discouraging experiences. Nor did he ever tire of the daily burdens he bore.

Selfless devotion to his cause: St. Patrick was never mindful of material gain and was concerned only with what he could give to his beloved Irish people. Disdaining physical comforts, his greatest happiness was found in living the spiritual ideals of Christendom. How different this is from what we see on all sides today, a spirit of selfishness and pursuit of worldly goods has become a career for too many.

A doer of the word: St. Patrick was first a teacher, but always taught best by personal example and work in his daily life, and his personal example inspired others to believe and to live the good Christian life. He was a doer of the word.

Fearless courage: St. Patrick went among the barbarian tribes of Ireland without the slightest trace of fear and this at a time when the hearty Irish people were inclined to indenture at hard labor all strangers who came into their midst. He entered the high temple of the Druids on command to come forward and present his case—mindful that certain death awaited his failure to convince them of his beliefs. The strength of St. Patrick's fearless courage was endless.

A sense of destiny: St. Patrick knew that he was not born to vegetate and then die like the flowers of early spring. His was a mission ordained among men, and the fulfillment of that mission was his destiny. Conscious always of the immortality of his soul, he instituted a sense of high destiny into his beloved Irish flock. This sense of high destiny has gripped the Irish in every generation. It is this sense of destiny which brings greatness to a people and which has moved our country to its present station among the nations of the world.

As we face the perplexing problems of our time, charting a course to withhold the enemy from without, we must revitalize our civilization from within. What better guidance could we have than the lessons learned from the life and times of St. Patrick. Nothing could more quickly transform Western civilization to its former dynamic status.

Accepting these virtues of St. Patrick, and adopting them into our daily lives, we need have no fear of the enemy from without, and may take comfort in the knowledge that this would soon eliminate the dangers from within our public life. But nothing less shall shelter us from the days of trial that lie ahead. We, in our times, are called upon to prove our faith in those timeless values and principles of Western civilization. Rejoicing in the glorious heritage handed down to us, by the good St. Patrick, we can face the future in the certain knowledge that these evil times shall pass and our way of life will have proved its worth in the test.

SENATE

THURSDAY, APRIL 27, 1961

The Senate met at 12 o'clock meridian, and was called to order by the President pro tempore.

The Chaplain, Rev. Frederick Brown Harris, D.D., offered the following prayer:

Father of our life, Fountain of our being, we thank Thee for the light of Thy countenance which illumines even drab days with eternal splendor. Without that light we walk in darkness; without Thee as guide our boasted progress but leads to the quagmires of futility and oblivion; without Thee our science but whets the sword to a sharper edge and destroys us with our own wheels and wings; without Thee commerce cannot save us for selfish trade but lifts the hunger of covetousness to a higher pitch; without Thee even education cannot redeem us, for we see now that the mere sharpening of the intellect, the massing of facts and figures, may but fit men to be tenfold more masterful in the awful art of slaughter.

In this day of crisis in our national life may we not miss the way. Shatter our delusions, shine through our blindness, shame our materialism, and, through our shared blood and sweat and tears as we defend the things that have made our America great, bring us at last to a common victory for the inalienable rights of all men everywhere.

We ask it in the dear Redeemer's name. Amen.

THE JOURNAL

On request of Mr. MANSFIELD, and by unanimous consent, the reading of the Journal of the proceedings of Monday, April 24, 1961, was dispensed with.

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILLS

Messages in writing from the President of the Untied States were communicated to the Senate by Mr. Miller, one of his secretaries, and he announced that on April 24, 1961, the President had approved and signed the following acts:

S. 178. An act for the relief of Michael J. Collins;

S. 278. An act to amend title II of the Vocational Education Act of 1946, relating to practical nurse training, and for other purposes;

S. 298. An act for the relief of Earl H. Pendell;

S. 900. An act to provide for the striking of medals in commemoration of the two hundred and fiftieth anniversary of the founding of Mobile, Ala.;

S. 1295. An act to authorize the use of funds arising from a judgment in favor of the Nez Perce Tribe of Indians, and for other purposes;

S. 1297. An act to authorize the payment of per diem to members of the Indian Arts and Crafts Board at the same rate that is authorized for other persons serving the Federal Government without compensation; and

S. 1298. An act to permit the Secretary of the Interior to revoke in whole or in part the school and agency farm reserve on the Lac du Flambeau Reservation.

REORGANIZATION PLAN NO. 1 OF 1961, RELATING TO THE SECURITIES AND EXCHANGE COMMISSION—MESSAGE FROM THE PRESIDENT

The PRESIDENT pro tempore laid before the Senate the following message from the President of the United States, which, with the accompanying paper, was referred to the Committee on Government Operations:

To the Congress of the United States:

I transmit herewith Reorganization Plan No. 1 of 1961, prepared in accordance with the Reorganization Act of 1949, as amended, and providing for reorganization in the Securities and Exchange Commission.

This Reorganization Plan No. 1 of 1961 follows upon my message of April 13, 1961, to the Congress of the United States. It is believed that the taking effect of the reorganizations included in this plan will provide for greater efficiency in the dispatch of the business of the Securities and Exchange Commission.

The plan provides for greater flexibility in the handling of the business before the Commission, permitting its disposition at different levels so as better to promote its efficient dispatch. Thus matters both of an adjudicatory and regulatory nature may, depending upon their importance and their complexity, be finally consummated by divisions of the Commission, individual Commissioners, hearing examiners, and, subject to the provisions of section 7(a) of the Administrative Procedure Act of 1946 (60 Stat. 241), by other employees. This will relieve the Commissioners from the necessity of dealing with many matters of lesser importance and thus conserve their time for the consideration of major matters of policy and planning. There is, however, reserved to the Commission as a whole the right to review any such decision, report or certification either upon its own initiative or upon the petition of a party or intervenor demonstrating to the satisfaction of the Commission the desirability of having the matter reviewed at the top level.

Provision is also made, in order to maintain the fundamental bipartisan concept explicit in the basic statute creating the Commission, for mandatory review of any such decision, report or certification upon the vote of a majority of the Commissioners less one member.

Inasmuch as the assignment of delegated functions in particular cases and with reference to particular problems to divisions of the Commission, to Commissioners, to hearing examiners, to employees and boards of employees must require continuous and flexible handling, depending both upon the amount and nature of the business, that function is placed in the Chairman by section 2 of the plan.

By providing sound organizational arrangements, the taking effect of the reorganizations included in the accompanying reorganization plan will make possible more economical and expeditious administration of the affected functions. It is, however, impracticable to itemize at this time the reductions of expenditures which it is probable will be brought about by such taking effect.

After investigation, I have found and hereby declare that each reorganization included in the reorganization plan transmitted herewith is necessary to accomplish one or more of the purposes set forth in section 2(a) of the Reorganization Act of 1949, as amended.

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

I recommend that the Congress allow the reorganization plan to become effective.

JOHN F. KENNEDY.

THE WHITE HOUSE, *April 27, 1961.*

REORGANIZATION PLAN NO. 2 OF 1961, RELATING TO FEDERAL COMMUNICATIONS COMMISSION—MESSAGE FROM THE PRESIDENT

The PRESIDENT pro tempore laid before the Senate the following message from the President of the United States, which, with the accompanying paper, was referred to the Committee on Government Operations:

To the Congress of the United States:

I transmit herewith Reorganization Plan No. 2 of 1961, prepared in accordance with the Reorganization Act of 1949, as amended, and providing for reorganization in the Federal Communications Commission.

This Reorganization Plan No. 2 of 1961 follows upon my message of April 13, 1961, to the Congress of the United States. It is believed that the taking effect of the reorganizations included in this plan will provide for greater efficiency in the dispatch of the business of the Federal Communications Commission.

The plan provides for greater flexibility in the handling of the business before the Commission, permitting its disposition at different levels so as better to promote its efficient dispatch. Thus matters both of an adjudicatory and regulatory nature may, depending upon their importance and their complexity, be finally consummated by divisions of the Commission, individual Commissioners, hearing examiners, and, subject to the provisions of section 7(a) of the Administrative Procedure Act of 1946 (60 Stat. 241), by other employees. This will relieve the Commissioners from the necessity of dealing with many matters of lesser importance and thus conserve their time for the consideration of major matters of policy and planning. There is, however, reserved to the Commission as a whole the right to review any such decision, report or certification either upon its own initiative or upon the petition of a party or intervenor demonstrating to the satisfaction of the Commission the desirability of having the matter reviewed at the top level.

Provision is also made, in order to maintain the fundamental bipartisan concept explicit in the basic statute creating the Commission, for mandatory review of any such decision, report or certification upon the vote of a majority of the Commissioners less one member. In order to substitute this principle of discretionary review for the principle of mandatory review pursuant to exceptions that may be taken by a party, functions of the Commission calling for the hearing of oral arguments on such exceptions under subsection (b) of section 409 of the Communications Act of 1934 (66 Stat. 721), as amended, are abolished.

Inasmuch as the assignment of delegated functions in particular cases and with reference to particular problems to divisions of the Commission, to Commissioners, to hearing examiners, to employees and boards of employees must require continuous and flexible handling, depending both upon the amount and nature of the business, that function is placed in the Chairman by section 2 of the plan.

Section 3 of the plan also abolishes the "review staff" together with the functions established by section 5(c) of the Communications Act of 1934 (66 Stat. 712), as amended. They can be better performed by the Commissioners themselves, with such assistance as they may desire from persons they deem appropriately qualified.

By providing sound organizational arrangements, the taking effect of the reorganizations included in the accompanying reorganization plan will make possible more economical and expeditious administration of the affected functions. It is, however, impracticable to itemize at this time the reductions of expenditures which it is probable will be brought about by such taking effect.

After investigation, I have found and hereby declare that each reorganization included in the reorganization plan transmitted herewith is necessary to accomplish one or more of the purposes set forth in section 2(a) of the Reorganization Act of 1949, as amended.

I recommend that the Congress allow the reorganization plan to become effective.

JOHN F. KENNEDY.

THE WHITE HOUSE, *April 27, 1961.*

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, notified the Senate that, pursuant to the provisions of section 1, Public Law 86-683, the Speaker had appointed Mr. RODINO, of New Jersey, Mr. THOMPSON, of New Jersey, Mr. AUCHINCLOSS, of New Jersey, and Mr. WIDNALL, of New Jersey, as members of the New Jersey Tercentenary Celebration Commission on the part of the House.

The message also notified the Senate that, pursuant to the provisions of 10 U.S.C. 9355, the Speaker had appointed Mr. MARSHALL, of Minnesota, as a member of the Board of Visitors to the U.S. Air Force Academy on the part of the House.

The message further notified the Senate that, pursuant to the provisions of 10 U.S.C. 4355(a), the Speaker had appointed Mr. NATCHER, of Kentucky, as a member of the Board of Visitors to the U.S. Military Academy on the part of the House.

The message announced that the House had passed, without amendment, the bill (S. 1027) to amend title I of the Agricultural Trade Development and Assistance Act of 1954.

The message also announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1) to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically distressed areas.

The message further announced that the House insisted upon its amendment to the bill (S. 912) to provide for the appointment of additional circuit and district judges, and for other purposes, disagreed to by the Senate; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. CELLER, Mr. RODINO, Mr. ROGERS of Colorado, Mr. HOLTZMAN, Mr. DONOHUE, Mr. TOLL, Mr. MCCULLOCH, Mr. MILLER of New York, and Mr. MEADER were appointed managers on the part of the House at the conference.

The message also announced that the House had agreed 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. 4884) to amend title IV of the Social Security Act to authorize Federal financial participation in aid to dependent children of unemployed parents, and for other purposes.

The message further announced that the House had passed a bill (H.R. 6518) making appropriations for the inter-American social and economic cooperation program and the Chilean reconstruction and rehabilitation program for the fiscal year ending June 30, 1961, and for other purposes, in which it requested the concurrence of the Senate.

ENROLLED BILL SIGNED

The message also announced that the Speaker had affixed his signature to the enrolled bill (S. 1) to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically distressed areas, and it was signed by the President pro tempore.

HOUSE BILL REFERRED

The bill (H.R. 6518) making appropriations for the inter-American social and economic cooperation program and the Chilean reconstruction and rehabilitation program for the fiscal year ending June 30, 1961, and for other purposes, was read twice by its title and referred to the Committee on Appropriations.

LIMITATION OF DEBATE DURING MORNING HOUR

Mr. MANSFIELD. Mr. President, under the rule, there will be the usual morning hour for the transaction of routine business. I ask unanimous consent that statements in connection therewith be limited to 3 minutes.

The PRESIDENT pro tempore. Without objection, it is so ordered.

COMMITTEE MEETINGS DURING SENATE SESSION

On request of Mr. MANSFIELD, and by unanimous consent, the Antitrust and Monopoly Subcommittee of the Committee on the Judiciary was authorized to meet during the session of the Senate today.

On request of Mr. MANSFIELD, and by unanimous consent, the Permanent Subcommittee on Investigations of the Committee on Government Operations was authorized to meet during the session of the Senate today.

EXECUTIVE SESSION

Mr. MANSFIELD. Mr. President, I move that the Senate proceed to the consideration of executive business, to consider the nominations on the Executive Calendar.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDENT pro tempore laid before the Senate messages from the President of the United States submitting sundry nominations and withdrawing the nomination of H. Holmes Vogel to be Administrator of the National Capital Transportation Agency, which nominating messages were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF COMMITTEES

The following favorable reports of nominations were submitted:

By Mr. FULBRIGHT, from the Committee on Foreign Relations:

Julius C. Holmes, of Kansas, a Foreign Service officer of the class of career minister, to be Ambassador Extraordinary and Plenipotentiary to Iran; and

Executive D, 87th Congress, first session. The Second Agreement Between the United States of America and the Federal Republic of Germany Regarding Certain Matters Arising From the Validation of German Dollar Bonds, signed at Bonn on August 16, 1960 (Ex. Rept. No. 3).

By Mr. JOHNSTON, from the Committee on Post Office and Civil Service:

Louis J. Doyle, of Maryland, to be General Counsel of the Post Office Department; and

Richard M. Scammon, of Minnesota, to be Director of the Census.

By Mr. EASTLAND, from the Committee on the Judiciary:

Justin J. Mahoney, of New York, to be U.S. attorney for the northern district of New York;

Carl W. Feickert, of Illinois, to be U.S. attorney for the eastern district of Illinois;

James E. Byrne, Jr., of New York, to be U.S. marshal for the northern district of New York;

Charles B. Bendlage, Jr., of Iowa, to be U.S. marshal for the southern district of Iowa; and

William T. Thurman, of Utah, to be U.S. attorney for the district of Utah.

By Mr. CARROLL, from the Committee on the Judiciary:

Lawrence M. Henry, of Colorado, to be U.S. attorney for the district of Colorado.

By Mr. KEFAUVER, from the Committee on the Judiciary:

James J. P. McShane, of Virginia, to be U.S. marshal for the District of Columbia.

By Mr. HART, from the Committee on the Judiciary:

George E. Hill, of Michigan, to be U.S. attorney for the western district of Michigan.

INTERNATIONAL CONVENTION FOR SAFETY OF LIFE AT SEA—REMOVAL OF INJUNCTION OF SECRECY

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the injunction of secrecy be removed from Executive K, 87th Congress, 1st session, the International Convention for Safety of Life at Sea, transmitted to the Senate by the President today. I ask that the treaty, together with the President's message, be referred to the Committee on Foreign Relations, and that the President's message be printed in the RECORD.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The message from the President is as follows:

To the Senate of the United States:

With a view to receiving the advice and consent of the Senate to ratification, I transmit herewith a certified copy of the International Convention for the Safety of Life at Sea, 1960, dated at London, June 17, 1960. The Convention, which was open for signature from June 17 to July 17, 1960, was signed by the Plenipotentiary of the Government of the United States of America on June 17, 1960, and by the Plenipotentiaries of 39 other Governments in the period during which it was open for signature.

I also transmit, for the information of the Senate in connection with its consideration of the Convention, the report of the Secretary of State with respect to the Convention, a copy of the final act of the International Conference on Safety of Life at Sea, 1960, held at London from May 17 to June 17, 1960, and a copy of the report of the delegation of the United States of America to that Conference.

JOHN F. KENNEDY.

THE WHITE HOUSE, *April 27, 1961.*

The PRESIDENT pro tempore. If there be no further reports of committees, the nominations on the calendar will be stated.

DEPARTMENT OF STATE

The Chief Clerk read the nomination of U. Alexis Johnson, of California, to be Deputy Under Secretary of State.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

AMBASSADORS

The Chief Clerk read the nomination of John A. Calhoun, of California, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Chad.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of James K. Penfield, of California, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Iceland.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of Edward J. Sparks, of New York, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Uruguay.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of James Wine, of Connecticut, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Luxembourg.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the President be immediately notified of the confirmation of all these nominations.

The PRESIDENT pro tempore. Without objection, the President will be notified forthwith.

Mr. MANSFIELD. Mr. President, for the benefit of the Senate, I believe I should put the Senate on notice that the nomination of Julius C. Holmes to be U.S. Ambassador to Iran may well be considered on either Wednesday or Thursday of next week.

Mr. DIRKSEN. Of next week?

Mr. MANSFIELD. Yes, next week.

LEGISLATIVE SESSION

Mr. MANSFIELD. Mr. President, I move that the Senate resume the consideration of legislative business.

The motion was agreed to; and the Senate resumed the consideration of legislative business.

MEETING OF THE TWO HOUSES TO RECEIVE THE PRESIDENT OF TUNISIA

Mr. MANSFIELD. Mr. President, for the further information of the Senate, I ask unanimous consent that it may be in order at any time on Thursday, May 4, for the Vice President to declare a recess, for the purpose of receiving, in joint meeting with the House of Representatives, the President of Tunisia.

The PRESIDENT pro tempore. Is there objection? Without objection, it is so ordered.

EXECUTIVE COMMUNICATIONS, ETC.

The PRESIDENT pro tempore laid before the Senate the following communication and letters, which were referred as indicated:

REPORT ON AGREEMENTS UNDER TITLE I OF AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954

A letter from the Administrator, Foreign Agricultural Service, Department of Agriculture, Washington, D.C., reporting, pursuant to law, on agreements concluded during March 1961, under title I of the Agricultural Trade Development and Assistance Act of 1954, with Indonesia, India, Pakistan, Vietnam, and Turkey (with accompanying papers); to the Committee on Agriculture and Forestry.

PUBLICATION OF NOTICE OF PROPOSED DISPOSITION OF CERTAIN HYOSCINE

A letter from the Administrator of General Services, transmitting, pursuant to law,

a copy of a notice to be published in the Federal Register of proposed disposition of approximately 1,500 ounces of hyoscine now held in the national stockpile, together with approximately 2,018 ounces remaining to be sold in accordance with notice published in the Federal Register on July 23, 1959, or a total of approximately 3,518 ounces (with an accompanying paper); to the Committee on Armed Services.

PHYSICAL THERAPISTS PRACTICE ACT

A letter from the President, Board of Commissioners, District of Columbia, transmitting a draft of proposed legislation to regulate the practice of physical therapy in the District of Columbia (with an accompanying paper); to the Committee on the District of Columbia.

REPORT OF DEPARTMENT OF STATE ON CULTURAL EXCHANGE PROGRAMS

A letter from the Secretary of State, transmitting, pursuant to law, a report of that Department on the educational and cultural exchange programs, covering the second half of the fiscal year 1960 (with an accompanying report); to the Committee on Foreign Relations.

AUDIT REPORT ON CONTRACTS WITH THE HANNA MINING CO., HANNA NICKEL SMELTING CO., AND THE M. A. HANNA CO., CLEVELAND, OHIO

A letter from the Comptroller General of the United States, transmitting, pursuant to law, an audit report on General Services Administration contracts DMP-49, 50, and 51 with the Hanna Mining Co., Hanna Nickel Smelting Co., and the M. A. Hanna Co., Cleveland, Ohio, dated April 1961 (with an accompanying report); to the Committee on Government Operations.

DISPOSITION OF LAND NO LONGER NEEDED FOR CHILOCCO INDIAN INDUSTRIAL SCHOOL AT CHILOCCO, OKLA.

A letter from the Assistant Secretary of the Interior, transmitting a draft of proposed legislation to authorize the disposition of land no longer needed for the Chilocco Indian Industrial School at Chilocco, Okla. (with an accompanying paper); to the Committee on Interior and Insular Affairs.

DONATION TO WALKER RIVER PAIUTE TRIBE THE RESERVED MINERALS UNDERLYING ITS RESERVATION

A letter from the Assistant Secretary of the Interior, transmitting a draft of proposed legislation to give to the Walker River Paiute Tribe the reserved minerals underlyng its reservation (with an accompanying paper); to the Committee on Interior and Insular Affairs.

REPEAL OF TITLE 18, UNITED STATES CODE, SECTION 791, RELATING TO ESPIONAGE AND CENSORSHIP

A letter from the Attorney General, transmitting a draft of proposed legislation to repeal title 18, United States Code, section 791, so as to extend the application of chapter 37 of title 18, relating to espionage and censorship (with an accompanying paper); to the Committee on the Judiciary.

AMENDMENT OF SECTIONS 1 AND 3 OF THE FOREIGN AGENTS REGISTRATION ACT OF 1938

A letter from the Attorney General, transmitting a draft of proposed legislation to amend sections 1 and 3 of the Foreign Agents Registration Act of 1938, as amended (with an accompanying paper); to the Committee on the Judiciary.

NATIONAL DEFENSE EDUCATION ACT AMENDMENTS OF 1961

A communication from the President of the United States, transmitting a draft of proposed legislation to extend and improve the National Defense Education Act, and for other purposes (with an accompanying paper); to the Committee on Labor and Public Welfare.

PETITIONS AND MEMORIALS

Petitions, etc., were laid before the Senate, or presented, and referred as indicated:

By the PRESIDENT pro tempore:

A concurrent resolution of the Legislature of the State of Hawaii; to the Committee on Agriculture and Forestry:

"HOUSE CONCURRENT RESOLUTION 36

"Whereas the Congress of the United States has passed numerous legislative measures assisting farmers in the production of specific agricultural commodities; and

"Whereas such assistance and support through programs authorized by the Agricultural Adjustment Act of 1938, as amended, is necessary to encourage the growing of coffee in the State of Hawaii; Now, therefore, be it

"Resolved by the House of Representatives of the First Legislature of the State of Hawaii, general session of 1961 (the Senate concurring), That the Congress of the United States is hereby respectfully requested to enact legislation to include coffee among the basic agricultural commodities assisted and supported by programs under the Agricultural Adjustment Act of 1938, as amended, and to authorize subsidy payments to coffee growers in the State of Hawaii; and be it further

"Resolved, That certified copies of this concurrent resolution shall be sent to the President of the Senate and the Speaker of the House of Representatives of the Congress of the United States, to the Secretary of Agriculture and to Senator OREN E. LONG, Senator HIRAM L. FONG, and Congressman DANIEL K. INOUYE."

A resolution of the House of Representatives of the State of Missouri, memorializing the Congress of the United States urging the construction of the Joanna Dam in Ralls County, Mo.; to the Committee on Public Works.

A letter in the nature of a petition, signed by John R. Ross, chairman, American Gold Association, Inc., San Andreas, Calif., relating to a joint resolution adopted by the California Legislature regarding Federal laws relative to gold; to the Committee on Banking and Currency.

A resolution adopted by the American Oriental Society, New Haven, Conn., relating to the preservation of existing monuments, threatened by the building of the High Aswan Dam in Egypt; to the Committee on Foreign Relations.

A resolution adopted by the board of directors of the Utah Manufacturers Association, in Salt Lake City, Utah, relating to appropriations for transmission lines to distribute Colorado River storage project power; to the Committee on Interior and Insular Affairs.

A resolution adopted at a five-State regional meeting, American Indian Chicago Conference, at Milwaukee, Wis., relating to the termination of Federal control of Indians; to the Committee on Interior and Insular Affairs.

CONCURRENT RESOLUTION OF KANSAS LEGISLATURE

Mr. CARLSON. Mr. President, this is centennial year in Kansas and our State is planning a Kansas Centennial World Food Fair, which will be held in Topeka, Kans., June 13 to 25. Many foreign countries will enter exhibits at this fair. Our own citizens are taking a special interest in this fair and will be displaying the productive resources of our great State, as well as the hospitality and friendship of our people.

House Concurrent Resolution No. 33 was adopted at a recent session of the Kansas Legislature and I ask unanimous consent that it be made a part of these remarks and referred to the appropriate committee.

There being no objection, the concurrent resolution was referred to the Committee on Foreign Relations, as follows:

HOUSE CONCURRENT RESOLUTION 33

Concurrent resolution extending an invitation for State, National, and international participation in the Kansas Centennial World Food Fair

Whereas Kansas is recognized among the States of this Nation as a leading producer of wheat, has won the popular acclaim of "breadbasket of the world," is a major producer also of other grains, beef, poultry, dairy, and other food products; and

Whereas food production and food trade are common goals of all nations as sustainers of life and industry, benefiting the welfare of all people, and contributing to the cause for peace; and

Whereas Kansas is this year observing its centennial of statehood, inviting all its citizens and visitors to celebrate 100 years of achievement; and

Whereas it is most fitting that Kansas, "Midway U.S.A.," invite other countries and other States to join in displaying food and allied products in a large international marketplace provided for this purpose as a feature of the State's centennial celebration; and

Whereas the Kansas Centennial World Food Fair has been certified by the U.S. Department of Commerce for temporary duty-free entry of foreign exhibits under the Trade Fair Act of 1959: Now, therefore, be it

Resolved by the House of Representatives of the State of Kansas (the Senate concurring therein), That Kansas extend the hand of welcome and friendship to the countries of the world and to the peoples of other States through the Kansas Centennial World Food Fair to be held at Mid-America Fairgrounds in Topeka, June 13 to June 25, 1961, as a recognized trade show and public exhibition; and be it further

Resolved, That Kansas citizens and organizations, cities, counties, and State, join together in supporting this means of displaying the productive resources of this great State, and the hospitality and friendship of its people; and be it further

Resolved, That the secretary of state be directed to send enrolled copies of this resolution to the President of the United States, U.S. Secretary of Commerce, U.S. Secretary of Agriculture, U.S. Secretary of State, Embassies of foreign nations, to each member of the Kansas congressional delegation, and to the Governors of the other 49 States.

Adopted by the house March 20, 1961.

WILLIAM L. MITCHELL,
Speaker of the House.
A. E. ANDERSON,
Chief Clerk of the House.

Adopted by the senate April 4, 1961.

HAROLD H. CASE,
President of the Senate.
RALPH E. ZARKER,
Secretary of the Senate.

CONCURRENT RESOLUTION OF SOUTH CAROLINA HOUSE OF REPRESENTATIVES

Mr. THURMOND. Mr. President, on behalf of myself and my colleague, the senior Senator from South Carolina [Mr. JOHNSTON], I present a concurrent resolution of the South Carolina General Assembly memorializing Congress to in-

vestigate the feasibility of further controlling the waters of the Savannah River and ask that it be appropriately referred.

There being no objection, the concurrent resolution was referred to the Committee on Public Works, and, under the rule, ordered to be printed in the RECORD, as follows:

CONCURRENT RESOLUTION MEMORIALIZING CONGRESS TO INVESTIGATE THE FEASIBILITY OF FURTHER CONTROLLING THE WATERS OF THE SAVANNAH RIVER

Whereas in recent years the flooding of low-lying areas along the Savannah River below the Clarks Hill Dam has been increasing; and

Whereas great sums of money have been lost by individuals due to these successive floodings; and

Whereas it is the belief of the general assembly that waters from the Clarks Hill Reservoir could be spilled at a more uniform rate so as to eliminate many of such floodings: Now, therefore, be it

Resolved by the house of representatives (the senate concurring), That the Congress of the United States is memorialized to investigate the feasibility of permitting uniform spilling of waters from the Clarks Hill Reservoir, so as to eliminate unreasonable and unnecessary flooding of low-lying areas seaward from the reservoir; and be it further

Resolved, That copies of this resolution be forwarded to the U.S. Senators from South Carolina and to the Members of the House of Representatives whose districts border on the Savannah River, and to the Corps of Engineers of the U.S. Army.

INEZ WATSON,
Clerk of the House.

JOINT RESOLUTION OF WISCONSIN LEGISLATURE

Mr. PROXMIRE. Mr. President, the Wisconsin State Legislature recently adopted a resolution calling on the Congress to adopt legislation which will insure the free interstate movement of milk of high sanitary quality. As a sponsor of S. 212, the bill which would enact a National Milk Sanitation Code, it gives me great pleasure to present this joint resolution to the Senate. I ask that it be printed in the RECORD and referred to the appropriate committee.

There being no objection, the joint resolution was referred to the Committee on Labor and Public Welfare, as follows:

JOINT RESOLUTION 18, A

Joint resolution relating to memorializing the Congress of the United States to enact legislation which will ensure the free movement of milk of high sanitary quality in interstate commerce

Whereas there is pending in the Congress of the United States a series of bills, H.R. 50 to H.R. 57 which provide for the free flowage in interstate commerce of milk of high sanitary requirements which must be met under the provisions of said bills; and

Whereas milk is the most important part of the diet for most people; it is our most perfect food, containing almost all of the essential elements for human growth, and is the principal food of infants, children, the aged and infirm; and

Whereas more than one-half of our States are importers of milk and about the same number of States are exporters; and more than 13 million gallons of milk and cream are shipped interstate each day; and

Whereas this State has a tremendous stake in this industry, about 85 percent of its production of milk going into interstate commerce in one form or another, and milk production is one of the principal industries of this State; and

Whereas although the laws of our State require that milk and milk products must be produced under high sanitary conditions and result in sanitary, high grade products; and

Whereas importers of milk in the importer States have regulations for high sanitary quality by use of unnecessary requirements or other health regulations which result in a crazy-quilt pattern of milk sanitation regulation which duplicates inspection procedure in thousands of plants in the exporter States, thereby causing great unnecessary expense to a producer in meeting the different code requirements of his many customers; and

Whereas it is highly desirable to all the people that there only be Federal sanitation requirements, only one code, which must be complied with so as to insure the free, economical flow of milk in interstate commerce: Now therefore, be it

Resolved by the assembly (the senate concurring), That the Congress of the United States be urged to enact one of the beforementioned bills, or a similar bill, into law, thereby insuring that milk and milk products produced within Federal requirements will have free flowage in interstate commerce; and, be it further

Resolved, That properly attested copies of this resolution be sent to the President of the United States, to each House of Congress and each Wisconsin Member thereof.

DAVID J. BLANCHARD,
Speaker of the Assembly.
ROBERT G. MAROTZ,
Chief Clerk of the Assembly.
W. P. KNOWLES,
President of the Senate.
LAWRENCE R. LARSEN,
Chief Clerk of the Senate.

The VICE PRESIDENT laid before the Senate a joint resolution of the Legislature of the State of Wisconsin, identical with the foregoing, which was referred to the Committee on Labor and Public Welfare.

RESOLUTION OF OCONTO COUNTY, WIS., BOARD OF SUPERVISORS

Mr. PROXMIRE. Mr. President, a great deal of concern has been expressed about the fire hazards that result from the accumulation of dry, dead vegetation on untended soil bank acreage. In the State of Wisconsin this has mounted to a problem of serious proportions. It will get even more serious as the summer goes on.

I have received a resolution from the Oconto County Board of Supervisors expressing great concern about this. I ask that the resolution be printed in the RECORD and referred to the appropriate committee and the Department of Agriculture.

There being no objection, the resolution was referred to the Committee on Agriculture and Forestry, and ordered to be printed in the RECORD, as follows:

RESOLUTION OF OCONTO COUNTY BOARD OF SUPERVISORS

Whereas Oconto County has many farms within its boundaries which are in the soil bank; and

Whereas all of these farms border other farms and property not in the soil bank, such as cottages, resorts, farm buildings, fencing, woodlots and forests; and

Whereas the very nature of these soil bank acres with their accumulation of dry, dead vegetation, do present the problem of a tremendous fire hazard to all surrounding property; and

Whereas local government officials and adjoining property owners seem to be helpless in any effort to compel owners of these soil bank farms to plow firebreaks around these dangerous acres to help prevent complete disaster by fire: Therefore be it

Resolved, That the Oconto County Board of Supervisors does hereby petition and plead with our U.S. Senators and Congressmen to use their efforts and influence with the U.S. Department of Agriculture for fast emergency action to solve this very grave problem; and be it further

Resolved, That the clerk of Oconto County send copies of this resolution to the Honorable Senator ALEXANDER WILEY, the Honorable Senator WILLIAM PROXMIRE, the Honorable Congressman JOHN BYRNES, and to the county clerks of our neighboring counties.

RESOLUTION OF AFL-CIO

Mr. McNAMARA. Mr. President, on April 20, the AFL-CIO sponsored a "Get America back to work rally" in Detroit.

Out of that rally, attended by thousands of persons, came a resolution urging Congress to support President Kennedy's program and the implementation of the Employment Act of 1946.

I ask unanimous consent that the text of the resolution be printed in the RECORD at the conclusion of my remarks.

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

RESOLUTION ON ACTION PROGRAM TO GET AMERICA BACK TO WORK

Whereas 25 percent of America's productive capacity stands idle, with 285 major and minor labor areas being classified as distressed and millions of American families are experiencing the tragedy of chronic unemployment which denies them the opportunity to earn their livelihood and the opportunity to contribute to the strengthening of America; and

Whereas the Government figures for the month of March 1961 report that 5,600,000 workers are totally unemployed, an increase of 400,000 over the month of March during the 1958 recession; and

Whereas the State of Michigan, like other major industrial States, continues to suffer serious economic dislocation and unemployment with 417,000 or 14 percent of the State's work force unemployed in March and with 210,000 or 14.7 percent of the labor force of Detroit unemployed in this same month: Therefore be it

Resolved, That this "Get America back to work rally, attended by thousands of citizens in Detroit on this date, April 20, 1961, hereby calls upon the Congress of the United States to support President Kennedy's program to meet the human and economic problems during the emergency and we call upon them to cooperate in the fullest to extend this program to deal with the long-range problems of chronic unemployment; and be it further

Resolved, That we urge that the effective implementation of the Employment Act of 1946, which mandates the Government to achieve and maintain high levels of production, employment, and purchasing power be given the highest national priority and attention. Specifically, we urge consideration and prompt and affirmative action on the following program:

1. Moratorium on all debts, mortgages, and installment payments for unemployed

workers for the period of their unemployment with the Federal Government providing such legislation as is necessary to protect the equity of all concerned.

2. Federal standards on benefits, duration, and coverage of unemployment compensation so that workers of each State are treated with equality in this first important aid to the unemployed.

3. The President should have standby power to temporarily suspend withholding taxes, thus permitting a greater flow of purchasing power into workers' hands and so help buoy up the economy the moment it shows signs of sagging for lack of consumer purchasing power.

4. A minimum wage law of at least $1.25 an hour is an overdue necessity, together with broadened application so as to give protection to up to 7 million working Americans who are exempt at present from such protection and who, in the main, are paid anywhere from 40 cents an hour to $1 an hour and are unable to contribute to America's economy.

5. Federal aid to education grows more important by the minute, not just because we are in a technological and scientific race with the Soviet Union but because our children do have the right to a complete education. And since education is in the national interest, the cost of education should no longer be shouldered almost entirely by the community.

6. Health care for the aged is one of our most overdue measures. A program of health care, built into the social security structure, would remove the economic barriers to proper health protection at the time in their lives when they need such protection most.

7. Improved old age, survivors, and disability insurance (social security) should include not only a $10 increase in minimum benefits, early retirement, broadened eligibility requirement, increased widows' benefits and improved disability protection as proposed by President Kennedy, but an increase in the general level of benefits which now average only an inadequate $74 a month. An increase in minimum retirement benefits should not be canceled out or reduced by reduction of supplemental old age assistance payments.

8. An all-out program for area redevelopment, including special programs to help unemployed workers in those areas caught up in the blight of industry.

9. As a boost to home building and home owning, interest rates on FHA loans should be reduced to not more than 4½ percent. Steps should be taken to end the practice of mortgage discounting. Public housing programs should be accelerated. To give necessary emphasis and status to our cities, Congress should create a Department of Urban Affairs with Cabinet rank given to its head.

10. Programs must be stepped up for the construction of hospitals, schools, roads, airports and other such public works.

11. Placement of Government contracts should be speeded up. Such contracts should be channeled into areas of labor surplus. Legislation should recognize the principle that reasonable additional costs involved in placing contracts in distressed areas will be offset by resultant avoidance of the heavy financial costs and other tragic consequences of unemployment, both to affected communities and to the Nation.

12. Existing programs to conserve and develop our natural resources must be accelerated.

13. Membership on the Federal Reserve Board should be broadened to give representation to consumers, small business and labor and that Board should seek flexibility in its monetary policies.

14. Federal legislation must come about to help finance the general public relief burdens of cities and communities, both to ease the burden and to insure adequate assistance to families in need.

15. There must be a gradual reduction of working hours without loss of take-home pay. The Fair Labor Standards Act should provide for periodic review of the workweek so that, as our technology continues to advance, workers can enjoy (through a shorter workweek) an increasing measure of creative and purposeful leisure instead of suffering the wasteful idleness of unemployment.

RESOLUTIONS OF ORGANIZATIONS OF THE STATE OF NEW YORK

Mr. JAVITS. Mr. President, I ask unanimous consent to have printed in the RECORD a series of resolutions adopted by organizations in the State of New York.

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

THE NEW YORK HOSPITAL,
CORNELL MEDICAL CENTER,
New York, N.Y., April 17, 1961.

Hon. JACOB K. JAVITS,
U.S. Senate,
Washington, D.C.

DEAR MR. JAVITS: The following resolution was adopted by the American Surgical Association, to which I as a member heartily endorse:

"Whereas the American Surgical Association has considered various proposals for the regulation of animal experimentation at the Federal level; and

"Whereas experience with such regulations abroad is considered to be unfavorable to the progress of knowledge in the biological field in general and to the advance of surgical knowledge in particular: Therefore be it

"*Resolved,* That the American Surgical Association believes that first things should be put first and that the progress of knowledge which will promote human welfare and relieve the great suffering still experienced by mankind is of paramount importance. Efforts in this direction should not be impeded with additional restrictions and time-consuming recordkeeping. Rather we should trust to the proper motivation of the universities, the responsible attitude of university and hospital administration, and existing local and State laws which protect animals from cruelty. Rather should the Federal Government assist institutions conducting medical research with funds for sanitary and safe animal quarters, and for employing competent personnel to care for them."

Most sincerely,

S. W. MOORE, M.D.

RESOLUTION BY SYRACUSE UNIVERSITY SENATE, MARCH 9, 1960

Voted that the senate of Syracuse University go on record as disapproving the disclaimer affidavit of the National Defense Education Act of 1958 (sec. 1001(f), title X), on the following grounds:

1. That it will serve no useful purpose;

2. That it discriminates against students as if they were a class prone to disloyalty, as distinct from other recipients of Federal grants, and it also discriminates against other special academic groups receiving grants under the act (e.g., certain fellowship recipients and faculty personnel).

3. That it is so vaguely worded as to be susceptible to irresponsible interpretation, involving issues of "belief" rather than of action, and involving organizations not clearly identified. This brings it dangerously close to a concept that "belief" as opposed to overt action may be punishable by law.

Voted also that Syracuse University oppose the loyalty oath required in the National Defense Education Act as unnecessary and inappropriate.

Voted also that the action of this senate be reported by the secretary to U.S. Senators JACOB K. JAVITS and KENNETH B. KEATING, and U.S. Representatives WALTER R. RIEHLMAN and ALEXANDER PIRNIE.

ST. JACOBUS EVANGELICAL
LUTHERAN CHURCH,
Woodside, N.Y.

Whereas the separation of church and state is a principle of American constitutional law which prohibits the use of tax money to promote the specific teachings of any particular denomination; and

Whereas several bills now being considered by the Congress of the United States will, in effect, appropriate moneys to schools maintained by religious corporations and thus promote the denominational teaching in that school with which not all taxpayers are in agreement; and

Whereas it is a matter of conscience with us not to support those teachings which we believe to be in error: Therefore be it

Resolved, That the St. Jacobus Evangelical Lutheran Church, at its annual corporate meeting held in Woodside, N.Y., on April 19, 1961, express its conscientious objections to any law or measure which would have the effect of using moneys raised by general taxation for the propagation of a particular faith or teaching; and further

Resolved, That we spread this resolution upon our minutes and send a copy of the same to the two Senators of New York State, the Honorable JACOB JAVITS and the Honorable KENNETH B. KEATING, and to the Congressmen in whose districts members of our congregation live; namely, the Honorable JAMES J. DELANEY and the Honorable LESTER HOLTZMAN.

Transmitted in the name of St. Jacobus Evangelical Lutheran Church by

RUDOLPH KIENE,
Secretary.
WALTER C. DAIB,
Pastor.

RESOLUTION OF PROFESSIONAL MEN'S CLUB, ROCHESTER, N.Y.

Whereas the Professional Men's Club of Rochester, N.Y., is an Italian-American organization whose membership is composed of persons of Italian extraction, and who, by scholarly pursuits, have been awarded degrees in the fields of medicine, law, dentistry, pharmacy, engineering, or in the various other arts and sciences; and

Whereas Americans of Italian extraction have made significant contributions to the cultural, social, scientific, educational, economic, and political life of America; and

Whereas in the course of the daily practices and associations of such professions, businesses, pursuits, and vocations, there has been experienced a rising tide of resentment and indignation on the part of this general membership, as well as on the part of those thousands of Italian-Americans comprising their patients, clients, clientele, and associates, in and about the county of Monroe, N.Y.; and

Whereas this resentment has resulted primarily from the predominant and persistent portrayal, in scripts and type-casting by segments of the television industry, of persons of Italian nationality as gangsters, hoodlums, perpetrators of fraud, gamblers, prison inmates and persons of unsavory morals and character: Now, therefore, it is hereby

Resolved:

1. That the Professional Men's Club of Rochester, N.Y., does hereby except to, disapprove, and condemn the flagrant and widespread abuse and degradation of the Italian-American public, by segments of the television industry, whether by design, indifference, or otherwise.

2. That the Professional Men's Club of Rochester, N.Y., hereby excepts to, disapproves, and condemns, as un-American, and therefore, contrary to any standards or concepts of fairness, morality, and decency, the unjust enrichment and capitalization upon such discriminatory and degrading portrayals of Italians, by segments of the television industry, under the guise of entertainment.

3. That the Professional Men's Club of Rochester, N.Y., proposes and suggests that the television industry and its affiliated networks conduct a reevaluation of their programing; also that there be considered the creation, amendment, or enforcement of codes of fair practices to eliminate and prevent the discriminatory, degrading, and abusive portrayals of persons of Italian descent, or of any other nationality, or minority group.

4. That the Professional Men's Club of Rochester, N.Y., place itself upon record as urging the enactment or promulgation, of remedial legislation, rules, or regulations on local, State and/or Federal levels to provide for the establishment and/or enforcement of laws pertaining to fair practices in the entertainment industry.

5. That the Professional Men's Club of Rochester, N.Y., hereby dedicates itself to the elimination and prevention of such unfair and un-American practices.

VINCENT FRANCIOSA NOLAN,
Resolution Committee Chairman.

METHODIST MEN'S CLUB,
Cooperstown, N.Y., April 20, 1961.

The Honorable JACOB JAVITS,
U.S. Senate,
Washington, D.C.

MY DEAR MR. JAVITS: During the April meeting of our Methodist Men's Club of the Cooperstown and Fly Creek Methodist Churches, the following resolution was introduced and passed unanimously:

"Whereas legislation has been introduced in the U.S. Congress that Federal aid be granted to public school education but some groups are now promoting the extension of this aid to parochial secondary schools; and

"Whereas Federal aid to church schools is a violation of the principle of the separation of church and state, and we are committed to nonsectarian public school education; and

"Whereas refusal by the Federal Government to grant Federal aid to church schools is not a discrimination in a democracy where the Government has provided public school education, which in no way interferes with the religious teachings or principles of the student: Be it therefore

Resolved, That the Methodist men of the Cooperstown and Fly Creek Churches, an organization of 30 members, urge you to actively oppose any legislation in Congress which would jeopardize the traditional relationship between church and state in the United States."

Very truly yours,

ARTHUR JENKINS,
President.
ALBERT G. DEPUY,
Secretary.

HOLY NAME SOCIETY,
THE AMERICAN MARTYRS
ROMAN CATHOLIC CHURCH,
Flushing, N.Y., April 21, 1961.

The Honorable JACOB K. JAVITS,
Senate Office Building,
Washington, D.C.

DEAR MR. JAVITS: At the regular monthly meeting of the Holy Name Society of the American Martyrs Roman Catholic Church held on April 10, 1961, the following resolution was unanimously adopted by the Society:

"Whereas Congress is now considering a bill for aid to education; and

"Whereas it has been indicated that the aid to parochial or private schools would be unconstitutional and that the Constitution would clearly prohibit such aid; and

"Whereas it would be impossible for the local or Federal Government to provide suitable schools for every student, if there were no private or no parochial schools to supplement the public school facilities; and

"Whereas the first amendment has not been clearly interpreted as to the meaning concerning such aid, and does not prohibit aid to other than public schools: Now, therefore, be it

"Resolved, That the Holy Name Society of the American Martyrs Roman Catholic Church in Bayside, N.Y., hereby earnestly urge that the Congress of the United States seriously consider the right of the student and the obligation to provide aid to such student on a Federal basis without discrimination as to the school he attends or the educational level of his studies; and be it further

"Resolved, That a copy of this resolution be forwarded to the President of the United States and to legislative representatives in the House and Senate."

Yours very truly,

JOHN LANDI,
President.
JOHN J. HENRY,
Corresponding Secretary.
Rev. FRANCIS A. RUGGLES,
Moderator.

RESOLUTION 69

Resolution by Board of Supervisors of Putnam County, N.Y.

Whereas there has been a tightening in the supply of mortgage funds for VA guaranteed loans generally throughout the country and including Putnam County; and

Whereas qualified ex-servicemen in Putnam County have experienced difficulty in obtaining such loans because Putnam County has been classified by the Veterans' Administration as a part of the New York metropolitan area although it consists of small communities and rural areas without the extensive private lending facilities to handle VA guaranteed loans as required in the metropolitan area; and

Whereas it appears that the only relief for the ex-servicemen under these conditions is to have Putnam County designated by the Veterans' Administration as a direct loan area: Now, therefore, be it

Resolved, That this board of supervisors does hereby recommend that Putnam County be designated as a direct loan area and that a copy of this resolution be forwarded to the two U.S. Senators from New York and the Congressman of this district with the request that they take whatever steps deemed necessary to call this condition to the attention of the appropriate officials of the Veterans' Administration with a view of obtaining the change in designation to a direct loan area.

DONALD B. RACE,
Clerk of the Board of Supervisors of Putnam County.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. EASTLAND, from the Committee on the Judiciary, without amendment:

S. 395. A bill for the relief of Fausto Lavari (Rept. No. 181);

S. 921. A bill for the relief of Martha Uchacz Barras (Rept. No. 182);

S. 971. A bill for the relief of Salvatore Briganti (Rept. No. 183);

S. 980. A bill for the relief of Joseph Anthony Vettiger (Rept. No. 184); and

S. 1045. A bill for the relief of Alvaro Rodriguez Jimenez (Rept. No. 185).

By Mr. EASTLAND, from the Committee on the Judiciary, with an amendment:

S. 241. A bill for the relief of Haralambos Agourakis (Rept. No. 186);

S. 304. A bill for the relief of Anna Lekos (Rept. No. 187);

S. 400. A bill for the relief of Mrs. Keum Ja Asato (Mrs. Thomas R. Asato) (Rept. No. 188); and

S. 973. A bill for the relief of Liliana Grazyna Swiatkowska (Rept. No. 189).

By Mr. DIRKSEN, from the Committee on the Judiciary, without amendment:

S. 847. A bill to change the name of the Army and Navy Legion of Valor of the United States of America, Inc. (Rept. No. 190);

S.J. Res. 65. Joint resolution designating the week of May 14-20, 1961, as Police Week and designating May 15, 1961, as Peace Officers Memorial Day (Rept. No. 192);

S.J. Res. 68. Joint resolution providing for the designation of the week commencing October 1, 1961, as National Public Works Week (Rept. No. 193); and

H.R. 1723. An act to amend the joint resolution providing for observance of the 175th anniversary of the Constitution (Rept. No. 191).

