscal year 1960 was \$8,111,521,750 as compared to this year's proposed appropriation for fiscal 1961 of \$8,154,365,000. This represents an increase in available funds for fiscal year 1961 over fiscal year 1960 of \$42,843,250. It seems to me, Mr. Chairman, to be axiomatic that when a government spends more than its income and mortgages the income of several generations, inflation, collapse of the economy, and a breakdown of the fiscal structure must necessarily follow.

Our esteemed President has stated:

Certainly I know we must find a substitute for the purely temporary business of bolstering the free nations through annual handouts that gets neither permanent results nor friends.

I believe in all sincerity that our foreign aid appropriations have served only to bring an overall progressive Federal extravagance that is destroying the value of our currency and adding impetus toward a collapse of our economy. In view of these convictions I cannot in good conscience support the appropriations provided for in this legislation.

Mr. PASSMAN. Mr. Chairman, I yield such time as he may desire to the gentleman from Minnesota [Mr. MARSHALL].

Mr. MARSHALL. Mr. Chairman, I want to call the attention of the House to the dangerous situation confronting the dairy industry as a result of the gross misuse being made of large quantities of surplus nonfat dry milk under our export subsidy and relief programs overseas.

In testimony before the Committee on Agriculture and in remarks before the House in the last session, I opposed the gift and subsidized sales of Commodity Credit Corporation stocks to be used in the manufacturing of filled milk.

It just does not make sense to have the Department of Agriculture subsidize the movement of one ingredient of filled milk which is being sold in direct competition with our regular commercial exports of natural dairy products.

The dairy producers of my State are directly involved in this question since it permits the removal of butterfat from our milk, contributing further to the surplus of butterfat while helping to create an adulterated product to be sold in competition with our milk.

Furthermore, the good reputation of the American dairy industry as a whole is jeopardized by creating a suspicion that other dairy products in export are filled. It gives competing countries an opportunity to label our products as fraudulent.

At the same time, it undermines the very purpose of our mutual assistance program by contributing to the kind of scandals I intend to bring to the attention of the House today.

Witness the startling article written by Staff Reporter Robert P. Dorang which was published on the first page of the Wall Street Journal on Monday, April 25, 1960:

U.S. FOOD GIVEAWAYS BRING ONLY ILL WILL IN SOME FOREIGN LANDS—FOOD GOES TO BLACK MARKETS, IS SOMETIMES FED TO CATS—AGENCIES ARGUE OVER BLAME

(By Robert P. Dorang)

WASHINGTON.—Completely contrary to the Government's purpose, the big program for giving away surplus farm products overseas through private welfare agencies is making Uncle Sam out to be something of an ugly American.

This project has gone sadly wrong in some places, according to reports just received by Congress. In many foreign lands, U.S. food marked "Donated by the People of the United States—Not To Be Sold or Exchanged," has gone into the black market. In others, the free food has been sold to the needy, or to ordinary commercial operators. There has been thievery, interference by foreign governments, and feeding of good food to animals.

Officials of the two Washington agencies concerned—the Agriculture Department and the International Cooperation Administration—readily admit that Federal management of the program has been poor. And

yet each of the agencies, which in the past have proudly trumpeted the merits of this particular food-giving plan, is firmly denying responsibility for what has gone wrong.

ICA'S INVOLVEMENT

Though the Agriculture Department supplies the commodities and can demand payment if they go astray, Department officials close to the program profess to be only vaguely familiar with the deficiencies now reported. ICA officials contend their agency became involved quite innocently in something not really its responsibility. One ICA man comments unhappily: "If the situation doesn't change, we might gracefully wash our hands of the whole thing."

Federal men are careful to stress that they are not charging the private welfare agencies with any wrongdoing in connection with the program. Much of the trouble, they say, has stemmed from use of foreign nationals to help in distribution of the food. Few of the private groups are so fully staffed that they can handle the entire job themselves.

What has brought the food scandals somewhat belatedly to light is a report given in a closed hearing to a House Appropriations subcommittee by the ICA. Now made public, the document lists 18 countries where something went wrong in the past 33 months, despite the good intentions of the welfare groups. ICA says most of the sad stories have been verified, although in some instances investigations are not yet completed. Here's part of what the agency has told Congress:

"Israel: Pilferage and widespread diversions to commercial market through illegal sales and exchanges.

"Korea: Unauthorized exchanges of commodities; diversions to black market; and charges of diversions of commodities to other countries.

"Pakistan: Pilferage; and diversion to commercial market through illegal sales and exchanges.

"Philippines: Isolated charges of black marketing.

"Taiwan (Formosa): Charges of padded recipient lists, black marketing and diversions to animal feed.

"Colombia: Thefts of commodities; illegal diversions to commercial channels; and needy recipients required to pay small charges for commodities received."

DIVIDED RESPONSIBILITY

The troubles have stemmed partly from divided responsibility. While the Agriculture Department keeps auditors probing into its domestic donation schemes for wrongdoing, it had none overseas when donations began some 7 years ago. For the job, it tagged the ICA, a State Department agency with foreign aid missions around the world. But as one ICA official states of the auditing, "We did it on a 'when and if' basis."

As the program grew, the ICA complained and last year got four extra auditors on "loan" from the Agriculture Department. Finally the foreign aid agency rebelled and demanded a price for its work—\$1 million for the fiscal year starting next July 1. Says Roger Stewart, ICA's man designated to work with the Agriculture Department:

"To a large extent, the operation has been one of trying 'to put out fires' as they occur. In many of our foreign posts, we have not been able to designate personnel . . . who would have the specific responsibility of riding herd on this program."

In newly free Ghana, Mr. Stewart explains, at least two voluntary aid groups were giving food to the same citizens—each unknown to the other. "It was because everything was so new," the ICA official maintains. "When the voluntary agency people began talking to each other, they cut it out."

In Algeria, the French army refused to permit a relief group to do its own distributing, apparently for fear food would "leak" to Algerian rebels. So this program had to be halted; a volunteer agency must maintain control of the food it's disposing, the Agriculture Department requires.

In Brazil, the government refused to let commodities enter duty free, a requirement if Uncle Sam has paid the ocean freight charges. Butter, cheese and dried milk were impounded at the ports and some spoiled.

Food donations through voluntary groups have reached formidable proportions. From the time the program really took hold 7 years ago through last December, it has put down on foreign shores 8.4 billion pounds of food worth \$1.4 billion.

From only 24 million pounds in fiscal 1953, shipments rose to 1.9 billion pounds in the 12 months ended last June 30. From then to last December 31, they amounted to 923 million pounds and show signs of approaching 2 billion pounds for the year that will end June 30.

To remedy defects in the donation program, some efforts are now under way. Howard Davis, deputy director of the Agriculture Department's Food Distribution Division, reveals the Agriculture Department and the ICA have already agreed on a "memorandum of understanding" that supposedly would give the ICA much more responsibility for planning and checking into the donation work—not just auditing.

Then, with \$1 million the Agriculture Department hopes to get from Congress and transfer to the ICA, about 30 auditing trouble-shooters would be employed to ferret out illegal practices.

May I say, parenthetically, as a member of the subcommittee on agricultural appropriations, it appears that ICA has ample funds to do its auditing without transfers from the Department of Agriculture.

Partial confirmation of the alarming article just referred to is a report that a considerable quantity of surplus nonfat dry milk from the CCC stockpiles—donated through a voluntary welfare group to the Republic of Ecuador for free distribution to the needy—was diverted to an Ecuadorian affiliate of an American firm. It was recombined with coconut oil and water to produce a "filled milk" sold in paper cartons under the American concern's label "Super Milk" at a price only slightly less than the high price charged for whole-cream milk produced in extremely limited quantity in Ecuador.

This scandalous practice was not ended by any positive policing on the part of our administrative agencies or the voluntary welfare group involved. It ceased only because the charitable donations of U.S. nonfat dry milk to Ecuador and other countries were cut off last fall, when the Commodity Credit Corporation suddenly and without advance warning found its inventory of this dairy commodity to be exhausted. This regrettable situation prompted the magazine *Barron's National Business and Financial Weekly* to publish the following article on page 7 of its February 15, 1960, issue:

The U.N.'s Food and Agriculture Organization is worrying about the world supply of skim milk powder. For 5 years, this country sustained feeding programs in many parts of the world out of "surplus" stocks. Last year, the U.S. supply of dairy products dwindled, thus jeopardizing the welfare

projects which have depended upon American donations. In 1958, U.S. surpluses supplied about 70 percent of the world's so-called exports. Naturally, such massive free shipments have kept low-cost milk producers from developing commercial markets. "Food for peace," the current euphemism for the dumping of farm surpluses, thus is threatening to end in a worldwide shortage for which no relief is in sight.

It is equally surprising to learn that 60 million pounds of surplus nonfat dry milk ordered by the White House last fall to be made urgently available under title II of Public Law 480 to the voluntary welfare groups for free distribution to needy persons in 69 countries overseas, were ordered by the International Cooperation Administration to be packaged in 4½-pound plastic bags labeled simply as "milk," rather than "nonfat dry milk." This raid on the Commodity Credit Corporation inventory prevented the Department of Agriculture from honoring legitimate commitments for nonfat dry milk for established and existing market development projects overseas under title I of Public Law 480.

My colleagues from Minnesota and the other major dairy producing States, and all of our citizens who are concerned over the health and welfare of our Armed Forces both at home and abroad, will join with me, I am sure, in expressing a real interest in the results of the investigation which the distinguished chairman of the House Armed Services Committee, the gentleman from Georgia [Mr. VINSON], has asked the Department of Defense to make. It involves charges of fraud in the sale of nonfat dry milk at the price of whole cream milk to Army, Navy, and Air Force bases, as reported in the following news item which appeared on page 7 of the April 20, 1960, issue of the Dairy Record:

DEFENSE ASKED TO PROBE MILK PROCUREMENT

WASHINGTON.—The Department of Defense has been asked to investigate charges of fraud in the sale of milk to Armed Forces camps by Representative CARL VINSON, Democrat of Georgia, chairman of the House Armed Services Committee.

The Georgia Department of Agriculture asked him to request the investigation.

Phil Campbell, Georgia agricultural commissioner, wrote Representative VINSON charging that powdered milk is being sold to the Army and Navy at the price of whole milk and that the butterfat content of other milk is below the specified level.

He urged an investigation of the entire milk procurement program by the Federal Government. Directly involved were three naval bases at Jacksonville, Fla., the Air Force station at Panama City, Fla., and the Army base at Fort Stewart, Ga.

Prior to his request to Representative VINSON, Campbell had levied fines against three Georgia firms for diluting milk with powdered milk and water (Dairy Record, April 13).

All Members of the Congress, whether directly or indirectly concerned with the problem, have the right to expect that such investigation by the Department of Defense will be thorough and cover the entire milk procurement program for all elements of the Armed Forces, stateside and overseas. Certainly, the Department of Defense should not be permitted any longer to sidetrack or dodge the issue of our armed services openly

flaunting the clear intent of Congress by selling or delivering, or causing to be sold or delivered, to our servicemen and attached civilian personnel stationed overseas, the product defined by law as "filled" milk—that product being specifically declared by the U.S. Filled Milk Act of 1923, as amended, to be "an adulterated article of food, injurious to the public health, and its sale constitutes a fraud upon the public. It shall be unlawful for any person to manufacture within any Territory or possession, or within the District of Columbia, or to ship or deliver for shipment in interstate or foreign commerce, any filled milk"—March 4, 1923, chapter 262, No. 2, 42 Stat. 1487.

This indictment is based upon the following news item, the veracity of which has not been challenged, and which appeared on page 5 of the February 10, 1960, issue of the Dairy Record:

BORDEN SELLING FILLED MILK IN BERMUDA TO U.S. SERVICE BASES—DEVON CREAMERY, SUBSIDIARY CONCERN, SELLING TO AIR FORCE BASE THROUGH PX

WASHINGTON.—Two bombshells were dropped here by a Dairy Record representative on Monday of this week when he disclosed (1) that Borden's, through a 40-percent-owned subsidiary, Devon Creamery, is selling filled milk in Bermuda, and (2) that it is being sold to the U.S. Air Force base families through the PX in Bermuda.

The filled milk is being sold in paper containers, and it probably marks the first time that filled milk has ever been sold in other containers than metal cans.

The container bears the usual Borden name in large letters and displays prominently the trademarked "Elsie," the cow, such as used by Borden on their regular milk cartons.

Also appearing in large type is the following: "Homogenized, vitaminized, pasteurized filled milk." At the bottom of the carton, appearing in small letters, is the following: "Recombined by Devon Creameries, Ltd., under license as to manufacture and sales."

STARTED WITH AFFILIATION

It is understood that Devon Creameries had not been in the recombining milk business until its affiliation with Borden.

A chocolate-flavored filled milk is also being sold by the company.

The cartons do not give any information with reference to the ingredients being used, but it is understood that the vegetable oil used in recombining is being shipped from the United States, and reliable sources have indicated that at least some of the nonfat dry milk used is also being manufactured by one or more American firms for shipment to Bermuda. Whether or not it is surplus milk powder supplied by the Commodity Credit Corporation had not been determined at the time Dairy Record went to press on Monday of this week.

PROHIBITS FILLED MILK

Although Dairy Record was unable to confirm the information, it is understood that the Bermuda laws prohibit the sale of filled milk. However, Devon has been granted a special license to sell filled milk to the Air Force. The Navy base there does not sell filled milk.

The disclosure of Borden's activities in Bermuda is certain to create consternation among dairy interests in the United States. The fact that the filled milk is being produced by a Borden-affiliated company no doubt will be of particular concern because of Borden's standing in the industry, and also because of the fear that it will help open the door to filled-milk interests in the

United States to knock out the filled-milk laws in this country.

Similarly, in this connection, there is no basis in fact upon which to dispute the sound conclusions reached in the "Behind the News" editorial on page 26 of the February 24, 1960, issue of the Dairy Record, reading as follows:

The Quartermaster Corps purchase description for filled milk states, among other things, "This product is intended for use, when authorized, in areas outside the limits of the continental United States, where a sufficient supply of fresh fluid milk from authorized sources is not available."

Bermuda is only a "whoop and a holler" from the east coast of Florida and it should not present any great problem for the Air Force or the Navy to ferry fresh milk from the continental United States to the U.S. Air Force base at Kindley Field and the U.S. naval base at Kings Point, Bermuda. If it did present an insurmountable problem to the two services, it certainly should be possible for them to transport non fat dry milk and anhydrous milk fat from the United States to those bases for recombination. Already something along this line is being done, for the Borden subsidiary, Devon Creamery, Ltd., at Bermuda, is producing and selling a full cream recombined milk through the commissary of the naval base. The company is also producing and selling a recombined filled milk to the commissary at Kindley Field.

If it is possible to transport nonfat dry milk and vegetable oil from the United States to reconstitute filled milk, why then is it not possible to transport enough nonfat dry milk and anhydrous milk fat to take care of all of the needs of the two services at their bases?

It is difficult to understand the Quartermaster Corps double talk with reference to its specifications concerning "where a sufficient supply of fresh fluid milk from authorized sources is not available."

As was mentioned in this publication (Dairy Record, February 7), filled milk has been sold to the services in Bermuda before Borden got into the picture. The United Dairy Equipment Co., West Chester, Pa., manufacturers of the "mechanical cow" which has been used since World War II on naval ships for recombining nonfat dry milk and anhydrous milk fat, has been in the chocolate-flavored filled milk business in Bermuda for use by the armed services for some time past. It has manufactured filled milk at Kindley Base with its own equipment, and the ingredients are being shipped from Pennsylvania.

Whereas the Borden carton displays the filled milk legend in large bold type, the United Dairy Equipment Co. carton displays the word "milk" in letters 1 inch high in boldface type. Beneath this in one-eighth-inch high letters is printed on the chocolate milk carton "filled milk recombined by," and then beneath that "United Dairy Equipment Co., West Chester, Pa." in large type. The trade name of the product is "Super," which also appears in large letters in reverse type. It also bears the legend that it is "pasteurized, homogenized, and vitaminized."

Incidentally, the paper cartons in which the United Dairy Equipment milk is sold are manufactured in Canada. Borden's are produced in the United States.

In view of the fact that there should be little or no problem in supplying commissaries in Bermuda with fresh fluid milk, or at least recombined whole milk, but which they are not getting, it is almost a safe bet that the Quartermaster Corps is supplying the Air Force bases in Spain, north Africa,

the Middle and Far East, and on the DEW line in northern Greenland and northern Canada with filled milk also.

Members of Congress, judging from press reports, are much disturbed about the contents of an Air Force manual titled "Open Mess Operating Manual," that gives instruction on seven different ways to make a martini, how to stage fashion shows, how and where to round up dates for bachelors, as well as why lollipops should be provided for officers' children. An admonition is also given to those who run the officers' clubs to feed employees, who frequently are enlisted men, cheaper cuts of meat.

Admittedly, Congress should be concerned when a branch of the armed services lays such stress on trivia of this kind. But this commentator maintains that Congress should be much more concerned over the matter of our armed services openly flaunting the intent of Congress with regard to the filled-milk bill.

The language of the bill clearly defines the product as "an adulterated article of food, injurious to the public health, and its sale constitutes a fraud upon the public. It shall be unlawful for any person to manufacture within any territory or possession or within the District of Columbia, or to ship or deliver for shipment in interstate commerce, any filled milk."

On May 11, 1959, in the 1st session of the 86th Congress, I introduced bill H.R. 7146 to amend the Agricultural Trade Development and Assistance Act of 1954, as amended—Public Law 480—for the very simple reasons which I specified at the hearing on that bill before the Subcommittee on Dairy and Poultry of the House Committee on Agriculture on August 3, 1959; namely, that, first, the manner in which the Public Law 480 program has been administered in respect to encouragement of exports of nonfat dry milk, particularly, is contrary to a basic principle of Public Law 480; second, the aggressive promotion of the production and marketing of filled-milk products, made from coconut oil mixed with subsidized nonfat dry milk from the United States, is wrecking normal commercial export markets for natural U.S. dairy products abroad; third, official reports indicate that a vigorous drive is in the making to expand filled-milk production throughout many of the non-dairy-producing nations of the world, which will inevitably redound to the disadvantage of ourselves and of friendly nations who depend upon dairy product exports for a large portion of their foreign trade; and, fourth, the aggressive production and marketing of filled dairy products abroad by our dairy industry, coupled with the encouragement given such operations by our own Government through payment of subsidies under Public Law 480 and other U.S. law, will, over a period of time, result in efforts being made in the United States to produce imitation fluid milk and fluid-milk products.

At that hearing, I further pointed out that H.R. 7146 would serve to accomplish or prevent, among other things, the following:

1. Prohibit sale or disposal, either under Public Law 480 or with the assistance of the Secretary of Agriculture under any other act, of dairy products for use outside the United States for manufacturing filled milk products.

2. Specify that the Secretary may pay subsidies on dairy products other than those purchased under price support. * * * This thought arises from the fact that our major commercial export markets for dairy products concentrate very heavily in evaporated milk and dry whole milk.

* * * It seems to be utterly silly to subsidize exports of one dairy commodity at the expense of normal commercial export marketings of other dairy commodities.

3. Publications of the U.S. Department of Agriculture which I have seen show clearly the subsidization of nonfat dry milk under Public Law 480 and currently under other provisions of the law, has wrecked the export market of the United States for evaporated milk in the Philippines.

Furthermore, it appears that plans are in progress to expand filled milk production and marketing to many other areas, particularly the southeastern Asian area. If this is done, any potential development of export markets for natural dairy products in these areas will have been destroyed.

4. * * *

5. The bill makes more specific that the powers and authorities of Public Law 480 or of any other act shall not be used in a manner so as to disrupt or displace any usual marketings of, or any normal patterns of commercial trade in, any dairy products produced in the United States.

In closing, I would like to state that I am not unmindful of the fact that there are those in the dairy industry who might oppose amending Public Law 480 as provided in H.R. 7146 because of possible loss of some export outlets for nonfat dry milk.

I want you gentlemen to know that I am fully cognizant of such arguments and I do not think they are compelling.

You may not know it, but the district which I represent is one of the heaviest dairy producing districts in Minnesota and in the United States. In the town of Browerville, Minn., there is located one of the largest and most modern nonfat dry milk manufacturing plants in the world. I am sure that the farmers in my area do not want any action undertaken to promote the production of filled milk products abroad nor do they want action taken abroad which may in time lead to serious competition with filled milk products in this country.

In its report No. 908 dated August 15, 1959, the House Committee on Agriculture, to whom was referred the bill (H.R. 8609) to amend Public Law 480 by extending the authorities of titles I and II, strengthening the program of disposals through barter, and for other purposes, having considered the same, reported favorably thereon without amendment, recommended that the bill do pass, and added the following:

During the course of its hearings, the committee received testimony on H.R. 7146 by Mr. MARSHALL which would add a new section to Public Law 480 prohibiting any dairy commodity produced in the United States being sold or disposed of under Public Law 480 for use outside the United States in the manufacture of filled milk or filled cheese.

Testimony indicated that nonfat dry milk exported under Public Law 480 has been used in the recipient country for the manufacture of filled milk, movement of which in interstate commerce is prohibited in the United States, which has in turn been manufactured into an evaporated filled milk product sold in the recipient country in competition with evaporated whole milk imported from the United States. The condition complained of exists particularly in the Philippines where, it was indicated, sales of an evaporated filled milk product

have sharply reduced imports of evaporated milk from the United States.

While the operations complained of are not prohibited by law, it is repugnant to the whole intent and purpose of Public Law 480 that commodities exported to another country under the subsidies provided in title I should be used in such country in such a manner as to compete with and reduce exports from the United States to the same country of similar commodities on a commercial basis. The committee believes it is the clear intent of the law that the Department of Agriculture in making its "usual marketings" determinations (which are used as a guide in determining eligibility of a country to receive products under title I) not only of the particular products (in this case nonfat dry milk) but of similar or related products (such as evaporated whole milk) should be taken into consideration.

While the committee did not include this bill in its amendments to Public Law 480, it is in full accord with the objectives of the proposal and has omitted it because it believes this reminder to the Department will accomplish the purpose.

On August 19, 1959, during the floor debate on H.R. 8609, I asked and was given permission to extend my remarks, whereupon I had the following colloquy with my distinguished colleague, the gentleman from Texas [Mr. POAGE]:

Mr. MARSHALL. Mr. Chairman, you will recall that I introduced a bill, H.R. 7146, which would have added a new section to Public Law 480, which, among other things, would have prohibited any dairy commodity produced in the United States being sold or disposed of under Public Law 480 for use outside the United States for filled milk or filled cheese.

My bill also provided that export assistance under any other law could not be granted by the Secretary of Agriculture for the purpose of subsidizing the exportation of nonfat dry milk to be used in the manufacture of fluid milk products abroad.

First, I wish to commend the committee in its report in which it states that the operation which my bill sought to correct "is repugnant to the whole intent and purpose of Public Law 480 that commodities exported to another country under the subsidies provided in title I should be used in such country in such a manner as to compete with and reduce exports from the United States to the same country of similar commodities on a commercial basis."

Secondly, it is noted that the committee stated that while it did not include this bill, H.R. 7146, in its amendments to Public Law 480, "it is in full accord with the objectives of the proposal and has omitted it because it believes this reminder will accomplish the purpose."

Testimony before the House Committee on Agriculture and the Dairy Subcommittee of the House Committee on Agriculture showed that, while the Public Law 480 agreement under which the exportations of which we complained in our bill, is now concluded, yet exactly the same type of subsidization is being carried on under authority of other laws, such as the Agricultural Act of 1949, as amended, the Commodity Credit Corporation Charter Act, and the like.

I feel that the same considerations in expanding or maintaining export markets for U.S. agricultural products under Public Law 480, namely, that the authorities of such law should not be used to interfere with commercial export marketings of similar commodities, should also govern in respect to export subsidization carried out under other laws, even though such consideration is not specifically stated in the laws.

It makes no sense to subsidize one commodity at the expense of the regular export market of another commodity, irrespective of the authority used to accomplish such exportation.

Now to my question: Does your committee agree that the restrictions as to noninterference with regular commercial export markets by subsidies authorized pursuant to Public Law 480 should also guide the Department in respect to subsidization of exports carried out under authority of any other law?

Mr. POAGE. The committee agrees entirely. Certainly, we intended that our surplus commodities should be used to develop, not to destroy, American trade and we surely feel that the same goal should be applicable to all of our export subsidy programs.

When, during the past March, the Department of Agriculture appropriations for 1961 were the subject of consideration at hearings before the Subcommittee on the Department of Agriculture and Related Agencies Appropriations of the House Committee on Appropriations, I was permitted to ask the following question of Mr. Marvin L. McLain, Assistant Secretary of Agriculture. I received the following answer from him, as part 3 of the printed record of those hearings, under the heading "Prohibitions Against Aiding in Manufacture of Filled Milk Outside the United States," at pages 560-561, discloses:

Mr. MARSHALL. What, if any, steps have been taken by the U.S. Department of Agriculture either by internal directive, regulation, instruction, or otherwise, to assure compliance by all elements of said Department with the reminder to the Department contained in the Committee on Agriculture Report No. 908 to accompany the Cooley bill, H.R. 8609 of the 1st session of the 86th Congress and the colloquy which I had with Congressman POAGE, of Texas, on the floor of the House on August 19, 1959, when the Cooley bill was being debated, both of which were aimed at accomplishing the purpose of my bill, H.R. 7146; namely, to guarantee that no dairy product produced in the United States will be sold or disposed of pursuant to Public Law 480, or with the assistance of the Secretary of Agriculture under any other act for use outside of the United States for manufacturing, blending, or compounding of filled milk or filled cheese, or have the effect of disrupting or displacing any usual marketings of, or any normal patterns of commercial trade in, any dairy commodity produced in the United States?

Can you supply that for the record?

Mr. McLAIN. We will do the best we can. (The information referred to follows:)

"The Department has taken steps to assure that nonfat dry milk sold under Public Law 480 is not used in the manufacture of filled milk or cheese."

The assurance thus given by Mr. McLain that henceforth the Department of Agriculture will abide by the intent of Congress as regards its nonfat dry milk disposition activities under Public Law 480 is commendable, indeed. However, it fails to assure the Congress that no surplus nonfat dry milk produced in the United States will be sold or otherwise disposed of out of the Commodity Credit Corporation inventory with the assistance of the Secretary of Agriculture under any act other than Public Law 480 for use outside of the United States for manufacturing, blending, or compounding of filled milk or filled cheese, or have the effect of disrupting or displacing any usual marketings of, or any normal pat-

terns of commercial trade in, any natural dairy commodity produced in the United States.

That this is a real and cogent problem, harboring the potential of grave harm to the dairy industry of the United States, is borne out by Mr. McLain's answer to my further question, put to him in the course of his testimony at the aforementioned Hearings on the Department of Agriculture Appropriations for 1961—part 3, hearing record, page 562—as follows:

Mr. MARSHALL. Aside from Public Law 480 is it not true that CCC can subsidize exports for nonfat for use in filled milk under its charter without reference to Public Law 480 or this could also be accomplished under other legislation?

"This would be possible."

Not only would this be possible, as Mr. McLain's answer suggests, but it is a fact that since the reminder to the Department there were effected, with the assistance of the Secretary of Agriculture and under the aegis of the International Cooperation Administration pursuant to section 402 of the Mutual Security Act of 1944, shipments of surplus nonfat dry milk out of the Commodity Credit Corporation inventory to the Philippine Islands for use in the manufacture of filled evaporated milk.

Since then, and on February 1, 1960, the Department of Agriculture, Commodity Stabilization Service, Livestock and Dairy Division, issued announcement LD-33, entitled "Sales of Dairy Products for Export," and setting forth the ground rules on "how to submit competitive bids to buy butter, Cheddar cheese—cheese—and nonfat dry milk—milk—from Commodity Credit Corporation—CCC—for export." Pursuant to this bid procedure, sizable quantities of CCC nonfat dry milk have been purchased by, among others, the American concerns which operate filled milk plants in the Philippine Islands or have been the regular suppliers thereto, and by the American concerns which, in the past, were the regular suppliers of the nonfat dry milk requirements for the filled milk plants servicing the PX operations of the U.S. Air Force at Kindley Field, Bermuda.

To determine if such CCC nonfat dry milk, so sold pursuant to announcement LD-33, has been or is being thus utilized, I put the following further question to Mr. McLain during his testimony at the aforementioned hearings on the Department of Agriculture Appropriations for 1961, and received the following answer—part 3, hearing record, page 559:

MANUFACTURE OF FILLED MILK OUTSIDE THE UNITED STATES

Mr. MARSHALL. Is subsidized U.S. surplus nonfat dry milk being used anywhere outside of the United States in the manufacture of "filled milk," as defined in the U.S. Filled Milk Act of 1923 as amended?

Mr. McLAIN. We will consult with the Foreign Agriculture Service and furnish the answer.

(The information referred to follows:)

"It is not definitely known whether any of the nonfat dry milk sold recently by the CCC for unrestricted export is being used in the manufacture of filled milk. The Department believes, however, that some of the nonfat dry milk which has gone to Mexico

and the Philippines has been used, in the first case in filled fluid milk, and, in the second case, in canned filled milk."

I respectfully suggest that the lack of definite knowledge of what disposition ultimately is being made of the current unrestricted exports of CCC nonfat dry milk, coupled with nothing more tangible than an unverified belief that CCC nonfat dry milk has been used in the manufacture of filled milk overseas, as the Foreign Agriculture Service answer to the question I put to Mr. McLain implies, is either a disgraceful admission of the inadequacy of the information being relayed to the Foreign Agriculture Service by its agricultural attachés stationed in recipient foreign countries, or a deliberate affront to the intelligence of the Congress.

Definite proof is readily obtainable substantiating the use or intended use of such CCC nonfat dry milk for the manufacture of filled milk in the Philippine Islands plants of the Darigold Milk Co., Paranaque, Rizal, Philippine Islands, an affiliate of Consolidated Dairy Products Co., Seattle, Wash., the marketing organization of United Dairy Farmers of the Pacific Northwest, and General Milk Co.—Philippines—Inc., Mandaluyong, Rizal, Philippine Islands, an affiliate of the Carnation Co., Los Angeles, Calif. There is no evidence of which I am aware of any intention on the part of either Borden's or United Dairy Equipment Co. to cease manufacturing filled milk from subsidized CCC nonfat dry milk at their plants in Bermuda for PX sale to the servicemen and attached civilian personnel of the U.S. Air Force at Kindley Field, Bermuda.

It obviously is necessary to conclude that the "reminder to the Department" contained in House Committee on Agriculture report No. 908 to accompany the Cooley bill—H.R. 8609—and the admonition to the Department contained in the colloquy I had with the gentleman from Texas [Mr. POAGE] have utterly failed to accomplish the purpose which my bill—H.R. 7146—was aimed at achieving—an objective with which both the Committee on Agriculture and the Committee of the Whole House were in full accord.

I, therefore, respectfully appeal to my colleagues in the Congress on behalf of the dairy farmers of the United States, who are the ones that will reap the bitter harvest of this folly, to assist in putting an immediate end to, first, this wholly unjustifiable and unwarranted frustration of the valid national policy expressed in the constitutional and unrepealed Filled Milk Act of March 4, 1923, as amended; and, second, the incomprehensible continuing practice of the Department of Agriculture of ignoring the congressional intent expressed or implicit in Public Law 480, the Agricultural Act of 1949, as amended, the Commodity Credit Charter Act, the Mutual Security Act of 1954, and the like, pursuant to one or a combination of which, export subsidization of CCC nonfat dry milk for use in the manufacture of filled milk overseas has been and is being carried out with the assistance of the Secretary of Agriculture.

None of the public funds which are appropriated to the Department of Agriculture for fiscal year 1961, or thereafter ought to be utilized either directly or indirectly to subsidize the sale or other disposition of CCC nonfat dry milk for use outside the United States for the manufacturing, blending, or compounding of filled milk or filled cheese, or have the effect of disrupting or displacing any historically usual marketings of, or any historically normal patterns of commercial trade in, any natural dairy commodity produced in the United States.

Mr. PASSMAN. Mr. Chairman, I yield such time as he may desire to the gentleman from Utah [Mr. KING].

Mr. KING of Utah. If the gentleman from Louisiana will yield, may I say that I have followed the work of the gentleman from Louisiana, and know the painstaking care which he has given to the problem of eliminating governmental waste in our mutual security program. I should like at this time to ask the gentleman to state for the record whether or not in his opinion the cuts which his subcommittee has proposed will endanger in any material way the security of this country, or whether they will retard the progress which this Nation has made in promoting the cause of democracy through extending legitimate aid to those who would benefit therefrom throughout the world.

Mr. PASSMAN. I may say to the gentleman that we are not cutting the funds. This military assistance recommendation is 23 percent more than the amount appropriated last year. This is the highest money request that has reached this floor in 6 years. We are increasing the military item by \$300 million.

I might state further that a majority of the subcommittee, a majority of the full committee, and the leaders on my side of the aisle are of the opinion that the funds are adequate.

I should like to thank the gentleman for his interest, and I want to assure him that I am grateful for the information he gave to me that made it possible to find certain waste in this bill that the committee has eliminated. I have nothing but commendation for the gentleman from Utah.

Mr. KING of Utah. I thank the gentleman.

Mr. Chairman, I want to make it clear that I support the principle of foreign aid. I have advocated it in civilian life, before coming to Congress, and I voted for it last year, as a Member of Congress. I shall vote for it this year. I shall continue to support it as long as I feel that it makes a legitimate contribution to the security of this Nation, to the containment of communism, and to the extension of democracy and the advancement of human freedom and decency throughout the world.

I must make it equally clear, however, that any foreign aid program which I endorse must submit to the same rigorous tests of fiscal soundness, not only in its entirety, but in each particular thereof, as must any domestic program which elicits my support.

I have, in the past, voted for sewage disposal, airport construction, area rede-

velopment, reclamation, and many other insisted that all waste be first eliminated therefrom. To that end, I have not hesitated to vote for cuts where I felt that such cuts would effectuate justifiable economies. What I ask for domestic programs, I now ask for the proposed mutual security program.

I have read the record carefully, and am convinced that there are some aspects of this program that demand careful reexamination. When I hear of our sending the most advanced type of planes to a country who has no men to fly them, and no immediate prospects of obtaining them, when I hear of our sending tanks and other implements of death to a country whose government and all its equipment is threatened to be taken over by the very enemies against whom those armaments are intended as a protection, and when I hear of the vast and sometimes wasteful expenditures made in countries which admit openly that the very program which administers this largess is wasteful and inefficient, then I find it necessary to pause, to reevaluate our objectives and the means devised by which they may be attained.

The cuts of the subcommittee still leave our foreign aid budget larger than it was last year by over \$140 million. I believe that \$3,389,750,000, as recommended by the subcommittee, is enough.

I plead once again, as I have done before, to avoid waste, to consolidate duplicating programs, and to strengthen our domestic economy through following sound fiscal policies. It is only by so doing that we can fulfill our historic role as the strongest leader of a strong, free world.

Mr. TABER. Mr. Chairman, I yield such time as he may desire to the gentleman from North Carolina [Mr. JONAS].

Mr. JONAS. Mr. Chairman, may I ask the chairman of the subcommittee a question?

On page 1126 of the hearings the gentleman from Louisiana asked a question, as follows:

I believe that earlier we requested information on the total cost of the 43,600 employees in the overall mutual security program.

That was a question directed to Mr. Murphy. Will the chairman of the subcommittee advise the committee today where these administrative costs appear in the bill? Do they run throughout the bill?

Mr. PASSMAN. They run throughout the bill. I may say to the gentleman that the figure now is approximately 44,000 employees in the mutual security program.

Mr. JONAS. The gentleman does not have it broken down?

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

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

Mr. GARY. May I say to the gentleman if he will look at page 23 of the committee report, in the table on that page, he will see that there are general administrative expenses of \$38 million

for TCA. In the State Department. On page 2 of the bill \$23 million are allowed for administrative expenses for the military assistance program.

In addition, in the Development Loan Fund there is a limitation of \$1.8 million for administrative expenses. Then, in addition, the technical assistance program is practically all administrative expense, because it is to pay the expenses of the men in the field who are conducting these technical projects.

Mr. JONAS. If I may supplement my question, I was primarily interested in ascertaining how much administrative cost is attributable to military assistance.

Mr. PASSMAN. Twenty-three million dollars is for the administrative cost of the military assistance program in the bill before the committee.

The CHAIRMAN. The time of the gentleman from North Carolina has expired.

Mr. TABER. Mr. Chairman, I yield the balance of my time to the gentleman from Arizona [Mr. RHODES].

Mr. RHODES of Arizona. Mr. Chairman, this is near the end of a long trail for this particular piece of legislation, at least as far as the House is concerned, because when we get a look at this bill again it will have passed the other body and will come back for approval of the conference report. Sixteen weeks of hearings have gone into the preparation of this bill.