By Mr. KEATING, from the Committee on the Judiciary, without amendment:

S.J. Res. 24. Joint resolution designating the fourth Sunday in September of each year as Interfaith Day (Rept. No. 194); and

S.J. Res. 34. Joint resolution designating the week of October 9–15, 1961, as National American Guild of Variety Artists Week (Rept. No. 195).

By Mr. MANSFIELD, from the Committee on Rules and Administration, with an amendment:

S. Res. 126. Resolution to print memorandums relating to constitutional issues on S. 1021 as a Senate document (Rept. No. 196).

By Mr. FULBRIGHT, from the Committee on Foreign Relations, without amendment:

S. 1215. A bill to amend the Mutual Defense Assistance Control Act of 1951 (Rept. No. 199).

INCREASED DISTRIBUTION OF CONGRESSIONAL RECORD TO FEDERAL JUDICIARY—REPORT OF A COMMITTEE

Mr. MANSFIELD. Mr. President, from the Committee on Rules and Administration, I report an original bill, to provide for the increased distribution of the CONGRESSIONAL RECORD to the Federal judiciary, and I submit a report (No. 197) thereon.

The PRESIDING OFFICER (Mr. METCALF in the chair). The report will be received, and the bill will be placed on the calendar.

The bill (S. 1748) to provide for the increased distribution of the CONGRESSIONAL RECORD to the Federal judiciary, reported by Mr. MANSFIELD, from the Committee on Rules and Administration, was read twice by its title and placed on the calendar.

SIMPSON CONSTRUCTION CO.—REFERENCE OF BILL TO COURT OF CLAIMS—REPORT OF A COMMITTEE

Mr. EASTLAND. Mr. President, from the Committee on the Judiciary, I report an original resolution relating to the bill

(S. 101) entitled "A bill for the relief of the Simpson Construction Co.," and I submit a report (No. 198) thereon.

The PRESIDING OFFICER. The report will be received, and the resolution will be placed on the calendar.

The resolution (S. Res. 129) was placed on the calendar, as follows:

Resolved, That the bill (S. 101) entitled "A bill for the relief of the Simpson Construction Company", now pending in the Senate, together with all the accompanying papers, is hereby referred to the Court of Claims; and the court shall proceed with the same in accordance with the provisions of sections 1492 and 2509 of title 28 of the United States Code and report to the Senate, at the earliest practicable date, giving such findings of fact and conclusions thereon as shall be sufficient to inform the Congress of the nature and character of the demand as a claim, legal or equitable, against the United States and the amount, if any, legally or equitably due from the United States to the claimant.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. CARLSON:

S. 1718. A bill to amend the Tariff Act of 1930 to place horsemeat on the free list; to the Committee on Finance.

By Mr. CHURCH (by request):

S. 1719. A bill to amend title 23 of the United States Code with respect to Indian reservation roads; to the Committee on Interior and Insular Affairs.

By Mr. HUMPHREY:

S. 1720. A bill to continue the authority of the President under title II of the Agricultural Trade Development and Assistance Act of 1954, as amended, to utilize surplus agricultural commodities to assist needy peoples and to promote economic development in underdeveloped areas of the world; to the Committee on Foreign Relations.

(See the remarks of Mr. HUMPHREY relating to the above bill, which appear under a separate heading.)

By Mr. KEATING:

S. 1721. A bill to amend section 4 of the Act of July 6, 1945, as amended, so as to provide for payment of overtime compensation to substitute employees in the postal field service; to the Committee on Post Office and Civil Service.

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

By Mr. HUMPHREY (for himself and Mr. PROXMIRE):

S. 1722. A bill to amend the Federal Trade Commission Act, as amended, so as to protect and equalize rights in the distribution of merchandise identified by a trademark, brand, or trade name; to the Committee on Commerce.

By Mr. GRUENING (for himself and Mr. BARTLETT):

S. 1723. A bill to establish equitable railroad freight rates; to the Committee on Commerce.

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

By Mr. HARTKE (for himself and Mr. CAPEHART):

S. 1724. A bill to protect consumers and others against misbranding and false advertising of decorative hardwood or simulated hardwood products; to the Committee on Commerce.

By Mr. BARTLETT:

S. 1725. A bill to permit the establishment of through service and joint rates for carriers serving Alaska or Hawaii and the other States and to establish a joint board to review such rates; to the Committee on Commerce.

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

By Mr. HILL:

S. 1726. A bill to extend and improve the National Defense Education Act, and for other purposes; to the Committee on Labor and Public Welfare.

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

By Mr. KEATING:

S. 1727. A bill for the relief of Rocco Angelo Cacciaglia; to the Committee on the Judiciary.

By Mr. ENGLE (for himself and Mr. BARTLETT):

S. 1728. A bill to amend section 510 of the Merchant Marine Act, 1936, to provide for the trade-in of obsolete vessels in connection with the construction of new vessels, either at the time of executing the construction contract or at the time of delivery of the new vessel; to the Committee on Commerce.

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

By Mr. ENGLE (for himself, Mr. BARTLETT, Mr. HUMPHREY, Mr. MAGNUSON, Mr. MCGEE, and Mr. RANDOLPH):

S. 1729. A bill to promote the foreign commerce of the United States, and for related purposes; to the Committee on Commerce.

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

By Mr. JOHNSTON:

S. 1730. A bill to amend the Classification Act of 1949, as amended, to provide a formula for guaranteeing a minimum increase when an employee is promoted from one grade to another; to the Committee on Post Office and Civil Service.

By Mr. JOHNSTON (by request):

S. 1731. A bill to amend chapter 101 of title 39 of the United States Code so as to provide for the adjustment of star route, motor vehicle service, water route, and mail messenger service contracts so as to compensate the holders of such contracts for additional costs imposed upon them by statute, and to provide for fixing the amounts of the bonds of bidders for and holders of such contracts;

S. 1732. A bill to increase the limitation on the number of positions that may be placed in the top grades of the Classification Act of 1949, as amended, and the limitation on the number of research and development positions of scientists and engineers for which special rates of pay are authorized; to fix the compensation of hearings examiners; and for other purposes; and

S. 1733. A bill relating to the transportation of mail by highway post office service, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. CARROLL (for himself and Mr. HART):

S. 1734. A bill to amend sections 7 and 8 of the Administrative Procedure Act; to the Committee on the Judiciary.

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

By Mr. MUSKIE:

S. 1735. A bill to provide for adjusting conditions of competition between certain domestic industries and foreign industries with respect to the level of wages and the working conditions in the production of articles imported into the United States; to the Committee on Finance.

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

By Mr. LONG of Louisiana:

S. 1736. A bill for the relief of Lieutenant General Bryant L. Boatner, United States Air Force, retired; to the Committee on Armed Services.

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

By Mr. BURDICK:

S. 1737. A bill to amend section 7(e) of the Trade Agreements Extension Act of 1951 so as to include the livestock industry as a domestic industry producing products directly competitive with imported meat and meat products; to the Committee on Finance.

By Mr. CLARK:

S. 1738. A bill relating to accumulation of income by certain charitable trusts and corporations; to the Committee on Finance.

By Mr. ANDERSON:

S. 1739. A bill for the relief of Mrs. Antonia A. Zaccaria Epifani; to the Committee on the Judiciary.

By Mr. DOUGLAS (for himself, Mr. PROXMIRE, Mrs. NEUBERGER, Mr. CLARK, Mr. LAUSCHE, Mr. CASE of New Jersey, Mr. MAGNUSON, Mr. JACKSON, Mr. YARBOROUGH, Mr. YOUNG of Ohio, Mr. MCNAMARA, Mr. CHURCH, Mr. MORSE, Mr. GRUENING, Mr. MCGEE, Mr. CANNON, Mr. HART, Mr. BARTLETT, Mr. LONG of Hawaii, Mr. BURDICK, Mr. SMITH of Massachusetts, and Mr. LONG of Louisiana):

S. 1740. A bill to assist in the promotion of economic stabilization by requiring the disclosure of finance charges in connection with extensions of credit; to the Committee on Banking and Currency.

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

By Mr. JACKSON (by request):

S. 1741. A bill to provide that the unincorporated territories of the Virgin Islands and Guam shall each be represented in Congress by a Territorial Deputy to the House of Representatives; to the Committee on Interior and Insular Affairs.

S. 1742. A bill to authorize Federal assistance to Guam, American Samoa, and the Trust Territory of the Pacific Islands in major disasters; to the Committee on Public Works.

S. 1743. A bill to amend section 6(a) of the Virgin Islands Corporation Act; to the Committee on Interior and Insular Affairs.

By Mr. MORSE:

S. 1744. A bill to amend the District of Columbia Sales Tax Act so as to exempt from tax sales of food for human consumption off the premises where such food is sold; to the Committee on the District of Columbia.

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

By Mr. MORSE (by request):

S. 1745. A bill to amend the act of August 9, 1955, relating to the regulation of fares for the transportation of schoolchildren in the District of Columbia; to the Committee on the District of Columbia.

By Mr. McNAMARA (for himself, Mr. HART, Mr. McCARTHY, Mr. HUMPHREY, Mr. WILEY, Mr. PROXMIRE, Mr. DIRKSEN, Mr. DOUGLAS, Mr. CAPEHART, Mr. HARTKE, Mr. LAUSCHE, Mr. YOUNG of Ohio, Mr. SCOTT, and Mr. CLARK):

S. 1746. A bill granting the consent of Congress to a Great Lakes Basin Compact, and for other purposes; to the Committee on the Judiciary.

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

By Mr. ANDERSON (for himself, Mr. CARROLL, Mr. BENNETT, Mr. METCALF, and Mr. MOSS):

S. 1747. A bill to stabilize the mining of lead and zinc in the United States, and for other purposes; to the Committee on Interior and Insular Affairs.

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

By Mr. MANSFIELD:

S. 1748. A bill to provide for the increased distribution of the CONGRESSIONAL RECORD to the Federal judiciary; placed on the calendar.

(See the remarks of Mr. MANSFIELD, relating to the above bill, which appear under the heading "Reports of Committees".)

By Mr. KEATING:

S. 1749. A bill to prescribe the time for elections of Senators and Representatives in Congress and for choosing the electors of President and Vice President; to the Committee on Rules and Administration.

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

By Mr. MAGNUSON (by request):

S. 1750. A bill to strengthen the Federal Firearms Act; to the Committee on Commerce.

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

By Mr. McCARTHY (for himself, Mr. ANDERSON, Mr. MORSE, Mr. CLARK, Mr. METCALF, Mr. BURDICK, Mr. BARTLETT, and Mr. McNAMARA):

S.J. Res. 77. Joint resolution to establish a Joint Committee on Foreign Information and Intelligence; to the Committee on Foreign Relations.

(See the remarks of Mr. McCARTHY when he introduced the above joint resolution, which appear under a separate heading.)

RESOLUTIONS

INTERNATIONAL FOOD AND RAW MATERIALS RESERVE

Mr. HUMPHREY submitted the following resolution (S. Res. 128) relative to the establishment of an international food and raw materials reserve, which was referred to the Committee on Foreign Relations:

Resolved, That it is the sense of the Senate that the President should explore with other nations the establishment of an international food and raw materials reserve under the auspices of the United Nations and related international organizations for the purpose of acquiring and storing in appropriate countries raw or processed farm products and other raw materials, exclusive of minerals, with a view to their use in—

(1) preventing extreme price fluctuations in the international market in these commodities;

(2) preventing famine and starvation;

(3) helping absorb temporary market surpluses of farm products and other raw materials (exclusive of minerals);

(4) economic and social development programs formulated in cooperation with other appropriate international agencies.

Participation by the United States in such an international food and raw materials reserve shall be contingent upon statutory authorization or treaty approval, as may be appropriate.

SIMPSON CONSTRUCTION CO.—REFERENCE OF BILL TO COURT OF CLAIMS

Mr. EASTLAND, from the Committee on the Judiciary, reported an original resolution (S. Res. 129) relating to the bill (S. 101) entitled "A bill for the relief of the Simpson Construction Co.," which was placed on the calendar.

(See the above resolution printed in full when reported by Mr. EASTLAND, which appears under the heading "Reports of Committees.")

PRINTING OF ADDITIONAL COPIES OF REPORT ENTITLED "NATIONAL TRANSPORTATION POLICY"

Mr. MAGNUSON submitted the following resolution (S. Res. 130), which was referred to the Committee on Rules and Administration:

Resolved, That there be printed for the use of the Committee on Commerce fifteen hundred additional copies of a report issued by the committee on January 3, 1961, entitled "National Transportation Policy."

PRINTING OF ADDITIONAL COPIES OF REPORT ENTITLED "THE UNITED STATES AND WORLD TRADE—CHALLENGES AND OPPORTUNITIES"

Mr. MAGNUSON submitted the following resolution (S. Res. 131), which was referred to the Committee on Rules and Administration:

Resolved, That there be printed for the use of the Committee on Commerce three thousand additional copies of a report issued by the committee on March 14, 1961, entitled "The United States and World Trade—Challenges and Opportunities."

OUR FOOD-FOR-PEACE PROGRAM PROMOTES ECONOMIC DEVELOPMENT

Mr. HUMPHREY. Mr. President, as one who has long been impressed with the vital role of the food-for-peace program, I should like today to call the attention of the Senate to section 202, title II, of Public Law 480. This section, as amended, provides for the transfer of agricultural commodities from Commodity Credit Corporation stocks to assist programs undertaken with friendly governments, or through voluntary agencies, for the purpose of facilitating the utilization of surplus commodities in meeting the requirements of needy people and promoting economic development in underdeveloped areas, in addition to that which can be accomplished under title I sales. The provisions of this section concerning the use of food for economic development purposes will expire on June 30, 1961.

I am informed by Mr. George McGovern, Director of the food-for-peace program, that under this authority economic development programs are underway in 3 underdeveloped countries, that an additional 6 such programs have been tentatively approved, and that approximately 20 other countries have indicated sufficient interest to initiate consultations with our representatives abroad. In addition, vigorous efforts are now underway to expand child feeding and school lunch programs under the authority in section 202 of title II as well as under title III.

I should like to emphasize that this section of Public Law 480, amended in May of 1960 for the express purpose of utilizing food for economic development projects in underdeveloped areas, has improved tremendously our potential for turning our agricultural abundance into an asset of strength—an invaluable resource for promoting social and economic development programs in the underdeveloped areas of the world.

I have previously made reference to the highly successful food-for-economic development project begun in Tunisia in 1958, where the Tunisians terraced the hillsides, so that trees and grass and grain could be grown, built reservoirs, cleaned wells and springs, planted trees, dug wells and cisterns, built schools and clinics and improved flood control and urban centers.

In 2½ years, the Tunisians had completed 3,984 projects and put in 74,800,000 man-days of work. This is equivalent to 18½ days of work on the part of every man, woman, and child in Tunisia. At the end of each week the villagers took home to their families about 50 pounds of wheat, which comprised a substantial amount of their wages. The food helped to feed the family and such cash as was received was spent locally, thereby stimulating some trade in every locality. Within a year there were more than 100,000 persons working on small local developments in every corner of the country. Much work had been accomplished, much unrest had been averted and the government had a chance to become established.

The program in Tunisia is continuing and today employs about 150,000 needy workers.

What has been done—and is being done—in Tunisia can be done elsewhere. It would be tragic, however, if similar programs, now under negotiation in many other underdeveloped countries as I have previously indicated, were to be placed in jeopardy because of the failure to extend beyond June 30, 1961 the expiration date of section 202 of title II, Public Law 480. Failure to

extend the expiration date not only impedes current negotiations but virtually prevents new negotiations with other needy countries.

I, therefore, have introduced today a bill, S. 1720, for the purpose of continuing existing authority to grant food assistance for foreign economic development.

I ask unanimous consent that an article entitled "Workers in Eight Lands To Get U.S. Food as Portion of Wages," written by Felix Belair, Jr., and published in the New York Times of April 16, and an article entitled "Payoffs in Food Plan To Take in Six More Nations," written by Staff Reporter Julius Duscha and published in the Washington Post of April 16, be printed at this point in my remarks.

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

[From the Washington Post, Apr. 16, 1961]

PAYOFFS IN FOOD PLAN TO TAKE IN SIX MORE NATIONS

(By Julius Duscha)

The highly successful food-for-work program set up by the United States in Tunisia 3 years ago will shortly be expanded to include six more countries.

George S. McGovern, Director of the food-for-peace program, hopes to have similar work plans underway within a few months in Greece, in the African countries of Dahomey, Eritrea, and Morocco and in the Asian nations of Iran and Indonesia.

Under the plan workers on construction projects receive up to half their pay in surplus American food.

Tunisia likes the program because it reduces the cost of badly needed construction projects and serves as a brake on rising food prices.

In many underdeveloped countries food prices skyrocket when large construction projects provide jobs for men who have long been out of work.

The sudden injection of additional funds into an area where food is in short supply almost inevitably leads to a quick increase in food prices.

In Tunisia 140,000 men working on such projects as small dams, canals, wells, cisterns, roads, reforestation, and soil conservation are being paid in money and half in surplus American wheat.

The project began in 1958 as part of an American effort to aid Tunisia after the departure of the French and their capital from the country.

At first the program covered 50,000 to 70,000 unemployed workers on a 10- to 15-day rotation basis, which was the equivalent of about 25,000 full-time workers.

McGovern hopes that the food-for-work construction projects in the other countries will include schools and other public buildings as well as water, road and soil work.

[From the New York Times, Apr. 16, 1961]

WORKERS IN EIGHT LANDS TO GET U.S. FOOD AS PORTION OF WAGES—SURPLUS TO HELP FINANCE DEVELOPMENT PROJECTS, MCGOVERN ANNOUNCES—TALKS BEING COMPLETED

(By Felix Belair, Jr.)

WASHINGTON, April 15.—Surplus American food will soon replace money as part of the wages of thousands of workers on development projects in eight foreign countries.

George S. McGovern, Director of the food-for-peace program, said today that negotiations nearing completion will result in the contribution of large food stocks to Dahomey, Eritrea, Greece, Indonesia, Iran, Morocco, Taiwan, and Tunisia. Some 150,000 workers in Tunisia have been getting a third of their pay in food for about 18 months.

A total of 200,000 tons of wheat and 100,000 tons of barley is earmarked for Morocco alone.

Projects that the food will help finance include small dams, irrigation and drainage canals, wells and cisterns, rural market roads, reforestation and soil protection and restoration.

Besides demonstrating the use of food as an instrument of economic development, Mr. McGovern said, the evolving program illustrates what he called the Kennedy administration's more positive approach to the surplus food problem.

To help start a school lunch program in selected Latin American nations, the Department of Agriculture has increased price supports for nonfat dry milk and soybeans.

OTHER INCREASES STUDIED

Increased price supports are also being considered for peas, beans and feed grains with the aim of converting them into protein foods, such as livestock and poultry, in recipient countries.

Asked about this reversal of the practice of paying farmers for planting less, Mr. McGovern said:

"It amounts to the same in agriculture as we do when Federal funds are used for gearing up defense industries to meet our security requirements. The President has said that our aim is to harness our agricultural abundance to the foreign policy objectives of the Nation. This is a way of realizing that intention."

It is also more economical than paying storage charges on accumulated surpluses, Mr. McGovern said. A staff study of relative costs concluded that wheat and feed grains could be given away abroad at the rate of $800 million a year until 1970 and still save the Government $2,750 million in storage charges on the basis of present rates.

One of the advantages claimed for the use of food to help pay the wages of foreign workers is that it not only reduces the cost of the development project but also checks the inflation of food prices that would otherwise accompany the employment of large numbers of workers in the food-deficit area.

While receiving the food free of charge, the recipient country pays the two-thirds cash component of the worker's pay—about 70 cents a day in Tunisia—as well as the cost of distribution and administration. The wheat payment in the Tunisian program amounts to 47 cents for an 8-hour day, or 2.1 kilograms. A kilogram is about 2.2 pounds.

Mr. McGovern has urged Congress to appropriate $1,500 million for food grants of the type to be used in the eight countries. The funds would remain available for 5 years, or until exhausted.

OVERTIME COMPENSATION FOR SUBSTITUTE EMPLOYEES IN THE POSTAL SERVICE

Mr. KEATING. Mr. President, I introduce, for appropriate reference, a bill to provide for payment of overtime compensation to substitute employees in the postal field service. This bill will bring the overtime wages of the substitute employees of the Post Office under the same provisions which govern those of the regular employees.

In other words, if a substitute works over 8 hours in 1 day, he should be paid time and a half, as is a regular employee.

Under the current provisions, the substitute carrier or clerk may work any number of hours in 1 day or 1 week, and yet never receive additional pay for overtime. This is not fair and is not in keeping with established wage practices in private industry. This bill would correct this injustice. I hope it will have widespread support in this body.

I ask unanimous consent that the bill be printed in the RECORD.

The PRESIDING OFFICER. The bill will be received and appropriately referred; and, without objection, the bill will be printed in the RECORD.

The bill (S. 1721) to amend section 4 of the act of July 6, 1945, as amended, so as to provide for payment of overtime compensation to substitute employees in the postal field service, introduced by Mr. KEATING, was received, read twice by its title, referred to the Committee on Post Office and Civil Service, and ordered to be printed in the RECORD, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 4 of the Act entitled "An Act to reclassify the salaries of postmasters, officers, and employees of the postal service; to establish uniform procedures for computing compensation, and for other purposes", approved July 6, 1945, as amended, is amended by striking out the period in the last sentence and inserting a colon and the following: *"Provided further,* That in emergencies or if the needs of the service require, substitute and hourly rate employees in post offices of the first, second, and third class may be employed in excess of eight hours per day or forty hours per week and for such overtime service they shall be paid on the basis of 150 per centum of the hourly rate of pay received by such employees."

A STRANGE DISCRIMINATION—THE UNIQUE PATTERN OF RAILROAD FREIGHT RATES TO ALASKA

Mr. GRUENING. Mr. President, to ship an automobile from Pontiac, Mich., to Tokyo will cost $7.83 per hundred pounds to send that car to Seattle for transshipment.

However, if the same car is bound for Alaska on the same train at the same time, the railroad freight charges to Seattle will be $10 per hundred pounds—or more than $2 more per hundred pounds, or more than $72 more for shipment of a four-door Ford sedan to Alaska than the cost of shipment of the same car destined for Tokyo.

I call to the attention of my good friends from Michigan [Mr. MCNAMARA and Mr. HART], that a reduction in the costs of shipments of automobiles for sale in Alaska might make it possible to reduce the number of surplus automobiles, over a million of which are in dealers' warehouses, if these automobiles could be sold in greater quantities in Alaska.

If a manufacturer of agricultural implements in Chicago, Ill., wishes to ship them to Guam, the freight rate to Seattle would be $2.17 per hundred pounds for a 30,000-pound shipment.

However, I am sure the Senator from Illinois [Mr. DOUGLAS], who is a distinguished economist, will be concerned that a shipment of the same weight of agricultural implements to Alaska will incur freight charges of $3.28, or more than $1 more per hundred pounds when shipped to Alaska. The distinguished minority leader [Mr. DIRKSEN] will, I am confident, also be interested in this and in the fact that a smaller shipment to Alaska will increase in transportation cost to as much as $4.48 per hundred pounds.

The Senators from Minnesota [Mr. HUMPHREY and Mr. MCCARTHY] will be interested to know that manufacturers of agricultural implements in Minneapolis can ship their products to Hong Kong for $2.03 per hundred pounds.

If they wish to ship a similar order of implements for use in the Matanuska Valley of Alaska the freight cost to Seattle would range from $3.12 to $4.27 per hundred pounds.

My distinguished colleagues from Indiana [Mr. CAPEHART and Mr. HARTKE] will be interested in the fact that a 40,000-pound shipment of electric cable manufactured in Hammond will travel to Seattle for $2.08 per hundred pounds if it is destined for Japan or Hawaii; but the same 40,000-pound shipment to Alaska will require payment of $2.65 per hundred pounds in railroad freight rates to Seattle. Further, the cost of shipment to Alaska will advance to as much as $4.65 per hundred pounds for a smaller shipment of 18,000 pounds.

The same shipment of electric cable from New Orleans, La., to Samoa would cost $1.95 per hundred pounds for shipment from New Orleans to Seattle. But I invite the attention of the Senators from Louisiana [Mr. ELLENDER and Mr. LONG] to the fact that if this electric cable is to be used in Alaska, the cost of shipment to Seattle would range from $2.06 to $4.52 per hundred pounds.

From the State of Oklahoma shipments of canned or preserved foodstuffs destined for Manila will cost $1.38 for freight charges on a 60,000-pound shipment. However, the Senators from Oklahoma [Mr. KERR and Mr. MONRONEY] will find it of interest that the same shipment destined for Alaska will incur freight charges to Seattle of from $1.58 per hundred pounds to $1.83 per hundred pounds.

In the case of shipments of Philip Morris cigarettes from Louisville, Kentucky, my good friends the Senators from Kentucky [Mr. COOPER and Mr. MORTON] will wish to be apprised of the fact that it will cost 28 cents more per hundred pounds for railroad freight charges for those cigarettes to be used in Alaska than if they are finally destined for Hong Kong, Okinawa, or Honolulu.

Likewise, the Senators from North Carolina [Mr. ERVIN and Mr. JORDAN] may be interested to know that shipments of Lucky Strike cigarettes from Raleigh will require payment of freight charges of 35 cents more per hundred pounds if they are bound for Anchorage than if they are going to other ports in the Pacific Ocean area.

Manufacturers of dry goods, such as sheets, pillowcases, and dress materials originating at Sylacauga, Ala., La Grange, Ga., and Spartanburg, S.C., can ship their products more cheaply to Oceania, Aukland, Tokyo, or Okinawa than is the case with shipment of the same items to Alaska.

I invite the attention of my distinguished colleagues from Alabama [Mr. HILL and Mr. SPARKMAN], the Senators from Georgia [Mr. RUSSELL and Mr. TALMADGE], and the Senators from South Carolina [Mr. JOHNSTON and Mr. THURMOND], to the fact that a reduction in transportation costs of the dry goods manufactured by their constituents for sale in Alaska would greatly expand the market for these important items.

Also, miscellaneous shipments of freight from Little Rock, Ark.; Chicago, Ill.; Shreveport, La.; Vicksburg, Miss.; Kansas City, Mo.; Columbus, Ohio; or from El Paso and San Antonio, Tex., will cost more for shipment to Alaska via Seattle than if the same cargo is destined to Pacific points other than Alaska.

Even beer from Kansas City, St. Louis, and Milwaukee costs more in railroad freight charges if it is destined for Alaska than if it is going to other ports in the Pacific. I am sure the Senators from Missouri [Mr. SYMINGTON and Mr. LONG] and the Senators from Wisconsin [Mr. WILEY and Mr. PROXMIRE] will take full notice of the fact that Alaskans might provide their constituents with an important market for their famous products if a reduction in freight rates could be accomplished, thus reducing retail prices in Alaska.

To recite all the cases in which this disparity exists would be comparable with reading a mail order catalog into the RECORD. Whether the item is structural steel from Birmingham, Ala., or from Hutchinson, Kans., or Youngstown, Ohio, or paper napkins from Minnesota, it costs more to ship it to Alaska than to other parts of the Pacific Ocean area.

Manufacturers of all these, and other products, must wonder why this disparity in rates should exist, a disparity which constitutes an unjustified hindrance to the expansion of sales in Alaska.

They must wonder why and want an end to a situation in which substantially higher freight charges are imposed by the railroads on shipments of commodities bound for Alaska than are charged on shipments of the same items shipped the same day, in the same freight cars, but destined for Tahiti, Tokyo, Hong Kong, Manila, or Hawaii.

It is more than a nuisance—it is a rank discrimination against Alaska and those manufacturers who would supply our consumers.

The cause of this discriminatory rate pattern lies in the fact that, with the sanction of the Interstate Commerce Commission, the transcontinental railroads carrying cargo to the port of Seattle, may charge the higher, domestic rates for goods destined for ports in Alaska than the lower import-export rates allowed for shipments to other ports in the Pacific Ocean area.

A look at the area to which the preferential, export-import rates apply reveals immediately the absurdity of this practice of rate determination.

The part of the world which receives favored treatment through application of export-import, rather than domestic rates includes all these locations: First, west of the 170th meridian, west longitude and east of the 30th meridian, east longitude; second, in Oceania on and east of the 170th meridian, west longitude; third, on the west coasts of Mexico, Central America, or South America; and fourth, in certain instances, points in the State of Hawaii. When this arbitrarily demarcated area is located on a chart of the Pacific Ocean it will be seen that virtually all lands touching the Pacific Ocean are included within the low-rate region except Alaska and the west coast of Canada.

It is of interest to note that much of this vast area engages in no commerce with the United States of any significance. For example, no trade now exists between Communist China and the United States. However, if such trade should be resumed, this area would be entitled to a break on transportation costs not allowed the citizens of the State of Alaska. There are thousands of islands in the Pacific Ocean so unimportant to American commerce as to be without significance. Yet the people living there are entitled to lower transportation costs on the goods they receive from the United States—in the isolated cases in which they are customers—than the people of Alaska.

The only portion of Alaska lying within the magic line is the Aleutian Island chain—an area of negligible commercial importance in comparison with the rest of the State. With a population of only a few score people and no ports, the commerce of this part of Alaska is of no consequence in comparison with that of the rest of the State. On a comparison, then, with geographical areas within the preferred area, it would seem there is ample justification for inclusion of Alaska in that area.

Now, if the allowance of export-import rates rather than domestic rates on rail shipments has any relationship to a need for connecting water transportation to port of final destination, then Alaska should certainly qualify for this privilege.

Obviously, the Alaska transportation pattern is in no way analogous to that of other States which bear the domestic rate for railroad freight shipments. Alaska, dependent as it is on water

transportation for 90 percent of all its supplies, is, for all practical purposes of transportation, as much of an island as Hawaii, Okinawa, or Guam. It is certainly as dependent on water transportation.

There are many reasons for changing this discriminatory rate pattern. Among the most important are:

First. It is costly to the U.S. Government, in its role as a major shipper to Alaska. For example, in 1959—the year for which latest figures are available—the General Services Administration shipped 16,800 tons of goods to Alaska. In 1960, the Department of Defense shipped nearly 60,000 tons to Alaska. When it is considered that the imposition of domestic railroad rates to Alaska-bound shipments loads Federal budgets with wholly unjustified costs, which must be borne by American taxpayers, there is a clear need to correct the situation.

Second. American manufacturers are limited in the conduct of commerce in Alaska.

The high costs of doing business in Alaska because of the high cost of living there have been demonstrated over and over again. The contribution to the high cost of living of high transportation costs is elementary. Transportation costs to Alaska have been scandalously high—both with respect to rail transportation and water transportation—throughout the history of the State and before that the territory. It has long been clear that the development of a strong economy based on industrial and commercial enterprise can only take place if we can reduce the cost of living. We can lower the cost of living only if we can lower the cost of transportation. If transportation costs of goods are lowered, the cost of those commodities at retail outlets can be lowered. Hence, if the laws of economics prevail, the quantity of goods sold will increase and so will the profit of the manufacturer.

Third. It is predictable that the railroads, themselves, will benefit by a lowering of freight charges. While, as I have said, Alaska is an island, it may well become less isolated with advances we can foresee in air freight and motor trucking to our State. Lower costs of rail transportation could be counted on to minimize these competitive forces.

Fourth. As for benefits which would accrue to the State of Alaska—this goes almost without saying. Alaska's economy will never develop its potential until we find relief from our abnormally high transportation costs. The reduction of railroad freight rates represents but one step toward achieving this.

The inequities of this discriminatory rate pattern followed by the railroads have been recognized for many years. It was brought sharply to the attention of the predecessor agency of the General Services Administration in 1948 when 3,000 tons of steel moved for export to Alaska. Finding that the charges were nearly double those on similar shipments to Korea and Japan, a rate adjustment was sought and obtained from the railroads. Other adjustments have been subsequently obtained. However, these have not resulted in rates as low as the export rates ordinarily assessed, and they have not been generally applicable.

Recognizing the need for basic relief for this situation, the General Services Administration filed a complaint with the Interstate Commerce Commission in 1955 charging the disparity in rates was unlawful and in violation of sections 1, 2, 3, and 4 of the Interstate Commerce Act.

The report of the hearing examiner on the case sustained charges of the Government, holding that the application of domestic rates for Alaska-bound shipments was, indeed, unlawful. The report pointed out:

> Here, the service rendered by the defendants under both types of rates is the same. Under the defendants' tariffs it is possible for two cars of like traffic to move from the same origin, in the same train to Seattle, to be unloaded at the same pier and the two cars to be charged a different rate depending on the ultimate destination—Alaska or Hawaii. The defendants render no more service on traffic moving to Alaska than they do on traffic moving to Hawaii or Japan.

Unfortunately for the taxpayers who must pay the costs of Government shipments to Alaska; unfortunately for shippers who would like to sell more goods in Alaska, and most unfortunately for the beleaguered citizens of Alaska the Interstate Commerce Commission rejected the report of the hearing examiner, and with two dissents—those of Chairman Clark and Commissioner Mitchell—ruled that the domestic rates on Alaska shipments were lawful and dismissed the complaint of the General Services Administration.

The Commission refused a petition for reconsideration of its decision filed by the General Services Administration, and the GSA, having no independent authorization for appeal to the courts, was unable to carry the case further. Thus, the situation remains as it was in 1957.

Having failed to obtain a remedy from the agency having jurisdiction over the matter for the inequities in the rate setting pattern I point out today, it appears that a legislative remedy is required. Accordingly, I introduce for appropriate reference, on behalf of my able colleague [Mr. BARTLETT] and myself a bill to establish equitable railroad freight rates which will, I hope, have the early and sympathetic consideration of Congress.

I ask unanimous consent that this bill be held at the desk for 1 week to enable those Senators who wish to do so to join as cosponsors.

I further ask unanimous consent that there be included in the RECORD, at the conclusion of my remarks the text of the bill, an explanatory statement of the bill and an analysis prepared by the General Services Administration of comparative railroad freight rates for shipment to Alaska and to other destinations.

The PRESIDING OFFICER. The bill will be received and appropriately referred; and, without objection, the bill will be held at the desk, as requested, and the statement and analysis will be printed in the RECORD.

The bill (S. 1723) to establish equitable railroad freight rates, introduced by Mr. GRUENING (for himself and Mr. BARTLETT), was received, read twice by its title, and referred to the Committee on Commerce.

The text of the bill, explanatory statement, and analysis presented by Mr. GRUENING are as follows:

S. 1723

A bill to establish equitable railroad freight rates

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 3 of the Interstate Commerce Act is amended by the insertion of the following subsection after section 3(1a):

"SEC. 3(1b). It is declared to be the policy of Congress that commodities shipped to and from the State of Alaska shall pay no greater rates and charges for transportation services subject to the Interstate Commerce Act than are applicable to similar commodities, or services rendered on export or import traffic moving to or from any area adjacent to or in the Pacific Ocean. Any greater charges for such services are hereby declared to be undue and unreasonable prejudice and disadvantage to the State of Alaska."

EXPLANATION OF BILL TO ESTABLISH EQUITABLE RAILROAD FREIGHT RATES ON COMMODITIES DESTINED FOR ALASKA

The purpose in introducing this bill is to abolish a discriminatory pattern of railroad freight rates. The rates in question are those charged on commodities moving to Seattle, Wash., by rail, from points of origin in the United States and finally destined for ports in Alaska.

At present, under a ruling of the Interstate Commerce Commission, there is an unjustifiable disparity between the charges for railroad freight transportation of commodities destined for Alaska and those applied to shipments to all other ports in the Pacific Ocean area. Thus, it is possible for shipments of the same commodities, from the same points of origin in the United States, traveling on the same day, and, even in the same freight car, to bear different transportation charges, depending upon whether their final destination is in Alaska or some other port on the Pacific Ocean.

Shipments of goods for consumption in Tokyo, Hong Kong, Manila, Aukland, or New Delhi will travel at low export-import freight rates, while the same shipment to Alaska will bear the heavier, domestic rate.

The inequities of this pattern of rate discrimination have been apparent for many years. In 1955, the General Services Administration, as a major shipper to Alaska, filed a complaint with the Interstate Commerce Commission charging that the imposition of domestic rates on Alaska-bound shipments was unlawful and in violation of sections 1, 2, 3, and 4 of the Interstate Commerce Act. Despite a favorable decision by the hearing examiner in the case, the Commission ruled in favor of the existing rates.

As the General Services Administration is without authority to appeal the ICC decision to the courts, the only recourse for obtaining equitable freight rates is legislation. Hence, the attached bill will be introduced.

Statement showing that rail rates to Seattle, Wash., for movements beyond are higher to Alaska generally than to Hawaii and Japan

[Rates to Seattle, Wash., for Alaska, Hawaii, and Japan as shown apply via the same railroad routes and even in the same trains on the same date]

Rates are in cents per 100 pounds

Item	Description and origins	For movement beyond to—	To Seattle: Rate	To Seattle: Minimum weight
			Cents	*Pounds*
1	Agriculture implements, hand or other than hand, from representative points in States of—			
	Illinois: Chicago	Alaska	448	20,000
			393	24,000
			328	30,000
		Hawaii, Japan	217	30,000
	Minnesota: Minneapolis	Alaska	427	20,000
			377	24,000
			312	30,000
		Hawaii, Japan	203	30,000
2	Cable, electric, from representative points in the States of—			
	Indiana: Hammond	Alaska	465	18,000
			317	30,000
			265	40,000
			206	50,000
		Hawaii, Japan	208	36,000
	Louisiana: New Orleans	Alaska	452	18,000
			309	30,000
			257	40,000
			206	50,000
		Hawaii, Japan	195	36,000
3	Canned or preserved foodstuffs from representative points in the States of—			
	Delaware: Milford	Alaska	241	40,000
			195	60,000
		Hawaii	235	40,000
		Japan	195	60,000
	Florida: Tampa	Alaska	200	40,000
			185	60,000
			175	75,000
		Hawaii	200	40,000
		Japan	186	60,000
	Georgia: Atlanta	Alaska	196	40,000
			181	60,000
			171	75,000
		Hawaii	191	40,000
		Japan	186	60,000
	Maryland: Cambridge	Alaska	241	40,000
			195	60,000
		Hawaii	235	40,000
		Japan	195	60,000
	New Jersey: Bridgeton	Alaska	241	40,000
			195	60,000
		Hawaii	235	40,000
		Japan	195	60,000
	Oklahoma: Oklahoma City	Alaska	183	40,000
			168	60,000
			158	75,000
		Hawaii	149	40,000
		Japan	138	60,000
	Pennsylvania: Bethlehem	Alaska	241	40,000
			195	60,000
		Hawaii	235	40,000
		Japan	195	60,000
	Vermont: Burlington	Alaska	241	40,000
			195	60,000
		Hawaii	235	40,000
		Japan	195	60,000
	Virginia: Lynchburg	Alaska	241	40,000
			195	60,000
		Hawaii	235	40,000
		Japan	195	60,000
4	Cigarettes from representative points in the States of—			
	Kentucky: Louisville	Alaska	294	[1] 44,000; [2] 57,200
		Hawaii, Japan	266	36,000
	North Carolina: Raleigh	Alaska	294	[1] 44,000; [2] 57,200
		Hawaii, Japan	259	36,000
5	Dry goods, including sheets, pillowcases and dress goods, from representative points in the States of—			
	Alabama: Sylacauga	Alaska	398	24,000
			334	40,000
			297	60,000
		Hawaii, Japan	362	24,000
	Georgia: La Grange	Alaska	414	24,000
			334	40,000
			297	60,000
		Hawaii, Japan	352	24,000

Rates are in cents per 100 pounds

Item	Description and origins	For movement beyond to—	To Seattle: Rate	To Seattle: Minimum weight
			Cents	*Pounds*
5	Dry goods, etc.—Continued			
	North Carolina: Kannapolis	Alaska	449	24,000
			365	40,000
			321	60,000
		Hawaii, Japan	352	24,000
	South Carolina: Spartanburg	Alaska	449	24,000
			365	40,000
			321	60,000
		Hawaii, Japan	352	24,000
6	Electrical appliances including dishwashers, dryers, and washing machines, from representative points in the States of—			
	Iowa: Des Moines	Alaska	442	[1] 16,000; [2] 20,800
			411	[1] 18,000; [2] 24,000
			371	[1] 18,000; [2] 22,000
			356	26,000
		Hawaii, Japan	408	[1] 18,000; [2] 22,000
			398	26,000
	Kentucky: Louisville	Alaska	455	[1] 16,000; [2] 20,800
			432	[1] 18,000; [2] 22,000
			426	[1] 18,000; [2] 24,000
			416	26,000
		Hawaii, Japan	373	[1] 18,000; [2] 22,000
			358	26,000
	Maine: Portland	Alaska	534	[1] 16,000; [2] 20,800
			513	[1] 18,000; [2] 24,000
			497	[1] 18,000; [2] 22,000
			478	26,000
		Hawaii, Japan	504	[1] 18,000; [2] 22,000
			485	26,000
	New Hampshire: Nashua	Alaska	534	[1] 16,000; [2] 20,800
			513	[1] 18,000; [2] 24,000
			497	[1] 18,000; [2] 22,000
			478	26,000
		Hawaii, Japan	504	[1] 18,000; [2] 22,000
			485	26,000
	Pennsylvania: Pittsburgh	Alaska	491	[1] 16,000; [2] 20,800
			471	[1] 18,000; [2] 24,000
			455	[1] 18,000; [2] 22,000
			436	26,000
		Hawaii, Japan	462	[1] 18,000; [2] 22,000
			443	26,000
7	Freight, all kinds from representative points in the States of [3]—			
	Arkansas: Little Rock	Alaska	461	36,000
		Hawaii, Japan	337	30,000
	Illinois: Chicago	Alaska	461	36,000
		Hawaii, Japan	337	30,000
	Louisiana: Shreveport	Alaska	461	36,000
		Hawaii, Japan	327	30,000
	Mississippi: Vicksburg	Alaska	461	36,000
		Hawaii, Japan	520	30,000
	Missouri: Kansas City	Alaska	461	36,000
		Hawaii, Japan	327	30,000
	New York: Rome	Alaska	631	(4)
		Hawaii, Japan	507	(4)
	Ohio: Columbus	Alaska	561	(4)
		Hawaii, Japan	437	(4)
	Texas:			
	El Paso	Alaska	461	36,000
		Hawaii, Japan	327	30,000
	San Antonio	Alaska	461	36,000
		Hawaii, Japan	327	30,000

See footnotes at end of table.

Statement showing that rail rates to Seattle, Wash., for movements beyond are higher to Alaska generally than to Hawaii and Japan—Con.

[Rates to Seattle, Wash., for Alaska, Hawaii, and Japan as shown apply via the same railroad routes and even in the same trains on the same date]

Rates are in cents per 100 pounds

Item	Description and origins	For movement beyond to—	To Seattle: Rate	To Seattle: Minimum weight
			Cents	*Pounds*
8	Internal combustion engines, from representative points in the States of—			
	Connecticut: Hartford	Alaska	512	20,000
		Hawaii, Japan	260	30,000
	Michigan: Pontiac	Alaska	445	20,000
		Hawaii, Japan	260	30,000
9	Iron or steel viz: structural iron and steel articles, from representative points in the States of—			
	Alabama: Birmingham	Alaska	211	[5] 40,000 [6] 60,000
		Hawaii, Japan	150	80,000
	Colorado: Minnequa	Alaska	165	[5] 40,000 [6] 60,000
		Hawaii, Japan	98	80,000
	Kansas: Hutchinson	Alaska	185	[5] 40,000 [6] 60,000
		Hawaii, Japan	118	80,000
	Ohio: Youngstown	Alaska	229	[5] 40,000 [6] 60,000
		Hawaii, Japan	152	80,000
	Pennsylvania: Pittsburgh	Alaska	229	[5] 40,000 [6] 60,000
		Hawaii, Japan	152	80,000
	Rhode Island: Providence	Alaska	253	[5] 40,000 [6] 60,000
		Hawaii, Japan	169	80,000
10	Liquor malt, including ale, beer, porter, and stout, from representative points in the States of—			
	Missouri: Kansas City	Alaska	256 134 120	30,000 60,000 80,000
		Hawaii	129	60,000
		Japan	114	80,000
	St. Louis	Alaska	271 135 120	30,000 60,000 80,000
		Hawaii	129	60,000
		Japan	114	80,000
	Wisconsin: Milwaukee	Alaska	303 135 120	30,000 60,000 80,000
		Hawaii	129	60,000
		Japan	114	80,000
11	Machinery and machines, n.o.i.b.n., from representative points in the States of—			
	Colorado: Denver	Alaska	321 297	30,000 40,000
		Hawaii, Japan	195	36,000
	Louisiana: Shreveport	Alaska	401 371	30,000 40,000
		Hawaii, Japan	195	36,000
	Michigan: Detroit	Alaska	421 445	30,000 40,000
		Hawaii, Japan	299	36,000
	North Dakota: Grand Forks	Alaska	361 334	30,000 40,000
		Hawaii, Japan	195	36,000
12	Paper and paper products including napkins, toilet paper, and paper towels, from representative points in the States of—			
	Minnesota: International Falls	Alaska	248 241	26,000 [7] 30,000 [8] 36,000 [9] 40,000
		Hawaii, Japan	219	40,000
	Wisconsin: Menasha	Alaska	296 259	26,000 [7] 30,000 [8] 36,000 [9] 40,000
		Hawaii, Japan	238	40,000
13	Petroleum products, including fuel oil, gasoline, and lubricating oil, in packages, from representative points in the States of—			
	Wyoming: Casper or Sinclair	Alaska	248	30,000
		Hawaii, Japan	140	50,000
14	Plumbers' goods from representative points in the States of—			
	Alabama: Montgomery	Alaska	405	40,000
		Hawaii	340	30,000
		Japan	336	40,000
14	Plumbers' goods—Continued			
	Illinois: Chicago	Alaska	325	40,000
		Hawaii	332	30,000
		Japan	243	40,000
	Wisconsin: Kohler	Alaska	325	40,000
		Hawaii	332	30,000
		Japan	243	40,000
15	Roofing or building materials, from representative points in the States of—			
	Nebraska: Omaha	Alaska	236 192 187	40,000 60,000 70,000
		Hawaii, Japan	221	40,000
	New Mexico: Albuquerque	Alaska	247 206 187	40,000 60,000 70,000
		Hawaii, Japan	172	40,000
	Tennessee: Memphis	Alaska	247 206 187	40,000 60,000 70,000
		Hawaii, Japan	255	40,000
16	Soap or washing compounds, from representative points in the States of—			
	Illinois: Chicago	Alaska	295 226 213	30,000 40,000 60,000
		Hawaii, Japan	236	40,000
	Nebraska: Omaha	Alaska	268 204 192	30,000 40,000 60,000
		Hawaii, Japan	222	40,000
	Ohio: Cincinnati	Alaska	235 224	40,000 60,000
		Hawaii, Japan	236	40,000
17	Stoves, cooking or heating, from representative points in the States of—			
	Massachusetts: Boston	Alaska	439 363	[10] 18,400 [11] 24,000 [10] 25,800 [11] 33,600
		Hawaii	446	[10] 18,400 [11] 24,000
		Japan	370	[10] 25,800 [11] 33,600
	Michigan: Holland	Alaska	384 318	[10] 18,400 [11] 24,000 [10] 25,000 [11] 33,600
		Hawaii	391	[10] 18,400 [11] 24,000
		Japan	325	[10] 25,800 [11] 33,600
	Tennessee: Chattanooga	Alaska	384 318	[10] 18,400 [11] 24,000 [10] 25,800 [11] 33,600
		Hawaii	391	[10] 18,400 [11] 24,000
		Japan	325	[10] 25,800 [11] 33,600
	West Virginia: Wheeling	Alaska	403 333	[10] 18,400 [11] 24,000 [10] 25,800 [11] 33,600
		Hawaii	410	[10] 18,400 [11] 24,000
		Japan	340	[10] 24,800 [11] 33,600
18	Tires, pneumatic, from representative points in the States of—			
	Ohio: Akron	Alaska	329	35,000
		Hawaii, Japan	336	35,000
	Pennsylvania: Conshohocken	Alaska	345	35,000
		Hawaii, Japan	352	35,000
19	Vehicles, motor, freight, or passenger, from representative points in the States of—			
	Michigan: Detroit or Pontiac	Alaska	[12] 1,058	[13] 10,000 [14] 12,000 [15] 16,000
			[16] 751	[13] 12,000 [14] 15,000 [15] 20,000
		Hawaii	[17] 783	[18] 10,000 [19] 12,000
		Japan	[17] 552	[20] 16,800 [21] 18,000 [22] 19,000

See footnotes at end of table.