Mr. Chairman, I would like to say at the outset that I regret the necessity of being in a position to differ with some of my very good friends on the other side of the aisle as far as the amounts which are to be appropriated for the various activities under this bill are concerned. By and large, this subcommittee works in harmony, and I hope that it will always continue to be that way. I intend to address myself directly to the category of defense support.

The defense support figure recommended by the majority is \$600 million. This is down from \$724 million which was recommended by the President of the United States for this category. The great Committee on Foreign Affairs voted out a bill which was passed on the floor of the House and the other body and later became law providing for an authorization of \$675 million. Thus, the amount in this bill, \$600 million, is a cut of \$124 million below the budget request, or a cut of just under 20 percent. In fact, this program has been cut rather drastically during the last few years. In 1959, \$807 million was appropriated for this item.

In 1960 the figure for this program was \$765 million. In 1961 we have a figure of \$600 million. This is a reduction since 1959 of over 25 percent in this particular item.

What is it that we are reducing? What is defense support? I will answer this as clearly and as briefly as I can. Defense support is the program by which we keep certain nations which are allied with us in the business of defending themselves. Some of the beneficiary nations in this program are South Korea, Taiwan, South Vietnam, Pakistan, Turkey, and Greece. These are the small

nations along the perimeter of the Soviet world who have had the courage—and I say this with all the emphasis at my command—the great courage to align themselves with the free world even though the Kremlin and Red China are looking right down their throats and pointing missiles at them every day.

This money goes to support their armed forces. It goes to support 600,000 troops on the island of Taiwan. It goes to support 600,000 troops in South Korea. It goes to support the army of some 280,000 in South Vietnam. It supports the armies of Turkey, Greece, and Pakistan. This money is spent about as follows: The money is used to import products. Incidentally, well over 60 percent of those products will come from the United States. The purpose is to put those products into the economy of these countries. The products are mainly in the category of capital expenditures which will have a long-time beneficial impact on the economy of these nations. Through the building of their economy, we make possible the dawning of that day when they may be able to support themselves and their armed forces without our help.

These nations are asked to pay for those products in the only way they can pay, and that is in their own currency. The agreement which we have with these nations varies somewhat in form, but substantially it is something like this. Whenever a unit is sold to the government of, or to a business within that country—Country A—Country A sets aside, or receives from the purchaser to set aside, the price of the product in the currency of Country A. That currency may be spent in accordance with the agreement between the United States and Country A. We do not own the money. We do not have a veto power over the way it is spent. Therefore, we retain just enough of a string on it to make sure that the original cost to the United States, which bought this machine tool, is used in a way which will represent a long-term beneficial effect. That, of course, is the only reason in the first place we would have spent the money.

Mainly these local currencies are used to support and maintain the armed forces budgets of these countries. With the military assistance program we buy the hardware, the sinews of war with which these armies, navies, and air forces must be armed. With the defense support program we, wherever it is necessary, support the budgets of these particular nations so that they will be able thereby to support armed forces which they could not possibly support with their own resources.

So this very briefly is defense support. Now, is it necessary? Is it a good investment for the American taxpayer to keep these nations in the field and to keep them on our side; to keep their armed forces at their present level?

Take the case of Red China, a nation which certainly since its inception has shown all the predatory tendencies of a young lion cub. This is a nation which has marched into Korea, which has by indirection, perhaps, marched into

Southeast Asia, and has shown signs of marching wherever it can probe a soft spot around the perimeter of the globe.

This is a nation which is growing in industry. Its industrial output is up some 300 percent in the last 5-year plan. It now is in about the same economic position, or it will be in 1965, as Soviet Russia was on the day World War II began. So this is a threat which no one dare take lightly. This then is a nation which is growing and which shows signs of spreading out wherever it can, by any means available.

What is the deterrent? The deterrent consists of 600,000 Chinese Nationalists and the 600,000 South Koreans on the flank of this nation, ready to strike if need be to defend that portion of the free world which is in Southeast Asia. The other deterrent is the armed forces of the nations of Southeast Asia, trained, armed, and ready to defend their liberties whenever required. These are the forces which are supported in that part of the world by defense support.

Then going over to the Middle East, also on the perimeter of the Iron Curtain, we find the nations of Turkey and Greece. No one needs to recount the valor of the Greeks during World War II. No one needs to recount the valor of the Turks who fought by our side in South Korea. No one I am sure will doubt for one single instance that if trouble begins those two brave little nations will be on the side of the free world.

We have heard the gentleman from Michigan [Mr. Ford] very eloquently plead for an increase in military assistance. This military assistance is necessary for modernization of the armies of Greece and Turkey and the other armies around the perimeter as well as those of Western Europe. If trouble came, and we had not modernized the forces of our allies, they would then be faced with some of the crack divisions of the Iron Curtain countries, and they would face them in the condition of having been armed and trained with weapons which are of the Korean war vintage.

It is absolutely necessary not only to keep faith with those people but also to keep faith with the taxpayers of the United States, who have thus far very nobly advanced this cause, that we make absolutely certain that if trouble begins these gallant allies of ours will be able to meet the threat with the very best weapons, the very best equipment, with which they can be provided. To do less would be to fail in the ultimate objective we seek—the deterrent capability to prevent war, and the ability to win one if it comes.

Do we provide all this? No, we certainly do not. The gentleman from Michigan has already related the fact that the military budgets of these nations have gone up very considerably. Since military assistance has begun, those nations have spent \$6 of their own money for every dollar which we spend.

To me, this program, as far as its justification is concerned, is very much like any other program in this particular section of the Government known as mutual security. I have never had the reputation of being a person to give away

money, and I do not certainly intend to stand before you and try to change my spots. If this program and all of these programs cannot meet the test of being good for the taxpayers of the United States, then you and I, as Members of this body, should not pass these bills. The fact that the program has met this test is borne out by the fact that not only this body but the other body has passed the authorization bills under which we now appropriate funds. Therefore, the House has already answered the question as to whether or not most of this is good for the taxpayers.

We have heard gentlemen from the other side speak about certain cases involving transactions by the ICA which I call horror cases because they are horrible cases. There is no doubt whatsoever in my mind that many of them would be difficult to justify if, indeed, they can be justified at all. But I submit to every Member of this body, that where you have a program which is spending from \$3 to \$4 billion a year, and I do not care whether that program is a global program or whether it is centered here in the District of Columbia, you will find cases in which the money has not been spent well and you will find cases in which there was rank stupidity, and you will find cases that you and I, as Members of the Congress, will not be very proud to mention.

I do not have any doubt but that there are instances in this program very similar to that. In fact, I know of a few which have not been mentioned by gentlemen from the other side. But the minority report, Mr. Chairman, provides for a cut in the request of the President. The military assistance program, if you accept the amendment of the gentleman from New York, will still be 10 percent below the request of the President of the United States. If you take the figure on defense support of \$650 million, under the amendment which will be offered by the gentleman from Michigan, you will still have a cut of \$74 million, which is a 10-percent cut of the budget request of the President of the United States.

I submit to anybody, and I do not think it can be proved to be false, that for every \$10 that is spent on this program, at least \$9 of it is well spent. If we are going to cut out the waste based upon a percentage figure, I submit to you that the amendments which will be offered by the minority do just exactly that.

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

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

Mrs. BLITCH. As the gentleman knows, the gentleman from Georgia has a great respect for his opinion. I have always enjoyed listening to the remarks of the gentleman in debate on the floor of the House on various issues. Is the gentleman from Georgia incorrect in her recollection that the gentleman voted against the authorization bill?

Mr. RHODES of Arizona. No; the gentleman is not incorrect in that assumption. The gentleman from Arizona

did vote against the authorization bill, but he did so because he felt the program, as it was set forth in the authorization, called for more money than was necessary. The money which is provided in the appropriation bill is, in my opinion, too little, so I am doing the best I can to get it to a program that I can support.

Mrs. BLITCH. Then the gentleman from Arizona did not vote against the authorization bill because he was against the program?

Mr. RHODES of Arizona. There are certain parts of the program, I will say to the gentleman from Georgia, to which I have not referred. I have kept my remarks, as the gentleman will recall, to the two categories, military assistance and defense support. I will continue to do so.

Mrs. BLITCH. I thank the gentleman. Will he yield further?

Mr. RHODES of Arizona. I cannot yield further, Mr. Chairman, although I have the highest respect for the gentleman from Georgia, as she well knows.

The gentleman, and the very distinguished gentleman, I might say, from Louisiana—

Mr. PASSMAN. I did not understand what you said.

Mr. RHODES of Arizona. I am saying that the distinguished gentleman from Louisiana, the distinguished chairman of this subcommittee, who is my very good friend, in the committee and also on the floor, made a remark about an item of \$325 million of excess stocks. I have searched the record and tried to find where there are \$325 million of excess military stocks.

On page 2362 of the record I find about the only reference to excess stocks that appears anywhere in the index. Here the chairman is questioning Mr. Forman.

The following colloquy took place:

Mr. PASSMAN. How do we reconcile that figure with the information furnished on page 45, where you state it will be \$77,219,000?

Mr. FORMAN. That figure \$77,219,000 is a composite figure. The word "excess" as used there is a misnomer. It consists of both excess stocks and redistributable property. The excess is \$40,044,000 and there is \$24,919,000 of redistributable property making a total of \$64,963,000. In addition, as previously reported to the committee, the sum of \$12,256,000 carried on the book as excess for one country was erroneous.

If there is anything further in regard to excess or redistributable property I would now ask the chairman to point it out.

Mr. PASSMAN. You just do not know how happy you have made the gentleman from Louisiana.

Mr. RHODES of Arizona. I am always glad to make the gentleman from Louisiana happy.

Mr. PASSMAN. It was the distinguished gentleman who is now in the well of the House who assisted the chairman in establishing these figures. I merely refer the gentleman to the hearings now available, to the testimony from Norway, Belgium, Denmark, the Netherlands; and that amounts to \$314 million,

properly documented, and the gentleman helped document that.

In addition to that, Mr. Campbell brought to us a few other facts indicating over \$100 million in one country.

Now, the gentleman helped conduct these hearings. I wish he would go over and read his own interrogation, and if he does not find that I have given the right figures he can then supply them.

Mr. RHODES of Arizona. I asked the chairman to go to the record and pick out the place in the record where there is anything about \$314 million.

Mr. PASSMAN. The gentleman can pick it out for himself. I stated my figures. They are correct, \$314 million. Let the gentleman pick them out.

Mr. RHODES of Arizona. That figure is not in the testimony, and the gentleman from Louisiana knows it is not in the testimony.

Mr. PASSMAN. And I want to say that the gentleman from Arizona knows it is in the testimony.

Mr. RHODES of Arizona. Mr. Chairman, I do not yield further.

I do want to make one point clear. The chairman has also made some remarks concerning certain people thanking him for cutting this appropriation. He quoted from the record a sentence from General Norstad, but failed to read another following sentence bearing on the subject. I am sure it was because the gentleman did not see it. His motives are of the highest, I know.

Mr. PASSMAN made this statement:

If we had given you the money you asked for, you would have used it in this program. You would have bought something whether you needed it or not, and it would have been, today, in excess.

Then he read General Norstad's reply:

If you had given us, every year, everything we asked for, the total at the present time would indicate some overages that we now make, that is correct.

Then there was another sentence in General Norstad's statement which the chairman did not read:

Every year we must program in the light of the deficiencies which have been created by the failure to appropriate the year before as we are doing this year in Turkey.

The second sentence, if read, changes the context of the general's statement, and makes it say, as the general meant to say, that the cut in appropriations has hurt the program.

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

Mr. RHODES of Arizona. I yield.

Mr. PASSMAN. What I said is in the hearings. If the gentleman wishes to take the time he can find it himself. He helped develop the facts. I have made my statement and I stand on every statement that I have made on the floor.

Mr. RHODES of Arizona. I do not yield further on that point. I merely am trying to help the chairman correct his own myopia as far as the Norstad statement is concerned, if he desires to do so.

Mr. PASSMAN. The gentleman will agree. If he will not agree that the figures I gave—

Mr. RHODES of Arizona. Mr. Chairman, I do not yield further on that par-

ticular point. I think maybe the chairman and I took different trips because some of the things which he says occurred I do not recognize and I do not remember.

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

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

Mr. GROSS. Is there anything in this bill for what is known as the China Development Corp.?

Mr. RHODES of Arizona. I cannot tell the gentleman. Perhaps the chairman can enlighten him.

Mr. GROSS. And what is the China Development Corp.?

Mr. PASSMAN. If the gentleman will do a little research on that he will have the answer.

Mr. RHODES of Arizona. The chairman declines to give an answer to the gentleman from Iowa.

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

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

Mr. KYL. If the recommendations of the minority in this report are accepted by the House, how much less, then, would the appropriation be below that requested in the budget?

Mr. RHODES of Arizona. If the recommendations of the minority are accepted, the bill will be increased by \$250 million. It will be then a total of approximately \$3.65 billion, which is some \$400 million below the authorization and about \$500-million-plus, below the budget request.

Mr. KYL. On page 14 of the report the statement in regard to the Development Loan Fund is to the effect the funds returned paid back do not go to the Treasury. Can the gentleman tell me what becomes of those funds?

Mr. RHODES of Arizona. The funds of the Development Loan Corporation?

Mr. KYL. Yes.

Mr. RHODES of Arizona. The gentleman's understanding is correct, the money which is paid back from loans of the Development Loan Fund is paid in currencies of the country involved. The currency stays in the Fund and is reloaned. It would take legislation to bring any of this money back to the Treasury.

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

Mr. PASSMAN. Mr. Chairman, I yield the remainder of the time on this side to the gentleman from Virginia [Mr. GARY].

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

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

Mr. YATES. I voted in the committee for amendments to restore funds to the military assistance and the defense support program. I intend to do so again. However, time ran out in the committee before I had an opportunity to offer amendments to strike sections 107 and 109 of the bill which prohibit the use of funds for the Indus River Basin development and for the special assistance program for tropical Africa. In committee I reserved on those sections

of the bill and I intend to offer amendments to strike those sections at the appropriate time.

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

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

Mr. GALLAGHER. Mr. Chairman, I believe that both sides of the aisle must unite in a real effort to restore the damaging cuts in the appropriation for the mutual security program.

We must act responsibly and maturely if we are to deserve the place we all so nobly refer to here on the House floor, that is, the leadership of the free world.

We cannot sit idly by and hope the Senate will restore these cuts. It is our responsibility to display a recognition of our international position and with it the attendant obligations that our position requires.

To do less and allow these cuts to remain is an irresponsibility that we can no longer afford.

Of equal, if not greater importance, is the rigid restrictions that are contained in this bill. A careful analysis of the rigidity contained in these restrictions leads one to the conclusion that there is no desire on the part of its proponents to see the program survive.

I do hope that the defects in this bill will be recognized and that when the amendments are submitted that we will vote to restore responsibility into this bill. We should act with a consciousness of our obligation to the less fortunate nations in this world who are lacking in every national resource except a great desire for freedom. We should act with a consciousness that this program is in our national interest.

Many charges and statements have been leveled against this program by the opponents and others who are merely seeking answers to questions. I have listened to the debates today and have heard some of them repeated. Certain charges left unanswered are used by the opponents to abandon the entire program.

I thought perhaps these charges should be answered in order to bring about a better comprehension for everyone concerned.

Accordingly, I am submitting a report prepared by the executive branch which documents with explanations those charges and statements which have appeared in one form or another during the past months including those that have appeared in the committee report and in today's debate. I do hope that it will in some way contribute to a better understanding. I hope that a better understanding will provide the enlightenment necessary to restore the damaging cuts in our mutual security program. To do less is to demonstrate an unworthiness of leadership in the fight for freedom and survival.

The report follows:

EXECUTIVE BRANCH COMMENTS ON CERTAIN STATEMENTS CONCERNING THE ADMINISTRATION OF THE MUTUAL SECURITY PROGRAM

MILITARY EQUIPMENT DELIVERED WITHOUT ASSURANCE OF PROPER USE

Statement

It has been charged the military equipment continues to be programed, procured,

and delivered to recipient countries without adequate regard for the degree of utilization achieved in those countries.

Charge

Absolute safeguards have not been established nor is it practicable to do so. However, a concerted effort is being made to help insure that equipment is properly used. Significant in this regard are the following factors:

(a) All bilateral agreements contain a provision authorizing U.S. representatives to observe the progress of assistance furnished. DOD Directive 5132.3 assigns MAAG's the responsibility for observing and reporting on the utilization of MAP furnished equipment.

(b) MAAG field visits include the purpose of viewing end-item utilization, frequently as a corollary duty while on other official MAP business. The MAAG's report evidence of improper use of equipment to the host country. Followup visits are made by MAAG personnel, as appropriate, to determine whether corrective action has been taken. Unsatisfactory situations are reported to the unified command.

(c) In countries whose indigenous military reports afford the information, they are used by the MAAG's to determine the effectiveness of end-item utilization, particularly in the more advanced countries. Spot checks are made during MAAG field visits to assist in establishing the validity of such indigenous reports. Improved logistic and maintenance systems, training methods, and reporting procedures are producing dependable reporting.

MILITARY EQUIPMENT DELIVERED TO ABANDONED UNITS

Statement

The charge has been made that military assistance has been delivered to force units (divisions, aircraft squadrons, etc.) which have subsequently been deleted from MAP supported force goals and the equipment is now excess.

Comment

By no means all of the allied forces which are strategically important to the United States are supported by military assistance. In addition to strategic considerations, the decision as to which forces are to be eligible for MAP assistance must take into account the country's capability to maintain them without U.S. aid and the relative military importance (priority) of the unit in relation to the limited MAP resources available. These decisions are reexamined regularly and revised in the light of changing conditions. As a result, many units which were once assisted have been deleted from current MAP supported force goals.

Simply because the United States has made a decision not to support a certain unit in the future, it does not follow that the existence of the unit is no longer in the U.S. strategic interest, nor does it follow that the equipment previously programed for that unit is no longer needed and is now excess. For example, it has been some years since we have programed any military assistance for conventional ground, naval, or air forces in the United Kingdom. It would be patent nonsense to suggest, however, that it is no longer in the U.S. strategic interest to have the British Government maintain military forces and that we should, therefore, now take back the materiel which was used to help the British equip these forces in the early days of NATO.

On the other hand, a rapidly advancing technology and changes in the world situation do result in equipment becoming excess to the needs of forces previously supported by the MAP. In these cases, the equipment is offered back to the United States by the recipient countries. MAP supplied items having an acquisition value of approximately

\$1.2 billion have been offered back to the United States. Of this \$1.2 billion, over \$450 million worth have been transferred to other countries to meet MAP requirements. It was used by the original recipient, served its purpose and is now meeting a MAP requirement for at least the second time since it was delivered originally.

JET PLANES WITHOUT PILOTS

Statement

During congressional testimony, a news release was cited which asserted that the United States gave 421 jet planes to an unidentified Far Eastern ally whose air force had only 186 qualified jet pilots.

Comment

As of June 1, 1960, the number of jet-qualified pilots exceeded the number of jet aircraft delivered to this country. It is true that at time referred to in the news release, January 1958, the number of pilots qualified in one particular type of jet aircraft was not equal to the number of aircraft. However, the total pilot inventory was 488. A short training period qualified these pilots for this type aircraft, thus equalizing the situation. Aircraft production and pilot training both have long lead time requirements. The pilot training output for this one type of aircraft slipped due to stringent emphasis placed on other factors in the training program. A review of the training program has corrected this situation and appropriate steps have been taken to balance all aspects of the aircraft and pilot program.

TANKS WITHOUT DRIVERS

Statement

The statement has been made that 255 tanks were programed for five tank battalions in one country having actual strengths of only six people. Notwithstanding the ample supply of tanks available, an additional 125 tanks were programed to be used for training purposes.

Comment

1. The program action in question involved a total of 300 tanks and not 380 tanks.

2. All tanks programed for this country are valid requirements for NATO divisions and supporting units required on D-Day or a few days thereafter. The tanks provided were limited to unit equipment, i.e., minimum tanks required in the unit at all times. War reserve tanks were not programed for these units nor were tanks programed for the reserve units of this country.

3. Normally tanks are not provided for training purposes if available in war reserve or in reserve divisions. Since this was not the case in this country, 125 tanks were programed to meet a valid requirement for tanks in training centers and schools. All but a few of these tanks were for the armored training school. To have withdrawn any tanks from the first line NATO units would have reduced their D-Day capability below minimum acceptable levels. Furthermore, equipment used at training centers soon becomes valueless as combat equipment because of continual use in training inexperienced personnel.

The manning levels quoted by the Comptroller General predate the programing of the tanks in question. There are now 12 tank battalions in the country concerned, seven of which are being supported by the military assistance program. Five of the battalions are 65 percent to 75 percent manned. The manning levels for all seven MAP supported battalions have been and are being increased as tanks are delivered to the units. The military officials of the country concerned did not care to expand manpower and other resources for tank battalions until they were assured that tanks were available to the unit.

PAYMENTS FOR AIRCRAFT KNOW-HOW

Statement

It has been stated that through the military assistance program the United States agreed to assist Italy in building F-86 fighter planes. Included in this project was a \$750,000 payment to North American Aviation Co. for rights and know-how pertaining to this airplane. Actually, the U.S. Government acquired rights to the plane when it was developed.

Comment

This project was initiated when the United States and Italian Governments decided to support production of the F-86 in Italy by Fiat. North American Aviation, Inc., developer of the plane, entered into agreement with the Italian Government and Fiat to provide to them, information, data, drawings, plans, specifications, and related material pertaining to the F-86. The agreement also stipulated that North American would furnish for a period of 5 years, assistance and cooperation in the manufacture or development of Fiat of these F-86-type planes. This agreement was not just a license for relieving the Italian Government or Fiat of claim of patent infringement. It was a commercial agreement with Italy and Fiat to furnish the experience and know-how North American had taken years to accumulate. In short, North American aided in the establishment of a competitor.

Even in those cases where the U.S. Government may transfer patent and reproduction rights to a second source, the establishment of a second source often requires more than a mere transfer of these rights. Generally, the active assistance of the first source is necessary to implement timely production of satisfactory equipment. Consequently, as in this case, the first source has basis for charging for specialized assistance furnished to other sources.

RAISING OF MAAG RECOMMENDATIONS

Statement

Programs recommended by the MAAG's are increased by the unified commands and by the Department of Defense in order to spend more money, giving the countries things they don't need and don't want.

Comment

This statement is basically incorrect. The dollar ceilings imposed on unified commands for planning purposes produce much smaller proposals than in the days when they made submissions for all militarily desirable and feasible projects eligible for grant aid.

The occasional instances in which MAAG recommendations are raised relate to projects the importance of which must be determined on a unified commandwide basis. For example, an early warning radar site might be of relatively low priority to the country in which it is situated but, when related to a network across a number of countries, it could be of the highest priority. The unified command judgments sometimes cannot be made until MAAG proposals for individual countries are seen and matched.

Increases in tentative MAAG proposals are made by the unified commands and by the Department of Defense only to meet such requirements and only with the concurrence of the MAAG concerned.

WE CONTINUE TO GIVE MILITARY AID EVEN THOUGH PAST EQUIPMENT IS STILL USABLE

Statement

MAAG Chiefs have stated that up to 95 percent of the billions of dollars worth of equipment previously furnished continues available and usable yet we continue to provide increasing amounts of aid.

Comment

To say that most of the equipment already furnished is still available and usable does not say that everything necessary to meet the military threat has been furnished.

The fiscal year 1961 request includes (in million dollars):

To replace wornout and obsolete equipment on hand (far less than 5 percent of that already supplied).....	210
Conventional types of equipment needed all along but not supplied previously.....	157
Advanced type weapons needed to modernize forces.....	651
Plus: Repair parts, petroleum, oils, and lubricants and other supplies.....	405
Military construction, supply operations, training, multilaterally cost-shared programs such as NATO infrastructure and mutual weapons development.....	577
Total.....	2,000

AIDED COUNTRIES SELL OUR MILITARY AID AND KEEP THE PROCEEDS

Statement

The MAP has supplied more equipment than the recipient countries can use. The countries now are being told to sell this equipment and keep the proceeds in order that more equipment can be provided.

Comment

MAP-supplied items having an acquisition value of approximately \$1.2 billion have been offered back to the United States by the recipient countries. These materials were determined by the country to be needed no longer in support of MAP objectives.

1. Of this \$1.2 billion, over \$450 million worth has been transferred to other countries to meet MAP requirements. It was used by the original recipient, served its purpose, and is now meeting a MAP requirement for at least the second time since it was delivered originally.

2. Approximately \$266 million worth was taken back by U.S. authorities. In most cases, the materiel was sold, and the receipts from the sales deposited in miscellaneous receipts of the Treasury. Some was taken by the U.S. Military Departments for use.

3. About \$340 million worth was released to the country for disposal. This materiel consisted primarily of items having only scrap value. The net proceeds from all sales approximated \$6 million. The countries were allowed to keep the proceeds with the understanding that they would be used to further the countries' defense effort. These releases were made when it was determined that it would cost the United States more to recover and sell the materials than could be realized from their sale. Appropriate safeguards were imposed to insure demilitarization of equipment and prohibit transfers to Soviet bloc countries.

4. Equipment having an acquisition value of about \$3 million was released to the holding country for uses other than support of MAP objectives. These cases are rare and each case has resulted from a determination that such action was in the best interests of the United States.

5. The remaining \$136 million represents materiel as to which the United States has not yet taken final action.

In summary: For a substantial part of the equipment involved, at least double usage is achieved. The United States has sold and made deposits to the Treasury where the sale value was greater than the cost to the United States of recovery and sale. Where recovery and sale has been uneconomical to the United States, the recipient countries have been authorized to sell and use proceeds to further their own defense funds.

MAN APPROPRIATION LEVELS

Statement

The MAP is increasing substantially. For fiscal year 1960 there was appropriated \$1.3

billion and now for fiscal year 1961 there is requested \$2 billion or an increase of \$700 million.

Comment

Seven years ago, on June 30, 1953, the military assistance program had available unexpended balances of almost \$8.5 billion. For the five fiscal years, fiscal year 1955 to fiscal year 1959, inclusive, the average annual expenditure on the military assistance program was \$2.36 billion. This rate of expenditure was made despite an average annual grant of only \$1.37 billion in new obligatory authority (appropriations). The remainder, an average annually of \$1 billion came each year from unexpended balances of the earlier appropriations. The forecast of expenditure during the current fiscal year (fiscal year 1960) is \$1.83 billion, although the appropriation for fiscal year 1961 was only \$1.3 billion. By June 30, 1960, the level of unexpended balances will have shrunk below \$2.1 billion.

It is obvious under these circumstances that the MAP cannot be continued at anything like the present level without an increase in appropriations to replenish the greatly shrunken pipeline.

It is only when obligatory authority is granted by the Congress that the executive department is able to place orders enabling suppliers to go ahead with production and, in due time, delivery. In view of the ever-increasing complexity of weapons, which tends to lengthen the production leadtime, and also in view of our desire to encourage cost-sharing arrangements with our allies, which usually involve lengthy negotiations, it is necessary to have a carryover of unexpended obligatory authority amounting to the size of the program for 15 months. This means that to deliver and expend \$2 billion in a given fiscal year we need to carry forward an unexpended balance of \$2.5 billion at the end of the preceding fiscal year, in addition to the new appropriational authority of that year's bill.

Actually, the annual expenditure rate of the MAP, far from increasing, is radically decreasing. The expenditure rate for fiscal year 1961 is planned at \$1.79 billion. This is \$557 million less than the rate of the last 5 years.

COSTS OF NATO MAINTENANCE SUPPLY SERVICES AGENCY

Statement

The fiscal year 1961 request for \$25 million for the NATO Maintenance Supply Services Agency is in conflict with last year's Defense testimony that no further funding requirements were foreseen.

Comment

Defense testimony in fiscal year 1960 was predicated on the limitation of the Agency's activities to the support of 5 selected aircraft and 15 Army vehicle weapons systems.

The range of the Agency's management activities has since increased to include the support of rockets and missiles (Nike-H.J.), the support of electronic communication systems (forward scatter-early warning radar) and the establishment of common stockage and repair facilities (NATO Supply Center). The Agency's revenue-producing activities such as consolidated procurement are only now coming into fuller play.

Additional funding requirements in fiscal year 1961 are attributable primarily to the establishment of the NATO Supply Center and the requirement for its initial stockage. This stock will be maintained and replenished by the Agency and the United States will retain its equity in the assets.

WEAPONS PRODUCTION PROGRAM

Statement

The weapons production program is another means of giving away our money to countries which are economically able to finance themselves.

Comment

The weapons production program is a means of getting countries who are able to finance themselves to do so. It is a reduction of 90 percent as compared to giving these countries the end-item of materiel. By furnishing technical assistance a source is established wherein the countries can use their local currencies, and will no longer have need to ask the United States for the item.

There are benefits to U.S. industry because the producer nations will procure from the United States a considerable portion of the total weapon system, as bits and pieces for a period of approximately 2 to 3 years, after which time they are able to produce the total weapon system.

This appears to be one of the cheapest ways to accomplish modernization of the allied forces with the constantly changing weapons technology.

THE MUTUAL WEAPONS DEVELOPMENT PROGRAM

Statement

The mutual weapons development program (MWDP) is a waste of money. Our allies are not paying their share and the program has largely been unproductive.

Comment

The purpose of the MWDP is to increase the defensive capability of the NATO alliance through U.S. assistance to selected research and development projects for weapons of advanced design and which lend themselves to coordinated European production cost sharing agreements.

MWDP aid is provided in accordance with a bilateral agreement with the participating country which specifies the responsibilities of the participants as well as the costs to be borne by each.

As of fiscal year 1959 NATO participants in this program have obligated \$199 million for it. The U.S. contribution has been \$195 million or 98 percent of the total. As new projects are diverted toward NATO multilateral financing, the U.S. share of the MWDP cost should fall substantially below 50 percent.

The current program includes approximately 200 active projects. The fields of military research and development covered include air defense, combat air support, land combat and antisubmarine warfare. More than 60 new weapons or components of military equipment have reached the production or field testing stage, and have been offered by the countries of origin to other countries through NATO.

Data exchange agreements are a new activity under MWDP. These agreements permit project directors from the United States and the NATO country concerned to communicate directly with each other regarding specified technical matters of mutual interest.

This program of participating in and thus having access to European research and development, provides important benefits to the United States by allowing us to draw upon the technical skills and scientific talents of some of the best minds in other free world countries.

INSTITUTE ON ICA DEVELOPMENT PROGRAMING

Statement

The House Appropriations Committee majority report is sharply critical of the high costs of the contract between ICA and the Johns Hopkins Institute.

Comment

The contract between ICA and the Johns Hopkins University School of Advanced International Studies calls for a highly specialized course in graduate-level economic development training. Such training is pro-

vided to carefully selected ICA personnel whose performance has demonstrated their capacity to assume higher levels of responsibility. The purpose of the training is to improve the caliber of economic program development, particularly in the underdeveloped areas where planning and programing techniques applicable to more highly developed areas are less pertinent. The course was developed to meet ICA's specific requirements; there was no comparable regular course in any institution of higher education.

The committee's basic criticism is that the cost of approximately \$4,000 per student is excessive for a 5-month course. During the hearings before the subcommittee, this figure was adversely compared with normal university tuition charges.

The critics overlook a most salient fact of university financing: tuition charges represent only a fraction of the real costs of instruction. Endowment, contributions and public funds for public supported institutions generally carry the major share of the cost. A university cannot undertake a special course on request and charge less than actual cost, since this would be an improper diversion of endowment. In this case the cost per student of the ICA course compares favorably with the real costs of instruction in the school of advanced international studies for its regular program. The estimated costs for their regular program average more than \$4,600 per student for a comparable period, although the tuition charged is only \$1,200.

Actual costs: In fact, earlier estimates for the first 2 years were based on budgeted maximum figures, with reimbursement to be only for actual costs. These are now recorded at a lower figure which yields an actual per trainee cost of \$3,743 to date rather than \$4,000.

Future costs: In part as a result of consideration of the concern expressed by the House Appropriations Subcommittee, ICA has decided to enlarge future classes to reduce costs per student. Based on planned average enrollment of 24 for the 2 classes to be held in the coming year, contract costs per student will be reduced by 12½ percent.

Comparison with costs of similar intensive, executive-level training: The House Appropriations Subcommittee was advised (pages 985, 986, and 1015 of the hearings) that:

1. Private business firms pay \$950 per man-month to the American Management Association for its specialized training which is comparable to this programing course. The fee to Government agencies charged by AMA is \$850 per man-month.

2. Brookings Institution fees are \$860 per man-month for similar courses. These charges of \$850 and \$860 to Government agencies and the \$950 charge willingly paid by American businesses compare with the figure of \$700 which is the planned future level for ICA personnel at Johns Hopkins.

GOVERNMENT AFFAIRS INSTITUTE

Statement

The House Appropriations Committee majority report sharply criticizes as excessively costly the contract between ICA and the Governmental Affairs Institute under which this nonprofit organization provides technical advice to the Government of Iran. During the hearings, the charge was repeatedly made that the individual technicians were receiving salaries far higher than their previous earnings—allegedly, \$90,000 per technician over the run of the contract.

Comment

The criticism is erroneous as to cost and does not take into account the high quality and successful performance of a difficult, important job. Specifically:

1. The average base salary of the high level technicians provided is about \$12,980

a year, about that of a GS-15 in the Federal service. The total average dollar cost per man-year including salaries, transportation, all other direct costs for technicians, out-of-pocket expenses and contractor overhead will run about \$26,290.

2. These costs are in line with those incurred by private businesses and foundations in conducting overseas operations at this professional level. These are the costs of getting results.

And finally, the criticism ignores the major contribution which this project has made toward the modernization of the Government of Iran in its effort to fulfill the needs of its people and its national interest. High Iranian officials, including the Shah and the Prime Minister, have placed priority on receiving continued assistance of this nature, and the Government of Iran has officially requested the extension of this contract.

Salary Comparisons

In view of comments on the high salaries provided under the Government Affairs Institute contract the following table is provided to demonstrate the reasonableness of actions taken:

Name	Highest prior annual salary	Initial base pay on contract
Harwood, Wilson F.....	\$14,000	\$16,000
Hemphill, T. Marl.....	9,635	10,850
Massen, John B.....	11,140	11,750
MacNeely, Charles E.....	13,370	14,500
Loring, Karl H.....	14,000	12,700
Woodruff, Richard V.....	12,500	13,125
Harberson, Cecil R.....	10,958	11,479
Cox, Thomas H.....	12,000	13,000
Deas, Harold M.....	14,520	15,000
Skowronski, Frank S.....	8,600	9,000
Georgion, Mabel.....	7,427	7,800
Carlson, Janice G.....	4,300	4,515
Gracey, Harry F.....	16,000	15,000
Myers, M. Scott.....	12,750	12,750
Banning, Paul D.....	12,400	15,000
Halse, Clifford C.....	11,610	12,200

OVEREMPHASIS ON COSTLY PROJECTS

A congressional study group visited 14 countries and criticized ICA projects in 5 of these countries. The study group report came in for subsequent attention in another committee, in which the three following specific charges were raised again:

Charge

1. A "gigantic" fertilizer plant in Korea is not operating and is not expected to be in full operation in the next few years.

2. A highway project in Vietnam is ending up costing several times the amount originally estimated. The total cost may exceed \$100 million.

3. A radio project in Vietnam is in a state of confusion and ICA could not find a radio tower it had financed.

Comment

1. Satisfactory test runs have been completed subsequent to the visit of the study group, and the plant is now expected to be in sustained full-capacity operation during this year (1960).

2. The scope of the project has changed since its beginning in 1954, other roads being added to the original plan. Security conditions in Vietnam in 1954 were such that urgent action was required and exact peacetime engineering practices were not followed.

3. ICA has acknowledged that progress has not been satisfactory. Primary reason for delay was the lack of full agreement with Vietnam as to emphasis to be given to short versus longer range broadcasting. The "missing" tower was in a warehouse pending installation. A planned seventh tower in the Saigon area has now been constructed and is in use.

Urea Fertilizer Plant in Korea

This project provides for the construction of a fertilizer plant designed to produce 85,000 metric tons of urea annually, approximately 25-30 percent of Korea's import requirements for nitrogenous fertilizer.

1. Report comment

The study mission's report states that this plant is not operating and is not expected to be in full operation in the next few years.

ICA comment

Delays have been encountered in the implementation of this project. The plant is now physically completed in terms of construction, and test runs of individual units have been successful. Liquid ammonia already has been produced. Moreover, initial test runs during February and March of this year in one of the three reactors produced urea at a rate of 65 metric tons per day as against a designed capacity of 85 metric tons daily. ICA expects this plant to be in sustained full-capacity production within calendar year 1960.

2. Report comment

The study mission states "It is apparent that the processes in ammonia and urea production sections require water for cooling certain machines and steam for heating other machines, as well as driving of rotating equipment for pumping and compressing. All these requirements must be furnished from the power and water plant. Therefore, the process equipment or sections cannot be started or tested until the power-plant production is producing steam and pumping water.