Statement showing that rail rates to Seattle, Wash., for movements beyond are higher to Alaska generally than to Hawaii and Japan—Con.

[Rates to Seattle, Wash., for Alaska, Hawaii, and Japan as shown apply via the same railroad routes and even in the same trains on the same date]

Rates are in cents per 100 pounds					Rates are in cents per 100 pounds				
Item	Description and origins	For movement beyond to—	To Seattle		Item	Description and origins	For movement beyond to—	To Seattle	
			Rate	Minimum weight				Rate	Minimum weight
			Cents	*Pounds*				*Cents*	*Pounds*
19	Vehicles, motor, freight, or passenger, from representative points in the States of—Continued				20	Wallboard, from representative points in the States of—			
	Wisconsin: Kenosha	Alaska	[12] 1,000	[13] 10,000 [14] 12,000 [15] 16,000		New York: Buffalo	Alaska	240	40,000
			[16] 714	[13] 12,000 [14] 15,000 [15] 20,000				165	[23] 50,000 [24] 60,000
		Hawaii	[17] 783	[18] 10,000 [19] 12,000			Hawaii Japan	183	[23] 50,000 [24] 60,000
		Japan	[17] 498	[20] 16,800 [21] 18,000 [22] 19,000		South Carolina: Columbia	Alaska	240	40,000
								186	[23] 50,000 [24] 60,000
							Hawaii	223	40,000
							Japan	200	[23] 50,000 [24] 60,000

[1] Cars not over 40 feet 7 inches in length inside measurement.
[2] Cars over 40 feet 7 inches to 50 feet 6 inches in length inside measurement.
[3] Rates do not apply on: (a) Articles which on account of dimensions cannot be loaded through the side door of a 40'7" boxcar; (b) class A & B explosives; (c) corrosive liquids.
[4] See par. 3 under "Applications and Authorities for Rates," below.
[5] In closed cars not exceeding 50 feet 6 inches or on open cars not exceeding 53 feet 6 inches.
[6] In closed cars exceeding 50 feet 6 inches or on open cars exceeding 53 feet 6 inches.
[7] Not over 42 feet 6 inches in length inside measurement.
[8] Over 42 feet 6 inches to 50 feet 6 inches in length inside measurement.
[9] Over 50 feet 6 inches in length inside measurement.
[10] Cars less than 40 feet 7 inches in length inside measurement.
[11] Cars 40 feet 7 inches to 50 feet 6 inches in length inside measurement.
[12] Passenger.
[13] Cars in length, inside measurement, not over 41 feet 6 inches.
[14] Cars in length, inside measurement, over 41 feet 6 inches to 51 feet.
[15] Cars in length, inside measurement, 51 feet to 65 feet 6 inches.
[16] Freight.
[17] Freight or passenger.
[18] Cars in length, inside measurement, over 36 feet 6 inches to 41 feet 6 inches.
[19] Cars in length, inside measurement, over 41 feet 6 inches to 51 feet 6 inches.
[20] Cars in length, inside measurement, over 40 feet 7 inches to 42 feet.
[21] Cars in length, inside measurement, over 42 feet to 50 feet 8 inches.
[22] Cars in length, inside measurement, over 50 feet 8 inches.
[23] Not over 40 feet 7 inches in length, inside measurement.
[24] Over 40 feet 7 inches to 50 feet 6 inches in length, inside measurement.

APPLICATIONS AND AUTHORITIES FOR RATES

1. Rates applicable for export to Alaska shown herein are the rates published in Trans-Continental Freight Bureau Tariff No. 1-I, I.C.C. 1627. Rates include all ex parte increases but do not include terminal or port charges. Therefore, the addition of the various terminal charges widens the discriminations as shown.

2. Rates applicable for export to Hawaii and Japan are also applicable on traffic destined to and consigned through to points west of the 170th meridian, west longitude, and east of the 30th meridian, east longitude, also traffic destined to the west coast of Mexico, west coast of Central America or west coast of South America. Rates are published in Trans-Continental Freight Bureau Tariff No. 29-L, I.C.C. 1626, and apply to shipside, including terminal charges. Rates shown include all ex parte increases.

3. Rates on freight generally described as "freight, all kinds" (see item 7 herein), apply in the absence of other specific commodity rates. Through rates are published generally from points west of the Mississippi River and Chicago, Ill. As example, from Columbus, Ohio, and from Rome, N.Y., the rates are constructed on a Chicago, Ill., combination, using New York Central Railroad Tariff No. 3200-I, I.C.C. 1995, to Chicago, Ill. Rates beyond are published in Trans-Continental Freight Bureau Tariff No. 29-L, I.C.C. 1626.

4. Where rates are shown for different minimum weights, the tariffs provide that the lowest charges apply, dependent upon the actual weight of the shipment.

THROUGH SERVICE AND JOINT RATES FOR CARRIERS SERVING ALASKA AND HAWAII

Mr. BARTLETT. Mr. President, I introduce, for appropriate reference, a bill to permit the establishment of through service and joint rates for carriers serving Alaska or Hawaii and the other States and to establish a joint board to review such rates. This identical bill passed the Senate in the 86th Congress, but was not acted on by the House.

I am reintroducing it in the hope and belief that the unconvinced of last year will better understand the commercial need of the economies of Alaska and Hawaii for such a measure. Shippers and consumers in the mainland States assume a single bill of lading and a single transportation charge; they are detached from such problems. Alaska and Hawaii, however, are detached only in geography. This fact magnifies transportation convenience and cost.

A few sentences from the report accompanying last year's bill will illustrate the present state of the law and the nature of the problem:

The regulatory pattern for transportation between Alaska or Hawaii and the other States is a complex one involving numerous statutes and several regulatory agencies. The present regulatory scheme does not encourage economic interchange of goods between either Alaska or Hawaii and the other States.

Rate regulation particularly should be so established as to facilitate the free flow of commerce. When the point is reached in regulation that the movement of goods is cumbersome and expensive, steps should be taken to simplify the entire procedure. Such steps are needed for Alaskan and Hawaiian transportation.

Often, in order to move goods between Alaska or Hawaii and the other States, arrangements must be made by a shipper with each one of the carriers handling the traffic. If five carriers are involved in moving the goods from origin to destination, five separate contracts are necessary, and five separate rates must be ascertained, often from a large number of tariffs on file with the various agencies and at different locations. This is expensive and time consuming both to shippers and carriers. In addition, each of the carriers with which such contracts are made is liable for loss and damage that may occur only while the freight is being handled by that carrier. The fixing of such liability on a carrier when a number of transportation companies have handled the freight places a great burden on the shipper; in fact, the situation is in many respects similar to that which existed before the passage of the original act to regulate commerce in 1887 (S. Rept. No. 1271, 86th Cong., 2d sess.).

The bill I introduce today is designed to overcome these and other handicaps now involved in moving traffic jointly by a number of carriers between Alaska or Hawaii and the other States. Passage of the legislation would allow the shipper to make one contract with the originating carrier on behalf of all carriers handling the goods, and to ascertain the rate for the through movement by consulting a single tariff. The shipping contract would call for the payment of a single transportation charge.

On a superficial reading, it might appear that Alaskans and Hawaiians, however small this legislative request, are running counter to that dictum of the New Frontier: "Ask not what your country can do for you." Quite the contrary is true. The President and his agency adviser, Dean Landis, have many times emphasized the need for collaboration and coordination between regulatory bodies. This bill provides the ideal testing ground for such a concept. It would be composed of one member each from among the membership of the Interstate Commerce Commission, the Federal Maritime Board, and the Civil Aeronautics Board, to serve for 1 year but eligible for reappointment.

The joint board would pass upon the lawfulness of joint rates and related matters referred to it by either ICC, FMB, or CAB. Such referrals would be made by any one of these regulatory bodies, acting either on its own initiative or upon complaint by a shipper,

consignee, or carrier. If coordination or regulatory action fails in this structure and atmosphere, there can be sound doubt of ever achieving it.

Finally, the bill introduced today is quite possibly less than the absolute word on the subject. Hearings will be held and constructive changes or amendments will be welcomed from all interested sources. The ICC was a formidable institution almost 70 years before Alaska and Hawaii became States and the New Frontier gained status. If age can be equaled with maturity, it is hoped that the ICC will bring patience and wisdom to this problem close to our new hearts.

The PRESIDING OFFICER. The bill will be received and appropriately referred.

The bill (S. 1725) to permit the establishment of through service and joint rates for carriers serving Alaska or Hawaii and the other States and to establish a joint board to review such rates, introduced by Mr. BARTLETT, was received, read twice by its title, and referred to the Committee on Commerce.

EXTENSION AND IMPROVEMENT OF NATIONAL DEFENSE EDUCATION ACT

Mr. HILL. Mr. President, I introduce, for appropriate reference, a bill to extend and improve the National Defense Education Act, and for other purposes. I ask unanimous consent to have printed in the RECORD a letter from the Secretary of Health, Education, and Welfare, relating to the bill.

The PRESIDING OFFICER. The bill will be received and appropriately referred; and, without objection, the letter will be printed in the RECORD.

The bill (S. 1726) to extend and improve the National Defense Education Act, and for other purposes, introduced by Mr. HILL, was received, read twice by its title, and referred to the Committee on Labor and Public Welfare.

The letter presented by Mr. HILL is as follows:

DEPARTMENT OF
HEALTH, EDUCATION, AND WELFARE,
Washington, April 21, 1961.

THE PRESIDENT,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: I am enclosing for your consideration a proposed bill to extend and greatly improve the National Defense Education Act. The recommendations it embodies have been developed pursuant to the statement in your message to the Congress of February 20, 1961: "I shall subsequently ask the Congress to amend and expand the student loan and other provisions of the National Defense Education Act."

The principal proposals are set forth in the following paragraphs:

1. Loans to college and university students (title II): Make permanent the student loan program and provide for adequate financing of student loan funds.

It is proposed that the act be amended to authorize continuing Federal appropriations sufficient to enable participating institutions to maintain student loan funds adequate to meet all legitimate demands for student loans in the future. The contributions which the Federal Government and the institutions will be called upon to make to the funds, in order to maintain them at desired levels, will gradually diminish as the program matures and as loans are repaid with interest.

It is further proposed that the provision for forgiveness of up to one-half of the loan for borrowers who become teachers in public elementary and secondary schools be extended to include also borrowers who become teachers in our colleges and universities.

The proposed amendments would also raise the ceiling on annual Federal contributions to a single institutional student loan fund from $250,000 to $500,000.

Under the title II program more than 200,000 students in 1,400 participating institutions have received educational loans. Furthermore, through the influence of this program, loans have become one of the major forms of financial assistance to college and university students. This highly successful program has brought us considerably closer to the objective stated in the act: "to give assurance that no student of ability will be denied an opportunity for higher education because of financial need." In our judgment it should be continued on a permanent basis.

2. Strengthening of selected areas of elementary and secondary instruction (title III): Continue for 3 additional years the programs of financial assistance for strengthening science, mathematics, and modern foreign language instruction in our elementary and secondary schools.

We recommend that education in physical fitness be added to the purposes for which Federal funds may be used under title III; the importance of sound bodies as well as sound minds cannot be overemphasized in the crucial years ahead.

Another amendment would permit the Commissioner of Education to adjust the amounts reserved for loans to private schools (within the present limit of 12 percent of annual appropriations under the title) to the sums needed to meet anticipated demands for loans, and to reallot to schools in other States amounts found to be in excess of the loan needs of private schools in the States to which the amounts were originally allotted. We are also recommending that the interest rate on loans to nonprofit private schools be based on the yields of Government bonds of comparable maturities, rather than on yields of all outstanding bonds, in order to adjust the rate more closely to the actual cost of the loans to the Government, and that the rate be calculated on an annual rather than a monthly basis; these changes will reduce somewhat the interest rate on these loans, facilitate administration, and provide greater certainty of loan terms on the part of applicants for loans.

Authority would also be provided for the Commissioner to reallot funds which he determines any State is unable to use during any year in carrying out the State and local programs for acquisition of equipment for science, mathematics, modern foreign languages, and physical fitness instruction.

Title III has greatly aided and stimulated improved statewide leadership in mathematics, science, and modern foreign language instruction and has increased the availability and quality of the laboratories and other special equipment and facilities needed in our elementary and secondary schools for these fields of study. The proposed 3-year extension of this title will provide an opportunity, toward the end of the period, to appraise its effectiveness and its long-range relationship to measures for more general assistance to our public schools, such as those which you recently proposed to the Congress.

3. Graduate fellowship program (title IV): Make permanent and substantially enlarge and extend the program of graduate fellowships.

We propose that the aggregate number of new fellowships to be awarded annually be increased from 1,500 to 5,000, with up to 2,500 to be awarded to persons accepted by institutions establishing new or expanded graduate programs as under the present title. The remainder would be awarded to persons selected by the Commission for study in any graduate programs at any institutions of higher education.

We also recommend that the Commissioner of Education be authorized to appoint substitutes for fellowships vacated before the full term is used. This is not now possible under the act.

We propose that the cost-of-education allowance to the institution attended by a fellowship holder be fixed at $2,500 per fellow in new or expanded graduate programs, and at $2,000 in other programs, in lieu of the varying amounts now authorized. Experience indicates that these amounts are well within the average costs involved, and that the administrative burdens to the institutions and the Federal Government of determining costs on a fellow-by-fellow basis are not warranted. Also, the provisions relating to the amounts of stipends for the fellows would be made more flexible so that they could readily be adjusted in the light of changes in the cost of living and other relevant factors, by making the amounts thereof subject to determination by the Commissioner.

We would amend the act to give preference in the award of fellowships to those who intend to teach in elementary and secondary schools as well as to those who intend to teach in institutions of higher learning.

The graduate fellowship program under title IV has, in our judgment, gone a long way toward fulfilling the objectives of strengthening and expanding graduate education throughout the country. This title, with its emphasis on expansion of opportunities for doctoral candidates in institutions of higher education, and on the award of fellowships to persons who contemplate careers in teaching, is due to provide soon a much needed increment to the faculty needs of our colleges and universities. In view of the estimated need for 22,500 additional new faculty members each year, however, greatly increased efforts are necessary.

The successful experience which the Office of Education has had with title IV, in cooperation with the graduate schools of the country, clearly indicates to us that this program, enlarged and placed on a permanent basis, can and will play a key role in assuring that requisite faculty will be available to train the greatly increased number of young men and women who will be entering upon higher education in the coming years.

4. Guidance, counseling, and testing (title V): Continue the program for guidance, counseling, and testing, including identification and encouragement of able secondary school students, for an additional 3 years, and extend it to the seventh and eighth grades.

We also propose that additional Federal funds be made available to State educational agencies on a matching basis for improved statewide leadership in this field. The lack of such funds has seriously handicapped the States in the effective administration of the program during the past 3 years.

Finally, we recommend that the program be augmented by authorizing the Commissioner to award traineeships to selected individuals who are able and willing to undertake specialized training in guidance and counseling at institutions of higher education.

The program authorized by title V has significantly increased the emphasis upon excellence in our secondary schools. It has helped direct the attention of the school and the community to young people of talent, has helped counsel these students to take the

necessary subjects for college entrance, and has aided them in securing entrance into higher institutions. Nevertheless, the dropping out of talented young people before completion of secondary school continues to preclude entrance into college for significant numbers of them. The Nation cannot afford to sustain these losses. Intensified efforts must be made through enlarged and improved programs of testing, counseling, and guidance, to retain our youth in the educational stream until they have attained their optimum level of formal instruction.

5. Language development program (title VI): Make permanent the programs of modern foreign language centers and institutes.

We recommend, also, that the Commissioner be authorized to make grants to enable teachers of modern foreign languages, including college teachers, to obtain advanced training in the foreign country or area where the language they teach is commonly used, and that he be authorized to arrange with institutions of higher education for the establishment of institutes in the field of English as well as modern foreign languages.

Title VI already recognizes the essential unity of the study of a language with the study of the total culture of which the language is a part. To provide for advanced training of foreign language teachers in the countries of the languages they teach is to give a logical extension to this recognition. No amount of academic study can substitute for actual immersion in the culture being studied.

The adding of English to the language development field would accomplish two important purposes. It would remove a technical barrier which now prevents the act from being used to assist in essential language instruction for the very significant numbers of Americans whose native tongue is not English. Of even broader significance, however, is the crucial position of English as a keystone discipline of the entire learning process, on which hinges the student's progress in other languages, as well as in other parts of the curriculum, and without which he cannot use his talents to full advantage in his chosen career.

The timeliness and effectiveness of title VI are attested on every hand. It has contributed greatly to a national consciousness of the need for language skills as a part of the training of every American who serves abroad. Our posture of leadership in the world today indicates that millions of Americans will in the future be called upon to serve their country abroad. Particularly will they be needed to assist in the development of the economic, educational, and other services of underdeveloped nations, pursuant to programs which you have recommended, such as that of the Peace Corps. Enhanced language skills are an essential ingredient of our education system if we are to play our proper role in the world of the future.

6. Special educational media—research and experimentation (title VII): Extend the program of research and experimentation in the more effective utilization of television, radio, motion pictures, and related media for educational purposes for a period of 3 years without change.

During the next few years it will be possible to conclude exhaustive studies now underway of the relationship of the several media to the improvement of instruction. We can then reach sounder conclusions with regard to the future direction and content of this program.

7. Area vocational education programs (title VIII): Extend this program for an additional 3 years without change.

Title VIII has been an important stimulus in the strengthening of instruction in technical subjects vital to our national defense and well-being. We believe that consideration of possible amendments to this title should be deferred until we have in hand the findings of the group which you have directed me to convene for the study of the National Vocational Education Act.

8. Improvement of educational statistics (title X): Make permanent the program authorized by section 1009, for the improvement of statistical services of State educational agencies.

This program has played an important part in improving and expanding State educational statistics programs. Under the stimulation of section 1009, 40 States have installed automatic data processing systems and, through these and other innovations, have greatly expanded and improved their statistical reporting to the Office of Education.

We are recommending, however, that the program be enlarged and that greater emphasis be given to the relation between State and National educational statistics. The Federal Government's interest in the availability of timely, basic, and accurate statistical data can be served only if the Federal Government stands ready to contribute as a partner to the adequate financing of State statistical programs.

9. Improvement of Office of Education administrative authority (title X): Improve the ability of the Office of Education to administer this and its other functions by authorizing the delegation of authority, appointment of advisory committees, exercise of research authority through grants and contracts, interchange of personnel with States, and acceptance of gifts.

The above amendments are needed in order to enable the Commissioner of Education to carry out more effectively his functions under this act and other acts administered by the Office.

10. Disclaimer affidavit requirement (title X): Amend section 1000(f) so as to remove the requirement that individual recipients of payments or loans must execute an affidavit disclaiming subversive beliefs and affiliations.

Repeal of this affidavit would remove a provision which has been opposed by many outstanding educators.

11. Appropriation authorizations: Throughout the act, the ceilings on the amounts authorized to be appropriated would be eliminated.

Such a change would leave to the normal budgetary and appropriation process each year the determination of the Federal funds which would be made available for carrying out the various provisions of the act in relation to changing needs.

In my judgment the National Defense Education Act has been a successful demonstration of the ability of the Federal Government to identify and provide for those special aspects of education which are patently in the national interest and to do so without impinging on the responsibilities of the States and higher education institutions. Most importantly, it has been aimed at the identification of talent and the stimulation of excellence. I am confident that its continuance under the provisions recommended herein is fully justified, and I heartily recommend such action to you.

Faithfully yours,

ABRAHAM RIBICOFF,
Secretary.

AMENDMENT OF MERCHANT MARINE ACT

Mr. ENGLE. Mr. President, on behalf of myself, and the Senator from Alaska [Mr. BARTLETT], I introduce for appropriate reference a bill to amend section 510(b) of the Merchant Marine Act of 1936, to provide for the trade-in of obsolete vessels in connection with the construction of new vessels either at the time of the execution of the construction contract or at the time of the delivery of the vessel.

Mr. President, I ask unanimous consent to have printed following my remarks a statement in explanation of the bill and the legislative history leading to the introduction of the bill, and I ask unanimous consent that the bill itself be printed at this point in the RECORD.

The PRESIDING OFFICER. The bill will be received and appropriately referred; and, without objection, the bill and statement will be printed in the RECORD.

The bill (S. 1728) to amend section 510 of the Merchant Marine Act, 1936, to provide for the trade-in of obsolete vessels in connection with the construction of new vessels, either at the time of executing the construction contract or at the time of delivery of the new vessel, introduced by Mr. ENGLE (for himself and Mr. BARTLETT), was received, read twice by its title, referred to the Committee on Commerce, and ordered to be printed in the RECORD, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 510 of the Merchant Marine Act, 1936 (46 U.S.C. 1160) is amended by:

(1) Striking the present subsection (b) and inserting in lieu thereof the following:

"(b) In order to promote the construction of new, safe, and efficient vessels to carry the domestic and foreign waterborne commerce of the United States, the Commission is authorized, subject to the provisions of this section, to acquire any obsolete vessel in exchange for an allowance of credit. Any agreement made by the Commission under this section shall provide that the obsolete vessel shall be transferred to the Commission, at the owner's election made upon execution of such agreement, either at the time the owner contracts for the construction or purchase of a new vessel or at the time of delivery of the new vessel to the owner. The amount of the allowance shall be determined at the time of the transfer of the obsolete vessel to the Commission. In the event the obsolete vessel is transferred to the Commission at the time the owner contracts for the construction or purchase of the new vessel, the allowance shall not be paid to the owner of the obsolete vessel, but shall be applied upon the purchase price of a new vessel. In the case of a new vessel constructed under the provisions of this Act, such allowance may, under such terms and conditions as the Commission may prescribe, be applied upon the cash payments required under this Act. In case the new vessel is not constructed under the provisions of this Act, the allowance shall, upon transfer of the obsolete vessel to the Commission, be paid, for the account of the owner, to the shipbuilder constructing such new vessel. In the event that title to the obsolete vessel is transferred to the Commission at the time of delivery of the new vessel, the allowance shall be deposited in the owner's capital reserve fund.

"In any case where at the time of enactment hereof a new vessel is under construction pursuant to a contract executed by an owner of an obsolete vessel, for which new vessel a credit against the transfer to the Commission of an obsolete vessel has not heretofore been allowed at the time of the execution of the construction contract, the Commission, upon application of such owner within ninety days after enactment hereof, is authorized to acquire an obsolete vessel at

the time of delivery of said new vessel, in exchange for an allowance which shall be deposited in the owner's capital reserve fund."

(2) Striking the present subsection (d) and inserting in lieu thereof the following:

"(d) The allowance for an obsolete vessel shall be the fair and reasonable value of such vessel as determined by the Commission. In making such determination the Commission shall consider: (1) the scrap value of the obsolete vessel both in American and foreign markets, (2) the depreciated value based on a twenty or twenty-five year life, whichever is applicable to the obsolete vessel, and (3) the market value thereof for operation in the world trade or in the foreign or domestic trade of the United States. In the event the obsolete vessel is transferred to the Commission at the time the owner contracts for the construction of the new vessel, and the owner uses such vessel during the period of construction of the new vessel, the allowance shall be reduced by an amount representing the fair value of such use. The rate for the use of the obsolete vessel shall be fixed by the Commission for the entire period of such use at the time of execution of the contract for the construction of the new vessel."

The statement presented by Mr. ENGLE is as follows:

SECTION 510(b), MERCHANT MARINE ACT, 1936—LEGISLATIVE HISTORY

Section 510(b), Merchant Marine Act, 1936, authorized the Maritime Commission to acquire obsolete vessels in exchange for an allowance of credit, in order to promote new construction. It further provided:

"The amount of such allowance shall be determined at the time the owner contracts for the construction or purchase of a new vessel. The allowance shall not be paid to the owner of the obsolete vessel but shall be applied upon the purchase price of a new vessel * * *."

Question has been raised whether the legislative history discloses any reason for determining the allowance at the time the owner contracts for the construction or purchase of a new vessel, as opposed to the time of delivery of the new vessel. The answer is that the legislative history contains nothing bearing directly on this point. The legislative history discloses the following:

1. Section 510 was first enacted, together with other amendments, in 1939. The language of section 510(b) appeared verbatim in the original bill introduced by Chairman Bland on March 20, 1939 (H.R. 5130). It was enacted into law without change or comment pertinent to the present inquiry.

2. Section 510 was proposed by the Maritime Commission as a measure to promote new construction and to provide the owner of U.S.-flag tonnage with a partial measure of relief from the provisions of section 9, Shipping Act, 1916, prohibiting transfer to foreign registry without prior approval of the Commission (H. Doc. 208, 76th Cong., 1st sess., 1939, pp. 5–7; also House Merchant Marine and Fisheries Committee hearings on H.R. 5130, 76th Cong., 1st sess., 1939, pt. 1, pp. 1–4).

The Commission, and both the House Merchant Marine and Fisheries Committee and the Senate Committee on Commerce, however, acknowledged that the bill did not provide complete relief from the restrictions of section 9, Shipping Act, 1916; for example, the trade-in provision was specifically conditioned upon construction or purchase of a new vessel and the allowance was limited to a credit upon the purchase price rather than a cash payment to the owner. (Ibid. See also H. Rept. 824, pp. 5–8, and S. Rept. 724, pp. 7–10 (both 76th Cong., 1st sess., 1939).)

3. Following the hearings before the House committee, Moore & McCormack Co., Inc., suggested by letter to the committee chairman that the bill be "extended to permit the turn-in of obsolete vessels when their value is to be credited to outstanding indebtedness on vessels already constructed under the 1936 act." The Commission replied:

"The principal purpose of the Commission's turn-in-and-build proposal is to stimulate new construction, not to reduce existing indebtedness.

"The Commission concedes that obsolete tonnage should be removed from the American market as fast as possible, that the suggested amendment is reasonable and fair in view of section 9, Shipping Act, 1916, as amended, and that its adoption would contribute to the stabilization of the industry. The Commission, however, believes the scope of its turn-in-and-build proposal should not now be liberalized to the extent suggested, and prefers the more conservative approach to the problem stated in the bill. If the present proposal is enacted, experience in its administration will furnish a guide as to whether extension of the policy at some future time will be advisable.

"The Commission does not favor this proposed amendment" (hearings, supra, pt. II, pp. 184–185).

4. The Atlantic Coastwise Steamship Association suggested "elimination of the provisions of section 7 (sec. 510(d)) requiring that if the obsolete vessel is used during the period of construction of the new vessel, the allowance shall be reduced accordingly" (id., p. 183). The Commission replied:

"The purpose of this provision is to approximate the circumstances under which a vessel would be sold in the open market. The Commission has not heard of any sales contracts providing that a vessel (or an automobile) sold could be used by the vendor free of charge for periods of 10 months to over a year. If such sales contracts were made, no doubt the allowance for the turn-in would reflect the concession in question. The Commission does not favor the proposed amendment" (hearings, supra, pt. I, pp. 147–149, and pt. II, pp. 183–184).

THE FOREIGN COMMERCE ACT OF 1961

Mr. ENGLE. Mr. President, for myself and on behalf of the Senator from Alaska [Mr. BARTLETT], the Senator from Minnesota [Mr. HUMPHREY], and the Senator from Washington [Mr. MAGNUSON], I introduce a bill designed to expand our exports; to authorize some reorganization and expansion of facilities for export promotion in the Department of Commerce; to expand the participation of American small business in exporting; to establish an export credit insurance program fully as effective as those maintained by our competitors; and for related purposes.

I ask unanimous consent that the bill be referrred to the Committee on Commerce.

The PRESIDING OFFICER. Is there objection to the request of the Senator from California? The Chair hears none, and it is so ordered.

Mr. ENGLE. Mr. President, it has been evident for some time that the countries of Western Europe and Japan have been increasing their share of exports to the foreign market while the share of the United States has been declining. A study prepared by the Department of Commerce showing shares of the export market through 1958 indicates the trend. According to this study, the U.S. loss in share of the Asian market for manufactured goods was $98 million in 1958 compared with our share in 1954–56. That is our share of exports to all countries of Asia excluding Japan. During the same period our loss amounted to $38 million in the Near East; $27 million in Latin America; and $67 million in Africa.

It is contended by some that since foreign trade represents only about 3 to 4 percent of our gross national product we do not have to worry about any decline in exports. Others point out that we have consistently had a favorable balance of trade, notwithstanding the balance of payments deficit amounting to some $3.4 billion in 1958, and about $3.8 billion during the past 2 years.

There is general agreement, however, that in the light of the balance-of-payments deficits and for other reasons, we cannot remain complacent about the relative decline in the level of our exports. Apart from the long-range dependence of a healthy, thriving economy on expanding levels of international trade, expanded exports offer the most immediate prospects for any closing of the balance-of-payments gap. The testimony of the American business community in both the Commerce Committee hearings and the Small Business Committee hearings was overwhelmingly in support of a vigorous export promotion program. It has been endorsed by the great majority of eminent economists both in and out of Government. The President and Secretary of Commerce Hodges have urged a vigorous program of trade promotion.

Mr. President, I am not one who believes that anything the Federal Government can do is going to solve this problem unless the American business community decides that they are not going to take a licking at the hands of our competitors. I have every reason to be confident that if American industry and agriculture and labor set their mind to it, the United States can outproduce and outsell and outcompete any of our competitors. But at the same time, the Federal Government has a responsibility to provide governmental services at least equal to those being provided by our competitors. The intent of this bill, the Foreign Commerce Act of 1961, is to afford trade promotion services which will make it possible for Americans to compete on more equal terms.

In brief, the bill would:

First. Provide a program of Government action to improve and expand the services necessary to assist U.S. manufacturers and businessmen in developing export markets.

Second. Establish within the Department of Commerce, a professional career service to promote foreign commerce and to assist United States businessmen, both in the United States and abroad, in finding export opportunities and in expediting sales transactions. It would transfer our commercial attachés from the opera-

tional jurisdiction of the Department of State to the Department of Commerce.

Third. Authorize such reorganization within the Department of Commerce as is necessary to speed up the flow of trade information and clearances between an exporter in Los Angeles or Duluth or New York City and a potential importer in Bombay or Buenos Aires or London; and

Fourth. Remove one of the present major obstacles to effective competition by establishing a comprehensive program to insure export credits against both commercial and political risks.

Mr. President, the need for export credit insurance has basis in the fact that our competitors can provide credit on more liberal terms than are now available to American exporters. This can be attributed almost without exception to the fact that our major competitors have established programs to insure export credits against both political risks and commercial risks in a single policy. The result is that when the terms of credit are the determining factor in making a sale, the sale often goes to our competitors because in the absence of adequate insurance the credits are not made available by American financial institutions.

The question, I believe, is not that of the merits of export credit insurance as such. In his message on the balance of payments deficit, President Kennedy recommended improved export credit facilities. There is general agreement that we should not continue the present disjointed system under which the Export-Import Bank issues a policy to insure against political risks and the exporter then shops around to find a firm to issue another policy to insure against commercial risks. There is general agreement, I believe, among American exporters that what is needed is a single policy covering both political and commercial risks—or in lieu of a single policy, separate political and commercial policies but both available at local banks or insurance companies. There is also general agreement that the exporter should be able to secure this policy on reasonable terms. I think that there are a number of important principles which should be incorporated in legislation in this field:

First. Maximum responsibility for insuring against commercial risks should remain with private enterprise. The insurance community is now issuing commercial risk insurance and is capable of continuing to carry the major financial burden of this type of insurance.

Second. It would not be wise to burden a Government agency with the job of actually issuing individual policies to each exporter. There is no reason to add an estimated 500 to 1,000 personnel to the staff of the Export-Import Bank to issue these policies, particularly when insurance corporations or insurance pools are now set up to do this job and to issue policies locally so that the exporter would not have to deal with the Export-Import Bank every time he made a shipment. This bill, therefore, would make it possible for the Export-Import Bank to control the policy and operations—at the same time freeing itself from issuing individual policies—through agreements with insurance corporations or insurance pools. The Bank has made a start in this direction but there should be a clear indication from the Congress that the Bank disengage itself from the detailed operations and rely on private enterprise.

Third. It is of importance that there be a central clearinghouse on export credit information. Here again, the Export-Import Bank should not be diverted from its primary banking function and become bogged down in checking credit risks—essentially an insurance function—for each single export. The bill therefore would provide that the Bank conclude agreements with a private enterprise to perform this function. The President of the Bank would periodically set the policy on a country-by-country basis, for political-risk insurance. The Bank would be authorized to provide credit-risk information at its disposal to any central clearinghouse established by the insurance community.

Fourth. If the United States intends to compete effectively with the export credit insurance systems operated by the countries of Western Europe, we cannot limit ourselves to short-term insurance—we cannot limit ourselves to penny-ante credit line insurance of small shipments. The bill would authorize the Export-Import Bank to do what our competitors are doing—insure against the commercial and political risks for entire projects or installations whenever contracts for such projects also include substantial exports of American machinery and equipment.

Fifth. The program should be set up in such a way that no single insurance company or pool could become a most-favored instrument.

Mr. President, I think that the structure set up in the bill is the best means for giving Federal Government backing for political- and commercial-risk insurance while allowing for flexible administration by private enterprise. I might add, Mr. President, that the experience of most European countries has been that their export insurance programs have been self-supporting from the premium fees. This has also been our own experience with the investment guarantee program.

I would like to state that the provisions of the bill for the transfer of commercial attachés to the jurisdiction of the Department of Commerce—and the establishment of a foreign commerce service—would in no way alter the present role of the Department of State in formulating the broad lines of foreign trade policy. Nor would it mean that commercial attachés would operate overseas outside of the jurisdiction of our Ambassadors. It would mean:

First, that the commercial attachés would be appointed by the Department of Commerce. They would be professionals in commercial work and trade promotion. They would be in a career service with their duty overseas interrupted only by periodic rotation to duty in the Bureau of Foreign Commerce in Washington or assignment to foreign trade promotion duties in the field offices of the Department of Commerce in the United States.

Second, that U.S. commercial attachés overseas would not be available for working on all sorts of odd jobs around the Embassy as is the case at most posts at present. The commercial attaché, under the operational direction of the Bureau of Foreign Commerce, would devote full time to trade promotion. It goes without saying that while the operational lines would be direct from the commercial attaché to the Department of Commerce, the operations would be under the policy scrutiny of the Ambassador in the same way that other departments or agencies abroad operate under the overall jurisdiction of the Ambassador.

Third, that more services could be provided to American exporters—that a direct link would exist for clearances between the firm in Bombay that wants to buy an American-made generator and the firm in Cleveland that wants to sell a generator—that is through clearances between Department of Commerce field offices in the United States and commercial attachés abroad.

The Senate Committee on Commerce, in its study of foreign trade, has gone to considerable pains to get the facts on this question. I have personally given this careful consideration. The replies from a questionnaire sent to American businessmen overseas indicated an overwhelming belief that the present arrangement was inadequate by comparison with that of our competitors, and that if the United States seriously intends to compete, we should have a hard-hitting professional trade promotion service under the Department of Commerce. In field examinations undertaken by members of the Commerce Committee in Asia, Africa, Latin America, and Europe, we were told the same thing by hundreds of American businessmen—and by many commercial attachés themselves. Secretary of Commerce Hodges told the Commerce Committee at his recent confirmation hearing that in his opinion the commercial attachés never should have been transferred out of the Department of Commerce in the first place.

Mr. President, there was a time, back in 1939, when the view was current that every operation of the U.S. Government abroad should be administered by personnel of the Department of State. Recognizing the role of the ambassador as overseer of all U.S. activities in a country, there is no more reason that commercial activities and trade promotion be conducted by State Department personnel than that State Department personnel administer ICA technical assistance, the work of the military assistance advisory groups, the work of the U.S. Information Agency, the work of our agricultural and labor attachés, the work of the Central Intelligence Agency, or the Department of Justice, or the Atomic Energy Commission, or the General Accounting Office, or the work of treasury attachés.

All of these departments or agencies now have operational control of personnel assigned to oversea duty. The Department of Commerce is the only major department which suffers by having its operational jurisdiction over one of its major functions brought to an end at the 3-mile limit. Instead of being able to extend an arm of professional commercial officers abroad, we content ourselves, in the face of mounting foreign competition, with a system under which Foreign Service officers are diverted from political or economic duties for a 2-year diversionary and disillusioning assignment to what is now wrongly called the job of commercial attaché. Members of the Senate will appreciate that if the Department of Commerce is to have the responsibility for trade promotion, it must have the tools—and it must have direct access to the customer as well as to the American exporter.

While foreign trade means job opportunities and economic health for all our great cities, it is particularly vital to the economic health of our port cities. My own State of California is a State of many ports. The ports of San Diego, Long Beach, Los Angeles, San Francisco, Oakland, Stockton, Sacramento, and Eureka are pulsating pumps linking our economic well-being with the economies of the world. The foreign trade that goes through these ports is essential to the economic growth of the United States. It is particularly vital to the industries located in the port cities. It is vital to the many facilities that service these ports—and to the employment structure and prosperity of the communities where they are located. In addition, a high level of exports of cotton, fruits, industrial machinery, petroleum products, iron and steel mill products, and dairy products are essential to the economic health of my State. During 1957 California ports handled cargo worth $2.2 billion. During 1958, a peak year, the two-way trade passing through the San Francisco Customs District alone amounted to $936 million. To the people of California, a great shipping State, this bill means bread and butter. I would not want to close my discussion of the subject today without making it very clear that not only California but other port States have a great interest in seeing this legislation go forward—to enable the businessmen of America to compete successfully and profitably for foreign markets.

Mr. President, in view of the importance of this measure to our economic position in the world, I hope that early action may be taken on this bill as well as on the other bills which have been introduced for the same general purpose. I ask unanimous consent that the text of the bill be printed in the RECORD at the conclusion of my remarks and the remarks of other Senators concerning the bill.

The PRESIDING OFFICER. The bill will be received and referred; and, without objection, the bill will be printed in the RECORD.

The bill (S. 1729) to promote the foreign commerce of the United States, and for related purposes, introduced by Mr. ENGLE (for himself and other Senators), was received, read twice by its title, referred to the Committee on Commerce, and ordered to be printed in the RECORD, as follows:

A bill to promote the foreign commerce of the United States and for related purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Foreign Commerce Act of 1961".

STATEMENT OF POLICY AND PURPOSE

SEC. 2. It is the sense of the Congress that the peace and economic well-being of the peoples of the world increasingly depends on wider recognition, both in principle and practice, of the interdependence of men upon an expanding exchange of goods and services. The Congress finds and declares that foreign trade represents a strong and vital element in the economic leadership of the United States among free nations. It is the purpose of this Act—

(a) to provide a coordinated and augmented program of government action to improve and expand the services necessary to assist United States manufacturers and businessmen in developing export markets;

(b) to establish, within the Department of Commerce, a professional career service to promote foreign commerce and to assist United States businessmen, both in the United States and abroad, in finding export opportunities and in expediting sales transactions;

(c) to authorize such reorganization within the Department of Commerce as is necessary to facilitate the flow of trade information between exporters in the United States and importers abroad;

(d) to improve the competitive position of United States exporters through the establishment of a comprehensive program for the insurance of export credits against political and commercial risks; and

TITLE I—EXPANSION OF SERVICES FOR EXPORT PROMOTION

SEC. 101. In furtherance of the policy and purpose of this Act, the Secretary of Commerce is authorized and directed—

(1) to undertake a program for the expansion of the number, and the variety of export services provided by the Department of Commerce and the field offices of the Department of Commerce in the commercial centers of the United States;

(2) to undertake, in consultation and cooperation with the Secretary of State, a program for the expansion of the number and variety of services provided to American and foreign exporters and importers by commercial attachés abroad;

(3) to cause such notices or advertisements to be placed in the informational media of this country as he determines will be most helpful to domestic manufacturers and businessmen in maximizing their foreign trade opportunities and in utilizing the commercial services available to them through the various departments and agencies of the Government;

(4) to establish, or make arrangements for, in consultation and cooperation with the Secretary of State, exhibits of goods produced in the United States, in major foreign trade areas, when he determines this to be advisable in the furtherance of the policy and purposes of this Act;

(5) to establish in Washington, District of Columbia, and in selected cities of the United States, permanent centers for the exhibition of goods produced in the United States, and for this purpose to acquire land, construct suitable buildings and arrange with American industries for the exhibition of their goods;

(6) to establish, in consultation and cooperation with the Secretary of State, a limited number of pilot projects in foreign market areas to provide warehousing and other permanent basic support facilities to aid the export operations of United States businessmen and manufacturers, and to provide for the eventual sale of such facilities to United States business concerns, or to associations of such concerns as authorized by the Act of April 10, 1918 (the "Webb-Pomerene Act" (40 Stat. 516)), for private operation;

(7) to expand the trade mission program and, in consultations and cooperation with the Secretary of State, to send abroad joint governmental and private enterprise groups for the purpose of promoting trade;

(8) to establish, in consultation and cooperation with the Secretary of State, and the Director of the United States Information Agency, United States trade information centers in the principal commercial centers and trade fairs of the world, whenever he determines this to be advisable in the furtherance of the policy and purpose of this Act;

(9) in consultation and cooperation with the Secretary of State (A) to undertake such market surveys and other commercial research in foreign market areas as he determines to be most useful for the expansion of United States export trade, and for such purpose to contract with such private firms or organizations, either domestic or foreign, as he may determine without regard to section 3709 of the Revised Statutes of the United States or any other provision of law requiring competitive bidding; (B) to disseminate the results of such surveys and research in such form as may be most useful; and (C) to cause such notices or advertisements to be placed in the informational media of other countries as he determines will be most helpful in making known to manufacturers and businessmen the facilities available to them through the Foreign Commerce Corps and the Department of Commerce for the purchase of American products or the sale of their own products to American importers;

(10) to compile, edit and publish in English and such other languages as deemed necessary, a suitable periodic journal or magazine containing developments in American industry and advertisements of established American individuals, firms or business organizations on a paid basis and to make such journal or magazine available without charge to foreign firms, individuals and business organizations as a means of publicizing business opportunities and to attract foreign nationals to the services and facilities available through the Foreign Commerce Corps and the Department of Commerce;

(11) to expand, as he may determine, the facilities of the Department of Commerce for the promotion of trade fairs (including floating exhibits of United States export commodities) and for increasing the participation of United States business concerns in international trade fairs;

(12) to make such organizational changes within the Department of Commerce and to effect such communications and operational liaison between the Bureau of Foreign Commerce, the Business and Defense Services Administration, other divisions of the Department of Commerce, the field offices of the Department of Commerce in the United States, and the Foreign Commerce Corps, as the Secretary considers necessary to directly link domestic producers with markets abroad and to expedite the flow of information between exporters or potential exporters in the United States and buyers abroad; and

(13) to organize and conduct, as determined appropriate, export promotion conferences or seminars in the major commercial centers of the United States, and through

use of speakers, films, and other media, to advise businessmen of trade opportunities and of conditions in foreign countries relevant to trade promotion.

TITLE II—EXPANSION OF SERVICES BY SMALL BUSINESS ADMINISTRATION

SEC. 201. (a) In furtherance of the policy and purpose of this Act, there is hereby established in the Small Business Administration an Office of Liaison with the Department of Commerce. The Liaison Office shall be headed by a Liaison Officer to be appointed by the Administrator of the Small Business Administration. The Liaison Officer shall have the rank of, and receive compensation at the rate provided by law for, Deputy Administrators of the Small Business Administration. In close cooperation with the Secretary of Commerce, such Administrator is authorized, through such Liaison Office—

(1) to assign personnel to the Department of Commerce field offices in the United States for duties directly related to expanding the opportunities and facilities for the participation of small businesses in foreign commerce;

(2) when requested by the Secretary of Commerce, to undertake a program for the expansion of the number and the variety of export services provided by regional and branch offices of the Small Business Administration;

(3) to cause such notices or advertisements to be placed in the informational media of this country as he determines will be most helpful to small business in maximizing its foreign trade opportunities and in utilizing the commercial services available to it through the Department of Commerce and other departments and agencies of the Government;

(4) to represent, when requested by the Secretary of Commerce and the Secretary of State, the interests of the small businesses of the United States at international commercial treaty and other trade negotiations in which the United States Government participates, and on inter-agency committees, boards, or other organizations established within the executive branch to deal with foreign-trade matters;

(5) in close coordination with the Department of Commerce, to disseminate trade information for the purpose of aiding small businesses in developing and expanding their exports; and

(6) to encourage and assist small businesses in forming associations as authorized under the Webb-Pomerene Act (40 Stat. 516).

(b) Section 4(b) of the Small Business Act, as amended (15 U.S.C. 633(b)), is amended by striking the word "three" in the final sentence of such subsection and inserting in lieu thereof the word "five".

TITLE III—FOREIGN COMMERCE CORPS

SEC. 301. To effectuate the carrying out of the purposes of this Act, the Secretary of Commerce is authorized and directed to establish within the Bureau of Foreign Commerce a career service to be known as the "Foreign Commerce Corps of the United States" (hereinafter referred to as the "Corps").

SEC. 302. The Secretary of Commerce is authorized to prescribe regulations governing the Corps; to appoint personnel, and, with the concurrence of the Secretary of State, to assign such personnel to service abroad, and to rotate such personnel between duty abroad and duty in the Bureau of Foreign Commerce or duty directly related to export promotion in the field offices of the Department of Commerce in the United States.

SEC. 303. Professional staff members of the Corps shall have the designation of Foreign Commerce Officer. Officers or employees assigned or appointed to a post abroad pursuant to this title shall have the designation of Commercial Attaché, Commercial Officer, Commercial Counselor or Minister, or such other titles or designations as are jointly agreed to by the Secretary of State and the Secretary of Commerce.

SEC. 304. Upon the request of the Secretary of Commerce, the Secretary of State shall regularly and officially attach the officers or employees of the Corps to the diplomatic mission or other Foreign Service posts of the United States in the country in which such officers or employees are assigned by the Secretary of Commerce, and shall obtain for them diplomatic privileges and immunities and afford diplomatic status equivalent to those enjoyed by Foreign Service personnel of comparable rank and salary.

SEC. 305. The Secretary of Commerce is authorized to prescribe training programs, to establish a Foreign Commerce Institute or other training facilities within the Department of Commerce, and to contract with universities in the United States or abroad, for training members of the Corps.

SEC. 306. The provisions of section 602(d), 603, 604, 605 and 606 of the Act of August 28, 1954 (the Agricultural Act of 1954) (68 Stat. 908) shall apply to the members of the Corps and their functions in the same manner such provisions apply to agricultural attachés and their functions, except that in applying such provisions to the Corps (1) the Secretary of Commerce shall have the authority given to the Secretary of Agriculture with respect to agricultural attachés, and (2) wherever such provisions refer to agriculture they shall be deemed to refer to commerce.