"The fertilizer plant requires 14,500 kilowatts of electric power which must be supplied from the powerplant since the fertilizer plant is not connected to any electric supply system and would be a serious drain on such a system if it were so connected, in view of the shortage of electric power presently existing in Korea."

ICA comment

An adequate intake water system has been included as an integral part of the plant. Three 7,500-kilowatt generators have been provided to generate a total of 22,500 kilowatts, which will fully meet the requirements for power. Thus, there is no drain on Korea's overall power requirements. An adequate supply of the steam is provided by the thermal powerplant.

3. Report comment

The study mission states that "A project of this size should not be initiated in less-developed countries where technical know-how is limited."

ICA comment

When the decision was made to construct a urea fertilizer plant to meet one-third of Korea's nitrogenous fertilizer requirements, it was recognized that provision would have to be made for training Korean personnel to operate the plant. An important factor in building this plant was that locally produced fertilizer would supplant imports of the finished product, thereby effecting substantial and continuing savings of foreign exchange.

Under a separate contract, the American construction contractor is also to furnish up to 66 technical personnel to operate the fertilizer plant during the initial period and to train Korean personnel to the required degree of proficiency so as to insure successful and efficient operation of the plant. Over 50 of these technicians are now in Korea.

At the time of initiation of this project, it was considered that a project of this type would permit the greatest economic benefit to Korea for the least cost to the United States.

Vietnam—Highways and Bridges

Criticism

What has happened to the modest \$18.3 million Vietnam highway project? The total cost of the project now is estimated to be \$84 million and may exceed \$100 million. (Appeared in numerous newspapers in March 1960.)

Comment

The figure of \$18.3 million applies to the original scope of this project. Subsequent to the initial development of the project, other roads were added to the program, which increased the costs. However, the costs for the work initially contemplated have exceeded the original estimates for reasons indicated below.

The present estimate of the total costs of the enlarged project are:

	Million
Fiscal year 1959 and prior years.....	\$48.4
Fiscal year 1960.....	13.4
Fiscal year 1961 (estimated).....	6.9
Future years (ending fiscal year 1963), estimated.....	4.0
Total.....	72.7

Normally, detailed engineering plans would be available before a construction contract is entered into. At the time the highway rehabilitation program was undertaken, normal security conditions did not prevail in Vietnam. In 1956 it was still far from certain that free Vietnam would survive, and it was politically important that the United States demonstrate its confidence in the country's future by commencing visible work as rapidly as possible in the improvement of highway transport. In this context, the delay that would have resulted from completing the engineering work before calling for bids for construction was considered incompatible with the greater U.S. political and military interest. Consequently, the construction contract was awarded before engineering drawings and specifications were completed. It should be noted that this type of procedure has been precluded by law since July 1, 1958.

The cost estimates available at the time the contract was let were based on an admittedly brief reconnaissance survey made by the Capital Engineering Corp., the main purpose of which was to determine quickly the general status of all existing highways and bridges in Vietnam and to prepare a priority list of required improvements.

Therefore, the increases in cost estimates reflect: (1) Subsequent development of detailed information and engineering data; (2) price increases on equipment and materials; and (3) increased quantities of materials required, due to extension of the system originally proposed.

Vietnam—Radio Towers

Criticism

The project to assist the Government of Vietnam to develop a national radio network has been unjustifiably delayed and is in a state of confusion. (Appeared in several newspapers during March 1960.)

Comment

This project has not progressed satisfactorily. The underlying difficulty has been the lack of clear and firm agreement between the Vietnamese authorities and the American representatives concerning the relative emphasis to be given to short-wave and to medium-wave radio broadcasting and concerning the exact types of equipment required. Another problem has been ICA's past inability to provide adequate American technical supervision of the project.

There is now basic agreement between Vietnamese and American representatives concerning the relationship between short- and medium-wave broadcasting facilities.

Since the arrival in April 1960 of an outstandingly qualified American radio expert, Mr. Frank H. McIntosh, this project has been progressing satisfactorily.

The radio broadcasting projects contemplated erection of 24 towers, financed from both dollars and local currency. Seven have been erected in Saigon, and four in other locations. The balance have not been erected. Determinations as to use and location are now being worked out by Mr. McIntosh in collaboration with the Vietnamese Government.

PROGRAM IMPACT

A congressional study mission criticized ICA program impact in the two following respects:

I. Statement

Ultimate failure is inherent in the program unless we can somehow develop plans and operations that will reach down to the people themselves of each country.

Comment

1. We should not underrate the degree to which we have reached the people; witness the overwhelming popular reception of the President on his trip through Asia, a reception obviously not contrived, but rather warmed by widespread knowledge of our purposes and of our acts.

2. Project operations are reaching the people—on many fronts—and generally in the most effective and lasting way which is through the creation, improvement, or expansion of institutions to be directed by local personnel and to be sustained as soon as possible by local resources.

II. Statement

Grandiose dams and multi-million-dollar plants might bring ultimate benefits, but there is danger in concentrating at the top level, from which no benefits would dribble down to the people within their lifetime.

Comment

1. The great majority of ICA projects are aimed at institutions which directly provide services to major population segments in education, agriculture, health, rural life, labor, and so forth.

2. Large capital facilities, including dams, fertilizer plants, powerplants, and roads are also required for balanced development and do provide a measurable and reasonably early benefit to the people generally. Although such capital projects are now generally financed by DLF, there are a considerable number of such projects which were financed under earlier ICA programs which are already providing or will shortly provide a direct benefit to many people.

Impact of ICA Programs

I. A few out of hundreds of available examples of program operations which have reached the people follow:

(a) Thirty-two new national agricultural extension services established with ICA assistance, with a broad and broadening farm population being reached.

(b) Over 200,000 copies of U.S. industrial technical and reference books made available for use of many times that number of engineers, technicians, and entrepreneurs abroad.

(c) Some 18,000 rural youth clubs (adapted from the 4-H plan), with over 900,000 boys and girls enrolled, are operating pursuant to ICA guidance and help.

(d) Land tenure systems improved and put into action with ICA help in many nations—for example, on Taiwan, the great majority of farmers now own their land, about 600,000 farm families have acquired title to their own land for the first time under an ICA-assisted program.

(e) Twenty-two American land-grant colleges or universities are helping 18 countries

interested in adapting the American land-grant college concept of research, education, and service to the farm population.

(f) Thousands of new teachers—elementary, secondary, and vocational—are trained each year in schools established or expanded with ICA assistance, and more thousands given inservice training—for example, in Ethiopia, the fewer than 500 qualified teachers of 1953 have grown to more than 4,000, and the teacher training output has increased from 18 a year to 500.

(g) More than 400 million people live in areas in which protection against malaria has begun to be effective under the ICA program. The number of people protected and the degree of protection is increasing constantly.

(h) Training for hundreds of doctors, nurses, and sanitarians each year is made possible by ICA assistance.

(i) Community development workers trained and supported with ICA assistance are reaching millions of people and helping them organize to help themselves—one example of many being the 25,000 schools constructed in India through local voluntary self-help programs.

(j) ICA programs in labor have and are reaching thousands of workers through programs of labor education.

(k) More than 50,000 participants have received ICA financed training in the United States, each participant returning to his homeland to bring to many others the benefits of his observations and study.

II. A few examples which demonstrate that major projects can and do yield wide benefits within a few years follow:

(a) The Pak-American Fertilizer Factory in Pakistan began production in 1958 and operated at near capacity throughout 1959, producing fertilizer needed by farmers to expand production in this food-short country, with an important saving in scarce foreign exchange. This was the first heavy chemical process undertaking of its kind in Pakistan, but the not unexpected difficulties have been overcome successfully.

(b) The major urea fertilizer plants in Korea and Taiwan will be in full operation this year, each producing a significant share of the fertilizer needs of the farmers of the two nations.

(c) The Shen Ao Power Plant in Taiwan, begun in June 1957, was placed in operation at its rated capacity of 75,000 kilowatts in January of 1960, within 2 weeks of schedule. This needed power will contribute to the growth of small industry and employment in Taiwan.

(d) Large and small irrigation projects have been completed to increase fertility or make new land available for settlement of landless people. Examples include: Cambodia—112,000 acres watered or reclaimed; Israel—Irrigated area tripled in decade; Philippines—over 365,000 acres capable of supplying food for 3,500,000 people, rehabilitated by 3 ICA projects.

(e) Extensive assistance to the highway development of Turkey was a significant factor in a remarkable upsurge in Turkish production. Internal travel and transport of goods was achieved at reduced costs. Vehicles increased fourfold (incidentally engendering expansion of manufacturing in other countries including the United States). Following table illustrates results:

	1948	1956
All-weather roads (miles).....	5,260	11,800
Paved roads (miles).....	580	2,100
Number motor vehicles.....	20,231	81,382
Annual ton-miles.....	230,000,000	1,505,000,000
Annual passenger-miles.....	752,000,000	7,280,000,000
Freight cost per ton-mile (cents).....	15.1	5.6

The beginnings of a similar pattern of upsurges in traffic and a downward drop in rates is already evident in Vietnam under the much more recent highway program in that country.

OREGON STATE COLLEGE CONTRACT

Statements during congressional committee proceedings were made to the effect that: (a) Oregon State College performance in Thailand did not produce results, (b) the ICA mission recommended termination of the contract, and (c) that ICA headquarters overruled its field mission for questionable reasons.

The facts are: 1. Oregon State College has done a creditable job in assisting the Kasetsart University in Thailand to become a first-rate school of agriculture with an increased, American-trained faculty, revised curriculum, well-equipped laboratories, and a reputation which is attracting quality students. The beneficial impact of this project—to the United States and to Thailand—will be felt for generations.

2. The ICA mission, for reasons which were partially administrative, recommended that the Oregon State College contract be allowed to expire in April 1960. The ICA headquarters suggested, and the mission agreed, that a team of two agricultural experts review the progress under the contract and recommend the course of future action. ICA plans to review this matter objectively when this report is received.

Further comment: 3. As an illustration of the "high cost" of ICA university contracts, this example (which is the only one the committee examined in detailed, orderly fashion) disproves the case. The cost of study of Thai professors at Oregon and the cost of sending Oregon professors to Thailand were both moderate (average of about \$3,000 and \$17,000, respectively) and in line with going rates, salaries and costs at American universities. The overhead payment to Oregon State College, covering a pro rata share of college administrative costs, averaged just over \$500 a month. These overhead costs, which were spoken of as if they were profit, are valid costs, handled in generally accepted accounting procedures and subject to U.S. audit.

4. The stress in the proceedings on the "overruling" of the mission, in addition to being overstated, represents a strange view of the role of a headquarters, which would be derelict if it did not exercise its responsibilities of review and decision.

WASTE IN KOREA

The Acting President of Korea has been quoted during congressional hearings as having said that there was waste and mismanagement of the U.S. assistance program for Korea in excess of \$200 million.

First, this was a misquotation. The Acting President did in fact state that there had been waste and mismanagement in the program. The newspaper story, not quoting, added that the program had been at a level of \$200 million.

There is evidence of manipulation of ICA-financed imports into Korea to produce political benefit to certain Koreans. This is mismanagement in the sense that democratic and impartial standards of conduct were not always applied by Koreans. There is no evidence or allegation of American connivance in such transactions.

Knowing of such mismanagement, why was assistance continued? The answer lies in a review of the alternatives, of the likely results of termination of aid. American blood and money has kept Korea alive—on a hostile frontier—and withdrawal would result in certain collapse. Constant efforts were made to improve on an unfortunate situation and

some successes such as a more favorable exchange rate were scored. An "either-or" approach would not have worked, since the United States holds no nation as a satellite.

Constructive steps on these matters are being accelerated in cooperation with the present Government of Korea.

BOLIVIA

A Senate Government Operations Committee report directed attention to a number of program and administrative weaknesses of the ICA program in Bolivia. These problems have been critically commented on in other congressional hearings.

The Senate report was properly critical of certain aspects of the Bolivia program. This report acknowledged, as other congressional critics have not, that the program was initiated after a violent revolution, in chaotic circumstances and in an area in which difficult operations are more difficult because of altitude and climatic conditions.

The Senate report made four recommendations all of which are being carried out.

Pertinent to this matter also is the following excerpt from the February 2, 1960, report by Senator GEORGE D. AIKEN:

"Although hindsight may reveal how the aid program could have been carried on more effectively, it also reveals no alternative to that program except utter chaos."

Statement

ADVANCE COMMITMENTS

The DLF has made commitments to borrowing countries in advance of approval of specific projects and then projects were developed to carry out the commitments. This is improper since the executive branch had made representations that advance commitments would not be made. The effect of the advance commitments has been to tie up substantial funds which could be used for loans, while Congress has been asked for the appropriation of additional funds.

Comment

The Congress has imposed no prohibition on advance commitments, nor has the executive branch in fact stated to the Congress that it would never make commitments prior to the approval of specific projects or programs. Executive branch witnesses have testified that the DLF would not make advance annual allocations of assistance, that is, it would not parcel out assistance to countries on an annual basis. The latter has, in fact, been avoided.

On the limited occasions when commitments were made in advance of approving specific projects or programs, special and compelling circumstances led to the employment of this technique. In each case where an advance commitment has been made, the DLF acted in accordance with the foreign policy guidance of the Secretary of State which is provided for in section 205 of the Mutual Security Act of 1954, as amended. In most cases, the DLF had on hand applications from the countries involved, in excess of the amount committed. All of the commitments were made subject to the approval of specific projects or programs. In addition, no funds have been disbursed under the commitments until the DLF approved sound activities for financing. All such cases have been reported in full to the Congress. No advance commitments have been made since December 1958.

With respect to the charge that substantial funds have been tied up by the use of this technique, the table below shows when the DLF appeared before Congress to request additional funds, the amounts outstanding against advance commitments were small, both in relation to the additional funds requested and to the total of specific loan approvals at the time.

Relationship of advance commitments to additional requests for funds

Dates	Appropriations requested for subsequent periods	Charges against available funds	
		For advance commitments or earmarkings	For specific projects or programs
As of June 30, 1958.....	\$625,000,000	\$39,300,000	\$228,088,000
As of Feb. 29, 1959.....	225,000,000	46,250,000	637,556,000
As of June 30, 1959.....	700,000,000	23,450,000	812,106,000
As of May 19, 1960.....	700,000,000	18,150,000	1,184,406,000

USE OF LOAN REPAYMENTS IN A REVOLVING FUND

Statement

The repayments on loans made by the DLF go directly to augment the DLF's capitalization and the U.S. Treasury does not receive the benefit from these repayments. "For the first time" it is "revealed" that it has become a revolving fund since part of its resources are not subject to Congressional appropriation.

Comment

There is nothing new about the "revolving fund" nature of the DLF's capital. Nor was it ever conceded to be now "revealed." It was clearly provided for in the initial legislation which authorized the establishment of the Fund. It was also discussed in executive branch presentations to the Congress. Section 204(a) of the Mutual Security Act of 1954, as amended in 1957 states:

"SEC. 204. FISCAL PROVISIONS.—(a) All receipts from activities or transactions under this title shall be credited to the Fund, and, notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law relating to the use of foreign currencies or other receipts accruing to the United States, shall be available for use for purposes of this title."

This was spelled out in the section-by-section analysis of the 1957 authorizing bill prepared by the executive branch which stated that section 204(a) establishes the revolving character of the Fund by providing that all receipts under title II shall be credited to the Fund and be available for use for purposes of that title.

In addition, the Report of the House Foreign Affairs Committee, July 9, 1957, stated the following in reporting out the bill which included provisions for the establishment of DLF:

"It is contemplated that the Fund will operate on a revolving basis with the payments of interest and principal on loans being reloaned as they become available. Repayment of loans in foreign currencies will be accepted when necessary to meet the requirements of the program. Such currencies could be reloaned; or might be sold for dollars to U.S. Government agencies needing such currencies, thus providing dollars for use by the Fund."

Over 20 percent of DLF loans are repayable in dollars. When the interest on these loans and the dollar repayments are received, they are credited to an account in the U.S. Treasury for use by the DLF in the manner of a revolving fund. This is the way the Export-Import Bank and other Federal lending agencies have functioned over the years. When dollar returns to the DLF revolving fund become sizable, they can be taken into account in considering requests for additional appropriations.

Repayments in local currency similarly are deposited in the Treasury account and are available for relending as the need for such currencies arise. Usually this need is for local currency loans in the country making repayment; however, some sales are made by the Treasury to other agencies of the U.S. Government. The dollars derived from

these sales are added to the capitalization of the DLF.

ARE DLF LOANS "PHONY"?

Statement

DLF loans are really disguised grants. They are "as phony as a \$3 bill."

Comment

Each of the 135 loans approved thus far by the Development Loan Fund has been soundly conceived and transacted.

Through individually tailored loan agreements each borrower undertakes a solemn obligation to repay and agrees to follow specific practices designed to insure the efficient use of funds. The loans must be repaid according to a predetermined fixed interest rate and amortization schedule. Each loan is the culmination of an intensive economic and technical review. None of the loans is in default and over 20 percent are repayable in dollars.

In establishing the Development Loan Fund the Congress supported the position of the executive branch that loans have distinct advantages as a method of providing needed capital to the less developed countries. Because they impose an obligation to repay, they establish a businesslike relationship between lender and borrower. Regular payments require the borrower to pursue efficient economic and financial practices and otherwise to discipline the management of his operations.

Moreover, DLF loan agreements impose a continuing burden and requirement on the borrower separate and apart from the need to repay. Borrowers are required, for example, to retain consulting engineers, to report regularly on financial and technical progress, to secure managerial assistance where necessary and to establish and maintain businesslike records.

A substantial portion of DLF loans have been made directly to private enterprises for manufacturing plants of various kinds, or to independent, government-owned instrumentalities, such as railroads, power systems or port authorities which must live on their own revenues. The burden of repayment on such borrowers is the same whether they are required to repay in local currency or in dollars. Their earnings are in the currency of the country in which they are located. If required to pay in dollars, they can obtain them only through purchase with local currency earnings. Consequently, neither of these two types of borrower is affected by the currency of repayment.

As for governments which have the power to issue currency, they recognize increasingly that it would be adverse to their own interests to flout the precepts of sound financial and monetary policy in making repayment. There is no evidence that such precepts are being ignored. In addition, the DLF requires on all loans repayable in local currencies that payments be at a constant value in relation to the dollar.

EMPLOYMENT GENERATED BY MSP

The current mutual security program appropriation request of approximately \$4.1 billion would generate direct and indirect employment in the United States of from

500,000 to 550,000 full-time persons for the year.

Direct and indirect employment created in the United States in 1957 by the 1957 foreign aid expenditures was estimated at 530,000 people by the NPA. The foreign aid program for 1957, as defined by the NPA, totaled \$4,226 million of which about \$4 billion was for mutual security grants and credits. Technical staff responsible for the National Planning Association (NPA) study in 1957 believe that employment created per dollar of foreign aid funds remains the same as in 1957 when the intensive NPA study was conducted.

The above estimates consider that procurement in the United States in fiscal year 1961 will be higher than in 1957 for the military assistance program and will recover toward 1957 levels for the ICA program. The trend of MSP procurement in the United States is as follows:

	Percentage procurement in United States		
	Fiscal years 1949-59	Fiscal year 1958	Fiscal year 1959
Military equipment and supplies.....	85.7	89.1	93.0
ICA commodities.....	67.0	51.7	47.4
Total ¹	76.4	75.4	77.6

¹ Excludes DLF and other MSP expenditures such as shipping which are used in the employment estimates and which, if included, would bring the percentage up further.

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

Mr. GARY. I yield to the gentleman from Louisiana.

Mr. PASSMAN. I still do not know to what the gentleman from Arizona is referring. At page 507 of the hearings I said:

If we had given you the money you asked for, you would have used it in this program. You would have bought something whether you needed it or not, and it would have been, today, in excess.

General Norstad stated:

Only if we needed it.

Then General O'Meara came in and broke into General Norstad's reply. General Norstad continued and said:

If you had given us every year everything we asked for, the total at the present time would indicate some overages that we now make; that is correct.

That is the way I had it on the card, and that is the way I read it. Is that the point the gentleman was making?

Mr. RHODES of Arizona. Mr. Chairman, will the gentleman yield?

Mr. GARY. I yield to the gentleman from Arizona.

Mr. RHODES of Arizona. The point I was making was that the chairman did not read the whole quotation. He did not read the second sentence.

Mr. PASSMAN. It was not necessary. I read General Norstad's reply, not General O'Meara's.

Mr. RHODES of Arizona. The second sentence was by General Norstad.

Mr. PASSMAN. Here is what I read:

If you had given us, every year, everything we asked for, the total at the present time would indicate some overages that we now make; that is correct.

Mr. RHODES of Arizona. Very well. If the gentleman will yield further, I will read again. The entire answer is as follows:

If you had given us, every year, everything we asked for, the total at the present time would indicate some overages that we now make; that is correct.

Then the second sentence reads:

Every year we must program in the light of the deficiencies which have been created by the failure to appropriate the year before as we are doing this year in Turkey.

Now, the chairman says this indicated that General Norstad agreed that by cutting the appropriation he had made this a better program. I submit that if he had read the second sentence he would have known that the general meant nothing of the kind.

Mr. PASSMAN. That second sentence does not relate to the question, and the distinguished and able attorney knows that to be a fact.

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

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

There was no objection.

Mr. BROWN of Missouri. Mr. Chairman, 4 years ago when I came to the Congress, I was an admirer of the Marshall plan and a staunch advocate of the principle of mutual security.

I have never been a selfish, short-sighted isolationist. I know that peace and progress depend on the willingness of America to help bolster the economies of the uncommitted nations, to maintain strong alliances with free peoples, and to create new and better programs of good works all over the world.

I am a firm believer in the United Nations, in the many great international lending institutions that have been created by America's leadership, in the peoples-to-peoples exchange programs, and other fine programs for peace among nations.

I recognize fully that the country needs a well-planned long-range international program for economic development and mutual security.

But for 3 years I have voted a protest vote against the half-baked facsimile that comes to us each session about this time under the title of a mutual security program, because I want to quit piddling around with this U.S. Government to patchwork improvisations poorly administered and come up with a good program commensurate with the needs of our times.

I have spent many hours reading pro and con testimony about mutual security or so-called foreign aid. Those who say the idea of aid to lesser nations is foolish waste are wrong and are being dangerously shortsighted, in my opinion.

But, conversely, those who say that the present program as it is now being handled is essential to peace are also wrong. For these day-to-day improvisations by the ICA create about as many problems as they solve.

For example, 4 years ago, when I asked a distinguished Assistant Secre-

tary of State to give me a post-Korea success story for mutual security, he pointed with pride to Iraq; said the Iraqi army was a strong new ally for freedom, right on the perimeter of Russia.

It is now a matter of history that our efforts in Iraq were the opposite of a success story. We armed an immature nation that was not ready for such arms, created a Frankenstein monster in an explosive area. The total end result is yet to be calculated; but few would predict that it will be good for the United States or the world.

And Iraq is not the only example. In instance after instance, we have furnished arms to prop up unpopular rulers, making enemies of the electorates.

Yet the administration is asking for \$2 billion more military aid for the next fiscal year; and their requests are bolstered by respected military leaders who insist that such funds are essential as a part of America's own defenses. Well, my question is: If some items in this bill are so essential for America's own defenses, why are they not included in the regular defense appropriation request? Why not include the NATO appropriation needs in the Pentagon's budget where it belongs?

If the truth were known, some of the Pentagon budgeteers have a nice little bookkeeping gimmick going for them in mutual security.

They dump some of their obsolete military equipment to foreign aid recipients, and are compensated for it out of the mutual security budget.

It all may come out to the same end result, but why must anyone kid anybody about what is going on. Let us separate military appropriations from bona-fide assistance to lesser nations.

Also, let us formulate a long-range, well-managed development loan and technical cooperation program. Senator FULBRIGHT says it must be set up on a 5- to 10-year basis. I agree. We should strive to prevent trouble rather than wait until trouble is fomented and then try to bribe our way out.

But with due respect to the men in the State Department and the ICA, I have many misgivings about the ability of the present administration to handle even \$550 million worth of development loans efficiently. Until I see better evidence of long-range planning and better management, I hate to vote another \$550 million to be misused.

In short, the Nation needs a good long-range mutual security program, encompassing, first, food for peace; second, development loans; third, more interchange of peoples; fourth, technical cooperation; and fifth, a big-scale health program for undeveloped countries.

Military assistance should be included in regular defense appropriations.

Any bill that comes close to such a program administered by dedicated people who plan their work and work their plan will get my vote. But this bill is just like the three others that I have voted against. It is not a program. It is not even a reasonable facsimile. And I intend to vote against it in the hope that my protest will prompt someone to

take some kind of action toward getting a good forward-looking mutual security program commensurate with the mounting dangers and gaping needs of our time.

Mr. CURTIN. Mr. Chairman, I ask unanimous consent that the gentleman from New Jersey [Mr. WALLHAUSER] may extend his remarks at this point in the RECORD?

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

There was no objection.

Mr. WALLHAUSER. Mr. Chairman, today the Members of this body face a most important decision in their consideration of the mutual security appropriations bill as reported by the committee.

Reduced to simple terms the question before us is:

Do we, through cutting the appropriations requested by the President, want to pull the rug out from under a program of military and economic assistance to needy nations that has been a key in our resistance and blockade of Communist attempts to dominate and enslave the entire globe?

The answer, I believe, should be "No."

But this, in my opinion, is precisely what will occur if we pass legislation providing for the cuts recommended by the committee.

I am convinced that the mutual security program, over a long period of time, has proved itself as a bulwark against communism and its tyrannical leaders.

In casting our votes on this bill, we must face the fact that the defense of the United States, and the rest of the free world, depends in large measure on the mutual security program—both in its military and economic aspects. To approve reductions in the amounts recommended by the President for carrying out the program, in my judgment, will jeopardize and weaken the security of our own Nation and the defense of the entire free world.

That there has been waste and inefficiency in certain areas of the mutual security program seems to be reasonably well established, and it is to this failure that knowledgeable officials are directing their efforts. I suggest that it is more constructive to direct our efforts toward the correction and improvement of the management of the complex program, rather than the reduction of valuable items.

It must be realized, by Members of Congress and the people as a whole, that the mutual security program has become a permanent and important part of our foreign and defense policies. I will always support steps for a constant review and reappraisal of the program, on a solid basis, so that the funds of our taxpayers are not misspent, but I believe that the overall result of the program is, and has been, worth the time, money, and effort we have put into it.

Unless and until communism ceases to be a threat to our national security, and the rest of the free world, I do not believe it just to arbitrarily condemn the program, or the amount that is required to administer it, because of the relatively

few human failures that accompany its administration.

Mr. GARY. Mr. Chairman, I do not believe that any Member of this House would attempt to contradict the fact that I am a friend of the foreign aid program. I have been a supporter of the program since its beginning. I well remember 12 years ago, in 1948, to be exact, when I sat here on the floor and the chairman of the full committee called me over and said, "VAUGHAN, I am planning to appoint a special committee to handle the foreign aid program and I would like for you to take the chairmanship of that committee." I told him that I already had the chairmanship at that time of the Treasury and Post Office Subcommittee, but if he wanted me to I would try to handle them both. I accepted the chairmanship of the committee and remained its chairman for 6 years, and I have been on the committee ever since. Therefore, I have been a member of the committee during the entire length of the program.

Mr. Chairman, I have consistently voted for the program, but I do not know of a single year during that entire time that we have not cut the President's request for funds. I consider foreign aid a very vital part of the national defense of the United States. I believe that we have got to help our allies. We have got to help them with their military programs, and they also need some economic help in the maintenance of the necessary forces to aid in the defense of the free world. But, I cannot bring myself to believe that it is necessary to spend all of the money that we have been requested to appropriate.

I had the privilege in 1952 of visiting Europe with the then so-called Richards committee. That was a committee composed of representatives of the Committee on Foreign Affairs of the House, representatives of the Committee on Armed Services, and representatives of the Committee on Appropriations. We were sent over there for the purpose of conferring with then General Eisenhower, who was at that time the supreme allied commander in Europe, with reference to this program. I well remember that the General then urged us "Gentlemen," he said, "whatever you do, do not cut the program this year." Some of our members on the committee called his attention to the fact that the program was becoming a drain on the resources of America and that the American people were getting tired of it and they wanted to know when there could be an end to the program. General Eisenhower said:

Now, gentlemen, I believe that the Europeans should defend Europe.

And that—

The Asiatics should defend Asia, but at the present time they are not in a position to defend themselves, and, therefore, we must help them. But we will soon begin to turn the program over to them. After we provide them with military equipment, we will begin gradually to phase out the program and leave their defense to them.

We pressed him for a limit of time. I must confess, he did not set a definite

time; but he said, "Probably we can begin to phase out by 1954." We have been phasing out of this program for the last 3 or 4 years. But what happens this year? Now we start up again. Confidently, expecting that we would be able to reduce the program each year and finally phase it out, we are now faced in the request for this year with a very substantial increase over last year.

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

Mr. GARY. I yield to the gentleman.

Mr. JUDD. I was privileged to be on that same Richards committee on its visit to Western Europe.

Mr. GARY. I remember that the gentleman was. He attended the conference to which I refer, and no doubt remembers the general's remarks.

Mr. JUDD. The gentleman has been correct in reporting what was said. The gentleman will recall that that was at the end of May or the first part of June 1951.

Mr. GARY. I thought it was 1952. I know it was in June.

Mr. JUDD. I am sure it was in June of 1951. The general did not come home until a year later to run for President in 1952, so it must have been 1951. At that time the situation in Europe was improving and there was promise that the war in Korea was going to quiet down. The Communists were offering a truce. Instead of a real change, they merely withdrew for a time their pressure in Europe where they could not make headway, in order to increase their pressure in the Far East, then South Asia, and then the Middle East. So as far as Europe is concerned, as the gentleman has stated, we were able to taper off our aid. But explosions continued around the world, and now we have them in the Western Hemisphere and in Africa, too. So I do not imagine that either the general or we could have been expected to foresee that.

Mr. GARY. Mr. Chairman, I cannot yield further at this time. I will say to the gentleman that every year there have been explosions. And yet, every year we have reduced the requests for this program. In 1956 we reduced the overall program \$584 million. We were told that would wreck the program. What happened? At the end of that year, they finished with an unobligated balance—I am not now talking about unexpended funds—they ended with unobligated funds of \$33,900,000 in the military assistance program alone. The next year, fiscal year 1957, we cut the request \$1,064 million. What happened that year? They ended with a surplus, with unobligated funds, of \$195,500,000 in the military assistance program.

We cut it again for the fiscal year 1958 \$565,650,000. What happened that year? They ended with unobligated military assistance funds of \$538,800,000.

In 1959 we cut it \$652 million. What happened then? They ended that year with a similar surplus of \$15,453,000.

Last year we cut the request \$1,204 million. We were told then that we had absolutely wrecked the program. And yet they estimate that they will finish this year with a surplus of \$35 million.

The cuts which I have mentioned relate to the entire program while the surpluses relate only to the military assistance phase of the program. The total surpluses were much larger.

Let me say this further. The Comptroller General, appearing before our committee last year, made the statement unqualifiedly that he thought we had given the program too much money, not too little. This year I asked him if he was of the same opinion and he stated unequivocally that he was. He thought by giving them less money they would spend it more carefully, we would have less waste, we would have more economical and better planned programs and get better results than if we just give them money to throw away.

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

Mr. GARY. I yield to my chairman.

Mr. PASSMAN. Mr. Chairman, I want to assure my distinguished friend the gentleman from Arizona [Mr. RHODES], of whom I am very fond, that I think he is a very able Member and very fair, but he had reason to be confused, because we have 517 pages of testimony covering five nations. We did not put the testimony in the RECORD because so much of it was classified, and they did not have an opportunity to review the transcript.

I assure the gentleman that if he will go through the hearings, and if he does not find in these hearings, and also with regard to the one country referred to in this secret letter, that there is over \$300 million excess equipment in these five countries, I will support the amendment to be offered by the gentleman from New York.

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

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

Mr. GROSS. Do I correctly understand that we are presently giving Japan some \$100 million in the form of military assistance and technical aid?

Mr. GARY. The amounts given to individual countries are classified. I personally would not like to give away any classified information.

Mr. GROSS. One further question, if the gentleman will indulge me: In reading these hearings, I find the terms "less-developed countries" and "underdeveloped countries" used interchangeably. Is there any difference between a less-developed country and an underdeveloped country?

Mr. GARY. So far as I know, none. What is an underdeveloped country just depends upon the thinking of some bureaucrat downtown.

Mr. GROSS. That is what I thought.

Mr. GARY. Mr. Chairman, in the minority report filed with this body is the following sentence:

This is no time to "kowtow" to Khrushchev or be soft on communism.

I resent that statement. I do not know whom they are aiming at. I do know it is not I. But there is certainly an insinuation that it is aimed at those of us who favor this bill. I have never kowtowed to Khrushchev and I never

intend to. I was not in favor of extending Khrushchev an invitation to visit this country, and I think when we did we increased his prestige tremendously throughout the world. I think it was a tremendous mistake. I purposely timed my departure from this city so that I would not be here when he arrived.

I was not in favor of President Eisenhower's proposed visit to Russia. I was not in favor of the summit conference because I do not believe that you can deal with people without principle, and certainly the Soviet hierarchy have shown that they have absolutely no principles whatever. We have made agreements with them time and time again, and what has been the result? We have merely tied our own hands because we try to live up to our agreements. They have never lived up to a single agreement we have made with them. They have violated every single agreement they have ever made with this country. How are you going to deal with people of that kind? If you should work out an agreement with them, it would be absolutely worthless because they would not respect it.

We thought just prior to World War II that we might be able to do business with Hitler. We found out we could not. Neither can we do business with Khrushchev.

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

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

Mr. YATES. Let me say to the gentleman that I agree with him in regard to the statement inserted in the minority views. I do not think the fact that the program was cut means that any of those who voted for it are soft on communism or favor Khrushchev. If Members are to be criticized as being soft on communism because they voted to cut appropriations, I think the gentlemen on that side might well look at some of the Members of their own administration.

Mr. GARY. When a person lacks arguments to support his position he frequently begins to call names. I think that is the situation in this minority report. They lack arguments to support their position. Therefore, they throw in these statements about kowtowing to Khrushchev or being soft on communism. It does not frighten me one bit because I am certain no one would ever accuse me of either kowtowing to Khrushchev or being soft on communism. But I do not like it. In fact, it is unworthy of the gentlemen who signed the report, for each of whom I have the very highest regard.

I am convinced, Mr. Chairman, that we have appropriated every dollar of the funds that are necessary for this program. If I may paraphrase the language of a great statesman of the past: "Let us appropriate billions for defense, if necessary, but not one penny for waste."

The CHAIRMAN. The time of the gentleman from Virginia has expired. All time for general debate has expired.

The Clerk will read.

The Clerk read as follows:

MILITARY ASSISTANCE

For expenses as authorized by section 103 (a) of the Mutual Security Act of 1954, as amended, necessary to enable the President to carry out the purposes of chapter I of such Act (including administrative expenses as authorized by section 103(b) of such Act, which shall not exceed \$23,000,000 for the current fiscal year, and purchase for replacement only of passenger motor vehicles for use outside the United States), \$1,600,000,000.

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

The Clerk read as follows:

Amendment offered by Mr. TABER: On page 2, line 15, strike out "\$1,600,000,000" and insert in lieu thereof "\$1,800,000,000."

Mr. PASSMAN. Mr. Chairman, I assume a number of Members will want to speak for and against the amendment, therefore, I move that the Committee do now arise.

The motion was agreed to.

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. MILLS, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 12619) making appropriations for mutual security and related agencies for the fiscal year ending June 30, 1961, and for other purposes, had come to no resolution thereon.

HOOR OF MEETING

Mr. PASSMAN. Mr. Speaker, I ask unanimous consent that when the House adjourns today, it adjourn to meet tomorrow at 11 o'clock a.m. to continue the consideration of the mutual security bill.

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

There was no objection.

INCREASING COMMUNISTIC ACTIVITY IN THE WESTERN HEMISPHERE

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

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

There was no objection.

Mr. SELDEN. Mr. Speaker, we in the United States, as well as all of the people in our sister Republics of Latin America, have cause for concern over the growing evidence of increasing communistic activity in the Western Hemisphere.

One of the principal goals of international communism is to divide the American Republics and to weaken the U.S. position of leadership. Its ultimate aim, as proved in Guatemala, is complete control and domination of the individual countries of the Western Hemisphere.

In an effort to destroy U.S. leadership and to impose the Communist philosophy and way of life upon the peoples of the Americas, the forces of international communism have subjected

the United States to an unprecedented campaign of vilification and abuse. Aiding and abetting these efforts are certain officials of the present Government of Cuba. Outright slander and deliberate distortion of the truth have become characteristic of efforts by the Castro regime to undermine our relations with our Latin American neighbors and to build up a false impression of the United States and its policies in the minds of the people of Cuba.