SEC. 307. For the current fiscal year so much of the unexpended balances of appropriations, allocations, and other funds employed by the Department of State in connection with the same functions authorized in this title, as are determined by the Director of the Bureau of the Budget or by appropriation or other law, shall be available to the Secretary of Commerce for the purposes of this title, and there are authorized to be appropriated to the Department of Commerce such additional amounts as may be necessary for the purposes of this title.

TITLE IV—EXPORT CREDIT GUARANTEES

SEC. 401. The Export-Import Bank Act of 1945, as amended (12 U.S.C. 635), is amended by:

(1) striking out subsection (c) of section 2 and inserting in lieu thereof the following:

"(c) (1) The Export-Import Bank of Washington, in furtherance of its objects and purposes under this Act, is authorized and empowered to guarantee, insure and reinsure against risks of loss arising in connection with export transactions.

"(2) The Bank shall, to the fullest extent possible, utilize the services of insurance companies, financial institutions or other private enterprises, or groups thereof in the issuance and operations of such guarantees and for this purpose the Bank may make contracts or agreements for the issuance of such guarantees, insurance and/or reinsurance with insurance companies, financial institutions, or others, or groups thereof, and may employ or contract with any of the same: to act as its agent for the issuance of such insurance; to provide specialized technical services of underwriting such insurance; to collect and disseminate credit risk information; and, to adjust any claims arising thereunder, subject to the further provisions of this section.

"(3) The Bank shall:

"(a) make such guarantees, insurance, or reinsurance available on a nonpreferential basis assuring participating membership and free access of all qualified insurance companies, financial institutions or groups thereof to any central credit clearinghouse or coordinating agency which the Bank may engage as its agent;

"(b) make guarantees against both political and commercial risks available to exporters or financial institutions in their own communities, at one place, without requiring in each instance direct correspondence or communication between exporters or financial institutions and the Bank;

"(c) make guarantees applicable to the export of goods and related services, including the dollar and other currency, costs of a complete installation, facility or project when such installation, facility or project is an integral part of a contract which includes the export of goods;

"(d) establish procedures designed in all respects to assist American exporters and contractors in effective competitive bidding; and

"(e) publish and make public the current policy and procedures applicable to export credit insurance.

"(4) The Bank is authorized to determine the maximum amount of the total contract price for goods and related services which may be insured; to determine premium fees or charges; to determine the effective duration of insurance policies; to determine the aggregate amount of political and/or commercial risk guarantees which may be outstanding at any one time; and to establish such operating and reserve funds, within the limits of the existing capital and reserves of the Bank, as may be necessary: *Provided,* That the Bank shall endeavor to make the program as self-supporting as may be possible; to make the guarantees competitive in all respects with the credit guarantee or insurance facilities offered by foreign governments or their agencies, and to include in any report submitted to the Congress under section 307 of this Act a complete and separate summary of operations under this subsection including, whenever practicable, an evaluation of such operations in terms of programs of a similar nature which are being carried out by other countries doing major export business.

"(5) The Bank is authorized to modify from time to time the terms and conditions of insurance against political and commercial risks: *Provided,* That the terms of political risk insurance shall be on a country basis and shall be uniformly applicable to all exports to that foreign country.

"(6) When any payment is made to any person or corporation pursuant to a guarantee as hereinbefore described, the currency, credits, or other assets on account of which such payment is made shall become the property of the United States Government, and the United States Government shall be subrogated to any right, title, claim or cause of action existing in connection therewith.

"(7) As used in this Act—

"(a) the word 'goods' shall mean any raw materials or manufactured goods exported from the United States;

"(b) the word 'services' shall mean all services by exporters ordinarily resident in the United States rendered in foreign countries, and shall include (A) the rendering of engineering, architectural, other technical services, the rental of leasehold property, and the licensing of intangible property rights including patents, trademarks and copyrights, and (B) the dollar and other currency costs of equipment, materials and total installed costs of a complete project, facility or installation;

"(c) the words 'political risk' shall mean the risk of loss caused, in whole or part, by the occurrence of any action by a foreign government interfering with the completion of and/or the payment for the export of goods or services as defined herein in accordance with the lawful terms agreed upon by the parties thereto, within a period of time stipulated in the guaranty contract;

"(d) the words 'commercial risk' shall mean the risk of loss within the period of

time stipulated, caused by the occurrence of the insolvency or protracted default of the buyer; failure or refusal to accept and pay for goods or services which have been exported or contracted for export, or any other cause of loss not being within the control of the exporter or the buyer which arises from events occurring outside the United States and which is not normally insurable with insurers covering other than export credit risks and which was not caused by a political risk."; and

(2) striking from section 306 thereof the date "June 30, 1963" and inserting in lieu thereof "June 30, 1968".

TITLE V—USE OF FOREIGN CURRENCIES

SEC. 501. Section 104 of the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1705), is amended (1) by striking out the colon at the end of paragraph (r) and inserting in lieu thereof a semicolon, and (2) by adding after paragraph (r) a new paragraph as follows:

"(s) For financing in such amounts as may be specified from time to time in appropriation Acts, programs and projects to be undertaken in foreign countries in accordance with the Foreign Commerce Act of 1961:".

TITLE VI—AUTHORIZATION OF APPROPRIATIONS

SEC. 601. There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act.

Mr. ENGLE. Mr. President, I ask unanimous consent that the bill may lie at the desk for 1 week to enable other Senators who may desire to do so to become cosponsors.

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

Mr. ENGLE. Mr. President, I ask unanimous consent that the statements of the Senator from Wyoming [Mr. McGEE] and the Senator from Washington [Mr. MAGNUSON] concerning the proposed legislation be printed following my remarks in connection with the bill, and prior to the introduction of the bill in the RECORD.

Mr. BARTLETT subsequently said: Mr. President, I ask unanimous consent to have printed in the RECORD a statement prepared by the distinguished senior Senator from Wyoming [Mr. McGEE], relating to the Foreign Commerce Act of 1961.

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

STATEMENT BY SENATOR McGEE

We have often heard it said during recent months that it is time for the American economy to rid itself of sluggishness and slack, and regain the aggressive vigor for which it has in the past been known.

The last 15 years have been a time of painstaking decision for the American people. We have together decided to take on new burdens in the field of international relations. We have decided to give economic and technical aid to the new nations which have been created around the world. We have decided to build and maintain an armed force which would enable the free world to remain free. And, lastly, we have decided to assume a role of world leadership which is certainly unprecedented in our history and has seldom been equaled in the history of the world. All of these decisions demand for their implementation, that we possess and maintain a sound, stable, productive economy. More than this, they demand that our economy ceaselessly act to renew itself and to expand into new areas of responsibility. In consolidating and carrying out the great economic decisions of the 30's, we have added to the burden which our economy must bear, great domestic programs of social amelioration. Many of these programs, it is true, are self-sustaining and actually add more than their cost to the national product. It is also true that the programs we have undertaken in the field of international relations have, by creating a demand for American goods which might not otherwise have existed helped to sustain our relatively high level of economic activity. Even so, it is clear that our future and that the future of the free world demand that the economy of the United States should remain vigorous and aggressive so that it will be able to bear the burdens we have undertaken in the interest of all.

One of the sources of real concern with regard to the future of our economy in recent months, has been the fact of a relative decline in the level of our exports. The American economy has a great deal to contribute to world markets and even though a relatively small proportion of our national product stems from the sale of our goods abroad, these sales, affecting so many areas of our economy, are absolutely vital to our economic well-being. The bill which we have introduced this afternoon under the leadership of the distinguished Senator from California [Mr. ENGLE] is intended to encourage the American business community to make their contribution to world markets more efficiently, more economically and with greater safety of economic expectation than has been the case in the past. The Committee on Commerce, of which I am a member, has conducted a thorough study of our export program and those of us who have had the privilege of sitting through the hearings have learned that it is not due to basic deficiencies in the structure of American enterprise that our exports have declined. We have come to believe rather that this decline has been the unhappy result of the fact that the statutes and administrative practices which govern our trade are in some cases insufficiently helpful and in other cases oversufficiently burdensome in the context of the present international economic situation. This bill then, is intended to strike the shackles from American business in its attempts to compete with the business of other nations for world markets. It is also intended to provide real, substantial and professional aid and encouragement to those segments of American business actually involved in this effort.

Just as necessary as the increase of this Nation's exports to the future productivity of our economy, is a concern for those domestic industries in whose continued health the public has an interest and whose existence and prosperity is threatened by competition from abroad which, under American economic conditions, cannot fairly be met.

I am preparing for introduction later in the session legislation intended to provide these businesses and industries with the opportunity to adjust to this sort of foreign competition.

In conclusion, I should like to compliment Senator ENGLE and the committee staff for their work on the bill and to voice my gratitude at having been asked to cosponsor it.

ORDERLY MARKETING ACT OF 1961

Mr. MUSKIE. Mr. President, I introduce, for appropriate reference, a bill to provide for adjusting conditions of competition between certain domestic industries and foreign industries with respect to the level of wages and the working conditions in the production of articles imported into the United States. I have entitled this bill the "Orderly Marketing Act of 1961." I ask unanimous consent to have the bill printed in the RECORD.

The PRESIDING OFFICER. The bill will be received and appropriately referred; and, without objection, the bill will be printed in the RECORD.

The bill (S. 1735) to provide for adjusting conditions of competition between certain domestic industries and foreign industries with respect to the level of wages and the working conditions in the production of articles imported into the United States, introduced by Mr. MUSKIE, was received, read twice by its title, referred to the Committee on Finance, and ordered to be printed in the RECORD, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Orderly Marketing Act of 1961".

FINDINGS

SEC. 2. Over its history of industrial development the United States has attained a wage level, working conditions, and a standard of living unparalleled by any other nation. Since World War II, the United States has sent abroad its technical knowledge and innovations and its dollars to help other nations grow and mature industrially. Working standards and wages in other countries, however, generally remain below our own. Many of these nations are now shipping goods to our country in increasing quantities. The landed wholesale prices of these goods are below our own, and, in some cases, below our own production costs. Certain United States industries, especially those where labor costs contribute a substantial proportion of total production costs have been injured or threatened by such competition. The following procedures are established to provide relief for such United States industries.

PROCEDURES

SEC. 3. (a) Upon request of the President, upon resolution of either House of Congress, upon application in a form prescribed by the Tariff Commission of the representatives of any domestic industry, or employee organization in a domestic industry, or of any interested party, or upon its own motion, the Tariff Commission shall make an investigation of any situation of which it is alleged that a differential between domestic and foreign costs of production in an industry is due to foreign wages and working conditions significantly lower than United States standards, and which gives foreign manufacturers or producers of articles imported into the United States an unfair competitive advantage over United States manufacturers or producers of such articles in the domestic market.

(b) In making any investigation under subsection (a) with respect to any article or articles imported into the United States, the Tariff Commission shall, to the extent practicable, consider (among other factors) a comparison of selling prices, wages and all other forms of reimbursement for work performed, labor productivity, production costs and the components thereof, levels of automation, working conditions, legislation or regulations pertaining to working conditions, and living standards as between the United States and the country or countries of origin of the imported article or articles under investigation.

(c) The Tariff Commission shall request the views of the Secretary of Labor and the Secretary of Commerce on relevant trade and international factors in all cases in which it

deems such information necessary to the investigatory process under this Act. The Tariff Commission may in addition request the aid and views of any other appropriate agency or agencies.

(d) Should the Tariff Commission find, after investigation, that imports of articles produced in a foreign country or countries under wages or working conditions significantly below United States standards are being sold in substantial and increasing quantities in the domestic market, and further find that the effect thereof has been or may be to injure the whole or any part or parts of any American industry by:

(1) decreasing the domestic market for United States producers of such articles; and

(2) reducing employment of United States workers producing such articles;

it shall recommend to the President that he instruct the Secretary of State to negotiate an orderly marketing agreement on imports thereof with the foreign country or countries involved. Such orderly marketing agreement shall provide that the foreign country or countries shall share in the growth or change in domestic consumption of the article or articles covered by the agreement. The share in domestic consumption of any article to be enjoyed in any one year by an individual negotiating foreign country under an orderly marketing agreement shall be fixed as a percentage of the expected total domestic consumption of such article during such year. The percentage so fixed shall not exceed the average percentage which imports of such article from such country during the last three full calendar years preceding the year in which the orderly marketing agreement is entered into were of the total domestic consumption of such article during such years. For purposes of this Act, the total domestic consumption of any article during any calendar year is the total of the domestic production of such article plus the imports of such article minus the total of the exports and reexports of such article.

(e) The Tariff Commission shall determine and publish each year the quantity of articles comprising the share of each foreign country in the expected total domestic consumption of any article for the following year under an orderly marketing agreement. Such determination and publication shall be made, for the first year for which an orderly marketing agreement is in effect, as soon as practicable after such agreement is entered into but not later than the last day prior to the beginning of such year, and shall be made, for each subsequent year, not later than three months prior to the beginning of such year. For purposes of this Act, the expected total domestic consumption of any article for any year is the average of the total domestic consumption of such article during the three full calendar years preceding the year in which the Tariff Commission makes its determination and publication.

(f) At any time after the first three years of operation under an orderly marketing agreement, the Tariff Commission may conduct an investigation, hold hearings, and recommend to the President a revision of such agreement, if it is alleged to be imposing a hardship on consumers. If, in the opinion of the Tariff Commission, a recommendation for revision in an orderly marketing agreement should be made, such recommendation shall in no case exceed an increase or decrease of 20 percent in any foreign country's share of the domestic consumption of any article covered by such agreement. If, in the opinion of the Tariff Commission, the investigation demonstrates that the findings described in subsection (d) no longer apply or are likely to apply to imports of articles from the foreign country or countries participating in an orderly marketing agreement, the Commission may recommend to the President that such agreement be terminated.

(g) The Tariff Commission shall make and publish a report on each request, resolution, or application under subsection (a) with dispatch and in no event more than six months after such request, resolution, or application is received by it.

(h) The Tariff Commission shall, within ninety days after the date of enactment of this Act, promulgate procedural regulations to give effect to the authority conferred upon it hereunder.

Mr. MUSKIE. Mr. President, I represent a State which has a keen appreciation for the value of world trade. Our coast was settled by traders, catching fish and cutting lumber for shipment to Europe. Many of our towns were founded on trade, and for many years Maine-built and Maine-sailed ships were prominent on the seven seas. Our Yankee traders were renowned for their sailing skill and their competitive prowess.

But my State also knows the hardship of sudden shifts in trade brought about by unfair competitive advantages. In such industries as textiles, wood products, and shows, low wages in oversea countries have resulted in a flood of imports at prices below the point of reasonable competition. On March 21, we held a lengthy discussion on the floor of the Senate on the problems confronting the textile industry, as a result of the rapid expansion of textile imports. A similar story could be told of many other industries.

We cannot stand idly by and watch these industries forced to the wall by unfair competition. None of us, I am sure, would propose that competition between domestic and foreign manufacturers be eliminated completely. That would be a repudiation of our economic system just as surely as a proposal to remove competition within the United States would be a repudiation of that system. But it is my conviction that all of us wish to avoid, wherever possible, unfair competitive advantages, particularly where those advantages are gained with low wages and poor working conditions.

The legislation which I have introduced today would help to insure more equitable competitive conditions between domestic and foreign manufacturers. It would encourage genuine competition by removing unnecessary and burdensome handicaps.

The principle on which world trade arguments rest is that of comparative advantage. In the absence of governmental interference, countries export those goods in which they are relatively most efficient and import those goods which they cannot produce except at costs higher than those abroad. In the United States, particularly prior to World War II, we enjoyed an advantage in world trade because of our highly industrialized economy. Our wages were generally higher than those paid in other countries, but our workers had the advantage of greater efficiency which tended to equalize wage costs. Since World War II, however, there has been a great increase in the efficiency of plant and machinery in such countries as Japan. This increase in efficiency has not been accompanied by an increase of wages to a level comparable to those paid in the United States. The result is that our workers must compete with workers in another country who receive much lower wages while producing almost, if not equally, as efficiently.

In recent years there has been a tendency for positions on trade policy to become frozen. Those who support free trade have argued on on all-or-nothing basis. Protectionists have taken a similarly rigid position. I submit that neither extreme will meet the interests of this Nation, or of the free world. The economies of nations are interrelated and interdependent. Trade between nations can no longer be left to chance. We must plan our trade policies. This, to me, is the great virtue of the Organization for Economic Cooperation and Development, which we ratified on March 16.

The bill which I have introduced today, while affording protection to our domestic industries, carries out the spirit of the Treaty for the Organization for Economic Cooperation and Development. Article I of that treaty states that one of the aims of the OECD shall be to promote policies designed to contribute to the expansion of world trade on a multilateral, nondiscriminatory basis in accordance with international obligations. The objective of my bill is to expand trade between the United States and other countries in an orderly fashion. My bill would prevent sudden and drastic changes in trade patterns, which can only work to the disadvantage of domestic and foreign industries.

Mr. President, the Orderly Marketing Act of 1961 is a simple bill. It would provide for an investigation by the Tariff Commission when it has been alleged that articles produced under substandard wage and working conditions in foreign countries are being imported into the United States with adverse consequences for domestic production and domestic workers. If the investigation of the Tariff Commission sustained such allegations, the Commission would recommend to the President that he instruct the Secretary of State to negotiate with the foreign countries involved marketing agreements which would allow the exporting countries to share in the growth of our domestic market.

The share of an individual country in our market would be based on its average share of the market during the 3 years preceding the conclusion of the marketing agreement. In each subsequent year the total amount of the product or products involved would be revised to reflect changes in the domestic market. At any time after 3 years of operation under the marketing agreement, the Tariff Commission could recommend a change in the share of the domestic market to be enjoyed by the foreign country involved. After 3 years, the Commission could also recommend cancellation of the marketing agreement if the conditions described in the original

investigation no longer applied or were likely to apply.

The following table will illustrate how this system would work:

Example of import levels under Orderly Marketing Act of 1961

Year	Total domestic market (units)	Average total market preceding 3 years	Imports from country A	Base percentage of imports	Country A share of market
1958	900,000	----------	90,000	--------	--------
1959	1,000,000	----------	100,000	--------	--------
1960	1,100,000	----------	110,000	--------	--------
1961 [1]	1,200,000	1,000,000	120,000	10	--------
1962	1,300,000	1,100,000	100,000	10	100,000
1963	1,400,000	1,200,000	110,000	10	110,000
1964	1,500,000	1,300,000	120,000	10	120,000

[1] Year in which orderly marketing agreement is entered into.

The key to this proposal is its recognition of the opportunity of other manufacturers, foreign as well as domestic, to compete in our market on roughly equal terms. It would protect our own businesses from unfair competition, open the door for orderly competition from abroad, and exercise minimum interference with a free market.

We cannot turn the clock back to the Smoot-Hawley tariff, unless we are willing to say that the American economic system cannot compete under any circumstances. But this does not mean that we should turn our back on the critical trade problems which confront our own businessmen, particularly in the small-business segment of our economy.

I believe my bill offers a practical, simple, and reasonable approach to the import problem. It recognizes the needs of our domestic manufacturers and it accepts our responsibilties to help provide an orderly international market. It is my hope that this legislation will receive favorable attention and support from my colleagues.

Therefore, Mr. President, I ask unanimous consent that this bill remain at the desk through Monday, May 8, to provide other Senators an opportunity to join in cosponsoring this legislation.

The PRESIDING OFFICER. Without objection, the bill will lie on the desk, as requested by the Senator from Maine.

A PRACTICAL WAY TO REDUCE AGENCY BACKLOGS

Mr. CARROLL. Mr. President, on behalf of myself and the Senator from Michigan [Mr. HART], I introduce for appropriate reference a bill to amend sections 7 and 8 of the Administrative Procedure Act.

The purpose of the bill is to provide a practicable method of attacking the huge—almost notorious—backlogs which today exist in the dockets of all of the independent agencies and executive departments which are responsible for the carrying out of the regulatory laws which the Congress has passed. The bill proposes to reduce, if not eliminate entirely, these backlogs by calling upon the skill and devotion of the hearing examiners by authorizing them to make, in all but the rarest of instances, the final agency decision in these matters.

There is no significant disagreement among those who have studied the workings of the administrative process that the gravest problem of the independent agencies and the executive departments which decide regulatory cases is their inability to avoid delays and expense in the disposition of their quasi-judicial business. Just how bad are these backlogs? A single example will point up the problem. In the Federal Power Commission, almost 3,500 independent producer cases, involving disputed rates being collected under suspension, are pending. More than a half a billion dollars have been collected by natural gas pipelines under rates involved in cases of which the Commission has not disposed. And yet, one member of this Commission told the Subcommittee on Administrative Practice and Procedure that during his 5 years as a member of that Commission, he had made 18,000 decisions—3,600 a year—18 decisions during each working day.

However trite it may be to repeat the maxim that "justice delayed is justice denied," the fact is that these huge backlogs are denying justice to the consumers of the United States and to the companies which are subject to administrative regulation.

How did such backlogs accumulate? The administrative process, as it has developed, has presupposed that the final decisions of an agency will be made by agency members themselves. But the inescapable fact is that the members of these agencies simply cannot make these decisions themselves. Elmer B. Staats, Deputy Director of the Bureau of the Budget, in testifying before the Subcommittee on Administrative Practice and Procedure, said:

> Perhaps one of the most significant findings in the recent studies is the extent to which the handling of individual case decisions dominates the activity of the members of regulatory boards and commissions. A former Commissioner of the Interstate Commerce Commission, for example, reported that he had made a decision every 5 minutes. The management firm reported that on an average, each Commissioner in that agency participated in three formal decisions every day. Each also made decisions relating to part of the 66 additional cases handled daily in the agency, in many instances acting on delegation from the full Commission.

A management study of the Civil Aeronautics Board indicated that, although an average of 18 months was required for Board action in the 18 route cases concluded by the Board, 65 percent of the time of the members of the Board was spent on the adjudication of specific cases.

These illustrations, which could be paralleled in every regulatory agency, demonstrate that there is no real possibility of effectively relieving the situation by stopgaps such as permitting less than the full membership of the agency to make a specific decision. The time has come to face realistically the fact that so long as we expect the agency members themselves to decide specific cases, the backlogs will grow larger, not smaller; or the quality of decisions will be so poor as to prevent any real respect for the judgments reached; or decisions will, in fact, not be made by the agency heads, but by unidentified subordinates to whom the real deciding power has been unofficially delegated.

In actual practice, the third alternative has been all too often adopted, and I confess that I am troubled by the departure from the basic elements of fair judicial process which seems necessarily to arise from decisions made by unidentified persons. The essential requirements for decisions compatible with the Anglo-American tradition were stated by Baron Hewart, as follows:

> The work of a court involves many important ingredients, as for example, (1) that the judge is identified and is personally responsible for his decision; (2) that the case, subject to rare exceptions, is conducted in public; (3) that the result is governed by the impartial application of principles which are known and established; and (4) that all parties to the controversy are fully and fairly heard. In other words, the decision of a court is in every important respect sharply contrasted with the edict, however benevolent, of some hidden authority, however capable, depending upon a process of reasoning which is not explained. The administration of the law of the land in the ordinary courts presupposes, at least, personal responsibility, and the hearing of the parties.

The present system of administrative decision does not measure up to these standards. The actual process has been described by one who actually served as a member of one of these regulatory agencies, and therefore speaks from personal knowledge. He said:

> Having taken over the decision of a case, the members of the Board do the best they can, but there is no real chance for a review of the record. Cases are decided on the basis of an outline of the issues and a list of questions to be decided prepared by the General Counsel's office and never seen by the parties. The members hear the oral argument—or read it if they are not present— and study the examiner's decision and the briefs to the Board, either personally or through their single personal assistant. The pressure of administrative matters, routine decisions and other major cases effectively prevents any contact with the record. The thousands of man-hours which go into the making of a record are thus virtually ignored at the crucial moment of final decision.
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> If this [the writing of the statement of reasons] were done personally by the members of the agency who make the final decisions in adjudicated cases, the litigants and the public would know why the agency decided as it did, and at least one member would have to study the record personally in order to draft the opinion. This, of course, is the procedure followed in all our appellate courts.
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> Not so on the CAB or other regulatory agencies. The decisions are written there by a staff of expert opinion-writers after the decision has been made, and often—in the case of the CAB and the FCC—announced publicly. Any safeguard that the opinion requirement might provide is dissipated by the public announcement of a naked conclusion and the subsequent delega-

tion of the opinion-writing job. It is something like playing golf by telling experts where to hit the ball for you and then claiming the score at the end.

There have been times when the Board made decisions in executive session and then told the opinion-writers what answer the opinion should come out with. Major decisions of the Board have been made in that way.

The bill which I am introducing will improve the administrative process in two ways. It will permit a concerted and effective attack on the backlogs by requiring the delegation of the power to make the final decisions to the hearing examiners, and it will improve the logical acceptability of agency decisions because with the delegation of authority to the hearing examiner will go the responsibility for supporting the decision on the record, fairly and logically.

The proposed amendment of the Administrative Procedure Act is premised upon the fact that the hearing examiner can and should be given greater authority to dispose finally of administrative proceedings, and that the administrative process would work more effectively if this were done. Section 8, if amended as proposed, would make the examiner's decision the final decision of the agency, except for agency review upon limited grounds. The proposed language is as follows:

In cases in which the agency has not presided at the reception of evidence, the officer who presided shall initially decide the case. In the absence of review by the agency, the presiding officer's decision shall, without further proceedings, become the decision of the agency. Such review may be taken or granted in the discretion of the agency but only upon one or more of the following grounds: (1) a finding of material fact is clearly erroneous, (2) a necessary legal conclusion is without governing precedent or is a departure from or contrary to established law, agency rules or precedents, (3) a substantial and important question of administrative policy or discretion has been raised, or (4) the conduct of the proceedings involved a prejudicial procedural error.

There can be no serious question that the existing hearing examiner corps is capable of assuming the responsibility of final decision. The development of the administrative process has been accompanied by consistent improvement in the quality of decisions rendered by these officers. Dean James M. Landis testified before the Subcommittee on Administrative Practice and Procedure:

There are a series of problems relating to hearing examiners that I do not want to bother you with today, but a remarkable development in administrative law has been the increase in stature and in respect shown the hearing examiners in the last 25 years.

I recall that in 1933, or rather in 1934, our practice in the Securities and Exchange Commission was that when we found a lawyer in the legal division that wasn't any good, we would make a hearing examiner out of him, because it was inconsequential. Nobody paid any attention to his decision anyway, and he just had to sit there and listen to the evidence. But that isn't true these days. We are developing remarkably good hearing examiners. We have got some way to go yet, but the perspicacity of many of these examiners is as good in my opinion as that of the Commissioners themselves, and to leave a great deal of that stuff to them for final decision I think is highly desirable.

The system of delegation and limited review proposed in this bill has been urged upon the Civil Aeronautics Board by the management study of that agency. A proposed revision of the rules of procedure of the National Labor Relations Board undertaken by that agency has suggested the advantage of such a system in the disposition of that Board's business.

Mr. President, this bill will be controversial. Any improvement in the administrative process will meet resistance, some from those who have an ulterior motive in the preservation of the present intolerable delays. But there will also be responsible and well-intentioned opposition. Some of this will come from those who sincerely believe that only courts can reach acceptable decisions. Some will come from those who believe that the delegation proposed will deprive the agencies of control of policy.

I remind the first group of the remark of Chief Justice Stone, that courts should not be assumed to be the only agency of government with capacity to govern.

The proposed amendment will not deprive the agency heads of control of policy. On the contrary, it will, by freeing them from the drudgery of deciding individual cases, enable them to control policy more effectively.

What we seek to accomplish in administrative proceedings is the fair and dispassionate decision of a specific conflict between opposing interests. Selecting examiners as carefully as we can and then imposing upon them the responsibility to make and justify a decision is a practical method of accomplishing that end. There is no particular virtue in the title by which we address the officer who makes the decision in a particular proceeding. Confidence in the fairness of that decision does not depend upon whether that officer is called examiner, commissioner, master, judge, justice, or chancellor. What is important is that he exercise impartiality in conducting the hearing, and that his decision be reasonably and demonstrably derived from the record. Individual responsibility is the prerequisite for that kind of decision.

There are values to be gained in the administrative process from refusing to separate the decider of a specific case too completely from the agency which has, and should retain, the responsibility for overall policy.

But the insistence that the agency heads themselves retain the final decision of individual cases as the means of achieving control of policy seems to overemphasize that value, and at the cost of ineffective operation. Practically, the difficulties of the administrative process stem in large measure from the fact that there is no comprehensive effort to formulate policy. The pressure of individual adjudication has been so great as to prevent, in large measure, any policy formulation.

Turning to the Civil Aeronautics Board as an example, it is clear that that agency simply cannot, under the present system, devote the time necessary for overall policy planning. In its survey of the agency, the management consultant firm found that 65 percent of the Board's time was spent in preparation for and adjudication of specific cases, 20 percent in preparation for and participation in international negotiations and consultations, and 2 percent in accident hearings. Somewhere in the remaining 13 percent, the Board must squeeze policymaking between general communications, miscellaneous office work, and speeches and public relations.

There is small cause for wonder that Louis Hector could describe the sum of this Commission's policymaking in the following language:

The Board has actually almost no general policies whatever. Only a few minor matters have been covered by published general policy statements. In almost all fields of economic regulation, the Board proceeds on a pure case-by-case basis with policies changing suddenly, without notice, and often with no explanation or any indication that the Board knows it has changed policy.

The Board is not alone in this. It seems to be characteristic of the economic regulatory agencies.

The proposed amendment would not transfer the policymaking function from the agency to the hearing examiner. The amendment expressly reserves to the agency a discretionary right to review any case in which a substantial question of agency policy is raised, or any case in which the examiner has failed to follow agency precedents. But by relieving the agency heads of the burdens involved in deciding all of the factual minutia which go into the context in which a policy decision is made, the proposed amendment should give the agency heads the time they need for the consideration of what the agency should accomplish—in short, what the policy should be.

Mr. President, the need for improvements in the administrative process is urgent. The bill I introduce today will not solve all of the problems. But it will help to solve two of the most urgent ones—backlogs and decisions written on the "dark side of the moon." I commend the proposal to the earnest consideration of Congress.

The PRESIDING OFFICER. The bill will be received and appropriately referred.

The bill (S. 1734) to amend sections 7 and 8 of the Administrative Procedure Act, introduced by Mr. CARROLL (for himself and Mr. HART), was received, read twice by its title, and referred to the Committee on the Judiciary.

Mr. CARROLL. Mr. President, I ask unanimous consent that the bill may lie at the desk until the close of business on Monday next, to enable other Senators who may wish to do so to become cosponsors.

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

LT. GEN. BRYANT L. BOATNER

Mr. LONG of Louisiana. Mr. President, I introduce for appropriate reference, a private bill for the relief of Lt. Gen. B. L. Boatner, U.S. Air Force, retired, to correct an inequity of the Military Pay Act of 1958 that applies only to him. I ask unanimous consent that a letter I have received from the Air Force explaining the effect of the Military Pay Act of 1958 on General Boatner's retirement pay be placed at this point in the RECORD. This letter pointing out the obviously unintentional injustice that has been perpetrated upon General Boatner prompted me to introduce the bill.

The PRESIDING OFFICER. The bill will be received and appropriately referred; and, without objection, the letter will be printed in the RECORD.

The bill (S. 1736) for the relief of Lt. Gen. Bryant L. Boatner, U.S. Air Force, retired, introduced by Mr. LONG of Louisiana, was received, read twice by its title, and referred to the Committee on Armed Services.

The letter presented by Mr. LONG of Louisiana is as follows:

DEPARTMENT OF THE AIR FORCE,
Washington, D.C., March 31, 1961.

Hon. RUSSELL B. LONG,
U.S. Senate.

DEAR SENATOR LONG: This is in reply to your inquiry of February 17, 1961, forwarding General Boatner's letter concerning private legislation on his behalf. It was necessary to delay this reply until a thorough inquiry was made into the matter.

General Boatner was retired on August 31, 1955, for physical disability. His disability rating at that time was 80 percent and he had completed 27 years, 2 months of active service.

Disability retirees are, when retired, entitled to elect computation of their retired pay by one of the following methods:

(a) Multiply their percentage of disability (maximum 75 percent) times the basic pay of their retired grade.

(b) Two and one-half percent times their years of active service times the basic pay for their retired grade.

General Boatner elected method "a" which entitled him to 75 percent of his basic pay rather than method "b" which would have entitled him to only 67½ percent of his basic pay. His retired pay so computed was $766.35 monthly. At the time of General Boatner's retirement, officers in the grade of lieutenant general were entitled to receive, in addition to the basic pay of pay grade O–8 (general, lieutenant general, and major general), an additional increment of basic pay in an amount of $100 per month; however, this additional $100 could not be used in computing retired pay.

The Military Pay Act of 1958 (Public Law 85–422, 72 Stat. 122), made two specific provisions concerning retired pay which are pertinent in the case of General Boatner:

(a) Section 4(a) provides that, "Except for members covered by section 7 of this act, members who are entitled to retired pay on the day before the effective date of this act, shall be entitled to an increase of 6 percent of that pay to which they were entitled on that date."

(b) Section 7(c) provides "notwithstanding any other provision of law except subsection (a) of this section and sections 3(b) and 6(5) of this act, the retired pay of any officer entitled to retired pay on the day before the effective date of this act who served on active duty before that date in the grade of lieutenant general or vice admiral for a period of at least 180 days, shall, unless he is entitled to a higher amount under some other provision of law, be recomputed on the basis of the monthly basic pay of pay grade O–8 for the cumulative years of service creditable to him on the day before the effective date of this act, plus $100, multiplied by the number of years of service creditable to him for use as a multiplier in computing his retired pay, multiplied by 2½ per centum, but not to exceed a total of 75 per centum of such monthly basic pay as increased by $100, plus 6 per centum of the product thereof."

It is pointed out that a literal application of section 7(c) of the Military Pay Act of 1958 to the case of General Boatner would require him to compute his retired pay by multiplying the basic pay of pay grade O–8 (as in effect before June 1, 1958) plus $100, times 2½ percent for each of his years of active service, with the amount so computed increased by 6 percent. His retired pay so computed would have been $802.65 monthly which is an actual increase of 4.73 percent as compared to the minimum 6-percent increase provided generally for retired personnel. In view of this apparent inequity, his case was referred to the Comptroller General for a decision. After reviewing the provisions of the Military Pay Act of 1958, the Comptroller General, in a decision (B–142236) dated May 13, 1960, ruled that it was obviously the intent of Congress to grant all retired personnel at least a 6-percent increase in retired pay and that General Boatner similarly should receive a 6-percent increase in the amount of his retired pay.

This interpretation permitted General Boatner to use his percentage of disability in computing his retired pay, and provided a 6-percent increase in his retired pay. However, unlike other lieutenant generals or vice admirals retired before June 1, 1958, he is not authorized to include the special $100 increment of basic pay in the computation of his retired pay, without giving up his status as a disability retired officer. (It is the understanding of the Department of the Air Force that General Boatner is the only retired officer of the Department of Defense so affected.)

Based on the decision of the Comptroller General, referred to above, General Boatner received a monthly increase of $45.98 in his retired pay. This compares with an increase of $127.94 in the case of a lieutenant general with over 30 years of service. By way of further comparison, lieutenant generals retired for length of service after 27 years of active service received an increase in retired pay of $112.93 monthly. It is believed that these comparisons clearly demonstrate that the Congress was not considering such a situation as that of General Boatner when section 7(c) of the Military Pay Act of 1958 failed to permit lieutenant generals and generals retired for disability to recompute their pay as prescribed in that section but utilizing their percentage of disability as a multiplier.

For the foregoing reasons, the Department of the Air Force believes that legislation such as that enclosed with General Boatner's letter is necessary to correct an inequity in his case. Under that proposal, General Boatner would be entitled to receive $891.83 monthly.

I hope the above information will be useful. If we can do anything further to assist you, please let me know.

Sincerely,

THOMAS C. MUSGRAVE, Jr.,
Major General, U.S. Air Force, Director, Legislative Liaison.

REPEAL OF 1-PERCENT SALES TAX ON FOOD PURCHASED FOR HOME CONSUMPTION IN DISTRICT OF COLUMBIA

Mr. MORSE. Mr. President, I introduce for appropriate reference a bill to repeal the present 1-percent sales tax imposed in the District of Columbia on food purchased for home consumption. I cosponsored this bill with Senator JAVITS in 1957 and 1959.

I have long been opposed in principle to a sales tax, because as a regressive tax it bears most heavily on those least able to pay. I am even more opposed to a sales tax on food. To eliminate it will cost money. Mr. President, I say in all seriousness that we can and should find alternative sources for this revenue loss. One of these alternatives is an increased Federal payment to the District of Columbia. The price of this tax is too high in terms of human values to be tolerated for one moment longer than it takes to repeal it.

The Fiscal Affairs Subcommittee of the Senate Committee on the District of Columbia is holding hearings on H.R. 258, a bill to increase the sales tax on items other than groceries. I hope the committee will give this bill serious consideration during the course of its hearings and agree with me that it should become law.

The Senate District Committee should then redouble its effort to convince Congress of its responsibility to be responsive to the financial needs of the District of Columbia.

The PRESIDING OFFICER. The bill will be received and appropriately referred.

The bill (S. 1744) to amend the District of Columbia Sales Tax Act so as to exempt from tax sales of food for human consumption off the premises where such food is sold, introduced by Mr. MORSE, was received, read twice by its title, and referred to the Committee on the District of Columbia.

GREAT LAKES BASIN COMPACT

Mr. MCNAMARA. Mr. President, on behalf of myself and Senator HART, of Michigan, MCCARTHY and HUMPHREY, of Minnesota, WILEY and PROXMIRE, of Wisconsin, DIRKSEN and DOUGLAS, of Illinois, CAPEHART, of Indiana, LAUSCHE and YOUNG, of Ohio, SCOTT and CLARK, of Pennsylvania, I introduce, for appropriate reference, a bill to give congressional sanction to the Great Lakes basin compact.

The PRESIDING OFFICER. The bill will be received and appropriately referred.

The bill (S. 1746) granting the consent of Congress to a Great Lakes basin compact, and for other purposes, introduced by Mr. MCNAMARA (for himself and other Senators), was received, read twice by its title, and referred to the Committee on the Judiciary.

Mr. MCNAMARA. The bill has the support of the administration, Members of Congress for the States in the Great

Lakes region, State governments in the region, and other organizations concerned with the development, use, and protection of the water resources of the Great Lakes.

The need in the Great Lakes region for an interstate agreement creating a joint agency such as the Great Lakes Commission has mounted rapidly with the growing importance to the States, the region, and the Nation of the water resources, presents many difficult problems requiring action at all levels of government. Their solution will only be accomplished by the cooperative efforts of Federal, State, and local governments.

Proposals that the Great Lakes States join in an interstate compact relating to the water resources of the Great Lakes have been advanced for more than a decade.

In its 1954 session, our Michigan Legislature enacted legislation authorizing our Governor to enter into a compact with the other Great Lakes States. The Michigan proposal envisioned an interstate organization, or commission, with fact-finding, investigatory, and recommendatory powers which would consider problems relating to the waters and resources of the Great Lakes and it would recommend programs and policies to the respective State governments and to the Federal Government of the United States.

The Council of State Governments organized and conducted the Great Lakes States Seaway and Water Resources Conference in August 1954, and a resolution unanimously approved by the conference led to the development of the Great Lakes basin compact.

Five States—Illinois, Indiana, Michigan, Minnesota, and Wisconsin—speedily ratified the compact during legislative sessions in 1955. Pennsylvania gave its approval in 1956, and New York approved the compact in 1960.

The compact which became effective on July 1, 1955, upon ratification by four States, has for its primary purpose the orderly use, development, and conservation of the water resources of the Great Lakes basin and to insure that all the Great Lakes may derive the maximum benefit from utilization of public works. The compact will also assist in maintaining a proper balance among industrial, commercial, agricultural, water supply, residential, recreational, and other uses of the water resources of the area.

Mr. President, this bill recognizes the national and international interest in the use and development of the Great Lakes, as it specifically limits the compact to the eight Great Lakes States and it excludes participation by any Canadian Province. Section 2 of the bill clearly provides that the powers or rights of the United States are in no way affected. It requires the Great Lakes Commission to cooperate with agencies of the Federal Government, and spells out certain conditions and procedures which must be followed in matters of an international nature or concern.

This bill is identical with S. 548 which I introduced in the last session. It passed the Senate last year, but, unfortunately, it was caught in the legislative logjam in the House in the closing hours of the session and it was not acted upon in the House. I believe this bill will contribute much to the welfare of one of the most important regions of our country. On behalf of Michigan and her sister States on the Great Lakes, I urge favorable action on this bill.

STABILIZATION OF MINING OF LEAD AND ZINC

Mr. ANDERSON. Mr. President, for approximately the past 10 years the U.S. lead-zinc industry has been in financial difficulty. Despite the showing of injury before the Tariff Commission on three different occasions, the industry, especially its mining segment, is in economic straits.

Although some assistance has been achieved by reason of the imposition of quotas in 1958, the industry has not prospered. It is evident that the use of quotas has failed.

The Senate Interior and Insular Affairs Committee has scheduled for May 4 a 1-day hearing to review the lead-zinc situation. Witnesses from the Department of the Interior, the miners and smelter industry groups, and representatives of consumer organizations will be invited to testify and present the views of the various segments of the industry.

I now introduce, for appropriate reference, on behalf of myself, Senators CARROLL, BENNETT and MOSS, a bill to stabilize the mining of lead and zinc in the United States and for other purposes.

I ask unanimous consent to have a brief explanation of the bill and my reasons for introducing it printed in the RECORD at this point.

The PRESIDING OFFICER. The bill will be received and appropriately referred; and, without objection, the statement will be printed in the RECORD.

The bill (S. 1747) to stabilize the mining of lead and zinc in the United States, and for other purposes, introduced by Mr. ANDERSON (for himself and other Senators), was received, read twice by its title, and referred to the Committee on Interior and Insular Affairs.

The statement presented by Mr. ANDERSON is as follows:

STATEMENT BY SENATOR ANDERSON

H.R. 3416, an identical bill, was introduced in the House on January 26, 1961, by Mr. WAYNE ASPINALL, chairman of the Interior and Insular Affairs Committee. Similar bills were also introduced by Mr. AL ULLMAN, a member of the Ways and Means Committee, and several other western Congressmen. This legislation is a comprehensive program to provide a long-awaited minerals policy for the entire lead-zinc industry. Its purpose is to restore the industry to a sound and stable condition and promote a reasonable balance between foreign and domestic supplies of lead and zinc ores, concentrates, and metal.

The aim of this proposal takes into account (1) the market price required by the domestic miner for profitable operation and continued development of domestic mines, (2) a fair and stable price to the consumer assuring continued sales of lead and zinc and encouraging the expansion of the industry through new uses of these products, and (3) proposed rates for a tariff—fair to the importer—on the quantities of lead and zinc imports needed in the United States.

There have been many unsuccessful attempts to solve our problems through Tariff Commission recommendations for increased import duties that were never placed in effect by the executive department, and by bartering and stockpiling excess foreign surpluses of lead and zinc. The solution appears to be legislation with provisions for all segments of this diverse industry that range in size from the small independent miner to large integrated mining, milling, and refining companies. If enacted, I am confident my bill will accomplish this goal.

It provides:

1. A limited subsidy to be paid from tariff receipts on imported lead and zinc, with controls as follows:

(a) Domestic producers are eligible to receive the subsidy regardless of their total annual mine production, but the subsidy payment is limited to sales from new production of domestic ores and concentrates up to 2,000 tons of lead and 2,000 tons of zinc in any 12-month period.

(b) The payment is based on the difference between 16 cents per pound for each metal and the actual market price.

(c) Any company or any individual miner may receive only one subsidy on production up to a maximum of 2,000 tons of lead and 2,000 tons of zinc per year regardless of the number of mines he may own, lease, or operate.

2. An import tax on lead and zinc concentrates and metal consisting of:

(a) A permanent tax of 2 cents per pound on lead and zinc metal and 70 percent of this or 1.4 cents per pound on ores and concentrates.

(b) A removable tax of the same amount on both metals that is applied if the domestic market price of either metal goes below the peril point of 13½ cents per pound and is removed when the market prices rise above 14½ cents per pound.

3. A compensatory tax on the lead and zinc content of imported manufactured goods. This is 2 cents per pound in addition to present levies with an increased amount on two zinc items. Lead and zinc entering the United States as manufactured goods directly displace domestic mine production. These duty rates are proposed by the U.S. manufacturers of lead-zinc products.

All three phases of this legislation are needed to assure exploration, development, production, and continued growth of domestic lead-zinc mines. This can be done and protect the interests of the consumer and importer.

1. A combination of market prices stabilized at a moderate level by the tariff plus a limited subsidy that will enable the domestic miner to produce a fair share of U.S. metal needs and continue exploration of new ore reserves.

2. Stable prices in the range of the peril points controlling the removable tax will assure the consumer of a long-term supply at a price attractive to use in domestic manufacturing.

3. The United States needs to import approximately 50 percent of the newly mined lead and zinc ores and concentrates consumed each year.

By observing this need and by not flooding our markets with an unneeded supply, the removable tariff will not be applied, and the importer will receive a much better price for his product.

These terms are needed based on past experience under current tariff rates of

1.0625 cents per pound on lead metal and 0.7 cents per pound on zinc metal. We know that in 1957 and 1958 foreign producers invaded our markets at depressed domestic prices of 12 cents for lead and 10 cents for zinc. January 1961 ex-duty prices are 10 cents for lead and 10.8 cents for zinc. A combination permanent and removable tax totaling 4 cents is the minimum required to control excessive imports.

I am confident that this program of limited subsidy and removable tariffs is a practical solution to the continuing problems of the lead-zinc industry and should be enacted as a long-term minerals policy.

HOLDING OF ELECTIONS FOR PRESIDENT AND VICE PRESIDENT FOR 2 DAYS

Mr. KEATING. Mr. President, I introduce for appropriate reference a bill to enable the holding of election of President and Vice President for 2 days, and I ask unanimous consent that the text of the bill appear at the end of my remarks.

Mr. President, there is more support for dual election days than most people realize. Newsweek columnist Raymond Moley agrees with this suggestion. Henry Steel Commager also favors this proposal:

All tests of nonvoting that have been made—

He says—

reveal that there are a great many people who have every intention of voting but are prevented from doing so by some accident or other.

David Lawrence, the syndicated columnist, has suggested an election period of even longer duration. I ask unanimous consent that an excerpt from a 1958 column which he wrote appear at this point in the RECORD.

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

[From the Washington Star, Nov. 5, 1958]

HOW TO GET MORE VOTERS OUT

(By David Lawrence)

It would be a very simple matter for the States to appropriate enough money for attendants and other facilities to carry on the voting process through 3 and even 5 days, thus giving time for both registration and voting to be accomplished simultaneously. Voting could be arranged systematically so that persons with last names beginning with certain letters of the alphabet would go to the polls the first day and others on designated days. A uniform system in each State could be established and publicized in advance so that voters could come to the polling booths at convenient times. The main trouble today is that voting booths are crowded at the early morning hours and in the late afternoon and evening. By extending the number of voting days the polls would not be so crowded.

Many voters go to the polls, wait in line a half hour, or hear that it takes even longer for the line to be cleared, and then turn away impatiently, either because a work schedule is being interfered with or because they do not like to stand waiting for such a long interval, especially in bad weather. In some States election day is a legal holiday, and all business establishments are closed. While business would not like to see 5 full days of holiday, this wouldn't be necessary. In fact, it wouldn't require any single day for a full closing of business but merely time off for those individuals the first letter of whose surname came up for attendance on a given day.

Mr. KEATING. William Randolph Hearst, Jr., recommended more than 1 day for voting in a column on October 12, 1952. I have discussed this matter with him, and I know that he still actively supports extending election day to 2 days. The New York Journal American supported this idea in a recent editorial.

Mr. President, there is one difficulty with 2 election days which bothers me and which I would like to briefly discuss today.