Our Government to date has been extremely patient with the fanatic little band which has imposed its ruthless and despotic will on the people of Cuba. However, this country can ill afford to ignore mounting evidence that the present Cuban Government is being used to further the international communistic conspiracy.

Realizing the seriousness of the situation, I have called a meeting of the Foreign Affairs Subcommittee on Inter-American Affairs, of which I am chairman, to examine the Communist threat in the Western Hemisphere and with particular reference to the situation in Cuba. Hearings will begin tomorrow, during which Members of Congress who have introduced resolutions on this subject are being invited to appear and give the subcommittee the benefit of their knowledge and views. The subcommittee will resume its hearings on Monday with officials of the executive branch appearing at that time. It is my hope that this subcommittee examination will focus attention on what appears clearly to be the latest move of Communist forces to take full advantage of the opportunities manufactured for them by Castro and his followers.

WILL PEIPING SOON JOIN NUCLEAR CLUB?

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

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

There was no objection.

Mr. WOLF. Mr. Speaker, on June 3 on the floor of the House I stated for the RECORD that I am not, and never have been, in favor of diplomatic recognition of Red China. I stated, however, that we simply cannot close our eyes and pretend it is not there, for it is an accomplished fact, whether we like it or not.

I stated further that facts have recently been made available to me which prove conclusively that the Russians are transferring much of their research and development equipment into northwest China. I was told that within 1 year it is very likely that Red China will explode her own atom bomb and, so, the nuclear club grows even larger.

Marquis Childs contributed some very illuminating thoughts on this whole general subject in his column which appeared in the Washington Post, this morning, June 16.

It is significant that newsmen are more and more frequently admitting to the existence of the threat to world

peace from Red China. I hope that our State Department gives full consideration to these thoughts presented by this eminent editorial writer.

The danger inherent in a nuclear explosion by Red China is brought out in Mr. Childs' statement that the leftists in Japan would certainly steer a neutral course and deny bases in Japan to American bombers and American troops. A nuclear explosion by Red China would undoubtedly result in increased rioting in Japan and increased pressure on the Japanese Government to do just that. I think the U.S. Government must give sober consideration to such an eventuality.

Mr. Childs' editorial follows:

[From the Washington Post, June 16, 1960]

WILL PEKING SOON JOIN NUCLEAR CLUB?

(By Marquis Childs)

Communist China is so far advanced in the development of nuclear fission that a nuclear device could be set off by Peking during President Eisenhower's visit to Chiang Kai-shek's island bastion of Formosa this week.

This is the belief of highly informed sources in the Government here. In making a careful and detailed intelligence appraisal recently of Red China's progress in the nuclear field majority opinion is not so pessimistic.

The majority view is that within a year and a half to 3 years Peking can explode a device equivalent to that set off by the French in the Sahara last winter. But at the same time it was acknowledged that past estimates of Communist capability in the nuclear field have always erred on the hopeful side.

The United States detonated its first atomic device at Alamogordo, N. Mex., on July 16, 1945. The Soviets set off their first explosion on August 29, 1949. Detected by America's monitoring system, it was announced by President Truman on September 23.

But some of America's most-knowledgeable experts in the atomic field had said that it would take Russia 20 years to come up with the first device. Others said 10 years. Only a few scientists, such as Prof. Harrison Brown of the California Institute of Technology, put the figure as low as 3 to 4 years.

No imagination is required to appreciate the shock that would result if the Chinese could achieve an atomic explosion, verifiable by the world monitoring system, at this time. It would be aimed primarily at Japan. The effect of the shock wave created in the febrile, highly emotional Japanese people, stirred by Communist and extreme leftist propaganda, would be incalculable, in the view of those who are most familiar with the situation.

Red China could count on a great increase in the neutralist-pacifist sentiment in Japan. If China, so the arguments of Japan's leftists would run, is about to get a nuclear weapons capability, then Japan must certainly steer a neutral course and deny bases in Japan to American bombers and American troops. This is a major objective of Communist propaganda and it finds all too ready a response in a nation deeply divided and with the destruction of Hiroshima and Nagasaki an ever-present reality.

The effect of an atomic explosion would be far greater than what is much more likely to happen. That is the shelling of Quemoy and Matsu and the Formosa Straits at the time that the President is on his way to visit Chiang.

While the odds are against its happening, one piece of evidence has caused sober sec-

ond thoughts. These are the remarks made privately in Moscow not long ago by Prof. V. S. Emelyanov whose latest title, according to a Tass announcement of June 3, is Chairman of the Soviet Government Atomic Energy Committee. Emelyanov is reported to have said that the Chinese had made much more progress than the outside world suspected, even though the Soviets had given them comparatively little help.

Soviet experts are said to have assisted the Peking regime with advanced nuclear reactors of a sophisticated type. But this was presumably in connection with the peacetime uses of atomic energy. Most of the evidence points to a real concern on the part of the Soviet Union lest the Chinese get nuclear weapons and then proceed to carry out their more or less openly avowed intentions of using them.

Exploding a nuclear device, as the French have done, is a long way short of having a weapons capability. But even if the Chinese achievement is a year and a half to 3 years away it points up the fearful danger in the proliferation of nuclear weapons and the greatly increased chances of all-out nuclear war.

As the latest editorial in Pravda indicates, the Soviet are concerned over the left-wing extremists in China who insist that communism and "capitalist imperialism" must inevitably war to the death with co-existence ruled out. Mao Tse-tung has said that China could absorb 200 million casualties and emerge with its vast land mass as the only victor, or survivor, in a nuclear war. And appalling as it may seem to the West, the fanatical, Western-hating Chinese could view this as a reasonable sacrifice.

WE MUST UNDERSTAND RECENT EVENTS IN JAPAN

Mr. JOHNSON of Colorado. Mr. Speaker, I ask unanimous consent to address the House for 1 minute, to revise and extend my remarks, and include a statement.

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

There was no objection.

Mr. JOHNSON of Colorado. Mr. Speaker, the distressing events now occurring in Japan prompt me to call to the attention of the Members a statement signed by 400 clergymen in the United States, from all parts of this great Nation. I think it deserves a thoughtful study by every American, and especially the thoughtful attention of the U.S. Senate.

We need to understand events in Japan in more historical terms than simply declaring that those who disagree are Communists. Much damage has already been done. Before it is too late to make amends, I trust Americans will reexamine this proposed mutual security pact. The opportunities to encourage democracy will not be enhanced by rushing approval of a basic course of action which is fundamentally opposed by a significant part of the whole community. Great national purposes such as justify international treaties should have widespread popular support throughout the countries which are party to them. Otherwise, with the first change in administration, the treaty will be renounced. We should not assume that so fragile a reed represents a pow-

erful sword or a strong shield. The statement follows:

The undersigned, as a result of our deep desire for total world disarmament and our respect for the Japanese Constitution's renunciation of war and military preparations, join in issuing this statement to our fellow citizens:

The United States and Japan have concluded a little publicized series of negotiations that will become a treaty of military alliance if it is signed and ratified by both countries. The draft of this "Mutual Cooperation and Security Treaty" will extend for another 10 years the stationing of United States forces in Japan. It obligates Japan to resist and to retaliate against any attack on U.S. bases. It requires Japan to have sufficient military capability for modern war, a standard provision of all countries having mutual aid treaties with the United States. It also sanctions the use of Japanese forces outside of Japan. Moreover, there is no provision against the introduction of nuclear weapons into Japan and presumably it opens the way to Japan's becoming a nuclear power.

This treaty is a clear violation of article 9 of the Japanese Constitution which contains the following:

"Aspiring sincerely to an international peace based on justice and order, the Japanese people forever renounce war as a sovereign right of the nation and the threat or use of force as means of settling international disputes.

"In order to accomplish the aim of the preceding paragraph, land, sea, and air forces, as well as other war potential, will never be maintained. The right of belligerency of the state will not be recognized."

This provision in the Japanese Constitution was in effect a joint declaration of the Japanese and American people. Not only was it widely hailed in both countries at the time but it was a Japanese concept encouraged and accepted by the United States then occupying Japan.

Only 10 years ago, on January 1, 1950, General MacArthur, who had represented the United States in Japan at the time the Constitution was adopted, said in an address to the Japanese people:

"A product of Japanese thought, this provision is based upon the highest of moral ideals, and yet no constitutional provision was ever more fundamentally sound and practical. * * * In this historic decision, you are the first. The opportunity therefore is yours to exemplify before mankind the soundness of this concept and the inestimable benefit resulting from the dedication of all energy and all resource to peaceful progress. In due course other nations will join you in this dedication, but meanwhile you must not falter. Have faith in my countrymen and other peoples who share the same high ideals. Above all, have faith in yourselves."

The present effort to circumvent the Japanese Constitution is the joint responsibility of the Japanese Premier Nobusuke Kishi and the U.S. Government. There is no popular demand in Japan or in the United States for a military alliance between the two countries. In fact, there is widespread opposition in Japan to any military alliance and especially to any pact that would provide an entering wedge for the eventual introduction of nuclear weapons.

During his first years in office Premier Kishi indicated that the Japanese Constitution precluded any military alliance with the United States. About a year ago he suggested changing the Constitution. Realizing how unpopular and impossible this was he finally asserted that the Constitution permitted rearmament as well as a military pact with the United States.

The pressures for this treaty include the following:

1. The prewar Japanese industrial combines which were dissolved by MacArthur following the war have been resurrected. They profit from U.S. military aid and military contracts from U.S. forces in Japan who spend some \$200 million annually for goods and services in Japan. They not only want to continue the presence of American troops in Japan but look forward to an expanded rearmament program by Japan itself. These economic pressures are exerted by leading industrialists within Kishi's own party as well as in other ways. (John G. Roberts, "Remilitarization of Japan," the Nation, Dec. 19, 1959.)

2. American economic interests such as Westinghouse, General Electric, Western Electric, Standard Oil, and Alcoa are business allies of the Japanese industrial houses. American investments in Japan have jumped from a prewar figure of \$119 million to over \$600 million. More than 800 U.S. companies have profitable tieups with Japanese firms. In addition, loans totaling more than 2 billion have been made in the post-war period. These loans were Government and World Bank loans. "The protection of this investment," asserts one authority, "is a sufficient incentive for encouraging Japan to rearm." (idem.)

3. One reason Japan is so susceptible to economic pressure is the policy of the United States concerning trade with China. Even such trade as Japan might have had without strong objection from the United States was cut off by China in 1958 because of Japan's close support of American policy.

4. Beyond the economic pressures are the political ones. It was the complete destruction of Japan by the United States in World War II that created the power vacuum that in turn permitted the Chinese Communists to become the strongest power in Asia. In this day of rising Russian and Chinese power the United States has no powerful allies in Asia. The one hope for a great power in Asia allied to the United States is Japan. The United States, as a part of its policy of hostility toward China and its reluctance to work for disarmament, is concentrating on the rebuilding of a strong, militarized Japan.

In one sense the proposed treaty is simply the method of formally declaring and extending a policy the U.S. Government has pursued for some years. The Pentagon has not wanted American troops withdrawn from Japan. Therefore when the pressures for ending the occupation were mounting, we concluded a peace treaty with Japan which at one and the same time provided for withdrawal of occupation forces and for the right of Japan to retain foreign armed forces on her soil as a result of bilateral or multilateral agreements.

James Reston, in the November 19, 1951, New York Times, wrote:

"The Pentagon would like to keep most of its buildings, its hotels, its golf courses. It would also like to retain legal jurisdiction over its personnel at all times and, of course, it is concerned to see that the Army post exchanges are well supplied with everything from American golf balls to liquor, tax free.

"The State Department recognizes that the Army has an argument on all these points, but in the political field the United States has made a great play with the theme that it was restoring Japan's independence while the Russians were using their security treaty rights to dictate to their allies how they should live and serve the interests of the military authority.

"Mr. Rusk will talk with General Ridgway about trying to work out a compromise that will avoid suspicion that the United States is clamping a phony independence on Japan while at the same time preserving the facilities essential to the U.S. military command."

The proposed treaty and the policies it promotes have some dangerous and far-reaching implications for our own people, the Japanese people, and for world peace.

1. The treaty perpetrates the unsound economic policy of tying Japan both to the United States and to a military economy. Japan's natural markets and sources of raw materials should be with her Asian neighbors rather than a distant United States. Japan's economic base is such that she cannot support a huge military revival without becoming increasingly dependent upon the United States. This means further sacrifices for the U.S. taxpayer and a false economic base for the people of Japan.

2. The treaty of alliance and the rearmament of Japan will not increase the stature of either Japan or the United States in Asia. Instead it will reawaken memories of Japanese militarism and occupation during World War II. It will tar Japan with the brush of Western imperialism for becoming an economic vassal and a military subaltern of the United States. It will indicate that the United States is intent on the continued military occupation of Japan while calling it by more acceptable names. Asians do not want British, French, Dutch or U.S. imperialism influencing or manipulating their decisions. They resent Western bases in Asia as we would resent Russian or Chinese bases in the Western Hemisphere.

3. At the very moment when the Soviet Union has stated its readiness for total universal disarmament and has urged a relaxation of tensions, we are pursuing a policy that moves in the opposite direction. This policy will make it more difficult for both China and Russia to believe we want a relaxation of tensions. Already there is some indication that Khrushchev has had difficulty in convincing his Chinese ally of the value of relaxation of tension and the timing and value of disarmament when our Asian actions move in the opposite direction. Yet it is increasingly obvious that the world must begin to disarm and China must be included in such a disarmament program.

4. Even from the military point of view there is no guarantee that the Japanese armed forces we build up will be dependable. Presumably Japanese armed forces will be useful to the United States only if we are involved in war with China or Russia or both. But if Japan is threatened with nuclear bombs or missiles is there any greater likelihood that Japan will submit to atomic bombardment and stay in the war than she did after only two such bombs in World War II?

5. The imposition of the treaty upon the Japanese people may well lead to the vitiation of democracy in Japan. Only since World War II has anything like real popular democracy had a chance to flourish in Japan. Untrammelled by a military caste and with the big industrial empires broken by MacArthur's occupation staff, popular democracy was given a chance in Japan. Now, however, Premier Kishi's Liberal Democratic Party (which is the majority party), under pressure from the industrialists and disregarding the objections of opposition parties and public opinion polls, is insisting on the treaty. A communication from Prof. Iwao Ayusawa, chairman of the Fellowship of Reconciliation in Japan, says, "It is feared that the arrogance and tyranny of the majority which the government is indulging in may lead the people to a disbelief in democracy itself." If the majority party becomes the voice of the industrialists, who together with the military were the real rulers of pre-war Japan, there is not only grave danger of a repetition of such behind-the-scenes control of a facade of democracy but also danger of undemocratic popular reaction to such control.

There are moral as well as political reasons for opposing the proposed treaty. In December 1951 a group of Japanese

Christians said to John Foster Dulles: "No country can maintain its existence for long unless its foundation is based on moral principles. If you approve disarmament today and urge rearmament tomorrow, you will appear to differ in no way from Communists who say white today and black tomorrow."

By this treaty the United States will have repudiated finally the Japanese surrender agreement and the Far Eastern Commission's 1947 agreement that Japan will never be allowed to rearm.

What are the alternatives to this treaty? The major one is total world disarmament along lines proposed by Premier Khrushchev and British Foreign Secretary Selwyn Lloyd. If we are planning to enter serious negotiations for disarmament, we should at least postpone accepting this treaty which moves in the opposite direction.

The second alternative is to negotiate a withdrawal of our forces from Japan and, in conjunction with negotiations to recognize China, turn the preservation of peace in the Orient over to the United Nations.

The third possibility for us to pursue is to spend what we now spend on military measures in Asia on building up the economy of Japan and other Asian countries. If we can assist Asians in eliminating illiteracy, raising the standards of living and reducing the social tensions, we can thereby encourage democracy and at the same time make totalitarianism of the left or right far less likely.

(Signed by 400 ministers.)

ANNOUNCEMENT RE INCOME TAX TREATMENT OF NONFUNDABLE CAPITAL CONTRIBUTIONS

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

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

There was no objection.

Mr. McCORMACK. Mr. Speaker, I desire to announce that tomorrow the gentleman from Arkansas [Mr. MILLS], chairman of the Committee on Ways and Means, will ask unanimous consent to take up the bill H.R. 7885, a bill relating to the income tax treatment of non-fundable capital contributions to the Federal National Mortgage Association. This is a bill which passed both branches of the Congress and was recently vetoed by the President because of a retroactive provision.

As I understand, the bill to be called up tomorrow meets the objections of the President.

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

Mr. McCORMACK. I yield.

Mr. MILLS. Yes; it does. For the full information of the membership, the bill to which the majority leader has referred is exactly the bill which passed the House unaltered. The bill was amended in the Senate retroactively, and it was the retroactive feature of the bill we were told that brought about the veto.

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

Mr. McCORMACK. I yield.

Mr. GROSS. I assume the minority members on this side have been apprised of the action contemplated?

Mr. MILLS. Yes; that is true.

Mr. McCORMACK. I wanted to make the announcement so the Members would be advised.

**A GERMANY UNITED IN FREEDOM—
GEORGE MEANY COMMEMORATES
THE JUNE 17, 1953, UPRISING**

The SPEAKER. Under previous order of the House, the gentleman from Wisconsin [Mr. Reuss] is recognized for 10 minutes.

Mr. REUSS. Mr. Speaker, tonight over the ABC radio network, George Meany, president of the AFL-CIO, makes a nationwide radio address on "The Future of Germany—Free or Communist." Mr. Meany's speech occurs on the eve of the seventh anniversary of the June 17, 1953, uprising in East Germany.

I include the text of Mr. Meany's inspiring speech:

Tonight, the eve of June 17, we commemorate a historic event which still inspires the free world.

Seven years ago tomorrow, June 17, 1953, the working people of East Germany threw down their tools in a spontaneous revolt against their Communist oppressors. For days and weeks, these civilian workers, unarmed and unorganized, fought with their bare hands against the overwhelming power of the Soviet Army of Occupation. It was a desperate and unequal struggle. The uprising was crushed.

They proved—these unknown soldiers from the factories of East Germany—that the Communists had to rule by force because they could not command the willing allegiance of the people.

They proved that the love of liberty cannot be stamped out by fear or force or terror.

They proved that as long as people are ready to die for a great cause, that cause will never die.

The Soviet dictatorship still refuses to loosen its stifling grip on East Germany. Clearly, the Communists still are unwilling to let the people of East Germany and West Germany decide for themselves, in free elections, the future status of their country. Until such a decision is made, the world will continue to exist on the razor edge between peace and war.

I remember the stirring events of June 1953 very clearly because I happened to be in Europe at the time, attending the world congress of the International Confederation of Free Trade Unions in Stockholm. All of us at that conference were deeply moved by the plight of our trade union brothers in East Germany. We did what we could to send food and medical supplies to the survivors and to rescue some of those doomed to execution.