An extended election period might aggravate what is already considered to be an irritating problem. The speed with which the vote is counted on election night, and the intensive, minute-by-minute coverage of election returns by the television and radio media, combined with the timelag between the closing of the polls on the east and west coasts, has led some to protest that the announced eastern results or trends might unduly influence western votes. Gov. Mark Hatfield, of Oregon, made such a protest to the national networks and wire services this year.

The merits of this objection are difficult to assess. It is, of course, possible that some western voters might be discouraged from voting for their favorite because of his bad early showing in the East. On the other hand, the same news might act as an incentive to voting.

More difficult to refute is the contention that a candidate's western supporters would be lulled into apathy by a strong eastern vote for that candidate on the theory that the western votes were superfluous. This may be true, but there is no hard evidence to support or refute it.

At any rate, the problem, if it really exists, would be exacerbated by multiple-day elections only if the ballots were counted and announced before the entire election period ended. If the counting of the ballots were not announced until the last voting station closed for good, the objection is without merit.

Mr. President, I introduce my bill today with the full knowledge that there is a great deal of hard spadework yet to be done before we will have 2 voting days. I suspect results would prove it to be a worthwhile innovation. I hope that those who are concerned about this and other needed electoral reforms will give serious thought to this proposal.

The Privileges and Elections Subcommittee of the Senate Rules Committee and the Constitutional Amendments Subcommittee of the Judiciary Committee are both preparing to hold hearings in the near future on the subject of electoral reforms. As a member of both of these subcommittees, I am particularly anxious that these hearings be as broad as possible and that they encompass a wide range of issues and proposals. Therefore, while I recognize there are some who might not favor the proposal I put forth today, and while I recognize that it presents certain real administrative problems, I feel it warrants our attention and should be placed before the Congress for study and consideration.

The very heart of a democracy is the vote that is cast by a free citizen. To make this right more available and more free is a continuing and fundamental responsibility at every level of government.

The United States is faced at every election with a serious nonvoting problem. The American Heritage Foundation estimates that 5 million persons were prevented from voting in 1960 because they were sick and hospitalized. We do not know how many of these might have been able to leave their places of confinement during or the days immediately following election day. Nor have we any way of calculating the number of persons who might have voted had there been another 1 or 2 days available for the purpose.

The foundation further states that 2,600,000 business travelers did not vote in 1960 because they were unable to obtain absentee ballots. Presumably a significant number of these could have returned to their homes to cast a ballot had there been an extended election period.

The number of people who do not go to the polls is, more often than not, greater than the margin between the two major candidates. It is clear that we must take every possible step to improve and revise our voting regulations and statutes in order both to provide more Americans with an opportunity to make known their views and to encourage them to do so.

TYPES OF REFORMS

Among the electoral reforms that I believe all interested in this area must consider are: First, liberalize State and local residency requirements for voting; second, broaden rules affecting absentee ballots; third, revise literacy tests and poll-tax regulations which prevent Negroes and other minority groups from voting; fourth, modernize registration systems; fifth, simplify the form of the ballot in many States; and sixth, provide 2 days for Federal elections as established in the bill I introduce today. The six reforms I have just listed would all have the effect of tending to increase voter turnout.

A number of these needed reforms are completely within the jurisdiction of the States. I want to make it clear that, while I think these reforms are of pressing importance, I would not urge or support Federal action at this time to take away from the States their jurisdiction over these electoral matters.

ROLE OF CONGRESS IN SETTING TIME FOR ELECTIONS

When it comes to changing the timing of Federal elections, it is obvious that the Federal Government has the major responsibility. The Constitution of the United States clearly gives the Congress the power to set the time for the election of Representatives, Senators, and presi-

dential and vice-presidential electors. Article I, section 4, clause 1 of the Constitution states:

The Times, Places, and Manner of holding Elections for Senators and Representatives, shall be prescribed in each State by the Legislature thereof; but the Congress may at any time by Law make or alter such Regulations, except as to the Places of chusing Senators.

Article II, section 1, clause 4 reads:

The Congress may determine the Time of chusing the Electors, and the Day on which they shall give their Votes; which Day shall be the same throughout the United States.

HISTORICAL BACKGROUND

Congress chose to exercise its power in regard to presidential elections as early as 1792. Language similar to the current regulations was first adopted some 50 years later in 1845. The act now in effect, that of June 25, 1948, provides that the electors of President and Vice President shall be appointed, in each State, on the Tuesday next after the first Monday in November, in every fourth year succeeding every election of a President and Vice President.

Election day for Members of the House of Representatives was first established by Congress in the act of February 2, 1872. The regulations now in force fix the day for the election of Representatives as the Tuesday next after the first Monday in November, in every even-numbered year. Congress has also provided that the time for the election of Senators shall be the same day upon which the States elect their Representatives.

From the dates of the first statutes cited above, it is evident that Congress for many years permitted the States great latitude in determining the days of election. A wide variety of practices arose.

At first, the problem involved only the election of Representatives. Presidential electors were originally chosen by the State legislatures and the exact date on which they were appointed was not important.

After the election of 1824, however, nearly all the States that had not already done so began to choose their electors by popular vote, thus raising the problem of the day or days upon which the election was held.

Practice among the States in these early years diverged in two respects: the actual dates, and the number of days. While all the States chose their electors in November, New York held her election on the first Tuesday after the first Monday, whereas New Jersey held hers on the first Tuesday and the day following. In 2 States the second Monday was election day; in 14, the first Monday; in 2, the second Tuesday, and in 2 the Friday nearest the 1st of November.

There was an even wider discrepancy among the dates set for the election of Representatives, and many States during this same period specified an election period of more than 1 day. For example, Mississippi, when it entered the Union, designated the first Monday and the day following in September. Other States using more than 1 day included: Illinois, the third Thursday and the 2 succeeding days in September; Alabama, the third Monday and the succeeding day in September; and Michigan, the first Monday and the succeeding day in October.

The reason for stopping this practice was that too often roving bands of voters marched across State lines in order to vote for a second or third time in another State. With modern clerical procedures and mass communication, this could be prevented today.

At the present time, there certainly are abuses in the registration and casting of votes. Vigilance at the polls and stronger State control is necessary to avoid fraud and misrepresentation, one of the most vicious enemies of a free society. Nevertheless, voting on 2 days would not, I believe, make an appreciable difference in the opportunities for and incidence of fraud. In fact, by avoiding crowded polling places and hectic voting deadlines, we might even cut down on opportunities for vote frauds and corrupt election practices.

To conclude, with the total percentage of Americans who now vote hovering around 60–70 percent, I think there is much merit in going back to the earlier practices of many States of holding elections on 2 days. At least, such a proposal is deserving of congressional hearings.

The PRESIDING OFFICER. The bill will be received and appropriately referred; and, without objection, will be printed in the RECORD.

The bill (S. 1749) to prescribe the time for elections of Senators and Representatives in Congress and for choosing the electors of President and Vice President, introduced by Mr. KEATING, was received, read twice by its title, referred to the Committee on Rules and Administration, and ordered to be printed in the RECORD, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 25 of the Revised Statutes of the United States, as amended (2 U.S.C. 7), is amended to read as follows:

"SEC. 25. The day for the election in each of the several States of Representatives in Congress shall be the Tuesday next after the first Monday in November in every even numbered year, except that in years in which electors for President and Vice President are appointed the Wednesday next after such Tuesday shall be an additional day for such election in each such State."

(b) Section 6 of the Act entitled "An Act making appropriations for sundry civil expenses of the Government for the fiscal year ending June thirtieth, eighteen hundred and seventy-six, and for other purposes", approved March 3, 1875 (18 Stat. 400), is hereby repealed.

SEC. 2. The first section of title 3 of the United States Code is amended to read as follows:

"SEC. 1 The electors of President and Vice President shall be appointed in each State on the Tuesday and Wednesday next after the first Monday in November in every fourth year succeeding every election of a President and Vice President."

SEC. 3. This Act shall be effective beginning with the elections and appointment of electors which, but for the enactment of this Act, would have occurred on November 3, 1964.

STRENGTHENING OF FEDERAL FIREARMS ACT

Mr. MAGNUSON. Mr. President, by request of the Attorney General, I introduce, for appropriate reference, a bill to strengthen the Federal Firearms Act. I ask unanimous consent that the letter from the Attorney General requesting the proposed legislation, be printed in the RECORD.

The PRESIDING OFFICER. The bill will be received and appropriately referred; and, without objection, the letter will be printed in the RECORD.

The bill (S. 1750) to strengthen the Federal Firearms Act, introduced by Mr. MAGNUSON, by request, was received, read twice by its title, and referred to the Committee on Commerce.

The letter presented by Mr. MAGNUSON is as follows:

OFFICE OF THE ATTORNEY GENERAL,
Washington, D.C., April 6, 1961.

The VICE PRESIDENT,
U.S. Senate,
Washington, D.C.

DEAR MR. VICE PRESIDENT: The Department of Justice recommends the enactment of legislation "to strengthen the Federal Firearms Act."

The Federal Firearms Act (52 Stat. 1250; 15 U.S.C. 901, et seq.) prohibits the shipment of any firearms in interstate or foreign commerce, to or by a person who is under indictment or has been convicted of certain specified crimes of violence such as murder, kidnapping, robbery, rape, mayhem, etc. It further prohibits a person who has been convicted of such a crime or is a fugitive from justice, from receiving such firearms. The proposed legislation would amend these provisions to bring within their scope any person who has been convicted of a crime punishable by imprisonment for a term exceeding 1 year.

It is the view of the Department that this legislation would aid Federal law enforcement officers in their assault on organized crime. The Department of Justice, therefore, urges its early introduction and enactment.

The Bureau of the Budget has advised that there is no objection to the submission of this recommendation.

Sincerely,

_____,
Attorney General.

JOINT COMMITTEE ON FOREIGN INTELLIGENCE AND INFORMATION

Mr. McCARTHY. Mr. President, I introduce a joint resolution to establish a Joint Committee of the House and Senate on Foreign Intelligence and Information, and ask that it be appropriately referred.

I introduce the joint resolution in my own name and in the names of the Senator from New Mexico [Mr. ANDERSON], the Senator from Oregon [Mr. MORSE], the Senator from Pennsylvania [Mr. CLARK], the Senator from Montana [Mr. METCALF], the Senator from North Dakota [Mr. BURDICK], the Senator from

Alaska [Mr. BARTLETT], and the Senator from Michigan [Mr. MCNAMARA].

I ask that it be printed and lie on the desk for 1 week, in the event additional Senators wish to cosponsor the measure.

The PRESIDING OFFICER. The joint resolution will be received and appropriately referred; and, without objection, will lie on the desk as requested by the Senator from Minnesota.

The joint resolution (S.J. Res. 77) to establish a Joint Committee on Foreign Information and Intelligence, introduced by Mr. MCCARTHY (for himself and other Senators), was received, read twice by its title, and referred to the Committee on Foreign Relations.

Mr. MCCARTHY. The joint resolution is similar to one which was considered quite thoroughly by the Senate in the year 1956. It has been introduced by a number of Members of the House of Representatives in times past. The purpose is to establish a joint committee to establish some kind of continuing supervision over foreign policy activities and foreign intelligence and information programs of the U.S. Government.

The recent controversy over the question of responsibility for the unfortunate events with reference to the invasion of Cuba, and the discussions as to who was responsible, as to whether the Government was misinformed or not, simply emphasize the need which has been demonstrated in the past with reference to the Suez crisis, the U-2 incident, and a number of less significant and somewhat minor events.

The joint resolution is not, directly or indirectly, meant to express any criticism of this administration or of any past administration, but, basically, to reflect what I consider to be a proper responsibility on the part of the Members of the U.S. Congress to accept responsibility in this field, to be informed, and to be involved when major policy decisions are called for.

Under the Constitution, Congress is called upon to participate in a declaration of war. In modern times, war is not declared. Congress, therefore, has a continuing and a very substantial responsibility for policy decisions with regard to the cold war or conducting foreign policy by any other means.

It is my hope the joint resolution will be considered and, in some form, adopted, so that the machinery and procedures which are the constitutional responsibility of Congress may be exercised.

INTERNATIONAL FOOD AND RAW MATERIALS RESERVE

Mr. HUMPHREY. Mr. President, I have submitted today a resolution aimed at creation of an international food and raw materials reserve. This resolution authorizes and requests the President and our national representatives to negotiate a plan with other free nations of the world for using our food abundance to be submitted to this body for final approval.

In his statement on agricultural policy for the New Frontier, President Kennedy stated the need for a second International Conference on Food and Agriculture similar to the one held at Hot Springs, Va., in 1942 under the leadership of President Roosevelt, to deal on a constructive multilateral basis with the food needs of the world.

President Kennedy said further that this conference should have as its specific goal the organization of an agency to undertake the transfer of surplus food and fiber stock from those nations with surpluses to those nations in desperate need of food and fiber supplies to combat hunger and to promote economic development.

It is well to note that the past administration favored a multilateral approach to the distribution of surplus food and fiber stock. President Eisenhower, in his address before the United Nations on September 22, 1960, stated:

> The United States is already carrying out substantial programs to make its surpluses available to countries of greatest need. My country is also ready to join with other members of the United Nations in devising a workable scheme to provide food to member states through the United Nations system, relying on the advice and assistance of the Food and Agriculture Organization.
>
> I hope this Assembly will seriously consider a specific program for carrying forward the promising food for peace program.

Farmers of the free world through their international organization, the International Federation of Agricultural Producers, have repeatedly expressed support for such a program to make sure that farmers receive a fair price for their food and fiber production, and those people in need of food or fiber will have a chance to get it.

This resolution is of interest to farmers of the United States because it will permit agricultural production, while at the same time provide with other like-minded nations a constructive approach to making abundance available to the tens of millions of people overseas who are in dire need of food and clothing. The interest of farmers in other nations is basically the same as that of our own producers. Farmers everywhere need assurance of uses for their production at a price which reflects parity or equality with other sectors of their economic systems that contribute similar investment and labor.

I have believed for a long number of years that our Government should give additional status and attention to making use of the machinery which exists under the Food and Agriculture Organization. Instead of firmly supporting a multilateral approach to utilizing the farmers' production of the world, we continue to rely in the main on what is essentially a reaction to crisis in the administration of programs designed to increase the use of food and fiber. An international food and raw materials reserve will contribute to economic stability. It can be a powerful instrument on the war against want in the developing nations where the frontiers of freedom are under threat; it can provide an export market for our stockpile of food; it can free farmers of the adverse effects of excess stocks; and it can demonstrate the ability of the free world nations to work together for the lives of all.

Lord John Boyd-Orr, first Director General of FAO, had this to say about the international food and raw materials reserve:

> This is neither a revolutionary, nor a new idea. The proposal merely synthesizes many national and international measures and brings them together in one organization * * *. We are living in a world which is being driven so fast by the advance of science that bold measures are required if we are to resolve the tremendous social and economic problems that face all countries * * *. There are only two alternatives for nations today: either cooperation for mutual benefit in a world policy, or a drift back to nationalistic policies leading to economic conflict which may well be the prelude to a third world war that will end our civilization * * *. If the nations cannot agree on a good program affecting the welfare of the people everywhere there is little hope of their reaching an agreement on anything else.

As a student of biology, a farmer, and a doctor of medicine, Lord John Boyd-Orr considered food as something much more than a trade commodity alone. As a farmer, however, and like all farmers, he appreciated trade aspects shrewdly enough. But over and above this, he saw food, as all farmers do, as the primary necessity of life itself. Being a medical man seems to have something to do with his thinking that civilization has a profound moral obligation to provide food for those hungry and in need, just as it has a duty to provide medical care for those who are sick and in need.

Mr. President, I think Boyd-Orr's statement that I have just quoted epitomizes the thinking of farm families in the United States.

If the United States should assume the lead as a result of favorable Senate action on this resolution, I am firmly convinced that support would develop among the free and democratic nations who could benefit greatly in increased living standards, and economic development generally.

There are still many nations where primary producers who make up a greater percent of the population are subject to wild fluctuations of markets and monetary exchanges.

The shrinking of the world through improvements in communication and transportation makes imperative the elimination of such wild ups and downs in prices to primary producers. Greater stability of prices and incomes in the lesser developed areas will be of benefit both to U.S. citizens and to the citizens of the other free and democratic "have" nations.

More effective means of distributing our abundant food and that of other nations through an international reserve would greatly strengthen the U.S. position among peoples in Asia, the Middle

East, Africa, and even Latin America. These people are trying to climb out of hopeless poverty and dependence to the kind of security and freedom we enjoy under our Constitution and Bill of Rights.

The kind of commonsense foreign policy which would result in the United States taking the lead in the negotiation of a plan or agreement for a world food reserve is the only policy that is consistent with an expanding full employment domestic economy where the needs and aspirations of U.S. family farmers can be met. Such a commonsense foreign policy is more in line also with peace and national security aims.

The function of an international reserve would be to move cotton, soybeans, wheat, corn, and other feed grains, livestock products and other abundant commodities into consumption in needy areas of the free world, while preventing economic destruction of producers and other handlers.

Our domestic farm income-protection program can and should be made fully consistent with the commonsense peace and abundance kind of foreign economic policy. Favorable consideration of this resolution is a logical step in solving problems of primary producers both in the United States and the other nations where our kind of democratic liberty is being sought.

I take pride, Mr. President, in the support given by the Senate to programs of technical assistance and economic development abroad, made possible by our agricultural abundance. In this connection, however, I invite attention to the fact that a prosperous and sound economy is not something that is status quo. We have learned this lesson in the United States. We know that an expanding economy is made possible by many actions to stabilize our primary industries and that these actions must be continuing or a sound thriving economy can change into a full-scale depression. We have all lived through the dark days of depression.

To be fully effective, our programs of technical assistance in underdeveloped areas should operate in connection with economically sound primary industries. It is these industries, and I include agricultural pursuits, that are the very basis of any nation's economy.

The most persistent, most disturbing, and most perplexing of modern economic problems is the human suffering and relative stagnation enforced upon primary producers by the extreme ups and downs in the prices of raw materials and consequently in their realized and expected incomes. The problem is serious in all the more highly developed nations. It is even more seriously present and damaging in the lesser developed nations.

Wide swings in raw material prices present farmers or prospective investors in raw material development with a very large variation in expectations as to returns that may be earned by opening up and developing an augmented raw material supply. This condition is one of the great risks where at any moment not only may part of the investment be rendered valueless but returns may even fail to cover day-to-day operating costs and the entire enterprise be forced to shut down with attendant loss of income and human suffering.

Faced with such great uncertainty in expectations, potential investors are hesitant to open up or to expand enterprises which are currently profitable but which may at any time dip drastically below the break-even line through no fault of the enterprise management itself. The multiplication of this kind of situation throughout farming and all other raw materials industries puts a very severe damper upon the rate of economic development in these industries.

This slowing down of the rate of expansion in raw material industries not only reduces the supply of such materials to meet human needs and to fuel manufacturing and other secondary industries, it also holds down the purchasing power of persons and firms on the rate materials sector and thus cuts down on sales, scale of operation, and consequently of income and purchasing power of the industrial and service segments of the economy. Consequently, the entire economy idles along at a lower rate of production and expansion than needs to be the case. In the more highly industrialized nations the symptoms are seen in chronically depressed industries like farming and coal mining in the United States. Among the lesser industrialized nations, a drop in raw material prices can bring an entire nation dangerously close to bankruptcy and can directly cause a widespread drop in personal income and standards of living of the entire population.

Such protective or evasive action when taken unilaterally by different nations helps to solve the problems caused by fluctuating raw material prices only at the cost of reducing the magnitude of international exchange of commodities and thus results in the loss by all nations of the advantages of specialization. Everybody, in all nations, has less real income and a lower standard of living than he might otherwise be able to attain.

Through the administrative machinery of an international food and raw materials reserve or world food bank, the established price of each different raw material that enters importantly into international trade would be negotiated and agreed upon.

Mr. President, an international food and raw materials reserve or world food bank would operate in coordination with the International Monetary Fund and the World Bank. Among the national restrictions we now have that hold down greater international exchange of commodities is the desire of nations to preserve their monetary position in different currencies, particularly dollars and pounds sterling. The international food and raw materials reserve would completely eliminate this problem by operating in terms of all currencies on the basis of internationally agreed-upon official exchange rates.

This resolution does not establish an international agency. The resolution calls upon the President to undertake negotiations with other nations for the establishment under United Nations auspices an international food and raw materials reserve. Any agreement reached would be subject to review and ratification by the Congress of the United States. Appropriations for our share in the operation of an international food and raw materials reserve would be possible only through favorable action of both the Senate and House.

Mr. President, one of the objectives of the World Food Conference to which President Kennedy has given leadership will be to initiate discussion between representatives of the nations in attendance that will lay the foundation for successful negotiation of the international food and raw materials reserve. I support the calling together of the nations of the free world in a World Food Conference and I believe that such a conference would be a significant first step toward achieving the objectives of the resolution that I have introduced in the Senate today.

Furthermore, I wish to take this opportunity to commend the President for taking the initiative in offering to the United Nations $40 million in food commodities to be distributed by the United Nations Food and Agricultural Organization. The administration's realistic approach to the alleviation of human suffering throughout the world through the means of the Food for Peace Agency and the United Nations can only be complemented by the proposal which I am offering today.

FEDERAL GRANTS FOR SCHOOLS OF PHARMACY—AMENDMENTS

Mr. HUMPHREY. Mr. President, I submit amendments to S. 1072, a bill offered by the distinguished chairman of the Committee on Labor and Public Welfare [Mr. HILL], which provides grants for the construction of medical, dental, and public health teaching facilities, as well as scholarships to medical and dental students. My amendments would provide that such grants would also be available for schools of pharmacy and students of pharmacy. And I ask that these amendments be referred to the Committee on Labor and Public Welfare which has S. 1072 before it for consideration.

In support of my amendments, I invite my colleagues' attention to the 1957 report of the Surgeon General's Consultant Group on Medical Education. In that informative document, entitled "Physicians for a Growing America," notice was taken of the growing shortage of qualified personnel in the allied health professions and a plea made for alleviation of such shortages as well as of those found in the medical and dental professions. The consultant group found shortages of trained people in practically every one of the many professional and technical careers in the health field. Intensive recruitment of young people for these many essential

health services, including medicine, is imperative.

In similar vein the Surgeon General's Consultant Group emphasized the wisdom of associating the problem of medicine with those in the related health professions. Physicians cannot carry their load of responsibility without competent and well-trained teammates and associates.

There is increasing recognition of interrelated responsibility of health workers with a variety of skills and educational preparations. One evidence of this is the development of university-based health centers with closely related schools of medicine, dentistry, nursing, and other health professions.

In 1900, for every physician in practice there was one other professional health practitioner; today, there are four such persons for every physician.

Pharmacy leaders in assessing the manpower requirements of the profession have reached conclusions consistent with the report of the Surgeon General's Consultant Group. According to the National Association of Retail Druggists, representing 36,000 independent retail pharmacists, the supply of registered pharmacists has failed to keep pace with the surging American population growth of recent years:

In 1930, when there were only 88,000 registered pharmacists, the United States had 69 pharmacists for every 100,000 persons in the population. By comparison, there are only 67 pharmacists per 100,000 persons today, even though we have nearly 120,000 registered pharmacists.

These statistics become even more meaningful when it is considered that, some 30 years ago, almost all registered pharmacists were working in retail drugstores, while currently about 10 percent are employed in such related health areas as pharmaceutical research and development, pharmacy education, ethical drug promotion and distribution, hospital pharmacies and Federal and State public health agencies, including military dispensaries. In other words, the failure to keep the supply of registered pharmacists in line with population growth since 1930 has been aggravated by the fact that at least 10 percent of today's pharmacists are not available for retail drugstore work. Small wonder, then, that a vexing shortage of pharmacists for prescription counter duty is found to exist in retail pharmacies across the country.

At the same time, it should be understood that the registered pharmacists active in the related health fields mentioned above do not satisfy the numerical requirements for pharmacists in those areas, either. The demand for pharmacists in such areas far exceeds the available supply. Over the past 30 years, very little preparation of any kind was made to meet what have become the substantial needs for trained pharmacists in such associated fields of interest.

Unhappily, the current shortage of pharmacists seems certain to become even more pronounced in the years ahead. As may be noted in the enclosed statistical projection—see table A—more than 160,000 registered pharmacists will be required 15 years from now to satisfy the needs stemming from continued population growth only, assuming that current ratio of availability of pharmacists can be termed adequate. Of this number, an estimated 10,000 will be needed in hospital pharmacies and another 2,000 to meet what are probably the minimum requirements for teaching and research. For the most part, the others will be engaged in retail pharmacy and allied health fields, as is the case today.

Other statistical studies on professional pharmacy requirements for the future likewise support the need for sharply stepping up pharmacy school graduates as soon as possible. One such projection—see table B—was worked out by Dr. Charles W. Bliven, dean of the School of Pharmacy, George Washington University, Washington, D.C., and secretary-treasurer of the American Association of Colleges of Pharmacy. A notable conclusion of Dr. Bliven is:

The annual total need of pharmacy graduates to maintain the historical ratio of 67 pharmacists to every 100,000 citizens seems beyond that possible even with capacity classes in all AACP schools.

Another study—see table C—by the National Association of Boards of Pharmacy discloses that, even without considering population growth, pharmacy school graduates will not meet the ordinary replacement needs of the profession in 1961 and only barely so in 1962. Although the NABP study does show that pharmacy's ordinary replacement needs will be met for the year 1963, it should be noted that the projected net gain in pharmacists—over replacement needs—for the period 1961 to 1963, inclusive, is only 1,354. This modest increase will not allow maintenance of the historical 67 to 100,000 ratio of pharmacists to population. In fact, the ratio will drop to 64 to 100,000 by the end of 1963. I might add that in my own State of Minnesota, a critical shortage of pharmacists will persist through 1963 and probably beyond.

To achieve even our minimum goals in the supply of registered pharmacists will require much larger pharmacy school enrollments and graduations. But, as cited by Dean Bliven:

Almost all pharmacy schools are operating at capacity levels.

That being the case, pharmacy school facilities will have to be substantially enlarged and teaching staffs correspondingly increased to take care of the additional students to be enrolled, all without reducing the present high quality of pharmaceutical education.

For success in this important undertaking, some Federal assistance will be required by the pharmacy schools just as with the medical and dental schools. Accordingly, I am proposing an amendment to S. 1072 which would make our Nation's pharmacy schools eligible for the matching grants program that the bill extends to medical and dental schools. I am also proposing an amendment making pharmacy students eligible for the scholarship funds that S. 1072 would offer medical and dental students. The needs of all the health professions should be met in an all-embracing, nondiscriminatory manner.

Should my suggested amendments be incorporated in S. 1072, Congress would be following persuasive precedent. As will be recalled, Congress has provided for pharmacy schools in other aid programs designed primarily for medical and dental schools. One such instance is the Health Research Facilities Act of 1956 which provides for financial grants-in-aid to non-Federal and nonprofit institutions for health research programs. In another notable instance, Congress has arranged for pharmacy schools to accept money grants from the National Institutes of Health for health research projects.

I shall ask the committee having jurisdiction over S. 1072 to accept my proposed amendments. I am hopeful that such approval will be given and that the amended bill will soon thereafter be favorably acted upon by the Congress. Prompt and decisive action is demanded to reverse the acute shortages of physicians, dentists, and registered pharmacists evident in the health professions.

I ask unanimous consent, Mr. President, that tables A, B, and C, to which I have referred, be inserted at this point in the RECORD.

The PRESIDING OFFICER. The amendments will be received and appropriately referred; and, without objection, the tables will be printed in the RECORD.

The amendments were referred to the Committee on Labor and Public Welfare.

The tables presented by Mr. HUMPHREY are as follows:

TABLE A.—*Pharmacists for a growing America* [1]

Year	Total U.S. population [2]	Need of pharmacists at present ratio of 67:100,000	Annual replacement need at 3.5 percent [3]	Actual replacement, total [4]
1960	180,000,000	120,000	4,200	3,200
1965	196,000,000	131,000	4,600	----------
1970	214,000,000	143,000	5,000	----------
1975	240,000,000	161,000	----------	----------

[1] Compiled by the National Association of Retail Druggists (1960).
[2] Based on series 2 figures from Bureau of Census.
[3] Factor of 3.5 percent supplied by the National Association of Boards of Pharmacy.
[4] Represents pharmacy school graduates.

TABLE B.—*Average annual number of pharmacists, and requirements for replacements, new entrants, and total need for pharmacists for 5-year periods, 1960–75* [1]

Period	Average annual number of pharmacists [2]	Requirements		
		Replacements [3]	New entrants	Total
1960–65	122,200	4,300	2,200	6,500
1965–70	133,400	4,700	2,400	7,100
1970–75	146,000	5,100	3,000	8,100

[1] Based on population increase as being linear.
[2] Based on 1960 pharmacist-to-population ratio of 67 : 100,000.
[3] Calculated at 3.5 percent of number of pharmacists.

CONCLUSIONS

1. For the period 1960–65, schools and colleges will produce, on the average, about one-half the number of pharmacists necessary to maintain the historical 67 : 100,000 ratio, unless enrollments are increased sharply.

2. During 1965–70, the annual need will be about twice the number of graduates as produced in June 1960.

3. The annual total need to maintain the 67 : 100,000 ratio is probably beyond that possible even with capacity classes in all AACP schools.

TABLE C

	Number registered pharmacists engaged as such Jan. 1, 1960 [1]	Number replacements needed annually, 3.5 percent	Potential replacements enrolled in colleges of pharmacy [2]			
			For 1960 senior students, fall of 1959 [2]	For 1961 senior students, fall of 1960 [3]	For 1962 junior students, fall of 1960 [3]	For 1963 sophomore students, fall of 1960 [3]
Alabama	1,387	48.5	94	96	143	179
Arizona	861	30.1	20	24	27	37
Arkansas	884	30.9	21	22	29	31
California	9,439	330.4	143	225	187	199
Colorado	1,824	63.8	29	23	7	45
Connecticut	1,958	68.5	77	74	95	108
Delaware	235	8.2	0	0	0	0
District of Columbia	1,583	55.4	47	69	56	50
Florida	2,976	104.2	58	63	70	202
Georgia	2,422	84.8	124	110	126	199
Idaho	437	15.3	40	32	23	40
Illinois	7,231	253.1	89	90	125	212
Indiana	2,795	97.8	128	137	152	203
Iowa	1,597	55.9	109	90	86	126
Kansas	1,462	51.2	25	29	24	30
Kentucky	1,244	43.5	48	50	20	37
Louisiana	2,167	75.8	69	82	117	119
Maine	417	14.6	0	0	0	0
Maryland	1,618	56.6	44	38	55	68
Massachusetts	4,400	154.0	170	160	168	240
Michigan	5,650	197.7	220	172	158	220
Minnesota	1,886	66.0	24	33	32	39
Mississippi	1,291	45.2	46	47	51	61
Missouri	3,070	107.4	108	96	112	189
Montana	407	14.2	25	15	22	20
Nebraska	920	32.2	49	14	36	54
Nevada	251	8.8	0	0	0	0
New Jersey	3,849	134.7	56	60	63	109
New Hampshire	332	11.6	0	0	0	0
New Mexico	527	18.4	19	16	18	52
New York	13,994	489.8	424	493	532	677
North Carolina	1,618	56.6	48	48	81	120
North Dakota	355	12.4	54	55	65	99
Ohio	5,560	194.6	190	207	230	286
Oklahoma	1,658	58.0	76	87	98	137
Oregon	1,241	43.4	38	49	40	88
Pennsylvania	9,400	329.0	334	310	372	424
Rhode Island	710	24.8	15	15	19	39
South Carolina	1,008	35.3	51	51	58	118
South Dakota	480	16.8	43	53	48	68
Tennessee	2,126	74.4	57	63	90	100
Texas	5,563	194.7	140	164	156	321
Utah	617	21.6	47	31	43	44
Vermont	176	6.2	0	0	0	0
Virginia	1,644	57.5	56	59	75	84
Washington	2,740	95.9	87	37	42	70
West Virginia	620	21.7	17	20	35	32
Wisconsin	2,284	79.9	58	67	82	125
Wyoming	278	9.7	28	15	23	30
Total	116,707	4,084.7	3,645	3,691	4,091	5,824

[1] Census and license data compilation, NABP proceedings, 1960.
[2] AACP report on enrollment, fall term, 1959.
[3] AACP report on enrollment, fall term, 1960.

Replacements: This tabulation prepared by the National Association of Boards of Pharmacy, indicates that the number of pharmacy graduates will hardly be enough to meet the replacement needs of the profession this year and next * * * but will be sufficient in 1963. The replacement need figures are based on the assumption that 3.5 percent of all pharmacists die, retire, or leave the profession each year.

AMENDMENT OF SECTION 314 OF PUBLIC HEALTH SERVICE ACT OF 1944—ADDITIONAL COSPONSOR OF BILL

Mr. MUSKIE. Mr. President, I ask unanimous consent that the name of the distinguished Senator from California [Mr. ENGLE] may be added as a cosponsor of the bill (S. 1467) to amend section 314 of the Public Health Service Act of 1944, which I introduced—for myself and other Senators—on March 29, 1961.

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

AMENDMENT OF TARIFF ACT OF 1930, RELATING TO DUTY ON SHRIMPS—ADDITIONAL COSPONSOR OF BILL

Mr. LONG of Louisiana. Mr. President, I ask unanimous consent that the name of the junior Senator from Alaska [Mr. GRUENING] may be added as a cosponsor of the bill (S. 1571) to amend the Tariff Act of 1930 to impose a duty on shrimps and to provide for duty-free entry of unprocessed shrimps annually in an amount equal to imports of shrimps in 1960, which I introduced—for myself and other Senators—on April 13, 1961.

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

DEPARTMENT OF URBAN AFFAIRS AND HOUSING—ADDITIONAL COSPONSORS OF BILL

Mr. CLARK. Mr. President, I ask unanimous consent that the junior Senator from Ohio [Mr. YOUNG] and the junior Senator from Colorado [Mr. CARROLL] be listed as additional cosponsors of S. 1633, the bill to establish a Department of Urban Affairs and Housing, and that at the next printing of the bill, their names be added.

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

RULES FOR SAFETY PRESCRIBED BY INTERSTATE COMMERCE COMMISSION—ADDITIONAL COSPONSOR OF BILL

Mr. PROXMIRE. Mr. President, I ask unanimous consent that my name be added as a cosponsor on S. 1669, a bill to provide that the Interstate Commerce Commission shall prescribe rules, standards, and instructions for the installation, inspection, maintenance, and repair of certain parts on railroad cars, and to require carriers by railroad to maintain tracks, bridges, roadbed, and permanent structures for the support of way, trackage, and traffic in safe and suitable condition, and for other purposes. This bill was introduced on April 18 by the distinguished chairman of the Commerce Committee, the Senator from Washington [Mr. MAGNUSON].

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

IMPROVEMENT OF NATIONAL TRANSPORTATION SYSTEM—ADDITIONAL COSPONSOR OF BILL

Mr. ENGLE. Mr. President, on April 18, 1961, the distinguished senior Senator from Washington [Mr. MAGNUSON] introduced S. 1670, to amend the Interstate Commerce Act, as amended, so as to strengthen and improve the national transportation system, insure protection of the public interest, and for other purposes. On behalf of the Senator from Washington, I ask unanimous consent that the name of the distinguished senior Senator from New Jersey [Mr. CASE] be added as a cosponsor at the next printing of the bill.

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

CREATION OF SELECT COMMITTEE ON CONSUMERS INTERESTS—ADDITIONAL COSPONSOR OF RESOLUTION

Mr. HUMPHREY. Mr. President, I ask unanimous consent that the name of the Senator from Tennessee [Mr. KEFAUVER] may be added as a cosponsor of the resolution (S. Res. 115) to create the Select Committee on Consumers Interests, submitted by Mrs. NEUBERGER on March 24, 1961.

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

STANDARDS FOR CERTAIN PARTS ON RAILROAD CARS—ADDITIONAL COSPONSORS OF BILL

Under authority of the order of the Senate of April 18, 1961, the names of Senators CARROLL, SMITH of Maine, MOSS, MCCARTHY, NEUBERGER, MCNAMARA, MORSE, HART, HUMPHREY, YOUNG of North Dakota, COOPER, BURDICK, MCGEE, CHAVEZ, and BIBLE were added as additional cosponsors of the bill (S. 1669) to provide that the Interstate Commerce

Commission shall prescribe rules, standards, and instructions for the installation, inspection, maintenance, and repair of certain parts on railroad cars, and to require carriers by railroad to maintain tracks, bridges, roadbed, and permanent structures for the support of way, trackage, and traffic in safe and suitable condition, and for other purposes, introduced by Mr. MAGNUSON on April 18, 1961.

ESTABLISHMENT OF DEPARTMENT OF CONSUMERS—ADDITIONAL COSPONSORS OF BILL

Under authority of the order of the Senate of April 20, 1961, the names of Mr. LONG of Missouri and Mr. CANNON were added as additional cosponsors of the bill (S. 1688) to establish a Department of Consumers in order to secure within the Federal Government effective representation of the economic interests of consumers; to coordinate the administration of consumer services by transferring to such Department certain functions of the Department of Health, Education, and Welfare, the Department of Labor, and other agencies; and for other purposes, introduced by Mr. KEFAUVER (for himself and other Senators) on April 20, 1961.

AMENDMENT OF THE FEDERAL AIRPORT ACT—ADDITIONAL COSPONSORS OF BILL

Under authority of the order of the Senate of April 24, 1961, the names of Senators LONG of Missouri, THURMOND, SALTONSTALL, and MORSE were added as additional cosponsors of the bill (S. 1703) to amend the Federal Airport Act so as to extend the time for making grants under the provisions of such act, and for other purposes, introduced by Mr. MONRONEY (for himself and other Senators), on April 24, 1961.

EMERGENCY LIVESTOCK LOANS—ADDITIONAL COSPONSORS OF BILL

Under authority of the order of the Senate of April 24, 1961, the names of Senators LONG of Missouri, CHURCH, METCALF, CHAVEZ, HICKEY, JACKSON, RANDOLPH, ENGLE, MAGNUSON, and YARBOROUGH were added as additional cosponsors of the bill (S. 1710) to amend the act of April 6, 1949, as amended, so as to authorize the Secretary of Agriculture to make emergency livestock loans under such act until July 14, 1963, and for other purposes, introduced by Mr. Moss on April 24, 1961.

NOTICE OF HEARING ON INTERNATIONAL TELECOMMUNICATION CONVENTION AND RADIO REGULATIONS

Mr. FULBRIGHT. Mr. President, I desire to announce that the Committee on Foreign Relations will hold a hearing at 10 o'clock Tuesday morning, May 2, in room 4221, New Senate Office Building, on the International Telecommunication Convention—Executive J—and the Radio Regulations—Executive I. Persons interested in these conventions should contact the committee clerk.

NOTICE CONCERNING CERTAIN NOMINATIONS BEFORE COMMITTEE ON THE JUDICIARY

Mr. EASTLAND. Mr. President, the following nominations have been referred to and are now pending before the Committee on the Judiciary:

James B. Brennan, of Wisconsin, to be U.S. attorney for the eastern district of Wisconsin, for a term of 4 years, vice Edward G. Minor;

William J. Andrews, of Georgia, to be U.S. marshal, for the northern district of Georgia, for a term of 4 years, vice William C. Littlefield;

Keith Hardie, of Wisconsin, to be U.S. marshal, for the western district of Wisconsin, for a term of 4 years, vice Ray H. Schoonover;

Fred F. Hoh, of Ohio, to be U.S. marshal, for the southern district of Ohio, for a term of 4 years, vice Howard C. Botts; and

Peyton Norville, Jr., of Alabama, to be U.S. marshal, for the northern district of Alabama, for a term of 4 years, vice Pervie L. Dodd, retired.

On behalf of the Committee on the Judiciary, notice is hereby given to all persons interested in these nominations to file with the committee, in writing, on or before Thursday, May 4, 1961, any representations or objections they may wish to present concerning the above nominations, with a further statement whether it is their intention to appear at any hearings which may be scheduled.

ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE RECORD

On request, and by unanimous consent, addresses, editorials, articles, etc., were ordered to be printed in the RECORD, as follows:

By Mr. CASE of New Jersey:

Statement by him on the 26th annual convention of the Catholic War Veterans of the United States of America.

By Mr. CLARK:

Article entitled "Human Relations Goes to Washington," written by Senator PHILIP A. HART and published in the Committee Reporter of March 1961.

By Mr. YARBOROUGH:

Address entitled "The Nation's Stake in Atomic Power," delivered by Representative CHET HOLIFIELD, of California, chairman of the Joint Committee on Atomic Energy, at the 1961 convention of the American Public Power Association at San Antonio, Tex., on April 25, 1961.

By Mr. JAVITS:

Editorial entitled "One Hundred Years of the Times," published in the Watertown (N.Y.) Daily Times of April 22, 1961; letters from President Kennedy, Vice President Johnson, and Governor Rockefeller on same subject.

FOREIGN POLICY AND THE NEW ADMINISTRATION

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD, a speech I delivered on April 24, before the Duquesne University Law School Alumni Association, at Pittsburgh, Pa. The speech was entitled "Foreign Policy and the New Administration."

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

FOREIGN POLICY AND THE NEW ADMINISTRATION

(Speech delivered by Senator MANSFIELD at Duquesne University Law Alumni Banquet, Apr. 24, 1961, Pittsburgh, Pa.)

The responsibility for the conduct of our relations with other nations rests only with the administration in power. The President assumes this responsibility when he takes office on January 20. But foreign policy does not come to an end with one administration and begin anew with the next. The slate is not wiped clean every 4 years. There is a continuity of the problems which confront the Nation from abroad and a continuity of the responses of our Government to these problems from one administration to another.

This is not to say that a particular administration will not stamp the course of foreign policy with the brand of its own ideas. The process, however, is a slow one. It is slow partly because the problems which we face abroad are not of our exclusive creation and, hence, are not amenable to our exclusive remedies. And, partly, it is slow because the impact of the ideas of a new administration must permeate a large and complex bureaucracy within our own Government before they make themselves felt in action on the problems to which they are directed.

We can grasp the significance of this continuity in foreign policy by reference to recent events in Cuba and in Laos. In the one instance, President Kennedy had urged an alliance for progress of all the American Republics. Within this concept, he presented a broad and cohesive outline for a cooperative advance in the relations of the nations of the Western Hemisphere. The presentation was well received by other Republics of the Americas. New vistas of common benefit were opened by it.

Nevertheless, within 90 days of the President's taking office we were not yet at the beginning of this peaceful advance but rather face-to-face with a military crisis in Cuba brought about by the launching of an invasion of anti-Castro forces. Instead of being in a position to move forward on a new constructive approach to all of Latin America, the administration was compelled to direct its attention to a critical juncture in our relations with one nation of the region.

This juncture was reached during this administration. But the roads leading to it began many months ago. The juncture represented the culmination of an accumulation of hostility on the part of Cuba to this Nation and an accumulation of our responses to that hostility.

On the other side of the globe, in Laos, something similar has transpired. In fact, this situation had already reached the point of crisis even before the new administration took office. It had reached this stage because in preceding years a peaceful land, once remote from the rest of the world, had been turned into a bone of contention in the larger clash of ideologies and power elsewhere in the world. As a result the people of Laos who until recent years had scarcely ever heard a shot fired in anger found themselves the focal point of steadily converging military forces from outside. Military clashes in Laos which produced the immediate crisis involved but a handful of men. But these clashes opened fissures with large implications for world peace.

The direct involvement of the Soviet Union in Laos as a supplier of military aid to Laotian factions was one factor in producing the crisis and a factor of comparatively recent vintage. But it was preceded by the involvement of the Chinese-sup-

ported North Vietnamese Government for a long time in a similar role. The sum total of this outside Communist involvement in the local Laotian situation and its progressive enlargement is not measurable. But our own progressive involvement will give us some insight into the process by which the Laotians were plucked from the obscurity of remote southeast Asia and steadily moved into a focus of worldwide significance.

When I first visited Laos in 1953, there were only two American junior officials in the entire country. There was no aid program to speak of and, may I add, no Laotian army to speak of, to aid. But 7 years later, by the time the Laotian crisis broke in full force in the very last days of the Eisenhower administration, there were in Laos hundreds of U.S. officials of several agencies and departments. We had expended hundreds of millions of dollars on aid, largely for military purposes. We had financed the training of thousands of Laotian soldiers. And, finally, our own naval and other forces had converged in the general vicinity of Laos because of the steady advance of Communist-oriented Laotians in the country. This vast commitment of our resources, not unlike that of the Communists, had little to do with either the needs or realities of the situation in Laos. It had much to do with winning hollow propaganda victories in the cold war.

To this situation, too, President Kennedy brought new ideas. In specifics he worked with the United Kingdom and India in an effort to bring about a cease-fire and the neutralization of Laos. In other words, he sought to take Laos out of the cold war. Left to their own devices, the Laotian people would ask for nothing more. From the point of view of the great powers this solution would mark a significant step toward a more rational world situation, one which anyone of them could take in the interests of peace with little, if any, sacrifice of significant national interests.

The initial Soviet reaction to this proposal seemed favorable enough. Nevertheless, in the working out of the details through the existing channels of diplomacy, weeks of delay have ensued.

All the while, professions of the desire for peace in Laos have continued and all the while, the fighting has continued in that country. All the while, the jockeying for some assumed advantage has gone on by much the same responses with which this situation has been dealt for years.

The crises in Laos and Cuba reveal vividly the continuity of both the problems and responses in foreign policy and the difficulties of altering either overnight. Without wishing to downgrade the seriousness of either situation, I must emphasize, however, that they are but a fractional part of a larger picture. Behind Cuba stands the vast panorama of continuing difficulties and a continuing inadequacy of response to them with respect to all of Latin America. Yet this far more significant picture can be overlooked in a fixation on the sensational developments within the troubled island just 90 miles off our shores. We have managed to live with a militantly hostile Cuba for 2 years. I do not believe we could live very well for 2 days with a militantly hostile Latin America.

Yet, what has happened in Cuba under Castro can occur in other Latin American countries. The seed of Castroism is compounded of ruthless totalitarian technique plus messianic indigenous leadership, plus support from outside this hemisphere. It is doubtful that this seed can grow except in the soil of social and economic discontent. Unfortunately such soil covers much of Latin America, from the Caribbean shores down the great spine of the Andes.

It is at least conceivable that this hemisphere can be insulated from a flow from without of material support to totalitarian forces within but the task would be immensely difficult and costly and of only limited efficacy. It is not conceivable, however, that in this day and age of instant and easy communications, this hemisphere can be isolated from the transference of totalitarian techniques from elsewhere. Nor can the appearance of messianic indigenous leadership in Latin American countries be forestalled because what is indigenous to Latin America is by definition beyond the control of this Nation.

If it is to our interests—and it is—to prevent the spread of a divisive and hostile totalitarianism throughout the hemisphere, there is one point at which a check may be feasible. That point is where a cooperative effort with others renders the soil of the Americas infertile to the seed of totalitarianism before it takes root. And in substance, that is the idea which the President expressed in such comprehensive form a few weeks ago in his speech on an Alliance for Progress in the Western Hemisphere. It is one thing to advance this idea. It is another to bring it to fruition—to promote that economic and social progress which alone promises the removal of the acids of mass discontent from the soil of this hemisphere.

There was much to do with respect to social and economic conditions in Latin America before this administration took office. After the recent developments in Cuba there is still much to do. Time was short when this administration took over. Now it may be even shorter.

If the situation in Latin America is to be altered so that it will no longer provide an incubus for totalitarianism then a great effort must be made along the lines of the alliance for progress proposal which the President has advanced and that effort must begin to take concrete form in the very near future. The effort, moreover, must be a cooperative one because the stake of Latin Americans is far greater and more direct than our own and, in great part, the situation is amenable to change only as Latin Americans are willing to change it. But if they are willing to do what must be done for freedom and progress within their own countries, then the stake of this Nation in the future of this hemisphere is such that we must be prepared to join with them in the effort. I know that the President is so prepared. Are the rest of us also prepared? If we, no less than the Latin Americans, are willing to face the dimensions of the difficulties and act in concert on them, then the President's ideas of an Alliance for Progress can be and will be interpreted into effective action.

Not unlike Cuba, the crisis in Laos is but the visible tip of a vast iceberg involving the mainland of western Asia. It is not only in Laos that the conditions of peace do not yet exist. We may see them, there, now in striking form. But if we look beneath the tip, we will see that the difficulties which confront us, particularly, fork out from Laos into Thailand and even more so into Vietnam. Nor do they end at the sea off southeast Asia. The conditions of peace in any reliable sense do not exist at Formosa or in Korea any more than in Vietnam or Laos. In all of these situations, the new administration begins with what may best be described as the response of the holding action. Such stability as exists in them, in part, is knitted together with huge aid programs of one kind or another, backed with a heavy deployment of our own military forces in the general area.

At best, these situations will remain uncertain for some time to come. At best, the response which we have heretofore given to them will have to be continued for some time to come. It is not yet clear to what extent these situations can be altered in the direction of a more durable and less costly peace by more effective diplomacy but I am confident that the President will not hesitate to bring to bear new ideas to that end. We shall not know the possibilities until ideas have been tested and, I may add, that this testing has already begun in Laos.

It will be a cautious process—this testing—because the President is a prudent man who has uppermost in mind the security of this nation. It will be a slow process for reasons which I have already set forth. But if it is possible to achieve a more stable and less costly peace in the Far East, I know that the President will leave no stone unturned in his efforts to achieve it.

What applies to Latin America and to southeast Asia and the Far East, applies also to Europe and to Africa. We have been involved deeply in the problems of the former for a long time. In the last year or two we have become involved significantly in the problems of the latter. I shall not, today, go into the details of the situation which confronts us on these continents. Nevertheless, I would point out by way of example that the division of Berlin and Germany has not disappeared with the advent of a new administration. Nor have the weaknesses in NATO dissolved merely because we have installed a new President. Nor have the Eastern European nations yet obtained that degree of national freedom of action which permits a full measure of contact with Western Europe, a condition which must prevail if there is to be a sound peace on that Continent.

I shall not go into detail, either, on the vastly complicated problems of trying to bring control over the weapons of mass destruction and a measure of reduction in the great burden of taxation on our people and all peoples which is entailed in billions upon billions of armaments expenditures. These problems were complex on the day this administration took office. They grow more complex as each day passes without the beginnings of a solution.

As with Latin America and southeast Asia, the President may be expected to bring to bear new ideas on all of these problems of foreign policy which he inherits. Indeed, some ideas already have been initiated. The process of making these ideas effective, however, is, as I have already noted, at best a slow one. After years of close observation, moreover, I am personally persuaded that the machinery of this process within the executive branch of this Government has grown so cumbersome and ineffective that there is grave danger to the principle of responsible leadership by the President. I would hope, therefore, that this administration would proceed promptly to a thorough overhaul of the machinery of intelligence which functions in many departments and agencies in a fashion which deeply influences foreign policy and its conduct.

I would hope, further, that the machinery for the countless secondary decisions of policy through which the President's ideas and primary decisions are evolved would be thoroughly overhauled and streamlined and that the preponderant responsibility in these matters would be lodged where it has not been for many years—in the Office of the Secretary of State.

The difficulties which we face in the world are immense. The responsibility of the President in connection with them are enormous. He carries the ultimate burden for all of us Democrats and Republicans alike. He has a right to expect general support in these matters, a support which must include, may I say, constructive criticism in matters of foreign policy.

I want to say that he has had that kind of support in Congress for the first 3 months that he has been in office. He has had it from Democrats and Republicans

alike. I am confident that he has it and will continue to have it from the people of the United States.

SECRETARY UDALL'S COMMENTS ON THE ANTI-CASTRO CUBAN INVASION

Mr. METCALF. Mr. President, I was among those who on Sunday watched the ABC television program, "Issues and Answers," on which the guest was Secretary of the Interior Udall.

I did not get the impression that Secretary Udall, in his remarks on the anti-Castro Cuban invasion, was criticizing either President Eisenhower or Vice President Nixon. On the contrary, in response to persistent questioning, Secretary Udall pointed out that the American people are standing together behind a policy conceived by one administration and carried out by its successor.

There has been some criticism of Secretary Udall. Apparently it comes from those who neither saw the program nor read the transcript. Some criticism comes from those who quote the Washington Post in this way:

Interior Secretary Stewart L. Udall said last week's anti-Castro Cuban invasion was conceived a year ago by President Eisenhower and then Vice President Richard M. Nixon.

"They started it and handed it over to Mr. Kennedy," Udall said in a television interview.

"Eisenhower directed it," he said. "Another administration carried it out."

I have read the transcript. It shows that Secretary Udall spoke in a context of national unity.

Following is a pertinent answer to Mr. John Rolfson, ABC commentator, who asked:

Do you think that the American people support this kind of an American involvement in an attack on Castro?

Secretary Udall replied:

Well, I don't think there is any question but that they do. The fascinating thing about this particular business is that here was a plan conceived by one administration—this from all I can find out began over a year ago and President Eisenhower directed it. And here the actual plan was carried out under a successor administration. I certainly think the attitude of the former President, of Mr. Nixon, of these other people is indicative of the fact that we do stand together as a people and that whether what we did was right or wrong, that there is national unity on questions like these.

Later in the program, Mr. Peter Clapper, ABC Capitol Hill correspondent, asked:

Mr. Secretary, is there anything political in the fact that the President has called in former President Eisenhower for talks at Camp David, and former Vice President Nixon? What is the purpose behind this?

The reply from Secretary Udall:

I think the purpose of this is national unity. After all President Eisenhower and his Vice President conceived this plan, they started it, they, I suppose, in effect handed it on to the President and I think that probably his feeling is that he should consult with them and let them know what happened and give them the facts as best he knows them and I think it is part of preserving this national unity that is so important at a time like this.

Mr. President, I ask unanimous consent that the transcript of the television program, "Issues and Answers," be printed at this point in the RECORD.

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

ISSUES AND ANSWERS

Guest: The Honorable Stewart L. Udall, Secretary of the Interior.

Panel: John Rolfson, ABC Washington commentator, and Peter Clapper, ABC Capitol Hill correspondent.

The ANNOUNCER. From Washington, D.C., the American Broadcasting Co. brings you "Issues and Answers."

Secretary of the Interior Stewart L. Udall, what are the issues?

Secretary UDALL. These are times when our strength as a people and our character as a nation are very much on trial. It seems to me as Secretary of Interior and in fact it is my deep conviction that the way in which we use our national resources, the way that we develop these resources, the policies we adopt in treating our land and what comes from it, that these will have much to say about our strength in the future and indeed that our character as a people is related to our relationship with our land.

The ANNOUNCER. You have heard the issues and now for the answers.

Here to explore the issues are Peter Clapper, ABC Capitol Hill correspondent, and John Rolfson, ABC Washington commentator.

To give you the answers, Secretary of the Interior Stewart L. Udall, former Congressman from Arizona.

Now with the first question for Secretary Udall, Mr. Clapper.

Mr. CLAPPER. Mr. Secretary, you mentioned that our strength as a nation is on trial. In the same line as a member of the Cabinet vitally concerned with the prestige of the Presidency and the administration, what do you think of the President's prestige in view of the Cuban failure?

Secretary UDALL. Well, Mr. Clapper, there is no question at all but that during this episode in the past week America's reputation and prestige have been involved. It does seem to me that since we were involved only peripherally that certainly our country's basic position of strength hasn't been harmed in any way. It would be my hope, however—I think there is a great lesson out of this, and a bitter lesson, too, and that is what the President has been saying since he became President and what he said during the campaign, that there are many tough decisions that face us as a people and that we must in facing these questions be able to muster the best strength our country has and provide the best leadership. I think these points have certainly been underscored in the last few days.

Mr. CLAPPER. I want to give you a chance to comment on Castro's comments of today. He is making a long speech. I don't know whether it is finished yet or not. He says America put its prestige on the line and has lost it.

Secretary UDALL. Of course Castro is probably given more to overstatement than anyone that I know of and I am sure that he is going to have ample time in the future to regret any statements of that kind. But I certainly think one could overstate our role in what happened in the past week. I think it is easy for a person to overstate what America lost if we lost anything. I would hope that what we gain in terms of what we learn out of this would far outweigh anything that we might have lost in terms of prestige at the moment.

Mr. ROLFSON. Well, Mr. Secretary, what about President Kennedy's standing at home? It has been disclosed now that our Government principally through the CIA gave aid and advice and equipment and transportation to the invaders. Do you think that the American people support this kind of an American involvement in an attack on Castro?

Secretary UDALL. Well, I don't think there is any question but that they do. The fascinating thing about this particular business is that here was a plan conceived by one administration—this from all I can find out began over a year ago and President Eisenhower directed it. And here the actual plan was carried out under a successor administration. I certainly think the attitude of the former President, of Mr. Nixon, of these other people is indicative of the fact that we do stand together as a people and that whether what we did was right or wrong, that there is national unity on questions like these.

Mr. ROLFSON. Most of our information on involvement has come out from officials that won't be quoted. Why isn't our position and our exact stand in this affair publicly proclaimed by the President or someone else in public?

Secretary UDALL. Well, I don't know that in matters of this kind which involve very subtle and delicate questions whether the story probably will ever be told or probably whether any particular person knows the whole story. Certainly in the previous administration when this particular plan was being prepared, no one knew anything about it. There has to be a certain amount of secrecy in it. Obviously our role was a very limited one and I should think because of that reason, certainly any loss of prestige which people are talking about should be a minimum one also.

Mr. CLAPPER. Mr. Secretary, it is possible, isn't it, that a major reorientation is taking place in our international relations, that perhaps we are going from now on to fight the Communists with some of their own methods? Do you think this is possible?

Secretary UDALL. I think certainly the President foreshadowed that in his speech to the newspaper editors last week, yes.

Mr. CLAPPER. Isn't it also possible that the American people—there are some indications that the American people are further ahead of the President than he may think in their desire to take some definite action against this threat?

Secretary UDALL. I think one thing the President has been doing is to try to prepare the American people for this and I think what he was trying to say and did say very eloquently to the American people this past week is that we've got to be ready for new efforts, that we are dealing with very tough people and that we have to be just as tough and determined as they are. And I think the one danger in the past has been a certain complacency by the American people and I think the President is trying to arouse the people out of it, that is what I would say.

Mr. ROLFSON. Do you think he is spelling out specifically enough to the American people what burdens he expects them to bear and what sacrifices to make? We don't really know yet what we are supposed to be prepared for, do we?

Secretary UDALL. Well, I think if you listened carefully you should be aware of some of the things that the President has been trying to point out that we must do and some of the efforts we must make. Certainly in the past 90 days, the first 90 days of the administration, he has stepped up our major programs. We are making a greater effort today. We are trying to prepare for some of these things that we are not prepared for.

I think one of the things we should learn as a result of this recent episode is that we weren't well enough prepared, that our methods and perhaps our determination wasn't strong enough and I certainly do not think that a new administration that is

hardly in its seat should be blamed if there was some partial failure in a situation of this kind.

Mr. CLAPPER. Mr. Secretary, is there anything political in the fact that the President has called in former President Eisenhower for talks at Camp David, and former Vice President Nixon? What is the purpose behind this?

Secretary UDALL. I think the purpose of this is national unity. After all President Eisenhower and his Vice President conceived this plan, they started it, they, I suppose, in effect handed it on to the President and I think that probably his feeling is that he should consult with them and let them know what happened and give them the facts as best he knows them and I think it is part of preserving this national unity that is so important at a time like this.

Mr. ROLFSON. Mr. Secretary, a good many Members of Congress who went home for the Easter vacation came back and have since been saying that they found very little enthusiasm for the New Frontier at home and Mr. Nixon, before this consultation, too, of course, said that he found a great deal of support for the President as an individual, but virtually none for the Kennedy program.

What are you finding these days?

Secretary UDALL. I think this is a good bit exaggerated. I have been out around the country a good bit myself. I think there is strong support for the President's program. I think there is perhaps a need for people to vocalize it a little more. In fact, I think many of the American people who were the supporters of the President are sort of sitting back and saying, "Well, he is doing so well, let him carry the ball."

I think they are going to have to realize now that it is up to them to pitch in and to help arouse grassroots support for the President's program. But I think the interesting thing is at the same time that the President's program is doing quite well, really.

Mr. ROLFSON. Are you satisfied with the way Congress is handling it, with the speed and all that it is going through?

Secretary UDALL. Congress in some ways could move a little faster, but I think generally speaking when one compares this session of Congress with previous ones that there is a faster pace and that certainly at this stage of the game I feel that the President's program is doing quite well.

Mr. CLAPPER. Mr. Secretary, you have been refreshingly frank in stating several times that you play politics to the hilt, even now as Secretary of the Interior. Some of your Republican critics say that you have been doing this by telling Members of Congress to vote the way the administration wants in order to get certain public works projects through. Is this the way it is done?

Secretary UDALL. In the first place, the statement about playing politics to the hilt was with reference to Mr. HALLECK.

Mr. CLAPPER. Who also does.

Secretary UDALL. Yes. I do feel and I have always felt as a Congressman—and I am schooled in Capitol Hill politics—that American politics the way both parties traditionally play it is a good thing and I think when one party is in power naturally the members of that party, the Congressmen, the Senators, are going to get a little preferential treatment. It has always been that way. I hope it always is. This is one of the meanings, to me, of the American two-party system. I was perhaps a little franker than I should have been, but I was, I think, recognizing a reality that some politicians like to pretend doesn't exist and that is that there is a little bit of old-fashioned politics and that we play it every day and I make no bones about it and anything I can do to not only help in terms of the bills that I am interested in, out of my Department, that anything I can do to help the President's program, I will do it, providing it is honorable and providing it is proper.

Mr. ROLFSON. We have noticed you involved in a number of these bills and moves that aren't really involved in your Department. What about your own program? It is not going through Congress very fast, is it? The Interior program?

Secretary UDALL. Well, I think our program at this stage of the game is moving about as well as most of them.

Mr. ROLFSON. You have a cut of your budget request in the House.

Secretary UDALL. There was a very modest cut.

Mr. ROLFSON. That doesn't upset you?

Secretary UDALL. No, no, we are not at all disturbed with the cut. In fact we are hoping some of it will be restored. The House traditionally cuts all the budgets. This is traditional. We have several of our main programs that are moving quite well. I think when this session is through that we will have a very good performance in terms of legislative bills enacted.

Mr. CLAPPER. Mr. Secretary, I would like to sit back for a minute here and listen to you expound on something a little bit philosophical. What is this quiet crisis in conservation that you have been talking about?

Secretary UDALL. Well, something has been happening in the United States. Something has been happening to our land and to the relationship of people to land. In this postwar period, for example, we have had a tremendous population explosion. We have had people have much more leisure time. You can travel easier. And this has meant that people, particularly those—and most Americans have some liking for the out of doors—that is, our national parks, our State parks, our outdoor recreation areas have felt a tremendous pressure in recent years. And the crisis is that very little is being done about it. City leaders—at the State level there has been poor leadership. Nationally we have done very little in terms of providing the type of outdoor recreation facilities that are needed for our people, and America traditionally it seems to me has—part of its greatness and part of its grandeur has been that ours has been a spacious land and Americans have always had a great out of doors in which to test their strength and in which to test their understanding of themselves.

I think we are seeing right before our eyes, we are making a decision by default. We are seeing the American Continent change. The bulldozers are advancing and the green face of America is disappearing and I personally think this is a very serious crisis and I am hopeful that this administration can do something about it.

Mr. CLAPPER. One thing you are hopeful of doing from what I have read about your program is to provide park facilities in the East for easterners. For instance the Delaware River projects and so on. Is this a major reorientation toward the East away from the great western parks?

Secretary UDALL. Well, of course many of the great scenic areas are located in the West and inevitably this has meant that most of our parks are in the West.

Nothing would please us more—indeed we are bending our efforts toward that, to have a truly national program. I think one of the symbols of this new approach is the fact that the number one item on our legislative calendar is the Cape Cod Seashore bill. This is an area where there isn't any large tract of land like this land that could be preserved as a part of the National Park System. We hope Congress will act speedily and this bill will become law.

We have other plans for the eastern part of the United States. I think this is where most of the people are and I think this is where most of our money and effort ought to be spent in the next few years because this quiet crisis that I am referring to is more in the East than in the West because we still have a little breathing time, we still have a little room for maneuver left in the western part of the United States. We don't have in the East.

Mr. CLAPPER. Mr. Secretary, you said you would like to see an additional 15 million acres added to the national parks. First, where would this 15 million acres come from and how would you pay for buying it?

Secretary UDALL. Well some of this land would come from what is now public lands, which would be converted into parks. Some of this land would have to be bought, as we are now proposing that we buy the Cape Cod land, the Point Reyes National Park land, the proposed national park in San Francisco, the Padre Island off the coast of Texas, and other lands of this kind. When you propose buying land east of the Mississippi, it is costly. These are areas we should have set aside a generation ago and we failed to do so and we are paying for it now. The cost, I might say, is going up very rapidly. About every 10 years the cost of these lands that would make good park lands is doubling.

Mr. CLAPPER. I don't believe any President has ever set aside more than about 3½ or 4 million acres during his entire term for national parks. You really believe that it is possible for the Kennedy administration in the next 4 to 8 years to set aside up to 15 million acres?

Secretary UDALL. I think if we could lay out a proper program and aggressively persue it the way no administration has done recently, I think that we could make that kind of record.

Let me give you an example, here, of what is happening in terms of our National Park System [referring to chart]:

There were 3.5 million acres that came in prior to Teddy Roosevelt's time. During Teddy Roosevelt's administration, 1.5 million acres. Here is Taft, 2 million acres. Woodrow Wilson, the highwater mark, over 5 million acres came in in the National Park System. Harding, very little. Coolidge and Hoover have pretty good records, 3.5 and 3 million. In Franklin Roosevelt's time, 3.5 million acres into the National Park System. But look in the postwar period, during this period of crisis that I am talking about when we refer to a population explosion. In President Truman's administration only 73,000. Under the 8 years of President Eisenhower, 19,000 acres. You can see that in terms of the pressure of people on our remaining park resources, that this is a very serious problem and I think if as a people we determine to make a real record in terms of setting aside public lands for use by all of the people that we can make one of the finest records that has been made and what is more important we can set aside for all future generations a park system that will keep America a spacious land.

Mr. ROLFSON. Mr. Secretary, there are some people who are all for you on this thing, who agree with the urgency and all the rest, but who are nevertheless expressing some concern and even some impatience perhaps that things aren't going fast enough, that perhaps you aren't moving fast enough on it. Certainly Congress is not. For example the wilderness bill that is now in the Interior Committee I understand is in great danger. This would protect some of these wilderness areas from encroachment and from destruction.

What are you doing to help this bill?

Secretary UDALL. Well, I am doing about all I can do. I have testified for it on the Senate side. I am pushing it for every angle. This bill incidentally has had rather rough sledding in Congress. This is the third year that the wilderness bill has been before the Congress. I am hopeful the Senate will act on it and this is one of the bills that, although it doesn't set aside new land, it gives

wilderness status to existing public lands and I think this is legislation that our country needs and it would accomplish one of the objectives that I have been talking about here this afternoon.

Mr. ROLFSON. But I understand there are some interests, the lumber interests and the mining interests, for example, who are bringing great pressure to bear on the committee, and there is some prospect that whatever bill does come out would be severely amended and watered down if there is one. Are you——

Secretary UDALL. There has been traditionally, going all the way back to Teddy Roosevelt's time—any time you want to set aside lands for public use there are special interests who oppose it. There are special interests opposing the wilderness bill. I don't think they conceive of it properly. I think this is in the public interest.

But we are going to have to push, we are going to have to drive. But the Secretary of the Interior can't do it, the President can't do it. The President recommended this legislation. We are going to have to have some help from the people too, so I would say that the people out in the country who really believe in this legislation had better begin pushing it because we can't do it all at the Washington end.

Mr. ROLFSON. Mr. Secretary, our guest next week on this program will be the Secretary of Agriculture. There is a long history of struggle between your Department and his overmanagement of some 180 million acres of forest lands. We hear that this struggle might be revived now. Is this true?

Secretary UDALL. I don't think that it is reviving. It has existed and I think Secretary Freeman and I have the best opportunity that any Secretary of Agriculture and of Interior have had in the last 30 years or so to work out some solutions to partially at least resolve this dispute.

Secretary Freeman and I happen to get along very well. We have had some discussions on this problem. Nothing would please us more, I don't think anything would please the President more, than for Secretary Freeman and I to stop fighting and start doing. I think this is what the President wants and that he is the type of President who we know if we don't solve this problem, he will solve it for us, so I think you can look for some kind of solution emerging from our discussions and I hope Secretary Freeman—I am sure he will—will indicate just as I have today that we are going to try and get agreements where the others have failed.

Mr. ROLFSON. Would you expect the agreements might include putting in your Park Service in the Interior Department some of the lands that are now in the Forest Service in Agriculture?

Secretary UDALL. I personally would hope that this would include a sorting out of lands. After all it is not only a matter of there being some lands that are now in the Forest Service that perhaps should be national parks. We have in our Department some forest lands that perhaps should be in the National Forest System and it is a matter of deciding what the proper use is and proper administration of lands which we have that are already public lands. This has been the dispute and some Secretaries of Agriculture and Interior recently couldn't even discuss this subject without becoming so heated that the discussions were broken off.

Secretary Freeman and I take a different view. As I say, I am hopeful we can resolve some of these disputes.

Mr. CLAPPER. Mr. Secretary, would you favor a separate Department of Natural Resources such as Canada has which would include the public lands and the forests both?

Secretary UDALL. The Canadians interestingly enough have a Department of Agriculture, they have a Department of Forests and they have a Department of Natural Resources.

I think that the Forestry Service, it has been in agriculture for half a century. Although many times in the past it has been discussed, transferring it to the Interior Department and having a Department of Natural Resources, I am not proposing that at the present time. Perhaps it should be done, but I am not urging or suggesting that it be done. We have too many other important problems that should be discussed at the present time. But it does seem to me that the real question is not this question of jurisdiction between Secretaries, the question is, what is good for the country and what will best develop the resources of the country.

This is what we should address ourselves to rather than to personal rivalry of Secretaries in the Cabinet. This is what it has been too often in the past.

Mr. CLAPPER. I would like to ask a question about salt water, Mr. Secretary. On the 9th of March you told a news conference you would have a significant announcement to make on the progress in the program to convert salt water to fresh water. I wonder if you would want to make any announcement on it.

Secretary UDALL. We just about have our program ready to announce. We have had to take a very hard look at it and this has involved getting a scientific panel to look at the program. It has also involved some very tough questions that we have had to try to find the answers to. We hope to have the new direction for our program set out shortly and I am hoping we can make some headway. This is, I think, one of the most challenging problems that this Government faces. I think it is one of the most hopeful areas of activity.

If we can produce a solution to the saline water program, it seems to me this would offer a form of international cooperation for example where we could do far more in terms of prestige than for example adventures in space will do. At least this is my opinion.

Mr. CLAPPER. The President seemed to have the same opinion at his news conference. He said the same thing.

Secretary UDALL. Yes, I believe he does.

Mr. ROLFSON. Mr. Secretary, you Democrats have long criticized the Republicans for a giveaway program of public lands and resources. Have you done anything to reverse this or is there any significant difference in your policy from that of the previous administration?

Secretary UDALL. Well, I think our attitude generally in terms of resources is a more positive one. I think we are going to have more aggressive programs. I think Secretary Seaton in the main reversed the giveaway policies of his predecessor, Secretary McKay. I think there was a very definite giveaway policy in the first 4 years of the Eisenhower administration and I think that Secretary Seaton in the main reversed that policy which was not one of conserving but of giving away resources.

I think in a time like this with our country moving in the direction that it is moving that we have to have conservation policies that are the wisest policies we can devise and we have to push them aggressively and that is what we proposed to do.

Mr. ROLFSON. Can we expect under your administration a new burst of public power programs? For example, may we expect some new TVA's in some of the other great river basins?

Secretary UDALL. Of course many of our river basins have been largely harnessed. I think one area where you can look for activity is for example in the Northwest. The Canadian Treaty, if it is approved, opens up a whole new area of power development. We are looking toward the development of new sources of power, major sources of hydroelectric power in that area, and we are also hoping we can devise a plan for long-distance transmission of power. This is a very exciting new field, so that we can transfer power hundreds perhaps thousands of miles, and do it cheaply, and that this will mean tremendous efficiencies in terms of the economics involved.

Mr. CLAPPER. Mr. Secretary, you have threatened to George Marshall, the owner of the Washington Redskins football team, that you will take action if he uses the federally owned Washington Stadium—the new stadium being built now, next fall——

Mr. ROLFSON. Pete, I am sorry, I can't even let you finish that question. We have only 1 minute left which we would like Secretary Udall to use as he will.

Secretary UDALL. In summing up I would perhaps in part repeat what I have said. I do think there is a quiet crisis in conservation in America. I think whether we know it or not that our character as a people and our basic inner strength as a people is related to our land and to the way we treat our land. And I think in conserving and wisely using and developing the resources of our land that we will be determining the future strength of America. After all our strength as a people comes in the long run not from our arms, for example, but from our basic resources, from our land, our water, our wood, the resources that arise out of the land itself. And therefore conservation although it has been pushed into the background more now than in previous times it is an important area of activity and I am hoping this administration can make one of the finest records in the field of conservation that can be made. We are going to tackle these problems aggressively and I hope we will have the support of the American people.

Mr. ROLFSON. Thank you very much, Mr. Secretary. Thank you for being with us on "Issues and Answers."

Mr. GRUENING. Mr. President, will the Senator from Montana yield?

Mr. METCALF. I yield.

Mr. GRUENING. I merely wish to say that I, too, heard the program in which Secretary Udall participated; and I agree completely with the interpretation the distinguished Senator from Montana has made. I believe he has put the matter into proper perspective.

Mr. METCALF. I thank the Senator from Alaska.

THE JOHN BIRCH SOCIETY

Mr. JAVITS. Mr. President, much has recently been said of the possible dangers to our free institutions from secret societies which take it on themselves to judge the best way to fight communism and to determine what policies the United States is to follow.

A recent comment in the well-known national magazine, the New Yorker, puts this situation in a perspective which I believe to be most helpful, in commenting on the John Birch Society.

I ask unanimous consent that the item from the New Yorker of April 15, 1961, may be printed at this point in the body of the RECORD.

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

[From the New Yorker, Apr. 15, 1961]

THE TALK OF THE TOWN: NOTES AND COMMENT

The best news we have heard in the last couple of weeks comes from a semisecret

organization known as the John Birch Society, which is dedicated to fighting communism. The good news is that the founder and head of the society has discovered each of the following persons to be a Communist agent: Dwight D. Eisenhower, the former President of the United States; Earl Warren, the Chief Justice of the Supreme Court; the late John Foster Dulles, who was Secretary of State; and Allen W. Dulles, the Director of the Central Intelligence Agency. At first glance, admittedly, there is something almost frightening in the thought that so many Communists were able to creep into such high positions in the Government. But upon mature reflection the reader will perceive the heartening side of this disclosure. It proves the Communists to be a piffling sort of menace. With the executive and judicial branches of the Government safely in their hands, they were utterly unable to make their designs effective upon, or even apparent to, the rest of the Nation. So disorganized were they, indeed, that the heads of Communist governments abroad obviously never were informed that America was under Soviet control, and often spoke very harshly, and by name, of their American agents. The conclusion seems inescapable that America is able to absorb any number of such conspirators with no ill effects whatever.

Grateful as we are to the John Birch people for so encouraging a revelation, we nevertheless look upon the group, with some irritation, as an upstart in the field. As it happens, we are a member of a sort of semi-secret organization ourself—one that has been in continuous existence for nearly 200 years. To be sure, its attention has not been wholly fastened on fighting communism, but it has done quite a lot of good work, in its way. There are some who believe that this organization, whose members have infiltrated every craft and profession, deserves much of the credit for America's enjoyment of the oldest unaltered system of government in the world. The membership is impressively large, and, unlike that of the Communist Party or the John Birch Society, it is not composed of secret cells. In fact, the only real secrecy concerns the election of officers, which is performed in jealously guarded privacy. The rules of membership are few and basic, but upon many matters there is an unspoken consensus. It is generally considered bad form, for instance, for one member lightly and frivolously to accuse another of treachery—although it has been known to happen. The members receive no gaudy uniforms—not even so much as an armband—but each does receive a title. It is not an imposing title, we suppose, but it makes up in homely dignity whatever it may lack in romance, and to some members, at least, it has a certain glamour of its own. The title, dear John Birch Society, is Citizen.

MEDICAL CARE PROGRAMS

Mr. JAVITS. Mr. President, in all the action I have taken on health care insurance for the aged, I have placed substantial emphasis on the fact that an adequate program to meet the needs of our senior citizens should give top priority to preventive medical care, rather than hospitalization. Medical experts agree that adequate preventive care would lead to sharp reduction in the occurrence of chronic illness and long stays in the hospital. This can best be done by a first cost program, such as I have included in proposed legislation which I and nine of my colleagues introduced earlier this year, which would make physician's care readily available at home or in the office.

This contention is supported by statistics on utilization data in connection with old age assistance health programs, which show that the percentage of eligible persons receiving physicians' care was about six times the number who had to be hospitalized.

I ask unanimous consent to have printed in the RECORD, with my remarks, an article entitled, "The Evaluation of Old-Age Assistance Medical Care Programs," written by Dr. S. J. Axelrod and published in the Journal of Public Health.

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

THE EVALUATION OF OLD-AGE ASSISTANCE MEDICAL CARE PROGRAMS

(By S. J. Axelrod, M.D., M.P.H., F.A.P.H.A)

In 1941, Reed and Clark, discussing the need for appraisal of public assistance medical care programs, wrote: "Considering the magnitude of these programs, surprisingly little is known about them."[1] Almost 20 years later, public assistance medical care programs are of even greater magnitude and the same observation can still be made: surprisingly little is known about them.

The growth of these programs can be gaged by expenditures of Federal, State, and local funds for medical care of the needy over the years. In 1939 annual expenditures of such funds were estimated to be about $50 million. By 1949 this figure had risen to $125 million. Since then, there has been more than a threefold increase. Currently, medical care expenditures in public assistance programs, including both money payments to recipients to purchase medical care as well as vendor payments, are estimated to be about $420 million a year.[2] These increases are due in part to rising medical care costs and in part to the more adequate provision of medical care services to recipients of public assistance. Amendments to the Social Security Act in 1950, 1956, and 1958 have encouraged more States to give more medical care to more recipients of public assistance by making possible Federal matching of funds for vendor payments for medical care and by increasing financial participation by the Federal Government in medical care expenditures for recipients of public assistance.

Prior to the 1956 amendments, which earmarked Federal matching funds for medical care, there were no more than 20 States with relatively comprehensive medical care programs for recipients of public assistance. In the other States the programs were considerably limited in scope, providing, for example, hospital care only, or there were serious limitations in financial support, ranging from monthly maximums on the amount allowed for medical care to no public assistance funds at all for medical care in 16 States.[3] At present, largely as the result of liberalized Federal participation in financing, some medical care is being provided under one or more of the categorical assistance programs in all but 2 of the 53 States and territories. However, of the States which have recently initiated or expanded their medical care programs, none has a program which may be described as comprehensive.[4]

In the old-age assistance programs in 1958, 49 of the 53 States and territories made specific provision for nursing home care; 39 for drugs; 36 for dental care; 35 for hospitalization; 35 for physicians' and other practitioners' services; and 34 for prosthetic appliances.[5] It has been estimated that about 70 percent of the payments made to suppliers of medical services in behalf of public assistance recipients in all four categories were made for old-age assistance recipients.

The rising costs of the medical care component of public assistance, particularly for the 2.4 million persons on old-age assistance, has led to public concern, and there has been a growing recognition of the need to evaluate public assistance medical care programs. As a result, systematic reviews of State and local programs have been undertaken with increasing frequency in recent years.[6] Typically, the commissions, the committees, and the consultants making these reviews describe the administrative structure of the program, the scope of services provided, and the patterns of providing services. Cost data are usually presented in some detail; service or utilization data, with few notable exceptions, are not presented, generally because they are not available.

Such program reviews are of only limited usefulness in the evaluation of public assistance medical care programs. To be sure, some inferences concerning the quality of the care provided may be made from descriptions of administrative patterns with respect to staff organization and responsibility, the presence or absence of professional advisory committees, the scope of services available, and the manner in which they are provided. But such basic questions as: How much medical care is actually being received? and: Is it enough? cannot even be approached without carefully collected and properly interpreted utilization data. Furthermore, as regards qualitative adequacy, the question, To what extent do recipients receive medical care meeting accepted standards of quality? must also be answered. Measures of the quality of care by professional service auditing ("medical audits") would provide the answer.[7] However, these technics, which were developed for use in hospitals and in selected health insurance plans, have not been used in public welfare medical care program reviews.

A notable feature of the program reviews mentioned above is their emphasis on cost data. This is due to the traditionally fiscal orientation of public assistance programs and is reinforced by the prevailing method of purchasing medical care in public assistance programs, i.e., by vendor payments. Dollar figures originating in the agency's accounting office flow quite

[1] Reed, L. S., and Clark, D. A. "Appraising Public Medical Services." A. J. P. H., 31:421, May 1941.

[2] Published and unpublished material available in the Bureau of Public Assistance, Social Security Administration, Washington, D.C.

[3] American Public Welfare Association, "Role of the State Public Assistance Agency in Medical Care." I. General Aspects of Medical Assistance, September 1953.

[4] Bierman, P. Where Are We Going in Tax-Supported Medical Care? Paper presented at APWA Southwest Regional Conference (Apr. 7), 1959.

[5] Social Security Administration, Bureau of Public Assistance, "Medical Care in Public Assistance: Information Relating to Changes, Early 1957 to January 1958," State Letter No. 333, Apr. 8, 1958.

[6] See for example: American Medical Association, Council on Medical Service, "A Report on Medical Care for the Indigent in 18 Selected Communities," 1955; New Jersey Commission to Study the Administration of Public Medical Care. The Report and Recommendations, October 1959.

[7] (a) Rosenfeld, L., "Quality of Medical Care in Hospitals." A.J.P.H. 47:856, July 1957. (b) Daily, E. F., and Moorehead, M. A., "A Method of Evaluating and Improving the Quality of Medical Care," A.J.P.H. 46:848, July 1956.

naturally as a byproduct of the process of paying physicians, hospitals, and other vendors. Emphasis on the almost exclusive collection of cost data stems also from widespread lack of appreciation of the relevance of utilization data for program evaluation. Both cost and utilization data are necessary for program evaluation. But in assessing the relative value of each for this purpose, it should be borne in mind that when utilization data are available, a conversion can readily be made to cost data by applying prices to the items of service. The reverse process, the conversion of cost information into utilization data, is more difficult, and at times, not possible. Moreover, differences in fee schedules and hospital charges invalidate interprogram comparisons based on cost data alone by obscuring variations between programs in the volume of service rendered.

The American Public Welfare Association, among other activities directed toward the improvement of public welfare administration, has given special attention to medical care programs in public welfare departments. It has recently developed a "self-evaluation schedule for medical assistance programs,"[8] and is currently sponsoring, with funds secured from the Public Health Service, a program of research in the administrative aspects of public assistance medical care programs. Studies leading to the improved administration of these programs are now being carried out by the Bureau of Public Health Economics, University of Michigan.

In reviewing research efforts to date,[9] it soon became evident that there is very little information on the amount of medical care received by recipients of public assistance. A preliminary field survey indicated that even in the relatively few States which collect such data, there are important gaps. Also, the limited information which was available did not lend itself to meaningful interstate comparisons because of differences in definitions of service and the absence of basic caseload data from which to develop utilization rates for comparative purposes.

Recognizing that evaluation is a critical element of sound administration and that adequate utilization data are necessary for the evaluation of public assistance medical care programs, it was decided to focus the initial phase of the research program on the collection of such data and on the quantitative appraisal of services received by recipients of public assistance. Although it is difficult to separate quantity from quality in regard to the adequacy of medical care, studies of quality as such, e.g., the application of medical audit technics, have been deferred.

The selection of the public assistance medical care programs for study in the initial phase of the research was in part dictated by considerations of time and cost. It was decided to limit this phase to old-age assistance medical care programs in a relatively small number of States. The OAA category is a more homogeneous population group than the other three categories. The largest proportion of total outlays for medical care in public assistance is absorbed by this group. Finally, the OAA category was selected because of widespread interest in medical care for the aged, an interest which has been intensified by the debate over the Forand bill.

[8] American Public Welfare Association, "self-evaluation schedule for medical assistance programs, 1957."

[9] American Public Welfare Association and Bureau of Public Health Economics, University of Michigan, "Public Assistance Medical Care: Areas of Needed Research and an Annotated Bibliography," November 1959.

No attempt was made in this study to present a national picture of OAA medical care programs or to estimate the amount of medical care received by the 2.4 million persons on old-age assistance. Attention was directed rather toward the development of satisfactory methods of collecting adequate utilization data, solving the problems which were encountered, and indicating the use of these data in program evaluation.

A word of caution regarding the limitation of utilization data is in order. Records of the use of services are limited to those services for which the administering agency makes a payment. In some areas, welfare recipients may receive a broad array of services for which no payment is made by the welfare agency and of which the agency will have no record. Such "free" services vary in amount and, if they are of some magnitude, they should be taken into account in making interprogram comparisons in terms of utilization data.

Two criteria were used for the selection of States. In order to secure utilization data on a broad array of services, only those States with comprehensive medical care programs for OAA recipients were considered. The State program would have to include at least physicians care—general practitioner and specialist—in office and home; hospital care; dental care; and prescribed drugs, to be selected for the study. Second, States were chosen whose record systems make the collection of utilization data feasible. For example, State programs which provide for important elements of medical care through money payments to the recipient, rather than by vendor payments, present many complex problems in the collection of utilization data.

With these considerations in mind, the old-age assistance medical care programs of four States, Rhode Island, Connecticut, Maryland, and Illinois, were selected for study. The Maryland program is distinctive in that it is administered by the health department; there are also some differences among all four States in the services provided and in payment to vendors. However, the similarities between them in terms of the services provided, in methods of providing service, and in other administrative features far outweigh the differences, so that utilization data were collected in four basically similar, comprehensive medical care programs for the needy aged. The methodology of data collection and the complete findings of this study will be presented in a monograph to be published by the American Public Welfare Association.[10]

This paper deals with some of the ways in which utilization data can be used in the evaluation of OAA medical care programs. Illustrative data from three of the four States studied are presented. If the question, How much medical care is actually being received? can be answered, then a second question, Is it enough? must also be asked. In the absence of generally accepted norms of quantitative adequacy, utilization data, taken from published reports of the experience of a medical care plan for an insured population 65 years of age and over (the Health Insurance Plan of Greater New York) and of the experience of the general population 65 years and over (the National Health Survey) are used as a basis for comparison.

Table 1 shows the proportion of individuals on the old age assistance rolls in three State programs at any time during the study period who received any type of medical care.

[10] American Public Welfare Association and Bureau of Public Health Economics, University of Michigan, "Old-Age Assistance Medical Care: A Four-State Study" (to be published).

About three-fourths of eligible individuals received some type of medical care in a 12-month period in each of the three State programs. This proportion is a measure of the spread of receipt of service throughout the assistance caseload and is useful in making both quantitative and qualitative appraisals. Without this measure, it is difficult to appraise the significance of the volume of medical care provided by a given program. A large volume of care may mean either that many individuals are receiving relatively few services, or that many services are being provided for a relatively few individuals. In terms of qualitative appraisals, it can be stated that failure to receive necessary medical care means poor quality care. The assumption that about a quarter of the OAA recipients in each of the programs received no medical care of any kind in a 12-month period because they did not need any is not tenable in view of what we know in general about the health status and health needs of the older age group.

TABLE 1.—*Utilization of medical care, selected old-age assistance programs*

	State A	State B	State C
1. Percent of eligible individuals receiving any type of care in 12-month period	73	79	73
2. Percent of eligible individuals receiving specified type of care in 12-month period:			
(a) Physicians' care	55	62	62
(b) Hospitalization	9	19	10
(c) Prescribed drugs	60	65	56
(d) Dental care	4	5	2
(e) Eye care, including glasses	13	15	(2)
(f) Chiropody	[1] 8	11	(3)

[1] Estimated.
[2] Less than 1 percent. Care provided only for post-cataract surgical cases.
[3] Care not provided.

When the proportion of eligible individuals in the three programs receiving specified types of care is examined, it is seen that in two of the three programs, State A and State B, a larger proportion of eligible recipients received prescribed drugs than physicians' care. At the very least this raises questions about the quality of the medical supervision of OAA recipients who receive prescribed drugs but no physicians' care in a 12-month period. One possible explanation for this finding is that the physicians render free care in that they do not submit bills for OAA recipients but the prescriptions they write are billed for by less charitably minded pharmacists.

Dental care was received by the smallest proportion of eligible individuals receiving any type of care in the 12-month period. Even with the relatively large proportion of edentulous persons among those 65 years of age and over, there undoubtedly is a greater need for dental care, other than for artificial dentures, than is indicated by the receipt of dental care in these programs. Thus quantitative appraisal of this type of care forms a basis for making judgments about its adequacy.

Table 2 shows the utilization of physicians' services in the three OAA study States, in a comparable program in the Province of Saskatchewan, in an insured population group and in the general population 65 years and over.[11]

[11] Except for State C and the Province of Saskatchewan, utilization data are based on samples and are subject to sampling errors. The magnitude of the sampling errors in the data for States A and B is dealt with in the final report. For the purposes of this paper it can simply be stated that sampling errors do not invalidate the general conclusions.

TABLE 2.—*Use of physicians, selected old-age assistance programs, and persons 65 years and over in insurance plan and in general population*

	OAA programs				Insured population 65 years and over, HIP [2] (1955–56)	General population 65 years and over, United States [3] (1957)
	State A	State B	State C	Saskatchewan [1] (1955–56)		
1. Percent of individuals receiving physicians' care in 12-month period	55.0	62.0	62.0	69.0	70.0	64.0
2. Average number of office and home calls per person in 12-month period	4.4	5.0	7.1	3.9	5.8	6.8
3. Type of call, percent of all calls	100.0	100.0	100.0	100.0	100.0	100.0
Office	41.0	36.0	42.0	67.0	91.0	64.0
Home, day	56.0	63.0	56.0	33.0	9.0	36.0
Home, night	3.0	1.0	2.0			
4. Number of physicians seen in 12-month period, all individuals, percent	100.0	100.0	100.0	100.0	100.0	100.0
No physicians seen	46.0	38.0	38.0	31.0	30.0	36.0
Saw 1 physician	40.0	42.0	(4)	(4)	(4)	(4)
Saw 2 physicians	10.0	14.0	(4)	(4)	(4)	(4)
Saw 3 physicians	3.0	3.0	(4)	(4)	(4)	(4)
Saw 4 or more physicians	1.0	2.0	(4)	(4)	(4)	(4)

[1] Saskatchewan Department of Public Health Annual Report, 1955–56 (November), 1956 and Saskatchewan Medical Services Division statistical tables, fiscal year ending Mar. 31, 1956 (December), 1956.
[2] Shapiro, S., and Einhorn, M., "Experience With Older Members in a Prepaid Medical Care Plan," Public Health Report 73:687, 1958.
[3] National Health Survey preliminary report on volume of physician visits, United states, July-September 1957 (February), 1958.
[4] Information not available.

Physicians' care was received by 55 percent of the OAA caseload in State A, by 62 percent in States B and C, and by 69 percent in the Saskatchewan program in a 12-month period. In answering the question, Is this enough? the proportion of OAA recipients who do not see a physician in this period is the critical figure. From this standpoint these data indicate underutilization and unmet need. It may be argued that the 30 to 45 percent of OAA recipients who do not receive physicians' care during the course of a year do not experience any illness and do not need physicians' care. The implication that medical care is not needed by this group depreciates the value of preventive medicine and ignores the lessons learned from the application of screening techniques and periodic physical examinations in uncovering unmet needs for medical care in healthier groups of the population. The qualitative adequacy of the OAA programs is also called into question when one considers the reservoir of untreated chronic illness and disability known to exist in this socioeconomic group. Even among a younger and presumably healthier group of the aged, and one to which physicians' care is more readily accessible, namely, the subscribers 65 years of age and over in the health insurance plan of Greater New York, 30 percent fail to see a physician in a 12-month period. As estimated by the National Health Survey, the comparable figure for the entire population of the United States, 65 years and over, is 36 percent.

The average number of office and home physicians' calls per person per recipient year ranges from 4.4 to 7.1 in the three study States, and from 3.9 to 6.8 in the other population groups 65 and over, shown in table 2 and used as a basis for comparison. Without taking into account such factors as age and sex composition, socioeconomic status, and other variables affecting utilization of physician services, strict comparisons cannot be made. However, this type of utilization data does provide benchmarks which are useful for measuring program performance on a year-to-year basis. Experience of OAA medical care programs which have kept physician utilization data over a number of years shows that physician utilization has been relatively stable or gradually declining. Concurrently, drug utilization in these same programs has risen steadily.

Data on the distribution of physicians' calls by type of call show marked similarities among the three OAA programs studied, and sharp differences with the other groups 65 years and over. In the three OAA programs, home calls and calls to nursing homes exceed office visits. The great excess of office visits over home calls in the HIP population and in the general population 65 years and over, reflects the healthier, ambulatory status of these population groups and the emphasis on office calls in today's medical practice. The volume of physicians' home and office care received by recipients in the three study States and in the Saskatchewan program is a very rough measure of the need for physicians' care outside the hospital. In view of the findings one wonders at the adequacy of medical care assistance programs which are limited to hospital care.

In the free choice, "no-economic-barrier," system of medical care represented by the three OAA programs studies, the myths of "abuse of service," as indicated by a large volume of night calls, or "shopping around for physicians," as indicated by the indiscriminate use of physicians, do not assume reality. Only from 1 to 3 percent of all calls were night calls in the three State programs. As for "shopping around," the data suggest that there is a fairly high degree of stability in the usage of physicians by OAA recipients. Forty percent of OAA recipients in State A received all their care from only one physician in a 12-month period and about the same proportion, 42 percent, in State B received all of their physicians' care from one physician. This means that about three-quarters of all OAA recipients who received any physicians' care received their care from one physician.

With physician utilization data in hand, it becomes possible to evaluate widely accepted, but untested, administrative procedures designed to reduce the costs of physician's care. For example, are control technics, such as placing limitations on the number of physicians' calls in a given period, or for a given diagnosis, or prior authorization, or other program restrictions, really necessary? If applied, are they effective?

TABLE 3.—*Use of hospitals, selected old-age assistance programs, and persons 65 years and over in insurance plan and in general population*

	OAA programs				Insured population 65 years and over, HIP [2] (1955–56)	General population 65 years and over, United States [3] (1957–58)
	State A	State B	State C	Saskatchewan [1] (1955–56)		
1. Percent of individuals hospitalized in 12-month period	9.0	19.0	10.0	(4)	(4)	[5] 10.5
2. Discharges per 100 persons in 12-month period	13.0	28.5	13.0	29.8	12.1	12.1
3. Days of hospital care per person per year	2.2	5.6	2.4	5.1	1.6	1.8
4. Average duration of stay per discharge	16.6	19.4	17.2	17.1	13.2	14.7

[1] Saskatchewan Department of Health, Annual Report of the Saskatchewan Hospital Services Plan, 1956 (February), 1957.
[2] Shapiro, S., and Einhorn, M., "Experience With Older Members in a Prepaid Medical Care Plan," Public Health Report 73:687, 1958.
[3] National Health Survey, "Hospitalization: Patients Discharged from Short-Stay Hospitals, United States, July 1957–June 1958," (December), 1958.
[4] Information not available.
[5] Estimated.