A few of the refugees were brought to Stockholm and gave us eyewitness reports on the reign of terror to which they had been subjected. They told us a story of wholesale exploitation by the Communist regime, of work speedups and stretchouts beyond the limits of human endurance. Human beings were treated with less consideration than machines.

Yes, the Red army smothered the uprising. But it could not erase the stain on the Communist record. The evil nature of the Soviet dictatorship was exposed for all the world to see. Here was the regime that promised to create a worker's paradise, stripped of its hypocritical camouflage and revealed as the arch enemy of free workers.

Throughout the world, the forces of freedom gained new inspiration from the heroic stand of the workers of East Germany. They

were the first to revolt. The workers in Poland and Hungary were next.

Even in Soviet Russia itself, in the land under the heaviest yoke of Communist despotism, there are multiplying signs of disaffection. Among students and intellectuals a more critical attitude is stirring. Discontent again grips the peasantry. Industrial workers are openly manifesting impatience with pitifully low wages and heavier workloads. They are fed up with wretched housing conditions and the continued lack of consumer goods. In this land where strikes are outlawed and the merest protest by workers is punished severely, an unheard of thing is happening. Strikes are taking place. Recently, Soviet army tanks had to break up a strike of the Karaganda metalworkers.

The puppet regime, which insolently calls itself the German Democratic Republic, is encountering serious impediments in its drive to collectivize the East German farmers. The farmers know that when the Communists say collectivization they mean slavery and they want no part of it. The flood of refugees is steadily mounting—7,500 in January; 9,800 in February; over 13,000 in March and even a higher number estimated in April.

Khrushchev's explosive behavior in Paris must be viewed against this background to become even faintly comprehensible.

It must be remembered that the summit meeting was Khrushchev's own brainchild. He worked tirelessly for over a year to bring it about. At first he tried threats and ultimatums. He demanded that allied occupation forces depart from West Berlin before a specified deadline or face grave consequences. When that didn't work, he resorted to more subtle strategy. He negotiated with allied leaders. He flexed Soviet Russia's military muscles.

The Soviet dictator finally persuaded President Eisenhower to agree to a summit meeting. This was a clear-cut victory for Khrushchev. Why did he suddenly abandon it? He obviously had counted upon intimidating and humbling the free world by Soviet superiority in space and intercontinental weapons. He expected offers of appeasement as a result. When he discovered that the allied leaders were standing firm on both the German question and disarmament, he deliberately dynamited the conference.

Khrushchev's rage over the U-2 incident failed to carry conviction, especially when he boasted that he knew about such overflights at the time of his visit to America last year and never uttered a word of protest. The Soviet dictator declared the United States was due for a jolt and that he jolted us. As a matter of fact, he did. He jolted us right out of our national complacency. He made it crystal clear that all his talk of peace and friendship and coexistence was an elaborate propaganda trap.

Today there can be no more illusions in this country or among our allies about the real purpose of the Soviet Union. That purpose is worldwide domination. It is unchangeable. No matter what they say, the Communists will not deviate from this overriding objective. They are determined to achieve it, whether by war, by subversion, or by our default.

Once we face up to this harsh truth, we can prepare to cope with it.

There are encouraging signs of a sharpened awareness of the real nature of the Communist threat among our friends abroad.

In England, the powerful National Union of General and Municipal Workers has rejected a proposal for unilateral disarmament of Great Britain. Liberty-loving people everywhere salute the British Labor Party leader, Mr. Hugh Gaitskell, for his intensified efforts to strengthen NATO and broaden its scope of operations. We agree with him that NATO should become an effective instrument for international democratic prog-

ress in the economic and political as well as military fields.

In West Germany, the Social Democratic Party is moving toward joint efforts with Chancellor Adenauer's party in support of a common goal: to rally the full strength of the German people in behalf of their national reunification in freedom. The AFL-CIO stands shoulder to shoulder with its colleagues in the German Federation of Labor, in their efforts to build Germany into a bulwark of freedom, peace, and social justice.

As I emphasized earlier, Germany provides the key to world peace. Soviet Russia under Khrushchev, as under his predecessors, Lenin and Stalin, is determined to absorb all of Germany with its millions of skilled workers and its tremendous industrial wealth.

That is why the Communists beat down the East German revolution so ruthlessly 7 years ago. That is why Stalin attempted to force us out of Berlin in 1948, only to be checkmated by the American airlift. That is why Khrushchev today is insisting that the Allied nations withdraw the troops that have safeguarded the freedom and security of the people of West Berlin.

There can be no such retreat. We are in honor, bound to protect West Berlin and preserve the integrity of the West German Republic. To yield to Soviet pressure on these issues would be worse than appeasement. It would mean surrender.

The free world believes that there can be a peaceful solution of the German question. We have been willing and we still are willing to negotiate such a settlement. It is not the province of Soviet Russia to dictate the terms, nor is the decision up to us. The German people themselves must be accorded the opportunity to determine their own destiny through free elections supervised by the United Nations. Soviet Russia, which is such an ardent advocate of self-determination in Africa and Asia, cannot consistently deny the same basic right to the German people.

This is the road to peace. Whether Soviet Russia will eventually choose to go along, only time will tell. Let us use the time we have to strengthen the free world in every possible way for the crucial test. If we do this and if we hold true to the spirit of the German workers who died for freedom 7 years ago, we need not fear the outcome.

Mr. Speaker, I believe that George Meany has expressed both the hopes and the determination of the people of the United States concerning the future of Germany. The people of the United States do not intend to yield up West Berlin to Communist domination. They do not intend to place their seal of approval on the present situation in East Germany, where a puppet government rules with the aid of Russian troops.

Above all else, we in the United States look to the day when human rights will be respected throughout all of Germany—the right to self-determination, to freedom of speech and press, to free elections, and the rest.

Of the two ideas involved in the concept of reunification in freedom, it is the idea of freedom that is most important.

The collapse of the summit conference, and the heating up of the cold war, tell us that the road ahead will be a rough one. It is here that George Meany offers us a sound guidepost when he says:

The free world believes that there can be a peaceful solution of the German question. We have been willing and we still are willing to negotiate such a settlement.

Of course, there must be a "peaceful solution of the German question." There must be some ray of light through the clouds, no matter how distant.

It will be the task of the Western democracies—the United States, France, Great Britain, West Germany, and the rest—to evolve and to table before the bar of world opinion the ingredients of such a "peaceful solution."

We know what some of these ingredients are. There can be no solution for Berlin without a solution for Germany, and no solution for Germany without a solution for Middle Europe. A viable strategic order for Middle Europe depends on general progress toward world disarmament between the great powers, linked phase by phase with disarmament in Middle Europe. A viable political order for Middle Europe must have as its cornerstone the meaningful protection of human rights as the best—and indeed the only—guarantee against totalitarianism from any quarter. A viable economic order for Middle Europe depends upon the extension to it of the kind of cooperative economic institutions which are now developing in the West.

June 17 can signal a new determination never to forget the spirit of German freedom.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. Bow (at the request of Mr. BETTS), from June 16 to June 18, on account of official business.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

Mr. HEMPHILL, for 30 minutes, on June 20.

Mr. REUSS, for 10 minutes, today, and to revise and extend his remarks.

EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the CONGRESSIONAL RECORD, or to revise and extend remarks, was granted to:

Mr. BOLAND and to include extraneous matter.

Mr. BARR.

Mr. DORN of South Carolina and to include extraneous matter.

Mr. ADAIR and to include extraneous matter.

Mr. BERRY and to include extraneous matter.

Mr. SCHENCK and to include extraneous matter.

Mr. DENT.

Mr. DERWINSKI.

Mr. LINDSAY.

Mr. GALLAGHER, to revise and extend the remarks he made in the Committee of the Whole today and include extraneous matter.

Mrs. CHURCH.

(At the request of Mr. CURTIN and to include extraneous matter, the following:)

Mr. VAN ZANDT in two instances.

Mr. CANFIELD.

Mr. PELLY.

(At the request of Mr. McCORMACK and to include extraneous matter the following:)

Mr. FEIGHAN.

SENATE JOINT RESOLUTION REFERRED

A joint resolution of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S.J. Res. 170. Joint resolution to authorize the participation in an international convention of representative citizens from the North Atlantic Treaty nations to examine how greater political and economic cooperation among their peoples may be promoted, to provide for the appointment United States delegates to such convention, and for other purposes; to the Committee on Foreign Affairs.

ENROLLED BILLS SIGNED

Mr. BURLESON, from the Committee on House Administration, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H.R. 12117. An act making appropriations for the Department of Agriculture and Farm Credit Administration for the fiscal year ending June 30, 1961, and for other purposes.

BILLS PRESENTED TO THE PRESIDENT

Mr. BURLESON, from the Committee on House Administration, reported that that committee did on June 15, 1960, deliver to the White House for presentation to the President, for his approval, bills of the House of the following titles:

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

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

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

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

ADJOURNMENT

Mr. McCORMACK. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to.

Accordingly (at 4 o'clock and 58 minutes p.m.) the House, pursuant to its previous order, adjourned until tomorrow, Friday, June 17, 1960, at 11 o'clock a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2270. A letter from the Under Secretary of Commerce, transmitting a draft of proposed legislation entitled "A bill to authorize an additional Assistant Secretary of Com-

merce"; to the Committee on Interstate and Foreign Commerce.

2271. A letter from the Administrative Assistant Secretary of the Interior, transmitting a report covering all tort claims paid by the Department in the fiscal year 1959, pursuant to the provisions of the Federal Tort Claims Act (28 U.S.C., sec. 2673); to the Committee on the Judiciary.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. MILLS: Committee of conference. H.R. 9322. A bill to make permanent the existing suspension of duties on certain coarse wool (Rept. No. 1883). Ordered to be printed.

Mr. MILLS: Committee of conference. H.R. 9862. A bill to continue for 2 years the existing suspension of duties on certain lathes used for shoe last roughing or for shoe last finishing (Rept. No. 1884). Ordered to be printed.

Mr. MILLS: Committee of conference. H.R. 9881. A bill to extend for 2 years the existing provisions of law relating to the free importation of personal and household effects brought into the United States under Government orders (Rept. No. 1885). Ordered to be printed.

Mr. BONNER: Committee on Merchant Marine and Fisheries. S. 2669. An act to extend the period of exemption from inspection under the provisions of section 4426 of the Revised Statutes granted certain small vessels carrying freight to and from places on the inland waters of southeastern Alaska; with amendment (Rept. No. 1886). Referred to the Committee of the Whole House on the State of the Union.

Mr. BONNER: Committee on Merchant Marine and Fisheries. S. 3189. An act to further amend the shipping laws to prohibit operation in the coastwise trade of a rebuilt vessel unless the entire rebuilding is effected within the United States, and for other purposes; without amendment (Rept. No. 1887). Referred to the Committee of the Whole House on the State of the Union.

Mr. HARRIS: Committee on Interstate and Foreign Commerce. S. 1886. An act to amend the Communications Act of 1934 with respect to certain rebroadcasting activities; with amendment (Rept. No. 1888). Referred to the Committee of the Whole House on the State of the Union.

Mr. HAYS: Committee on Foreign Affairs. H.R. 12547. A bill to amend the Foreign Service Act of 1946, as amended, and for other purposes; with amendment (Rept. No. 1890). Referred to the Committee of the Whole House on the State of the Union.

Mr. O'NEILL: Committee on Rules. House Resolution 560. Resolution for consideration of H.R. 8860, a bill to stabilize the mining of lead and zinc by small domestic producers on public, Indian, and other lands, and for other purposes; without amendment (Rept. No. 1891). Referred to the House Calendar.

Mr. TRIMBLE: Committee on Rules. House Resolution 561. Resolution for consideration of H.R. 9996, a bill to amend section 402 of the Federal Property and Administrative Services Act of 1949, to prescribe procedures to insure that foreign excess property which is disposed of overseas will not be imported into the United States to the injury of the economy of this country; without amendment (Rept. No. 1892). Referred to the House Calendar.

Mr. MADDEN: Committee on Rules. House Resolution 562. Resolution for consideration of H.R. 12580, a bill to extend and

improve coverage under the Federal old-age, survivors, and disability insurance system and to remove hardships and inequities, improve the financing of the trust funds, and provide disability benefits to additional individuals under such system; to provide grants to States for medical care for aged individuals of low income; to amend the public assistance and maternal and child welfare provisions of the Social Security Act; to improve the unemployment compensation provisions of such act; and for other purposes; without amendment (Rept. No. 1893). Referred to the House Calendar.

Mr. O'NEILL: Committee on Rules. House Resolution 563. Resolution for consideration of S. 1898, an act to amend the Communications Act of 1934 with respect to the procedure in obtaining a license and for rehearings under such act; without amendment (Rept. No. 1894). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. WALTER: Committee on the Judiciary. S. 2822. An act for the relief of Low Wing Quey (Kwal); without amendment (Rept. No. 1889). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BARR:

H.R. 12684. A bill to prohibit the use in commerce of motor vehicles not equipped with certain automatic warning signal and running light devices; to the Committee on Interstate and Foreign Commerce.

By Mr. BOSCH:

H.R. 12685. A bill relating to the application of the manufacturers excise tax on electric light bulbs in the case of sets or strings of such bulbs; to the Committee on Ways and Means.

By Mr. DORN of New York:

H.R. 12686. A bill to amend the Shipping Act, 1916, to confer authority on the Federal Maritime Board to disapprove agree-

ments amongst common carriers by water where the rate charged thereunder on imports is noncompensatory and substantially contributes to the underselling of American manufacturers; to the Committee on Merchant Marine and Fisheries.

By Mr. DOWDY (by request):

H.R. 12687. A bill to authorize the Board of Parole of the District of Columbia to discharge a parolee from supervision prior to the expiration of the maximum term or terms for which he was sentenced; to the Committee on the District of Columbia.

H.R. 12688. A bill to provide for the establishment of a Juvenile Division within or in connection with the District of Columbia Youth Correctional Center, and to authorize the judge of the Juvenile Court of the District of Columbia to commit to such Juvenile Division, subject to the provisions of the Juvenile Court Act, children 15 years of age or older; to the Committee on the District of Columbia.

By Mr. FORAND:

H.R. 12689. A bill authorizing the Rhode Island Turnpike and Bridge Authority to combine for financing purposes the bridge across the west passage of Narragansett Bay with the Newport Bridge and any other project acquired or constructed by said authority; to the Committee on Public Works.

By Mr. IKARD:

H.R. 12690. A bill to amend subchapter S of chapter 1 of the Internal Revenue Code of 1954; to the Committee on Ways and Means.

By Mr. KING of California:

H.R. 12691. A bill relating to the determination of stock ownership of personal holding companies; to the Committee on Ways and Means.

By Mr. McDOWELL:

H.R. 12692. A bill to require full disclosure of certain expenditures of Government and counterpart funds by Members of Congress, and for other purposes; to the Committee on House Administration.

H.R. 12693. A bill to provide for the appointment by the Board of Commissioners of the District of Columbia of the appointive members of the National Capital Planning Commission, and for other purposes; to the Committee on the District of Columbia.

By Mr. DULSKI:

H.R. 12694. A bill to provide for the issuance of a series of special postage stamps in commemoration of flags of particular significance in the history of the United States of America; to the Committee on Post Office and Civil Service.

MEMORIALS

Under clause 4 of rule XXII,

The SPEAKER presented a memorial of the Legislature of the Virgin Islands memorializing the President and the Congress of the United States to authorize the Department of Defense to exchange a certain tract of land at John Brewer's Bay, St. Thomas, V.I., with the Government of the Virgin Islands, for a tract of land at Estate Bordeaux, St. Thomas, V.I., which was referred to the Committee on Armed Services.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. GRANT:

H.R. 12695. A bill to authorize the Secretary of Agriculture to grant an easement over certain lands to the trustees of the Cincinnati Southern Railway, their successors and assigns; to the Committee on Agriculture.

By Mr. METCALF:

H.R. 12696. A bill for the relief of Dr. Hermino Cabrera and his wife, Florea A. Cabrera; to the Committee on the Judiciary.

By Mr. MILLIKEN:

H.R. 12697. A bill for the relief of George Paraskeropoulos; to the Committee on the Judiciary.

By Mr. POWELL:

H.R. 12698. A bill for the relief of Peregrina E. Legayada; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

496. By Mr. CANFIELD: Petition of 650 residents of Passaic County, N.J., urging the enactment of the Forand bill, H.R. 4770; to the Committee on Ways and Means.

497. By Mr. SCHENCK: Petition of Burley Cottle and others, relative to a pension for World War I veterans; to the Committee on Veterans' Affairs.

498. By the SPEAKER: Petition of I. S. Svischov, Russian Anti-Communist Committee of Los Angeles, Los Angeles, Calif., relative to proposing certain amendments to Public Law 86-90 concerning the Captive Nations Week; to the Committee on the Judiciary.

EXTENSIONS OF REMARKS

Memorial Day in Hawaii a Soul-Stirring Occasion

EXTENSION OF REMARKS OF

HON. E. ROSS ADAIR

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 16, 1960

Mr. ADAIR. Mr. Speaker, five members of the House Veterans' Affairs Committee, led by Chairman OLIN E. TEAGUE, had the privilege of spending the 1960 Memorial Day weekend in Hawaii for the threefold purpose of: (a) Holding hearings and meeting with various veterans' groups in our 50th State; (b) represent-

ing the Congress at the dedication of the beautiful new carillon presented by the American Veterans of World War II and Korea at the site of the Arizona disaster in Pearl Harbor, and (c) attending the Memorial Day services at the Punchbowl National Cemetery in Honolulu.

The last of these was an occasion which everyone present will remember as long as he lives and, in beauty and in depth of feeling, it recalled the colorful patriotic observances which used to be so much a part of American life and which have, unfortunately, fallen into comparative disuse in recent years.

The Punchbowl National Cemetery has been created in a huge, extinct volcanic crater overlooking the city of Honolulu. In it are buried almost 17,000 men and

women of all races who fought to preserve our freedom, and the freedom of all men of good will everywhere on earth, during the hostilities in the Pacific theater.

The magnificent resting place for the brave which has been created here was a breathtaking sight on Memorial Day. On each of the 17,000 graves a small American flag was fluttering in the soft Hawaiian breeze, and on each was a lei of orchids which had been put together with loving care and placed in position by Hawaiian schoolchildren. The ceremonies, in which all branches of the armed services and all veterans groups participated, were brief and extremely moving. The principal speaker on this occasion was Mayor Neal S. Blaisdell, of Honolulu, and the chairman of the