Table 3 shows the utilization of hospital care in the three study States, the Saskatchewan program, in an insured population, and in the general population 65 years and over. Some persons are hospitalized more than once during a year and differences between the percent of individuals hospitalized in a 12-month period and the number of discharges per 100 persons is a measure of the extent of multiple hospital admissions. In an aged population, severe and prolonged illness and physical deterioration account for many of the multiple admissions. However, examination of cases with multiple admissions in OAA programs and studies of multiple admissions in other programs [12] have shown that lack of adequate physician supervision and failure to provide posthospital nursing care in the home have been important factors. The savings which could be

[12] (a) Roemer, M. I., and Meyers, G. W., "Multiple Admissions to Hospital." Canad. J. Pub. Health 47:469, November 1956. (b) Koplin, A. N.; Hutchison, R.; and Johnson, B. K., "Influence of a Managing Physician on Multiple Hospital Admissions." A.J.P.H. 49:1174, September 1959.

realized through preventing multiple hospital admissions due to such causes have been demonstrated.

Hospital utilization, measured by discharge rates and days of hospital care per recipient-year, is much greater in State B and in the Saskatchewan OAA program than in the other cases. As with physician utilization data, comparisons of OAA hospital experience with that of other population groups 65 years and over is hazardous. Age and sex composition, socioeconomic status, supply of hospital beds, methods of payment of hospitals, and availability of nursing home beds, to mention some of the important factors associated with differences in hospital use, must be considered. However, none of the factors which are believed to account for the very high rate of hospital utilization in Saskatchewan—the sparsely settled rural economy, the greater supply of hospital beds relative to population, and the lesser supply of physicians—appear to be operative in State B and the reasons for its very high hospital utilization rate have not been satisfactorily explained. Suffice it to say that utilization data of this type pinpoint areas which require further study and administrative attention.

With the high cost of hospital care and the pressures for welfare agencies to pay full costs to hospitals for the care of the indigent, the volume of hospital care is an important consideration. Unnecessary hospital admissions and unnecessarily prolonged stays due to administrative laxity within the hospital or the absence of more appropriate alternative facilities, such as a nursing home or a home care program are wasteful and, as has been demonstrated, can be controlled. Hospital utilization data are necessary in directing attention to situations requiring control. For example, by using hospitalization data in comparing State B with State A, it is found that State B has a higher proportion of its OAA caseload admitted to the hospital, has more multiple admissions, and a longer average duration of stay of its hospitalized OAA recipients. Consequently State B uses more than twice the number of hospital days per recipient than State A. The reasons for all these differences are not known, but it is significant that State A requires reauthorization for hospital care for all cases of 21 days or more. Also the method of payment may be an important factor. State B pays on the basis of full cost and State A pays on the basis of a flat per diem rate which is considerably less than cost.

Table 4 shows the utilization of drugs, dental, and eye care in the three study States and in the Saskatchewan program. The increasing costs of drug care in public assistance programs is a matter of widespread concern. Not only is drug utilization increasing, but costs per prescription are rising as newer and hopefully more efficacious preparations are becoming available. In two of the three study States, prescribed drugs take a larger bite of the welfare medical dollar than do physicians' services. The average number of prescriptions per recipient-year ranges from 7.4 in Saskatchewan to 15 in State B. There is some difference of opinion on the role of drug therapy in meeting the health needs of an aged population with a heavy burden of chronic illness. Does high drug utilization mean that need is more nearly being met or does it mean overprescribing and medical care of questionable quality? In any event, utilization data are a necessary first step in evaluating this aspect of medical care.

TABLE 4.—*Use of prescribed drugs, dental care, and eye care, selected old-age assistance programs*

	State A	State B	State C	Saskatchewan [1] (1955–56)
1. Prescribed drugs:				
(a) Percent of individuals receiving in 12-month period	60	65	56	(2)
(b) Average number of prescriptions per eligible individual in 12-month period	(2)	15	9	7.4
2. Dental care:				
(a) Percent of individuals receiving in 12-month period	4	5	2	(3)
(b) Number of dentures and denture repairs per 100 persons in 12-month period	3	5	4	7.9
3. Eye care:				
(a) Percent of individuals receiving in 12-month period	13	14	(3)	(4)
(b) Number of eyeglasses and repairs per 100 persons in 12-month period	14	19	(4)	19.0

[1] Saskatchewan Medical Services Division. Statistical tables, fiscal year ending Mar. 31, 1956 (December), 1956.
[2] Information not available.
[3] Less than 1 percent.
[4] Provided only for postcataract surgical cases.

SUMMARY

The evaluation of public assistance medical care programs is discussed in the light of their growth and the gaps in our knowledge about them. Utilization data from selected old age assistance medical care programs are presented and the ways in which such data can be used to form the basis for evaluation are indicated.

Adequate utilization data are necessary for the evaluation of public assistance medical care programs. Only when such data are available is appraisal of quantitative adequacy possible. Establishment of utilization bench marks permits comparisons with other medical care programs as standards of quantitative adequacy. Utilization data enable the testing of the appropriateness and effectiveness of administrative control procedures. Finally, since quality of service cannot be considered apart from its quantity, utilization data provide a basis for making some judgments about qualitative adequacy.

THE U.S. SAVINGS BOND PROGRAM

Mr. JAVITS. Mr. President, as a member of the Joint Economic Committee, I have for some time been deeply interested and concerned with the role of savings bonds in the debt structure of the Federal Government, and the excess of redemptions over sales which has been taking place since 1956.

It is gratifying to note the recent reversal of this trend and the growth of the U.S. savings bond program. It is a happy circumstance that these dollar gains coincide with the observance of the 20th anniversary of the savings bond program, which occurs on May 1 of this year. During the first 3 months of this year total investment in series E and H bonds—the only savings bonds now offered—increased by nearly $400 million, which is the largest gain for any 3-month period in the past 5 years. The cash value of outstanding bonds as of March 31, 1961, stood at an all-time record high of $43,536 million.

It is especially good to see cash sales outrunning gross redemptions, as they have been doing for the past 3 months. Redemptions during this quarter were down 15.7 percent from last year, and were in fact lower than for any corresponding quarter since 1956.

Since the very beginning, in 1941, the bond program has been largely the work of volunteers in every field of activity. Bankers, businessmen, labor unions, community groups, women's organizations, the entertainment industry, and other groups have been closely associated with the program's success.

Through the Advertising Council, the advertising industry has contributed more than $1 billion in free space and time, and current contributions are running at a rate of $50 million annually.

This work of the savings bond volunteers has encouraged millions of Americans to save for important future goals. It has helped to make our country stronger economically. It is a fine example of patriotic participation in an important national program.

I hope that everything possible will be done to maintain this new trend, which I believe to be most helpful to the American economy and the fiscal situation of the Nation.

I ask unanimous consent that there may be printed in the RECORD at this point statements by the Savings Bond Division of the Treasury Department and tables setting out the trends in sales and redemptions of E and H bonds.

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

WASHINGTON, D.C., April 5.—March sales of series E and H savings bonds totaled $435 million, 10 percent above the corresponding month of last year, the Treasury reported today. Accrued interest on E bonds of $97 million during the month made a total investment of $532 million.

This compares with March redemptions of $412 million, of which $350 million represented the original cost price and $62 million accrued interest. This is 6 percent less than redemptions in March 1960.

March 1961 series E and H savings bond sales and redemptions

[In millions of dollars]

	Month of March	
	1961	1960
Issues:		
Series E and H cash sales, issue price	$435	$393
Accrued interest on outstanding E's	97	93
Total additions	532	486
Redemptions:		
Series E and H, issue price	350	369
Accrued interest on redeemed E's	62	68
Total withdrawals	412	437
Amount outstanding:		
Total E and H bonds outstanding	43,536	42,662
Net change from previous month	+120	+49

Unclassified transactions at end of period are classified on an estimated basis.

NOTE.—Figures are rounded to nearest million, and will not necessarily add to totals.

This $120 million net increase during the past month pushed the total E and H amount outstanding to another record high of $43,536 million. This compares with $43,416 million at the end of February.

Series E and H cash sales of $1,306 million for the first quarter of 1961 were 4 percent above last year, the best for any corresponding period in the past 3 years. Interest accruals on E bonds of $320 million during the period ran the total investment to $1,626 million.

Gross redemptions of $1,227 million for the quarter were 16 percent below last year, and set a 5-year low for any corresponding period. The amount represented $1,024 million in bonds at cost price, and $203 million in accrued interest.

William H. Neal, National Director of the Treasury's Savings Bonds Division, said: "It is especially satisfying to see a steady increase in sales during our 20th anniversary year. This speaks well of the combined efforts of thousands of volunteers who are constantly encouraging Americans to invest a part of their savings in U.S. savings bonds."

Cash sales and redemptions of U.S. savings bonds series E and H, May 1941 to date [1]

[Dollars in millions]

Period	Sales at issue price	Accrued discount	Sales plus accrued discount	Redemptions			Amount outstanding end of period	Redemptions each period as percent of amount outstanding end of period
				Total	Prior to maturity [2]	Matured bonds		
Calendar years:								*Percent*
1941	$1,145		$1,145	$11	$11		$1,134	0.97
1942	5,989	$10	5,999	209	209		6,923	3.02
1943	10,344	70	10,414	1,380	1,380		15,957	8.65
1944	12,380	182	12,562	3,005	3,005		25,515	11.78
1945	9,822	353	10,175	4,963	4,963		30,727	16.15
1946	4,466	493	4,959	5,423	5,423		30,263	17.92
1947	4,085	579	4,664	3,930	3,930		30,997	12.68
1948	4,224	696	4,920	3,728	3,728		32,188	11.58
1949	4,208	818	5,025	3,448	3,448		33,766	10.21
1950	3,668	971	4,639	3,912	3,192		34,493	11.34
1951	3,190	1,080	4,270	4,036	3,782	$254	34,727	11.62
1952	3,575	1,120	4,694	4,098	3,130	968	35,324	11.60
1953	4,368	1,128	5,496	4,157	2,829	1,328	36,663	11.34
1954	4,889	1,126	6,015	4,444	2,945	1,500	38,233	11.62
1955	5,368	1,113	6,481	4,652	2,603	2,047	40,063	11.61
1956	5,043	1,124	6,167	4,832	2,941	1,891	41,398	11.67
1957	4,507	1,143	5,649	5,469	3,385	2,084	41,578	13.15
1958	4,689	1,178	5,867	4,856	3,165	1,691	42,589	11.40
1959	4,320	1,169	5,489	5,519	3,086	2,433	42,559	12.97
1960	4,350	1,224	5,574	4,996	3,052	1,944	43,137	11.58
1961 (3 months)	1,306	320	1,626	1,227	742	485	43,536	2.82
Months:								
1960—March	393	93	486	437	245	192	42,662	1.02
April	340	89	429	427	250	177	42,664	1.00
May	349	92	442	412	254	158	42,694	.96
June	340	119	459	438	242	196	42,715	1.02
July	354	121	475	411	260	152	42,779	.96
August	355	94	450	401	224	178	42,827	.94
September	340	94	433	392	255	137	42,868	.92
October	346	91	437	352	230	123	42,953	.82
November	326	94	420	344	177	168	43,028	.80
December	348	122	471	362	255	107	43,137	.84
1961—January	456	126	581	441	285	156	43,278	1.02
February	416	98	513	375	233	142	43,416	.86
March	435	97	532	412	225	187	43,536	.95

[1] Sales and redemption figures include exchanges of minor amounts of (1) matured series E bonds for series G and K bonds from May 1951 through April 1957, (2) series F and J bonds for series H bonds beginning January 1960; however, they exclude exchanges of series E bonds for series H bonds.

[2] Includes unclassified redemptions.

LEGISLATIVE PROGRAM

Mr. DIRKSEN. Mr. President, I should like to ask the distinguished majority leader about the program for the remainder of the week, and, insofar as he can now determine, the program for the first part of next week.

Mr. MANSFIELD. Mr. President, in response to the question raised by the distinguished minority leader, it is my understanding that we shall have the conference report on the aid to dependent children bill before us today. There are two measures under General Orders on the calendar, both of which I understand are noncontroversial and may be taken up. Also, there are some Members of the Senate who wish to speak today. I think the Senator from Nebraska [Mr. CURTIS] wishes to speak for at least half an hour. The Senator from New York, the Senator from California, and other Senators also wish to speak.

There will be nothing controversial that I know of this afternoon.

It is the intention of the leadership, after discussing the situation with interested parties, to go over until Monday. It is anticipated that on Monday there will be nothing controversial voted on. It is anticipated at this time that on Monday next we shall very likely go over until Wednesday.

ADDRESS BY HON. ROBERT S. McNAMARA, SECRETARY OF DEFENSE

Mr. MANSFIELD. Mr. President, a few days ago the Secretary of Defense, the Honorable Robert S. McNamara, spoke to the members of the Associated Press at their annual luncheon held in New York City. His address on that occasion was a thoughtful survey of the many-headed problem of providing sufficient military strength for our country in these hazard-filled times. The Secretary outlined succinctly the basis on which his Department will carry out a vital program to discharge the great task with which the Congress and the American people have charged him.

Especially noteworthy were the Secretary's remarks regarding what he accurately termed two fallacious common assumptions. He called wholly false the assumption that our Nation's economy is not strong enough to maintain large defense expenditures over a protracted period. Similarly he gave the lie to the erroneous assumption that our economy is dependent upon large defense expenditures for its livelihood. I was especially pleased to see these two false doctrines destroyed.

I sincerely believe that the Secretary's words and concepts concerning the national defense deserve careful scrutiny by this body and by the country at large. I therefore ask unanimous consent that the text of Secretary McNamara's address be printed in the RECORD following these remarks.

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

REMARKS BY SECRETARY OF DEFENSE ROBERT S. MCNAMARA, ANNUAL LUNCHEON, ASSOCIATED PRESS, WALDORF ASTORIA HOTEL, NEW YORK, N.Y., APRIL 24, 1961

I welcome this opportunity to talk to you about what we have done with the defense program, and what we expect to do, in order to carry out President Kennedy's plans in this area. The changes that we have recommended to the Congress are not minor. They call for major shifts in the pattern of defense spending. We are proposing to increase our efforts substantially in certain areas, and to cut back sharply on other programs, abandoning some of them completely. I want to make three points clear:

First, the capacity of the United States to deter and defend itself against the risk

of future wars, big and little, must be greater than it is today.

Second, we can increase this capacity with a minimum increase in the cost of national defense, if we plan intelligently, and are willing to take hard decisions without temporizing.

Third, we must find ways and means to reduce the impact of these decisions on the American economy.

Equally important, I want to emphasize what I am not saying: I am not saying that our defenses are inadequate to the present danger. But we must act today to strengthen our deterrent power for the future.

I am not saying that we must trim our defenses in one area to balance increased costs in another area. But we can effect substantial savings without impairing our military readiness.

I am not saying that we should change the scope or timing of military decisions because of their effects on the economy. But we can take steps to mitigate the consequences of base closings and contract cancellations, by working with other agencies of government and with the affected groups and communities to provide other opportunities.

In developing our new defense program, I received two basic instructions from the President:

Our own national security, and our contributions to the reduction of international tensions depends on our military strength. Therefore, our defense program must not be constructed within arbitrary budget ceilings.

While the size and composition of our Military Establishment is being examined and reexamined to make sure that it is adequate and up-to-date, at the same time every possible effort must be made to eliminate waste, duplication and unjustifiable expenditure.

In the light of the President's instructions, we have begun to reappraise the defense strategy of the United States, our capacities and our plans. As you know, we have completed the preliminary appraisal, in the limited time available to submit a revised defense budget to the Congress for the coming fiscal year. This appraisal was a joint work project of the best minds, military and civilian, that we have available in the Department of Defense. Our predecessors did a thorough job in preparing their program. As a result of the work we were able to do, however, we have reached different conclusions in a number of areas. In these areas we have already taken certain initial steps. We have accelerated our procurement of Polaris submarines, and we have moved to increase our airlift capacity. As you know, we are recommending to the Congress a number of major changes to follow these first steps.

We have been concerned particularly to do two things:

We are acting to increase the survivability and therefore the effectiveness of our strategic deterrent forces. We propose to achieve a greater capability to strike back if we are attacked, and a capability subject to more deliberate command and control.

We have moved to strengthen our nonnuclear limited war forces. This move does not modify existing national policy to employ nuclear weapons when it is necessary to do so. Rather it is designed to avoid situations in which we might be forced to use nuclear weapons because too narrow a range of nonnuclear weapons were available to us.

In particular, we have proposed to Congress: A 50-percent increase in the Polaris submarine force, to be achieved by the end of 1964; a 50-percent increase in the portion of our strategic bomber force on 15-minute ground alert; a 100-percent increase in our capacity to produce Minuteman missiles, against the days when that capacity may be needed; a 150-percent increase in the size of our antiguerrilla forces; a 75-percent increase in the modern, long-range airlift capacity of the Military Air Transport Service; a very significant increase in funds for research and development of new nonnuclear weapons and military space projects.

At the same time, we propose to take steps to eliminate unnecessary and duplicative activities and programs:

Further temporizing on experimental nuclear aircraft will be brought to a halt. Work will be discontinued on a nuclear-powered plane which would have had little or no military value. Total savings over the life of the project will amount to $750 million.

The development program for the B-70 aircraft will be modified. While keeping open the option of eventual production of this supersonic manned bomber, the new approach will result in savings through the development phase of $1.4 billion. We may reverse our position in the light of later developments, but unless and until we do, this savings figure will stand.

Because of the substantial increases planned for the Polaris and Minuteman missile projects, it will be possible to cancel the last two squadrons in the Titan missile program, at a savings of $250 million.

Because we plan to develop a single fighter aircraft to serve the tactical needs of all three services, it will be possible to cancel the Navy Eagle-Missileer fleet air defense fighter program. Short-run savings amount to $58 million, and potential longer run savings will be several times that amount.

We are discontinuing or reducing operations at 73 bases and other installations, both in the United States and abroad, where these facilities have proved surplus to our needs. Savings will be close to $250 million per year from this first group of actions. They are only a part, however, of an overall review of the 6,700 military bases and installations in the United States and overseas, with anticipated savings of several times this amount.

Other actions have been initiated which should yield additional savings of over $100 million.

I cite these savings not because economy can be the primary objective of the Department of Defense. I do so rather to emphasize what can be accomplished if hard decisions are faced, if hard choices are made, and if the pressures of special interest groups are resisted.

The complexities of Government accounting techniques tend to obscure these savings over the short run. Future costs of several projects added are included in the current year's budget, while future savings from several projects cut back or eliminated do not show up in the current figures. Were both the short-run cost increases and the long-run savings to be recognized, it would be clear that the changes we are proposing will substantially increase our military power, while at the same time reducing defense expenditures below the levels that would otherwise be faced.

Over the years, we will continue to make major changes in the pattern of defense spending. We cannot afford to modify these decisions to accommodate local or private interests, no matter how legitimate. But we have an obligation to take steps to mitigate their consequences for the people affected.

At this point I want to mention two common assumptions which are, in my judgment, wholly fallacious.

First is the assumption that our economy is not strong enough to maintain large defense expenditures over a protracted period. I have no doubt that, if required, we can continue to sustain defense expenditures at their present levels, or, indeed, at increased levels, if this should be necessary. We can and must expend whatever is needed to protect the lives and substance of our people.

Second is the assumption that our economy is dependent upon large defense expenditures. I am equally certain that this assumption is false. We all earnestly hope that the day will come when we can substantially reduce the portion of our national wealth devoted to the production of instruments of war. I am confident that when that day arrives, far-sighted planning will permit that portion of our wealth now committed to national defense to be shifted to the improvement of the well-being of our people without serious disturbance of our economic life.

The future is, of course, uncertain. But of one thing I am sure—whatever the future may bring, our economy is strong and resilient enough to meet any challenge that may arise.

Defense spending represents more than one-half of the Federal budget, and nearly 10 percent of the gross national product. Aside from the 2½ million men in uniform and the more than 1 million civilian employees of the Department, there are 3 to 4 million people in the United States who support themselves and their dependents on the paychecks of private defense contractors.

The scale of defense spending is multiplied in importance by the shifts in where and how the money is spent.

As one weapons system is phased out and another one developed, defense business moves not only from one contractor to another, but from industry to industry and from State to State.

The shift from manned bombers to missiles has meant that an increasing volume of defense production has been moving to the electronics industry and away from the old aircraft plants. Similarly, although we are accelerating the procurement of Polaris submarines and increasing the share of the defense dollars being allotted to shipbuilding, a major part of that work is going outside the shipyard into nuclear powerplants and electronics companies.

These specific shifts in our defense plans, however, tend to obscure an even more important development—the rate at which shifts in defense planning are increasing, both in size and frequency.

The rate of change is largely a function of our rapidly advancing technology and the growing uncertainty about what research and development will produce. The uncertainties that surround all of us are compounded for the defense planners by uncertainties about how the technology of our potential enemies may develop—and indeed, about how it has already developed. We must try to match our defense systems still in the development stage to enemy missile systems on the drawing board.

As our choices become more complex, their consequences extend farther and farther into the web of our economy. The shift from the longbow to the crossbow involved only the prime contractors. In the typical weapons system today, there may be as many as six or eight layers of subcontractors.

The difficulties of rational planning are enormous. But we must meet them with a corresponding effort. There are a number of steps we can take, some of them within the Department of Defense, and some of them involving the country as a whole.

Within the Department, our planning must extend farther into the future in order to provide a leadtime sufficient to permit adjustment to the future consequences of present decisions. Our choice of weapons must reflect the most imaginative exploration of all the choices available to us. Our budgeting procedures must be revised to show us all the costs of alternative weapons systems, not only for research and development, and for initial construction, but for operation and maintenance as well.

We must be bold enough to grasp distant opportunities, but we must be prudent

enough to hedge our bets. Where we can, with reasonable assurance of success, buy time by committing ourselves now to long-lead items, or to production facilities, we must do so. We are proposing to contract now for facilities to double our Minuteman production capacity, thereby providing insurance against a future requirement.

This kind of planning will enable us to predict a little better the pattern of defense spending, but it will not avoid shifts in the spending pattern. The purpose of our planning is not to produce a Maginot Line, even in outer space. It is rather to maintain the kind of alert, flexible posture that can respond immediately to new developments in technology at home, or to new insights into the plans and capabilities of our potential enemies abroad.

We can continue to expect, therefore, that there will be major shifts in our defense program from year to year, and perhaps more often. Indeed, I think there would be real cause for concern on your part if you saw that our defense program over the next 4 years was following precisely the pattern that has just been set for it.

Given the inevitability of frequent and major changes, our defense planning must extend beyond the Defense Establishment, to help the American economy absorb the impact of these changes without breaking stride. All the major problems that challenge the flexibility and resiliency of the total economy find a focus in defense contracting—automation, rapid shifts in demand, jurisdictional conflicts between craft and industrial unions, and the like.

We, in the Department of Defense, have already taken the first step in the direction of a working partnership with other agencies of government and with private groups to attack this congerie of problems. It has traditionally been the policy of the Department of Defense not to begin planning for shifts in resources within the United States, base closings, plant sales, and the like, until the last possible moment before the change is actually due to take place.

The basis of the previous policy has been the fear that decisions taken upon sound military grounds may be upset by the pressures of local and private interests. I expect to make it clear that our decisions, once taken, will not be subject to reversal, except for changes in the facts on which they were based originally.

Once our position has been made clear, however, I anticipate that we and the communities affected by these decisions will join together to use the time between the announcement and the action to develop plans to reduce the impact of the change.

We have organized a special unit just for this purpose in the Office of the Assistant Secretary for Installations and Logistics. This unit will not only draw on the resources of the Department of Defense; it will seek help for those affected from the Departments of Labor and Commerce, the General Services Administration, the Civil Service Commission, and the Small Business Administration.

The help that we can offer includes finding jobs for displaced Government employees in other installations, arranging for surveys of business opportunities in communities that are losing payrolls, and providing a variety of technical services.

But more important than any of these is the encouragement we can give these communities to help themselves, not only by advance planning, but simply by spreading accurate, advance information to everyone concerned, spiking rumors and deflating exaggerations.

Any decision that comes out of Washington and falls on a particular community a long way off, is likely to be frightening until it is explained and understood. We propose to take enough time to try to explain it. With your help, I think we cannot only explain the move but develop an orderly adjustment to it.

If change is the law of the universe, it is a law enforced with particular stringency in military planning. The penalties for failure to observe it are unavoidable and harsh. The President's defense program is designed to improve the capacity of the Military Establishment to adjust to changing military needs. It is also designed to reduce the impact of these changes on the economy as a whole.

SPECIAL REPORT ON CUBA

Mr. ALLOTT. Mr. President, I have received so much mail, so many questions have been asked, so many suggestions on the Cuban situation have been made, that I feel it is proper for me to make some remarks at this time.

The gravity and importance of what I want to say is such that I want to be absolutely certain of two things:

First, that I cover a number of points in as short a time as possible.

Second, that the language I use is carefully considered so it will not be misconstrued.

I cannot say too strongly or too often that the American people must and will unite behind any action necessary to preserve our freedoms—and to help others preserve theirs. There is no time or place for partisanship. This is a time of national emergency. From all reports, the American people are far ahead of many in Washington in realizing that we are at war with communism. This war, hot or cold, shooting or silent, at home or in far-off lands, has taken and will continue to take many strange forms. It is truly total war. Economics, propaganda, politics, and diplomacy are just as important tools of this total war as armed might, which is becoming more and more of a last resort.

We traditionally abhor the use of armed might. We do not like to extend our influence through a gun barrel. But, we also ascribe to the slogan "Don't tread on me," and the American people are sick and tired of being made to look ridiculous by a bearded fanatic who has created a Communist stronghold just 90 miles from our backyards.

In short, the American people are ready to accept constructive and forceful leadership. They are prepared not only for strong words, but for strong deeds if they too are required.

At the same time, they are apprehensive lest we be connected with any bungling.

Published press reports alone provide a damning indictment of the entanglements, the timing, and the fumbles in the recent invasion of Cuba. Let me cite a few:

First. The Cuban Revolutionary Council was not aware of the time and date of invasion. In fact, the Council's Minister of Defense, Dr. de Varona, was conferring with his naval staff over invasion plans when he was told the invasion had already taken place.

Second. When Cuban naval officers commanding the landing craft were given their destination once at sea, they nearly mutinied. They knew the troops would be landed in mangrove swamps, waist deep in water.

Third. When they did land, Castro tanks and heavy weapons were waiting—obviously aware of the landing point.

Fourth. An air umbrella which Cuban exile flyers promised the invasion force never materialized because aircraft they anticipated, at the fields where 150 pilots waited, never arrived.

Fifth. Help from the anti-Castro underground in Cuba failed because the underground was crippled badly a whole month earlier. Most of its top leaders, including Gonzales Corzo, the anti-Castro military coordinator for all Cuba, were arrested by Communist secret police during a meeting in Havana March 17. Castro forces also moved rapidly at the time of invasion to round up other underground and sabotage units.

Right now we are having a lot of glorified self-recrimination. I suggest we stop trying to fix any blame. Let us, instead, learn what lessons we can, act swiftly and decisively to prevent any repetitions, and then move ahead in our fight for freedom.

The President has made a commendable beginning by naming Gen. Maxwell Taylor and his small committee to review America's capabilities. The group is small enough to act quickly, and yet represents a divergence of background, which is healthy. Communism has established a strong base in Cuba. So long as Cuba is controlled by a hysterical demagog, it poses a direct threat to our shores. Additionally, it is fast becoming a nesting place for Red spies and firebrands infiltrating throughout Latin America.

Must we wait for all other Latin American nations to awaken to this peril? Or, should we act unilaterally in our own interest? And if so, how? This is one question which this committee and the Nation must resolve shortly. I pray the committee recommendations and the decisions will both be prompt and correct.

For myself, I do not propose the use of American military force in Cuba at this moment. I do propose a continuation of the firmness evidenced after the ill-fated invasion.

I conclude with just one thought. When we speak with strength, we must be prepared to act with strength. When we act with strength, we must act decisively. We must be prepared to commit every resource, if need be, with but one thought—and that is to win.

OIL DEPLETION ALLOWANCE

Mr. PROXMIRE. Mr. President, big oil has scored again in this administration by winning conspicuous omission for its fat 27½-percent depletion loophole from the President's recent tax message.

This is another reminder to those naive enough to need one that the one big private interest that can throw its weight around in this administration is oil.

Oil has become the special-interest Achilles' heel of an administration that otherwise has a splendid public-interest record.

Undoubtedly, the most notorious loophole in our Federal tax structure is the provision that singles out oil for a fat 27½ percent of gross income exclusion from income taxes on grounds of depletion. Most minerals enjoy only a 15-percent depletion allowance at most. Recommendations to bring oil down to this more moderate level would restore hundreds of millions of dollars of revenue to the Treasury.

For years this special consideration for oil has been the target of those who have sought greater equity in the tax structure. The administration has just made a series of far-reaching recommendations that have as their express purpose greater tax equity. But was the oil depletion allowance included? No. Dividends, foreign earnings, and expense accounts are hit hard and directly. But oil continues its political charmed life and escapes once again. In fact, oil depletion is the one ripe and obvious tax loophole to escape the President's recommendation.

Unfortunately, this exception for oil is becoming a steady pattern. The administration's nominations for top office were excellent, public-interest selections—with a single exception. Big oil succeeded in placing their men in the two critical positions in our Government that can benefit the industry.

The nomination of oilman John Connally as Secretary of the Navy has placed an executor of the will of one of the richest oil fortunes in the world as the man who will buy the oil for all the Armed Forces and who determines the Navy's critical research program in oil's dangerous competitive fuel—atomic energy.

The nomination of John Kelly as Assistant Secretary of the Interior for Minerals was even more incredible. It has placed a man who still holds millions in oil interests at the head of the Oil Import Administration, the Office of Oil and Gas, and virtually every significant program of the Federal Government affecting the industry.

Consider that the oil-gas industry alone of all American industries has won such control over the body that regulates it—the Federal Power Commission—that for years the FPC has refused to follow the direct order of the Supreme Court to regulate the price of natural gas at the wellhead, and still does.

Also the oil-gas industry alone enjoys the exceptional privilege of approval of their rate increase requests before the regulatory body considers them. Of course the request may later be denied and refunds required, but meanwhile the public, not the industry, has suffered the full weight of the years of delay now required to complete an FPC hearing.

PEACE CORPS ASSISTANCE TO TANGANYIKA

Mr. CHURCH. Mr. President, the Peace Corps has just announced its first pilot project—it will send 28 American engineers and surveyors to Tanganyika to assist the government of that country in the development of an adequate road system.

While I was on a visit to Africa last year on a study mission with several Members of the Senate, we stopped in Tanganyika. It is a new country. Like the United States did in its early stages, Tanganyika needs a system of feeder roads running into the interior of the country to enable the small farmer and rancher to bring his produce and his herds to the main market centers.

Those roads do not exist now. Construction cannot proceed until critical surveys have been made.

Sir Ernest Vasey, Minister of Finance for Tanganyika, has pointed out that the government can only train two land surveyors in the next 5 years. They will be hopelessly inadequate, he explained, for the basic planning needed in many of the road development schemes.

The request for 20 surveyors, 4 geologists, and 4 civil engineers came direct from the Government of Tanganyika. I think it is indicative of the kind of response the Peace Corps has invoked in newly developing regions of the world.

Peace Corpsmen who go to Tanganyika will not be advisers, working at a high level. They will be doers—they will be working on the job, actually doing the surveying in the interior of the country.

But they will also be teachers. The Government of Tanganyika will assign young Tanganyikans to each Peace Corps team to learn methods of surveying. When the Americans return home, they will leave behind a cadre of local people who will be able to carry on the work.

Mr. President, this is the kind of hard-headed, realistic approach which is urgently needed in tackling barriers to development in new countries. It is assistance, but it is more than assistance—it is cooperation and education and concrete progress all rolled into one project.

Most importantly, it is on the people-to-people level that will give Tanganyikans the opportunity to learn from, and to share with, Americans who are vitally interested in them and who will represent the very best our country can produce.

The eyes of our Nation, and of the world, will be on the 28 Americans who are selected for this project.

CENTENNIAL TRIBUTE TO THE WATERTOWN DAILY TIMES

Mr. KEATING. Mr. President, one of the great newspapers of New York State and, indeed, of the Nation, the Watertown Daily Times, celebrates this year the 100th anniversary of its founding.

A century is an imposing period of time in the history of a nation. It is even more unusual in the history of a newspaper. In marking the centennial year of its existence, the Watertown Daily Times implicitly provides the highest proof of its character and its quality. It has met and has stood the test of time. Its century of life is a symbol of the greatness that any work or effort of man must possess in order to assure its continuity, its acceptability, its survival. Just as time is unkind to mediocrity, so does it cause to flourish those projects which use time well.

Since its founding, in 1861, this newspaper has conceived its role to be not restricted to that of a mirror in which the community can view the daily kaleidoscope of the people and events which make news. It has given the second dimension to journalism—the dimension that is in the high tradition of our greatest American newspapers. This dimension may be described as the sense of community responsibility that makes a newspaper not merely a living record but a living force in the area of its influence.

The Watertown Daily Times has always been not only in the community, but of the community, and for the community. It has raised its voice consistently in favor of ideas, of projects, of legislation that favor the greater surge of growth and greater areas of opportunity for the people of the fine community it serves. As examples, I would cite its vigorous and effective action in behalf of expanded economic opportunities for the dairy farmer, as well as the forceful commitment of its support to the realization of the St. Lawrence Seaway, a development so vital to the growth and prosperity of the entire northern New York region.

On the broader stage of State, National, and international affairs, the Watertown Daily Times has unfailingly met the full responsibilities of the obligations of leadership invested in the press of our Nation. Its editorial comment, on many occasions, has been so timely and significant as to be quoted widely in and by other media of communication. In this regard, I would cite in particular, the excellent and meaningful editorials of the Times dealing with the conduct of the cold war, and analyzing pointedly the approaches best designed to further the cause of freedom.

As the Watertown Daily Times celebrates its 100th birthday, I am deeply gratified and honored to offer my congratulations on the splendid century of service that lies behind this great newspaper. I am confident that it will meet the challenges and opportunities of the years ahead with the spirit, the energy, and the character that have made the Times a newspaper that is not merely read, but is respected and remembered.

Reference to the Watertown Times would be entirely inadequate if mention were not made of their able representation in Washington in the person of Mr. Alan Emery, one of the most capable and articulate writers on the national scene.

THE VERY REVEREND ROBERT J. SLAVIN, PRESIDENT OF PROVIDENCE COLLEGE

Mr. DODD. Mr. President, on April 24, death came to the Very Reverend Robert J. Slavin, the president of Providence College and one of the Nation's outstanding educators.

I was privileged to regard Father Slavin as a friend, and his untimely passing at the age of 54 came as a personal blow.

As an alumnus of Providence College, I followed his career as president of that institution with deep interest. Under Father Slavin's leadership, Providence College became an outstanding center of learning. He maintained rigid academic standards, stressing both the classics and the sciences. He gathered together an outstanding faculty and provided it with ever-improving facilities. During the 14 years of his administration, Providence College more than doubled in size and enrollment, and is now in the midst of an impressive program of expansion.

Father Slavin's greatest contributions were in the realm of the mind and of the spirit. He was a renowned scholar, a philosopher, a writer and a teacher. He was a founder of the Thomist Theological and Philosophical Journal. And above all, he was, and ever remained, a great Dominican priest. By precept and by personal example, he has helped thousands of young men to a richer, more dedicated, more productive life.

He was one of those rare men who can truly be said to be irreplaceable. His passing leaves a void not only in the field of letters and education but in the hearts of those of us who were privileged to know him well. He leaves behind a great heritage: writings that will stand the test of time; a flourishing educational institution that will contribute richly to our society; and an imprint for good in the hearts and minds of thousands who came into contact with him.

We are grateful to have had this man among us. We grieve over the personal loss which his passing means for each of us who knew him.

AID TO POLAND AND YUGOSLAVIA

Mr. DODD. Mr. President, since Marshal Tito's break with Stalin in 1948, this country has provided the Communist government of Yugoslavia with roughly $1½ billion in economic aid and another $1 billion in military aid. Since the Poznan riots of 1946, we have given the Communist government of Poland approximately $700 million in grants, loans, surplus food, and other aid.

This assistance has been justified on the grounds that it would help Poland, and Yugoslavia to remain independent or partially independent of Soviet control and might conceivably result in a gradual evolution toward democracy and away from subservience to the Communist ideology.

After 12 years of experience, and after spending almost $4 billion of taxpayers' money on aid to Poland and Yugoslavia, it is high time that we reexamined this program and weighed its consequences.

I say that the entire hypothesis on which aid to Poland and Yugoslavia is based, has been miserably discredited. As experiments, these programs may have had some justification. But it is time to realize that the experiments have failed. I cannot understand the logic of pumping billions of dollars of assistance into the Communist bloc at the same time as we spend billions of dollars to defend ourselves against Communist expansionism and more billions of dollars to keep ahead of communism in our assistance programs to the underdeveloped countries.

No one will challenge the assertion that the present Polish and Yugoslav Governments adhere to the Communist ideology. Indeed, these Governments are the first to proclaim it. So long as they remain subservient to this ideology, the rulers of Yugoslavia and of Poland, despite any differences which they appear to have with Moscow, will prove politically subservient to Moscow in every crisis.

On whose side are the present Polish and Yugoslav Governments in the Congo?

On whose side are they in Laos?

On whose side are they in Cuba?

And on whose side will they be if it ever comes to a showdown between the Soviet Union and the free world? The answer to this last question should be obvious. No Communist regime anywhere could survive the defeat of the Soviet Union.

It did not serve our interest and the interest of freedom when the U.S. Government agreed to put up most of the 300 million dollars which the International Monetary Fund last December decided to advance to Marshal Tito's Yugoslavia.

It certainly does not serve our interest to do so when Marshal Tito has become the chief purveyor of neutralism to Asia and Africa, when he openly sides with our opponents in the U.N., and when he joins in the Communist propaganda attack on U.S. policy.

It does not serve our interest to continue to grant aid to the Communist regime in Poland, despite the fact that Gomulka has missed no opportunity to prove himself a faithful lackey of Khrushchev's. Certainly it has not brought any basic benefit to the Polish people, because the Gomulka regime, despite our aid, has now succeeded in nibbling away most of the concessions to freedom it was compelled to grant by the summer uprising of 1956.

Our aid programs to Poland and Yugoslavia have other implications that we cannot ignore.

Our aid implies a certain approval of the present regimes in Poland and Yugoslavia. It suggests that we accept their permanence. It discourages those Polish and Yugoslav patriots who think in terms of total liberation from communism.

I submit that these are problems that require our urgent consideration.

By way of throwing some light on these problems, I ask unanimous consent to have printed in the RECORD at this point, a debate on aid to Communist countries which appears in the February 1958 issue of the magazine, Western World; and excerpts from a recent memorandum of the International Peasant Union on the situation of the captive peoples. This memorandum, I should point out, was authorized by two of the most distinguished statesmen in exile, Stanislaw Mikolacjzyk, former Prime Minister of Poland and Dr. Gueorgi Dimitrov, leader of the anti-Communist opposition in Bulgaria before the Communist takeover. I believe we have much to learn from their words.

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

[From Western World, February 1958]

DEBATE OF THE MONTH—IS IT OUR INTEREST TO HELP NATIONAL COMMUNISM?

("Where there is much desire to learn, there of necessity will be much argument, much writing, many opinions; for opinion in good men is but knowledge in the making."—John Milton, Areopagitica, 1644.)

Our debates of the month seek to present opposite or complementary opinions on problems concerning the relations between nations of the West or between the West and the rest of the world. We invite the greatest frankness. Vehemence or even passion are not excluded, for we do not seek to spare the feelings of either governments or individuals.

This month we have chosen the following question: "Is it our interest to help national communism?"

After the summit meeting of the heads of governments of the Atlantic powers in Paris, the question of negotiations with the Communist bloc is again to the fore. These would deal mostly with disarmament, but they cannot be isolated from other problems, particularly from certain aspects of the settlement of Europe's future.

In this respect it is essential to study very closely the position of the satellite states and their relations with the Western countries. Up to this time the Atlantic Alliance has refrained from committing itself. The question remains open.

That is why, in the light of the Paris Conference, we are seeking to air the subject.

Dr. Gueorgi M. Dimitrov, who says "No" in answer to our question, was long a leader of the Bulgarian underground. Dr. Dimitrov, a physician by profession, fought first against the Fascists and later against the Communists, after refusing their offer of the puppet premiership. His opposition to totalitarian rule brought about a sentence of death by Stalin but he escaped to Italy and then to the United States. Dr. Dimitrov is at present secretary general of the International Peasant Union and president of the Bulgarian National Committee for Liberation. In his article he cogently maintains that there is no national communism, only Soviet communism, and any help from the West simply serves to perpetuate its tyranny.

Fritz Erler, who answers "Yes," is considered as the coming man of the German Social Democratic Party. He has long been a militant socialist and in 1939 was condemned to 10 years hard labor for his political activities. He escaped in 1945 and, after the end of the war, played an increasingly important role in the Federal Republic. He has been a member of the German Council for the European Movement since 1949 and, since 1950, member of the Consultative Assembly of the Council of Europe. Fritz Erler is the author of several books, among which the most significant is "Should Germany Rearm?".

[From Western World, February 1958]

NATIONAL COMMUNISM IS AN ILLUSION

(By Gueorgi M. Dimitrov)

No matter how, or how much, the West aids Communist governments, national or not, it will derive no benefit but only harm.

In saying this I am speaking not merely as a refugee representative of a small nation prisoner of the Soviets, Bulgaria, but as a man Western in training and outlook who has the fate of the West at heart.

For what is the interest of the West as repeatedly stated by Western leaders? It is peace, genuine peace. They hope to

achieve this peace by working for the easing of present, and the prevention of future, tensions between the West and communism.

And what is the chief cause of present tensions? It is the insistence of communism—and not merely of the Kremlin—on keeping captive the peoples of Eastern Europe. Whatever enables communism to keep these peoples in its grasp increases tensions. Therefore, every scrap of help given to any communist regime decreases the chances of peace.

Indeed, I would go so far as to say that until communism frees the captive peoples, the world will know no real peace.

The principal reason given by the advocates of economic aid to the Yugoslav and Polish Communist leaders, Tito and Gomulka, is that the latter represent not Kremlin communism but a different variety somewhere on the way toward freedom. But at their recent meeting in Brioni (Yugoslavia), the two "nationalist" Communists derided the claim that there is such a thing as "national" communism. They defined their differences with Moscow as limited to insignificant internal questions, and thus refuted the above argument.

Earlier, the noted Yugoslav Communist theoretician, Milovan Djilas, had written in his recent book, "The New Class":

"The Communists are not nationalists, for them the insistence on nationalism is only a form, just like any other form, through which they strengthen their powers."

The second reason given in favor of aid to the Communist regimes in Yugoslavia and Poland is that such aid would draw Tito and Gomulka away from the Soviet orbit, and thus frustrate—or at least confuse—the Soviet plans for world domination. Yet, here is what Milovan Djilas says regarding this line of reasoning:

"National communism neither desires nor is able to turn itself into something other than communism, and something always spontaneously draws it toward its source—toward the Soviet Union. It will be unable to separate its fate from that which links it with the remaining Communist countries and movements. * * * Neither Soviet nor Yugoslav Communists stopped being what they are—not before, not during, nor after their mutual bickerings."

The third reason given for economic aid to "national" communism is that Tito and Gomulka have made concessions to the Yugoslav and the Polish people.

This approach is also invalid.

First of all, these "concessions" are the result not of the dictators' good will, but of expediency and of relentless resistance and pressure by the people. They were won through superhuman efforts and martyrdom. Only because of this resistance has the Communist economic system been disorganized to the great extent it has. These economic failures in turn led to confusion in the military program of the Communist conspiracy, and to a weakening of its police apparatus. Thus the Communist regimes in the Soviet Union and in Eastern Europe felt compelled to make temporary tactical concessions in order to gain time for their attempt to overcome the economic and social crisis. This is in line with Lenin's strategy of taking one step backward in order later to take two steps forward. This is the offensive strategy against the free world. It is the Leninism of Khrushchev, the Leninism of Tito and Gomulka.

At the same time, it is also true that the Soviet Union was forced to make concessions to Tito and Gomulka because of the organic weakness of its own system. One of these concessions concerned the Cominform, which Djilas describes as created to keep the central and eastern European countries in a subordinate status while strengthening Soviet influence in Western Europe. Tito is personally on bad terms with some Soviet leaders, but not with the Communist system, and it is this that ultimately ties and subordinates Yugoslavia to the Soviet Union and to Soviet-Communist imperialistic aggression.

In its attempt to replace Tito with one of its more obsequious agents, the Soviet Union was unable to use the armed forces of the satellites. As the Hungarian revolution showed, they would have turned against Moscow. Also, sending Soviet troops against Yugoslavia might have risked a global war, for which the Soviet Union was then not prepared. Therefore, the Kremlin was compelled to ignore the temporary unpleasantness of Tito's personal ambitions and dislikes.

In turn, Tito was forced to make a few small concessions to his own people because of the rising popular resistance against his shaky Communist dictatorship. He tried to show that in some ways he differed from Moscow. Hence, the propaganda claims that he is relying upon the so-called workers' councils, and slowing down the farm collectivization drive. However, none of these concessions affected the substance of the Communist dictatorship. The Communist monopoly of power and property in Yugoslavia was wielded exactly as in the other Moscow-dominated Communist areas.

Some circles and so-called experts in the free world were misled by the mirage of national communism. They rushed economic, military, and, in effect, political aid, to the Yugoslav Communist dictatorship and thus saved it from imminent downfall. And Tito was quick to realize the advantage of his new status. In complete harmony with Soviet bluffs and maneuvers, he began staging dramatic conflicts with Moscow because of ideological differences. He maneuvered in this way whenever he needed new or increased aid from the free world, especially from the United States, and whenever the West appeared suspicious about his game.

However, on all international and internal questions which concern the very essence of the Communist system and the fate of the Soviet Union, Tito's national communism invariably displays its opposition to its real savior, the free world. Thus Tito announced disapproval of the kidnapping of Imre Nagy and other Hungarian revolutionaries by the Soviets. But, at the United Nations, he joined his Soviet-Communist brethren in voting against the Hungarian people, and actually declaring the Hungarian revolutionaries to be "agents of the capitalist world."

THE KREMLIN BEHIND GOMULKA'S RETURN

Now, for a closer look at the other representative of national communism, Gomulka.

Do not for 1 minute imagine that the Kremlin was not behind the quick rehabilitation of Gomulka, the disgraced but faithful Communist, and that he could have taken over in Poland without Soviet consent, and the support of the Soviet armed forces which occupied all strategic points in the country. The heroic resistance of the Polish people had shaken the economic and political foundations of the Communist antisocial system and Soviet imperialism and compelled the Kremlin to save one of its major bases against the free world by resurrecting and installing Gomulka as its head.

One of the strongest evidences we have that the Soviet permits no one to head a satellite nation unless it approves of him, is the case of Imre Nagy, head of the Hungarian state when the people of that enslaved nation made a break for their freedom a year ago. In his recently published book, "On Communism," Nagy states clearly that the Soviet comrades Malenkov, Molotov and Khrushchev were responsible for his premiership.

I have also been told by a high ranking European diplomat that Soviet representatives admitted to him that their whole blunder in Hungary was due to the fact that they had not replaced Matias Rakosi (Prime Minister 1952–53) earlier with the much more convenient Imre Nagy.

As to the minor temporary concessions made at Gomulka's ascendency they have been dearly paid for by the Polish people with the blood shed before, during and after the historic Posnan struggle, for bread, freedom, and independence.

Now do not misunderstand me—the Kremlin does not like Tito and Gomulka, nor do these two like the omnipotence of the Kremlin. But they are organically joined together by having a common totalitarian-system attitude toward the monopoly of power, ideology, type of mind, and eventually a common fate.

Now let us examine more closely the much heralded concessions made to the peoples of these two nationalist Communist countries. The concessions to the peasants in Yugoslavia became necessary because the kolkhozes or collective farms were regularly operating in the red. Attempts to transform pasture land into ricefields had been unsuccessful, and thousands of hogs confiscated from private farms and imported from England for breeding purposes died of plague. But what were these concessions? They permit the peasant to leave the kolkhozes or collective farms. Official data show 62–78 percent of their produce still going to the government at government dictated prices. They must use state-owned farm machines, at an exorbitant rental. They must store their produce in government silos, even if they have their own. If they do not, they would be immediately accused of sabotaging the economic plans of the government by allowing their produce to spoil. The peasants must also buy farm machines and seed only from the government at government dictated prices. Finally, they must pay exorbitant income, property, and excise taxes, which in June 1957 were raised by 42.80 percent over 1956.

CRUMBS AND ILLUSIONS

Concessions to workers in Yugoslavia consist of permission to set up workers councils. But these councils receive orders from the dictatorial oligarchy so that even highly qualified workers must secretly find some additional income, if they are to make ends meet. "Only crumbs from the tables and illusions have been left to the workers," says Djilas.

In Poland, Gomulka's first concession was also to allow the peasants to leave the kolkhozes, and even cut down the compulsory quotas of their produce to be delivered to the government at extremely low fixed prices. Gomulka himself gave the reasons for this at the eighth plenary meeting of his Party Central Committee, October 1956:

"One hectare of cultivated land on a peasant-owned farm brought in 621.1 Polish zlotys per hectare, 517.3 zlotys in the kolkhozes, and only 393.7 zlotys in the sovkhozes. The peasant-owned farms produced 16.7 percent more than the kolkhozes and 37.2 percent more than the sovkhozes . . ." And yet the concessions to the Polish peasants were made on the condition that they provide for the government all non-delivered quotas for several years back. Practically, this would mean that they would for many more years be producing only for the regime and nothing for themselves.

As to the concessions to the Catholic Church in Poland, these consist mainly of empty proclamations of religious freedom, which exist in every other communist-dominated country. The names of a few progressive Catholics were allowed to appear on the Communist ticket at the last elections, which however, only authorized one ticket,

that of the liberal and national communism of Gomulka. Propaganda to the contrary, the Polish Communist leader has also recently changed the law concerning the church to provide stronger government control, in the nomination of the clergy.

The true odor of Gomulka's "concessions" to freedom of the press and opinion were best illustrated in the prohibition of the Communist youth publication Po Prostu, which existed before his "liberal" regime and in the recent victorious attacks of Gomulka's secret police, dressed in uniforms of national militia and worker's guard, against the students and the citizens of Warsaw.

"There can be no freedom for the enemies of socialism and the opponents of the working people," Gomulka said publicly in the recent plenary meeting of the central committee of its Communist oligarchy. "Opponents of working people" keeps its own special meaning in Communist jargon.

The program of "concessions" is very clear and Gomulka needs the aid of the free world to carry it out. More disguised secret police, and more tear gas and modern arms to crush still more effectively the students', workers', peasants' manifestations and their fight for bread, freedom and independence. And also, instead of proposing to manufacture mine tools and agricultural machines, the program is to build up submarines and other military vessels for the inseparable Soviet-Polish Communist military plans.

In the recent agreement signed by Gomulka in Moscow, it is stated that the Communist system in Poland, based on the monopoly of power by the Polish Communist Party, can be preserved only with the support of the Soviet troops stationed in Poland. Just before the recent so-called elections in Poland, the cynicism of Gomulka reached new heights. He again referred to this agreement when he publicly stated that if Polish people do not vote for his Communist single slate, Poland will be smashed as Hungary was.

TACTICAL RETREATS

Tito and Gomulka and their commander in chief, Khrushchev, do criticize Stalin—but not the Stalinist system of government. The purpose of their diversions and tactical concessions is rather to save this system, for it makes their power monopoly possible. They condemn Stalin's persecution of Communists, but do not even criticize his persecution of the millions of non-Communist patriots. When danger looms ahead, Tito, Gomulka, and Khrushchev are forced to retreat from their advanced positions. But such a temporary, Leninist tactical retreat is not even an armistice in their life-and-death war against the free world. It is merely time out for reorganization and recovery, a guise to get material aid from the West, especially the United States. Their ultimate aim, the total destruction of the democratic way of life and the establishment of Communist dictatorship, remains unaltered.

Those who are impressed with Gomulka's and Tito's concessions forget that Lenin, at first, was also compelled to make concessions to consolidate his dictatorship. During the revolution and the years immediately following, he gave all the land to the Russian peasants. In 1921, he proposed the new economic policy, which was to lead to a partial restoration of capitalism. However, a few years later, the regime confiscated all land from the peasants and the reemerging private free enterprises were brutally eliminated.

Let us now offer some positive suggestions concerning the problem. Can the free world aid the peoples in Eastern Europe, and not the dictators?

Yes. But such aid must be given directly to the people, in the form of gifts representing the brotherly feelings of free men and women. In 1921, when the Russian people were faced with famine, the American people organized a special aid agency, the American Relief Administration, with Herbert Hoover as its chairman. With the permission of Lenin its representatives went to Russia and distributed food and clothes directly to those in need, regardless of their political beliefs. Other countries, including my own, Bulgaria, headed by the peasant government of Alexander Stamboliiski, followed the American example.

Today the United States and other nations and international relief organizations can in this way offer aid from their enormous surplus to the people behind the Iron Curtain. The organization CARE was engaged in important free aid activities until the Communist regime prohibited the acceptance of such aid, or as in Poland now—made the price of the packages 100 percent more expensive than those sent through the Communist dollar-hunting agency, PKO. The International Red Cross could supply free medicines as a gift from the free world.

Yet Gomulka and Tito reject such direct aid. They say, "We want trade, not aid." Why? Because they are not interested in helping their people but in the consolidation of their own dictatorial powers. They want enterprises which will strengthen their control, and prepare for the eventual aggression of Soviet-Communist imperialism against the free world. Any aid given unconditionally to the regimes, and not to the people directly, will go, in one form or another, into the Communist military machine, whether it is in the Soviet Union, Poland, Yugoslavia or somewhere else. Indeed, this is what happened with aid sent in the past by UNRRA.

And is it in any way to the interest of the captive nations to have the free world bolster the Communist economy? Should the free world aid a Communist system to continue its enslavement and exploitation of the peasants and workers? Should the free world help the economy of such a system of corruption and demoralization of human beings? And should the free world aid, directly or indirectly, the militaristic Communist system?

For years the free world has appealed to the people behind the Iron Curtain not to support the economic plans of the Communist regimes, and thus to weaken and undermine the political dictatorship. At the cost of great suffering and many casualties, the slaves followed this appeal and did their duty. This led the Communist system into incurable economic and political crises. Stalin has been denounced; the world has witnessed the uprising in Poznan; Hungary became the scene of a national democratic anti-Communist revolution. And now the free world comes up with an offer to restore what the slaves had begun to destroy: their economic and political chains.

THE SATELLITES A BURDEN TO RUSSIA

On the other hand, it is obvious that the Soviet exploitation of its satellites reduced them to such a state of destitution, that they must now call for help from the Soviet Union which it cannot give them. It has become clear that the satellites have become a burden upon the Soviet Union both economically and politically—especially since the Hungarian revolution. And now, exactly at the moment when the free world should take advantage of this catastrophic state of the world Communist setup, some in the West are considering exactly the opposite course of action. The free world wants to take the burden off the Soviet shoulders and place it on its own. It is getting ready to save the Red despotism.

We would be happy to be mistaken. We would be happy if the failure and the shameful ruin of the Communist monopoly and tyranny could be liquidated by according it such help. But instead we believe, more than ever before, that Soviet-Communist aggression can be stopped and defeated only by an active and determined counteroffensive on behalf of the free world. Such an offensive would definitely complicate and deepen the economic, social, political, and state crisis of the Communist world. It would paralyze their adventurist military plans and save humanity from a third world war and Communist enslavement.

These plans are clear in the words of Gomulka's speech in November 1949, at the Third Plenary Meeting of the Central Committee of the United Polish Workers Party, when he declared:

"I understand the danger of nationalistic tendencies. I see very clearly today that nationalism constitutes nourishment for imperialism. I understand as clearly as anyone can, and I have always understood, that there are no three roads or three worlds. There are only two camps, two roads: The road to socialism, represented by the Soviet Union; and the road to capitalism and imperialism, represented by the United States. I realize very well where the future of the Polish nation and of the Polish working class lies—it is not with the West."

Yes, there is only one Communist fatherland—the Soviet Union, and one nationalism—the Soviet one.

In his deep disappointment with the Communist dictatorial oligarchy, Djilas writes:

"History will pardon Communists for much, establishing that they were forced into many brutal acts because of circumstances and the need to defend their existence. But the stifling of every divergent thought, the exclusive monopoly over thinking for the purpose of defending their personal interests, will nail the Communists to a cross of shame in history."

But the question also arises: Will history pardon a democratic world which helped, at least economically, this system of "exclusive monopoly over the thinking" of human beings?

To deny aid to people living in misery and slavery is a sin. But to aid the oppressors of those people is a crime.

MEMORANDUM OF THE INTERNATIONAL PEASANT UNION ON THE PRESENT WORLD SITUATION

The oppressed, captive European people, after having been conquered by Soviet force and Communist deceit, continue to resist the cruel Communist dictatorship and its atheism and to long for freedom for all men and independence for their countries from Soviet imperialism, which has incessantly and ruthlessly exploited them as colonies from the day they became part of the Soviet bloc.

Their work and sweat are used by the Soviets to pay for subversive economic aggression against the free world.

Moreover, their sons are prepared by local Soviet military commanders to help them fight for further aggression and for Communist world domination.

In recent years, because of the accelerated Communist collectivization drives, the peasants have with increasing rapidity been transformed by their Communist masters into slave laborers in the feudal agricultural system created under communism.

This brings not only hardship to the peasants, who still form the majority of these nations; it also weakens each national economy, decreases national agricultural production, and widens food shortages for all the working people in each of the captive nations.

The present accelerated communization of central-eastern Europe, the drive for consolidation of Communist dictatorship and expansion of Soviet imperialism, and the increasingly ruthless colonial exploitation of the captive peoples to advance the speedy

victory of Communist world domination—all these demand from the West, and especially the Government of the United States, initiative and strong pressure to further the cause of freedom for the captive peoples of Europe, because the peace and security of the free world are indivisible from the freedom and independence of the Communist-subjugated peoples.

An excellent opportunity was recently missed at the United Nations, when, during the course of the discussion over Khrushchev's proposals and his hypocritical resolutions against colonialism, the West failed to advance any concrete proposals condemning Soviet colonialism and imperialism, although it did remind the world about the Soviet Union's own brand of colonialism.

The Central Committee of the International Peasant Union hopes that such demands for the abolition of Soviet imperialism, and colonialism and the restoration of freedom to the captive peoples of central-eastern Europe will be put forward in the form of concrete proposals by the United States delegation to the United Nations, so that these peoples may rejoin the ever-growing family of free and independent nations in the world.

Not only are the Communists exploiting the Western World's reluctance to raise the problem of the subjugated peoples of central-eastern Europe, they are also exploiting the belief of some Western statesmen that Western aid, if distributed in sufficient quantities to some Communist governments, will sow discord or even produce splits among the Communists and, at the very least, will help produce a liberalization of Communist rule, if not complete liberation. This is naively believed by some despite the fact that, even while receiving such aid, these same Communist regimes are cynically closing all possibilities of direct aid to the masses of their own people and are monopolizing Western aid for themselves and using it primarily to serve Communist purposes.

Aid to Poland offers an outstanding example of aid given to a Communist government which not only does not produce dissention among the Communists but is cynically used to further the common aim of the Communist bloc—Communist world domination. At the same time, the people are deprived of even that help from abroad they have enjoyed until now. For the Polish Communist government, after having received over $426 million of American aid in the last few years, has closed all channels for receiving help from individuals abroad to individuals in Poland and from oversea organizations to organizations in Poland, and has decided that even foreign aid for the purchase of agricultural machinery cannot be used to aid private farmers but must serve the official Communist plans for furthering the advancement of Communist collectivization of agriculture.

For these reasons, if economic aid is given to help the Communist-subjugated nations, conditions must be set to make certain that it does not serve only the ends of the Communist regimes.

DOMESTIC TEXTILE INDUSTRY

Mr. DODD. Mr. President, unless a new and constructive policy is soon formulated, one of our most essential industries, the textile industry, will cease to function as one of the traditional economic cornerstones of our society. This industry is beset by problems so acute as to threaten its very survival.

The special Subcommittee To Study the Textile Industry, under the outstanding leadership of the great senior Senator from Rhode Island [Mr. PASTORE] has made an exhaustive inquiry into this problem. The reports and recommendations of this subcommittee are invaluable to all concerned with this question. I have drawn heavily upon them and wish to express my admiration and gratitude for the definitive work which Senator PASTORE and his colleagues have done.

Domestic production of textiles has suffered a drastic decline in the past 15 years. This has occurred despite a phenomenal rise in production and sales of other manufactured products. Since 1946 over 800 mills have shut their doors throughout the Nation. In the same period the number of people employed by the industry has declined almost 25 percent; 280,000 fewer people are engaged in the production of textiles today than in June 1946. And each month the situation grows worse. In the past 21 months the production of American textile products has dropped 19.3 percent.

Cities and towns throughout the Nation, many of them in New England, have become distressed areas because of the collapse of textile employment. In my own State of Connecticut the once thriving communities of Danielson, Norwich and Thompsonville are now blistered with the welts of unemployment and its attendant misfortune. In the past 15 years 20,000 textile workers in Connecticut, representing almost two-thirds of the textile work force, have been laid off or discharged.

In 1947 Connecticut produced $175 million worth of textile products. By 1958 this figure had dropped to $120 million. This alarming decline is even more disturbing when one considers that a dollar in 1958 was worth 23 percent less than a dollar in 1947.

One hundred and thirty-one textile mills have gone into liquidation in Connecticut since 1952.

Recent reports indicate that textile manufacturers are concluding that unless the causes of the decline are eliminated or mitigated, they must choose between going out of business or relocating in a foreign country. As recently as April 18, the Celanese Corp. ran a full page ad in Time magazine announcing its plans to open a large new installation in West Germany.

If American textile manufacturers close their doors or relocate on foreign soil, the United States will be confronted with grave and dangerous problems. We simply cannot allow the present trend to continue, lest we provoke an economic maelstrom which would have national and international repercussions.

Let us examine the causes of the decline in this industry. It has primarily resulted from the severe inroads made into our domestic market by foreign products, and the increasing loss of the world market for American textiles.

As a result of foreign competition, countries which formerly depended largely on the United States for textiles are drastically reducing their purchases from us. The Union of South Africa, Haiti, Indonesia, the Congo, Colombia, Venezuela, and Peru have all reduced their imports of American textiles. And the Philippines, our second most important customer for cotton exports, is currently engaged in rapidly building up its own domestic textile industry.

Conversely, our imports from Japan, Great Britain, and Italy have risen astronomically.

Our foreign aid program has enabled nations which formerly offered us little or no competition, to build modern textile industries which are now contributing heavily to the international market.

Today our great retail merchants import from abroad everything from billiard cloth and babushkas to pillow cases and hosiery.

Between the years 1946–57 the policies of our Government concerning international trade permitted and encouraged a 29-percent decline in cotton goods exports and a 175-percent rise in imports. Simultaneously, exports of woolen goods declined 97 percent while imports rose 639 percent. And the situation with regard to manmade fibers, which prior to 1957 was the one bright spot in the otherwise black picture of the textile industry, has recently become at least as acute as the problem we find in cotton and wool. In 1958 we imported 25 million square yards of the manmade fibers from Japan. In 1960 we imported 74 million square yards of the same material from that country. It is not an exaggeration to say that Japan can flood American textile markets with manmade fibers whenever she chooses. And if the European Economic Community, the European Free Trade Association, and Japan were to jointly export to this country the total of their productive capacity in excess of domestic needs, the manmade fiber industry in American would be liquidated.

Many foreign textile goods are made by cheap labor working under sweatshop conditions that would be unbearable in the United States. This accounts for part of the cost differential. But there are other factors.

Our agricultural policies have contributed to the textile dilemma. Under the two-price system on cotton, an American engaged in textile manufacturing must pay 20 percent more for raw cotton grown here than a Belgian or a Japanese or a Pakistani who may eventually unload his finished product on our doorstep. And even Communist Poland and Communist Yugoslavia are able to buy American cotton cheaper than American manufacturers. They, in turn, are not prohibited from exporting finished cotton products onto the already glutted American market.

Does the label "Protectionist," apply to one who declares himself opposed to such an inequitable situation?

Besides the very real dangers inherent in our trade policies and cotton price supports, there are tax problems and management problems which are contributing to the slump in textile production. The rates allowed by the Internal Revenue Service for the depreciation of textile machinery are insufficient and outdated. They were established 24 years ago when textile plants operated on a one-shift basis and machinery was estimated to be in use 2,000 hours per year. Today most mills operate on a three-shift basis, or for an estimated

6,000 hours per year. It should be apparent that these depreciation rates do not square with the realities of modern industrial technique.

Concerning the problems faced by management in the industry I must cite two which are capable of solution and, indeed, urgently call for a solution. Textile manufacturers are not in possession of reliable and timely statistical data on the general state of the market. Thus management frequently gears production to a level of demand which does not exist. Secondly, the textile industry must increase its budget in the field of research and development if it is to keep pace with the growth of industry in general.

I have noted some of the factors which are breeding financial chaos in our textile industry, and which are contributing to the economic and social hardships oppressing too many American working people.

Some may accuse me of lacking perspective, of not taking a world view, a long-range view of the situation. The objection may be raised that to insist on strict and immediate curtailment on imports of foreign made textiles would be to jeopardize the meaning and purpose and beneficial effects of the Reciprocal Trade Agreements Act. To this I say that reciprocity should not mean importing products which are produced in the United States in surplus quantities. Reciprocity should not mean the heedless destruction of a great American industry.

And the long-range consequences of such folly are easily predictable in terms of foreign relations. If we permit other nations to believe that we possess an infinite capacity to absorb their products, they will respond by directing their industrial energies toward our markets. When we call a halt to this process, as we must inevitably do, we shall be confronted by hostile peoples who are overproducing goods for which there is no demand, and who will blame us for the resulting tragedy.

What then can we do to restore vigor and health to our ailing textile industry?

First. Categorical quotas should be established on imports of foreign textile products. Such quotas would limit the sale of foreign products in our domestic market so that our existing textile capacity would not be further endangered. These quotas should be flexible so that the changing needs of our people and the changing demands of world trade can be accommodated with facility. Furthermore, I recommend that these quotas be proportioned to domestic production, and I offer as a base period for the scheduling of such quotas the years 1955–60. This would roll back the explosive amount of textile imports we are now receiving to a sane level, and still grant an equitable share of the market to friendly nations.

Second. The two-price system on cotton should be eliminated immediately. This would allow American manufacturers to compete on more equal terms with foreign manufacturers in the domestic market.

Third. The Internal Revenue Service should issue a revised schedule of depreciation rates which would permit a more rapid writeoff of new equipment for tax purposes.

Fourth. Management should work conjointly with universities, research organizations and the appropriate government agencies to improve the collection and publication of statistical data affecting the textile industry.

Fifth. The Government should increase its assistance to the textile industry in the area of basic research.

Sixth. The administrators of our foreign aid program should review their policies concerning capital expenditures in foreign countries wherever such expenditures affect the expansion of textile capacity.

Time is running out on what is left of this industry in America. The problem has been studied and restudied. What we need now is action by the administration, by the Congress and by the industry itself. If we have an immediate and combined attack on this matter we can save the textile industry. If we delay or equivocate, the result will be catastrophic for this industry and for our country.

TELEVISION—A CHANNEL FOR FREEDOM

Mr. DODD. Mr. President, on April 5, 1961, Mr. David Sarnoff, chairman of the Board of the Radio Corp. of America, made an address at the University of Detroit convocation that could be profitably read by all.

Mr. Sarnoff points out that television can become either the greatest channel for the expression of free ideas that man has ever had, or the most effective instrument for the suppression of truth and indoctrination by false propaganda.

Mr. Sarnoff tells us that the world is on the threshold of a communications satellite system, which will make it possible for the same television program to be seen at the same time in every corner of the globe. He asks that the United Nations begin to make plans now for the effective utilization of one international channel to carry its deliberations around the world. International television, if properly used, will provide us with a new opportunity to pierce the curtain of ignorance and prejudice, as well as the curtain of iron, which presently divide the world.

Mr. Sarnoff has made a thought-provoking address characteristic of his foresightedness and vigor of mind, and I ask unanimous consent that it be printed in the body of the RECORD in order that it may be given wide distribution.

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

TELEVISION: A CHANNEL FOR FREEDOM

(Address by David Sarnoff)

The subject assigned to me today, "Television: A Channel for Freedom," has a cheerful and reassuring ring. It strikes the same optimistic note one would expect from a speech on marriage as a channel for happiness, and I personally subscribe to both concepts. After 44 years of marriage to one woman and 55 years of employment by the company which introduced television, I would be the last man to harbor a subversive thought about either.

Nevertheless, I suspect that Mr. Cisler and Father Steiner have inspired, inadvertently, a chicken-and-egg argument because of the title they suggested. Should it be television as a channel for freedom, or freedom as a channel for television? This is more than a semantic distinction, for it bears directly on television's future as an instrument of global communications.

Thus far, the evidence is inconclusive. In those nations of the open world where free thought and the right to disagree prevail, television has become, in its first 15 years of service, a powerful communications anvil upon which men hammer out and temper new ideas and new concepts. In nations of the closed world, such as Russia, it has become the most effective means of foreclosing new ideas and insuring doctrinal conformity.

This conflict was much in my mind in 1959 when I had the opportunity to discuss with the principal leader of the closed world the question of freedom of communication. It occurred at a small reception for Mr. Khrushchev in the home of Averell Harriman, now America's roving Ambassador. During a general discussion, I asked our visitor why he blocked free communication between our peoples at the same time he urged relaxed tensions and coexistence. Mr. Khrushchev made a counter query: "What do you mean by free communication?"

In substance, my response was this:

"What you and I are now doing is free communication. Each of us is free to say what is on his mind and no censor stands between us. There is no jamming device in this room which drowns out my remarks, or yours, or deafens and blinds those with us."

Mr. Khrushchev responded with the classic defense of the closed world: "What you, and other Americans, really seek is freedom to propagandize. This," he proclaimed, "would represent interference in the internal affairs of the Soviet Union and would never be tolerated."

Thus did the master propagandist pass sentence on the concept of free communications. To me, there was supreme irony in hearing this contemptuous edict from the individual who has propagandized the world's airwaves on a scale unknown to history.

There were even propaganda overtones in Russia's recent announcement that censorship was being lifted on the outgoing dispatches of foreign correspondents. The dagger of expulsion was left hanging over the reporter's head, ready to drop at the first so-called unfriendly dispatch. And, more significantly, the new policy did not eliminate radio jamming and censorship of information going into Russia. In the tradition of dictatorships, the Soviet government's primary fear is the effect on its own people if the truth were permitted to reach them.

If revolutionary primers are still being updated, it is probably to incorporate television. The first step by Cuba's revolutionary government after reaching Havana was the seizure of privately owned broadcast facilities. Since then, often for 4 or 5 hours nightly, the Cuban people have had only one staple on their screen. While it might be classed as entertainment, it could hardly be considered an interchange of free thought.

Against this sinister backdrop, it becomes clear that television is only a technical means, not a philosophical end. Khrushchev and Castro have taught us well that it contains no built-in guarantee of freedom. It can further freedom superbly when two presidential candidates test ideas against

one another before the eyes of a nation; but it can distort freedom's meaning when it substitutes propaganda for the pursuit of truth.

Regardless of whom it serves, television has become, in fewer years than is required for a Jesuit's education, a vital part of the worldwide struggle for the possession of men's minds. And the ultimate victor in this fateful communication contest might soon be resolved, for television is on the threshold of its second and most decisive epoch.

The first epoch spanned its rise as a national service, beginning in 1947 with the introduction of commercial networking in the United States. Since then, 75 countries have installed television, with some systems state-controlled, some privately owned, some a fusion of both. Today there are almost 100 million television receivers in worldwide use.

Ten years hence—if vigorous foreign growth continues—there will be TV stations in virtually every nation on earth telecasting to some 200 million receivers. An audience of a billion people might then be watching the same program at the same time, with simultaneous translation techniques making it understandable to all. In a world where nearly half of the population is illiterate or semiliterate, no other means of mass communication could equal television's reach and impact upon the human mind.

The instrument which will give television's second epoch this distinctive global character is satellite relay television, through which the same picture will be capable of reception on all continents simultaneously. An image captured by a television camera anywhere in the world can be made available technically, at the moment of capture, in home receivers anywhere on earth.

Already much of the world has listened in on radio messages from satellites—fed into them before launching and broadcast after they achieved orbit. Radio programs originating on one American coast have been picked up on the other coast—"bounced back" by an inflated sphere in orbit. The same concept will soon apply to television, but the satellites serving as relay points will not be inert balloons. They will be filled with instruments that amplify the electronic impulses they receive from earth, and then transmit them back to earth with the clarity of TV pictures seen in our homes.

The Federal Communications Commission, which controls the allocation of American broadcast frequencies, has received this year a variety of technically detailed proposals for a satellite relay. Within 5 years, and probably sooner, international television signals will be moving at the speed of light through outer space.

But what will become of these signals when they are picked up on earth for rebroadcast through transmitters that know no ideological kinship? This will provide the decisive chapter in the determination of television's destiny. Will freedom to look be thwarted by political restrictions, as freedom to listen has been since radio conquered the continental and ocean barriers of distance?

Global television as a channel for freedom will be equally shackled unless we begin to plan now some radically new approaches for its use. If it offers—as those of us who have studied it believe it does—a bright new promise for moving the world closer to civilized harmony, then presidents, prime ministers, leaders of every political, religious, and intellectual persuasion should commence, with urgency, an evaluation of its potentialities for advancing world peace.

Such evaluations should not be based, at the start, on the conventional concepts of international programing. It would, of course, be wonderful to view a live performance of the La Scala Opera in New York or Capetown or Anchorage; or watch, in your Detroit home, a Mozart festival from Salzburg—in glorious color. But it is in the informational and political sphere that we must find programs which will anchor, at the earliest possible time, the concept of free international usage.

I have in mind, as one example, the employment of global satellite television as a new channel of communication among heads of state. This would make it possible to conduct summit conferences in which the principals would confer face to face without leaving their capitals. They would discuss the issues of great moment by employing television in the same way telephone conference calls are handled domestically today.

We can visualize each national leader sitting in his television-equipped office—in London, Paris, Bonn, Moscow, Washington, or elsewhere. A television camera trained on each man will relay his image to all the others for viewing on a split screen or on multiple screens. In addition to conversing back and forth, each will be able to display charts or diagrams, or even films, relating to the questions on the prearranged agenda and he will see those which any of his conferees wish to project.

The procedural advantages are obvious. The time-consuming question of who goes where and for how long will be resolved. The difficult problems arising from travel, security, and protocol arrangements will no longer be reasons to procrastinate, if the need for such meetings is genuine. Such a satellite system would be useful not only for full-scale summit meetings, but also for face-to-face discussions between individual heads of state.

When closed sessions are desired, the television transmissions could be scrambled and decoded by special equipment at each capital, using the same security techniques now widely employed in military and some commercial communications. When there was no need for secrecy, the conferences could be available for all to see and hear. With people everywhere riveted to the television screen, the leader of a closed nation might well think twice before blacking out his own country from an event of such magnitude—and one in which he himself participated.

Beyond summit conferences and diplomatic interchanges, there should be a continuing global television project of such compelling importance that a television channel opened by summitry would not be sealed off during the months or years between conferences.

Over the years I have suggested on several occasions to the United Nations that its membership, by resolution, establish the principle of "freedom to listen and freedom to look" and that it provide itself with facilities to broadcast its public proceedings and its pronouncements, with the aim of reaching people everywhere regardless of race, creed, color, or political philosophy.

America will soon be in a position to offer dramatic new support for that principle by enlisting global television in the service of the world community. Specifically, we can do so by agreeing that, when America's satellite communications system is functioning, a television channel will be made available for use by the United Nations.

Such an offer should have no strings attached. The U.N. should provide its own studio facilities and staff and be master of its own programing content, just as privately owned networks and stations are in America. However, I suggest that its most useful programs would be its own deliberations: The Security Council at moments of urgent discussion, the Assembly in deliberation on such fateful questions as now face it in Laos, the Congo and Berlin.

It would not always be a placid picture that humanity viewed, for world political discussions are seldom constrained. But, contentious or pleasing, it would be life as it is mirrored in the only existing world forum where ideas are publicly exchanged and debated.

Much of the younger generation in the closed world has never seen or tasted an idea until it has been doctrinally sanitized and stamped approved. What if the valiant Hungarians could see a debate on their tragic revolution, as Americans have seen a debate on their alleged imperialism in Cuba? It seems to me that nothing could do more to sustain the hopes of those in the closed world for the day when the handcuffs of slavery will be finally broken.

As for the developing and the neutralist nations, if, as we believe, the United Nations is their best hope for establishing and maintaining their own independence, then their understanding of its aims—seen with the same impartial picture in Africa as in America—must be the best hope of the U.N. for assisting them effectively.

The cost of the satellite project should be neither a deterrent, nor an excuse. Full development of the ultimate multichannel global communication system would require several hundred millions of dollars, but the inclusion of a television facility would require only a fraction of this sum.

Frequently suggestions are made that the United Nations be supported in its quest for world peace by a permanent U.N. military force, trained and equipped for a high degree of mobility, and maintained on an alert basis for use anywhere in the world. Without questioning the merits of these proposals, I believe we can agree that it would be far more complex and expensive to organize and maintain such a force than to develop a U.N. global television service, which would also serve the aim of advancing world peace. Personally, I favor the adoption of both concepts for they are more complementary than contradictory. In the early stages of a crisis, global television might create an understanding of the issues involved and thus minimize or even obviate the need for armed intervention. If it did not, the military sinews would still be available to uphold the U.N.'s decisions.

On a national basis, President Kennedy demonstrated during the Lao crisis how television can be used to inform the people of a complex and hazardous situation. At his televised press conference, using maps and clearly worded text, he gave the nation a graphic picture of events leading up to the Red infiltration of this small but strategically important nation. In doing so, he achieved prompt and considerable bipartisan support for his position.

I reiterate the importance of the time element in this proposal for global television, for seldom in life are lost opportunities regained. To the leaders of the U.N., I respectfully suggest that they begin now the consideration of plans for programing a satellite television channel—and publicly express their interests in doing so. If they are not ready when the system is ready, other programs will fill the void and an opportunity of incalculable prospect will be lost.

By implication, I have suggested that the first satellite relay will be of American origin. Nevertheless, should Russia surprise us with the first television satellite, the U.N. should still seek its own picture and voice outlet. Whether the trademark on the hardware is British, Russian or American, the information relayed will be faithful to what the camera projects. It is not inconceivable, even if it is slightly incredible to contemplate, that the first television channel of freedom could be of Russian manufacture.

This presumes, of course, that the U.N. will energetically and successfully seek the

use of its own channel to bring the world its own deliberations. If it does so, then freedom might follow in the wake of television, and thus solve the enigma of my title. It is more than a truism that when people are exposed to the clash of ideas, they seek to sample the process. In its simplest definition, this is freedom.

The poet Archibald MacLeish did not know of satellite television when he said: "Our technology, wiser than we, has given us the unforeseen and unforeseeable means of worldwide understanding at the moment when worldwide understanding is the only possible means of lasting peace."

To carry his allegory one step further, I suggest that global television can be a beacon for lighting freedom's pathway to those who still grope in the political dark.

And that same beacon can also help to safeguard the integrity of the United Nations itself. It can illuminate for people everywhere the real character of political campaigns, such as the Soviet Union wages today, which are intended to destroy the U.N. as a force for stability and peace in a world that needs both.

No advance of the human species ever comes easily, nor will the proper application of global television. If it is to compress the world in the service of free thought, we must use it boldly and forthrightly, and we must not recoil from aiming it against ideological barriers.

The playwright Henrik Ibsen said the only way to work for free thought is to get your clothes dirty doing it. We can be certain that Mr. Khrushchev would suffer this inconvenience gladly if it would permit him to control global television and use it to propagandize for the socialism he has promised our grandchildren.

But I believe we will find more than enough resolute Americans, together with their friends of the open world, who are willing to pay the cleaner's bill in order that Mr. Khrushchev's grandchildren, along with our own, may enjoy the divine right of free expression. In doing so, they will also prove that the title suggested by Mr. Cisler and Father Steiner was right in the first place—that television can truly be a channel for freedom.

NIPPING AT THE BOTTLE

Mr. MUNDT. Mr. President, among the most distressing disclosures up to date of trends and policies under our new administration is its steady succession of proposals which would still further put our Federal budget out of balance and still more startlingly feed the fires of inflation. The ultimate result is to cheapen the people's dollar and to impose what is tantamount to a hidden national sales tax upon every American citizen, a sales tax recognizing no exemptions and taking most from those who can afford to pay it least.

Closely akin to this reckless approach to our fiscal solvency is the attitude of the new administration toward the temptation to use the power of Government instead of economic principles to determine interest rates. Confronted by the twin perils of a political dollar and politically manipulated interest rates, it behooves all Americans to reexamine the basic economic principles and public policies which have produced so much for so many in this great opportunity land of ours. In this connection, I ask unanimous consent to have printed at this point in the RECORD a thought-provoking editorial recently appearing in the Wall Street Journal.

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

[From the Wall Street Journal, Feb. 23, 1961]

NIPPING AT THE BOTTLE

When a man starts nipping at the bottle just to assuage his troubles and make life a little more pleasant, no one can prophesy with certainty that he'll end up an alcoholic. But anybody can see what's at the end of the road if he just keeps going.

So nobody, at this point, can be positive what the results will be of the new policy of the Federal Reserve System to step in and buy long-term Government bonds in an effort to support their prices. But anybody ought to be able to see the dangers that lurk in nipping at this bottle.

The idea behind this policy change, so often expounded by President Kennedy, is rather simple. Up to now the Reserve has contented itself with easing or tightening credit by dealing only in short-term Government bills. This former policy recognized that interest rates for borrowed money are all of a piece, with definite relationships between short-term and long-term interest rates. Thus, dealing in "bills only" gave the Reserve a tool for influencing all interest rates without interfering with those relationships. And it kept the tool flexible because the Reserve did not get loaded up with long-term commitments.

The trouble with this—at least from the administration's point of view—is that if interest rates were raised to accomplish one purpose the rise interfered with some other "desirable" Government goals. Specifically, the administration wants short-term interest rates to be relatively high to discourage the outflow of capital abroad and at the same time wants long-term interest rates to be low to encourage capital borrowing here at home.

So what seems simpler, then, than having the Reserve deal in both long-term bonds and short-term bills? It can buy long-term bonds in the open market to raise their prices and lower the effective interest rates for this type of security, while selling bills to keep short-term interest rates up. Very clever.

Well, the first thing to note is that the effect of this former "bills only" policy has been exaggerated anyway. As of last week the Reserve system held $27 billion of Government securities. Only $2.6 billion of this was in bills. All the remainder was in certificates, notes, and bonds of varying maturities. A definite policy of buying bonds on the open market isn't going to make this portfolio any less lopsided.

Furthermore, this business of jogging some interest rates up and some down is exceedingly treacherous. There is a very good reason why there's a higher interest rate on long-term bonds than on a 90-day loan; to start fiddling with this relationship is like tinkering with the glandular system. You get unexpected and unwanted side effects. The cleverness of the money managers is going to have to approach genius.

Still, this is not the full measure of the danger. That lies in the fact that this new policy, like a nip at the bottle, permits the realities to be smeared over by a false euphoria.

If the Fed is going to step into the Government long-term bond market, the Treasury's financing troubles will seem to be over. Secretary Dillon will not have to worry his head about selling a new Government bond issue if the Fed will just buy up in the open market enough existing bonds to supply the money market with the necessary funds. Technically it's not the same thing as the Treasury selling its paper directly to the central bank; in practice it can be a difference with no distinction. The Government can spend more with less apparent pain.

Other borrowers too will have the euphoria of being able to borrow long-term money at lower interest rates than otherwise. So what happens then when the clever money managers decide that it's time to reverse the process and sell some of these Government bonds in the Fed's portfolio? Since the effect would be to depress bond prices and raise interest rates, who will stand up and cheer?

And this is, of course, a progressive sort of alcoholism. The more the Fed builds up its portfolio of long-term bonds, the more difficult it will be to sell them. There's always a time for a bit more stimulation, never a time when it's pleasant to sober up.

The sad part of all this is that it was just 10 years ago that Reserve Chairman Martin, then in the Treasury, persuaded the Truman administration to put aside this bottle. The famed Fed-Treasury accord got the Reserve out of the bond-support business, and it is no coincidence that since then the fires of inflation have been dampened.

Sad, but pointed. Once started, it's just plain hard to kick the habit.

THERE IS A GROWING COMMITMENT OF WOMEN IN FIELD OF PUBLIC AFFAIRS; LEAGUE OF WOMEN VOTERS IS COMMENDED

Mr. RANDOLPH. Mr. President, it is indeed gratifying to see the growing commitment of women in the field of public affairs, and especially do I commend the members of the League of Women Voters, who are now holding here their national council meeting. The West Virginia delegates are Mrs. A. H. VanLandingham, of Morgantown, State president, League of Women Voters of West Virginia, and Mrs. R. W. Bond, Charleston, second vice president and legislative chairman on the West Virginia State board.

This is truly an exciting and challenging time in which to live, and one which offers an increasingly wider range of opportunities for women to exercise their influence on public issues.

It has traditionally been assumed that women are primarily concerned with the bread and butter issues and those that touch most immediately upon the home. Though these may still be the first order of business for women, their legitimate interests in public and political issues are assuredly not limited to these.

Within the increasingly complex fabric of American life it becomes ever more difficult to isolate those problems which properly belong to women rather than men, or vice versa. Such broad social issues as the advancement of education and the need for humane and considerate treatment of our elderly, the problems generated by a rapidly advancing technology and a growing population, and the overriding issue of achieving some semblance of peace in a troubled world—each of these questions touches upon the lives of all of us, without regard to sex or occupational differences.

And herein lies the particular task for women. For it is quite evident, from recent formal polls and from informal

sampling by experienced political analysts, that while President Kennedy enjoys a high degree of personal popularity, the programs of the New Frontier have not yet been as widely and enthusiastically embraced by the American people as they must be.

For 8 years our citizens have been told there are no problems—that we have never been more prosperous or more strong. By mere act of taking office the new administration cannot immediately overcome the too often recognized complacency induced during recent years. The President thus needs the assistance of all citizens, and certainly women, in communicating to the American people a sense of the urgency of his program, at home and abroad.

WHERE DOES AMERICAN INTEREST IN THE WORLD STRUGGLE LIE?

Mr. SCHOEPPEL. Mr. President, apropos of what is happening today all over the world, and problems in which many millions of our people are concerned, there appeared in the Saturday Evening Post under date of April 15, 1961, a timely editorial entitled "What Kind of Revolution Are We Supposed To Be For?" For the purpose of bringing this fine editorial to the attention of additional readers, I ask that it be printed at this point in the RECORD.

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

WHAT KIND OF REVOLUTION ARE WE SUPPOSED TO BE FOR?

One way to gain unqualified approval with almost any group of Americans is to say, with a tolerant smile, "The United States must no longer be allied to the reactionary forces in the world but must participate in the revolution which is springing up everywhere, convincing the new elements that we share their hopes and aspirations." Recently Under Secretary of State Chester Bowles joined this chorus. He said that we must not be "linked with the forces of reaction and stagnation," but must participate in the effort to reform the world.

The only trouble with remarks like these is that, despite their acceptance in the best circles, they lack definition. They are loaded with emotion, but light on facts. For one thing, what are the forces of reaction and stagnation to which we are supposed to have been tied? For another, what are the forces of reform with which we are asked to identify ourselves? For a third, what are we supposed to do to be saved?

Well, we have had and, unless we are crazy, will continue to have relations with our European and Asiatic friends with whom we can hardly dispense in critical times like these. Just why countries like Great Britain, France, Nationalist China, Belgium, West Germany, Japan, or Italy are supposed to be reactionary and stagnant is beyond us. Yes, some of them have, or have had colonies in which, despite conflicts and errors, the people are generally better off than they were before the arrival of the "imperialists." Would it be wise to become so outraged at discrimination at the "white imperialist" country club that we throw over our friends and make our political bed with people who eat one another?

In respect to Cuba we tried to get right with the revolution and detach ourselves from the brutal tyrant Batista. Our reward is a Red satellite under Castro, who assures us that the so-called free world will soon go down in defeat before the rising power of the Soviet Union.

Mr. Bowles agreed that "our international interests are incompatible with the global, long-range objectives of Soviet strategy." Unfortunately Soviet strategy is making good use of elements which describe themselves as the forces of reform and revolution. They have made it appear to timid Americans that our image is so bad that, unless we get into the swing of things and picket our own embassies in revolutionary areas, we will lose the cold war.

Obviously we can't hope to compete with the Communist conspirators in stirring up ruckuses. What we ought to do instead is look about a little, at least until we find out just what the genuine forces of reform are after. In many cases it will appear that all they want is to be as much like us as possible, to share our freedom and our economic progress. When the rioters and the bearded upstarts have shot their bolt—in Cuba, Japan, or the Congo—it usually turns out that the Communist hell raisers didn't have the box office which Moscow and its minions had claimed for them.

Thus in the case of Cuba thousands of exiles are now urging this country to "do something"—not to "ride with the Castro revolution" but to get rid of it. In the Congo responsible elements form a confederation to deal with the Communist threat—but, instead of riding with their successful revolution against colonialism, we lend our planes to the United Nations to harass it. The effort to renew the outstanding charges of Soviet aggression in Hungary and to initiate proceedings against Communist genocide in Tibet did not rate so much as a debate in the United Nations, but the U.S. delegation voted to tell Portugal off for the way its African colony is administered. In Japan, after serious Red-inspired riots, the Diet ratified the treaty with the United States as if nothing had happened, and several student rioters, inspired by the Moral Rearmament movement, apologized to Jim Hagerty for mobbing him during his disastrous visit to Tokyo last year. What revolution should we have joined there?

What all this comes down to is the suggestion that, before talking about forces of stagnation and reaction versus the bright banners of progress and reform, it is important to decide which is which and where American interest in the struggle really lies.

AID TO DEPENDENT CHILDREN—CONFERENCE REPORT

Mr. LONG of Louisiana. Mr. President, I submit a 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. 4884) to amend title IV of the Social Security Act to authorize Federal financial participation in aid to dependent children of unemployed parents, and for other purposes. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER. The report will be read for the information of the Senate.

The legislative clerk read the report.

(For conference report, see House proceedings of April 6, 1961, pp. 6731–6733, CONGRESSIONAL RECORD.)

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

Mr. LONG of Louisiana. Mr. President, I should like to make a brief statement on the report.

There were no major differences between the House and the Senate in regard to the temporary program to extend Federal assistance to the children of needy unemployed persons in which the Senate yielded to the House. In almost all instances the House receded to the Senate position, with these exceptions:

The Senate receded to the House provision which requires that a State plan for the new program must provide that cooperative arrangements be entered into with the State vocational education agency looking toward maximum utilization of its service facilities to encourage retraining of the unemployed parent. The program will last for a 14-month period, from May 1, 1961, through June 30, 1962, as provided in the Senate bill.

The House accepted a Senate amendment, with a modification, postponing the effective date of the provision whereby there will be no withdrawing of Federal payments because of such statutes for any period up to September 1, 1962. Under the conference agreement, States will be allowed a further period in which study may be given to this problem, and the Secretary of Health, Education, and Welfare can cooperate with the States in working out a solution.

The Senate receded as to its amendment which would have changed the name of the "aid to dependent children" to "aid to families with dependent children." It is the understanding of the conference committee that the Department of Health, Education, and Welfare is looking into all aspects of the aid to dependent children program and that the appropriateness of the change of name will be thoroughly explored at that time.

With those exceptions, Mr. President, the House receded to the Senate position in all other respects.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

Mr. WILLIAMS of Delaware. Mr. President, I support the Senator from Louisiana in asking that the Senate approve the conference report.

Mr. LONG of Louisiana. Mr. President, I ask that the question be put again.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

NOMINATION OF JULIUS C. HOLMES TO BE AMBASSADOR TO IRAN

Mr. WILLIAMS of Delaware. Mr. President, earlier this week the Committee on Foreign Relations ordered reported the nomination of Julius C. Holmes to be Ambassador to Iran.

When this nomination is considered by the Senate it is my intention to oppose Mr. Holmes' confirmation.

Much has been said in recent months by both congressional committees and the Attorney General of the United

States about the need for higher morals and greater integrity in private industry.

Yet by confirming the nomination of Mr. Holmes as Ambassador to Iran the Senate will be placing a cloak of respectability upon "shady deals" maneuvered for the purpose of making "a fast buck" when such shady deals involve Government officials.

Are we to establish a lower standard of morals for Government service than is required of private industry?

Can either the Congress or the Department of Justice point the finger of scorn at questionable business practices while closing our eyes to "slick deals" involving Government officials?

In a later speech in opposition to this nomination I will deal more specifically with the impropriety of some of Mr. Holmes' financial deals.

I shall then point out how by questionable maneuvering, if not in actual violation of the law, Mr. Holmes and his associates pyramided a $101,000 investment into a quick profit of $3¼ million.

But today I shall merely enumerate a few of the points at issue.

Several years ago Mr. Holmes and his two associates—Joseph E. Casey and E. Stanley Klein—were engaged in a highly questionable tanker deal in which they placed the making of "a fast buck" above the national interest.

At the time Mr. Holmes and his associates purchased eight tankers from the Maritime Commission there was a law prohibiting their sale by the Government to foreign-owned or foreign-controlled companies. It was likewise illegal for an American company purchasing these tankers from the Government to resell them to foreign-owned or foreign-controlled companies without having obtained the prior approval of the Maritime Commission. The purpose of this provision was to guarantee that these tankers would remain under the control of the U.S. Government.

By circumventing the law, or at least the intent of the law, Mr. Holmes and his two associates sold all of these tankers to companies which were both foreign-owned and foreign-controlled.

Mr. Holmes tries to claim that they did get the approval of the Maritime Commission, but every member of the Maritime Commission emphatically denied when testifying under oath before a senatorial committee that any notice had been given concerning the proposed sale or that any approval had been obtained.

I quote the Hoey committee's report confirming this statement:

> There is no credible evidence that Mr. Morris or any other representative of the United Tanker Corp. group made a complete disclosure to the Commission concerning the arrangements between the Casey group and the United Tanker group which were entered into as early as January 1948.

What is even worse, one of these eight tankers, the *Kettleman Hills*, which the Holmes-Casey group turned over to a foreign owned and controlled company was subsequently leased to Soviet Russia. The tanker was then used by Russia for the purpose of transporting oil from Rumania to ports in Communist China and North Korea.

Mr. Holmes tries to shrug off responsibility for what this foreign owned company did with the tanker after his company sold it. But we must not overlook the fact that this tanker came into the possession of these foreign owners as the result of highly irregular, if not actually illegal, maneuvering on the part of Mr. Holmes and his associates.

The Hoey subcommittee which investigated these sales in 1952 strongly denounced these transactions as morally wrong and clearly in violation of the intent of the law.

Mr. Holmes and his two associates, in violation of the clear intent of the law and without taking any financial risk at all received $150,000 clear profit for each tanker they turned over to this foreign group. Therefore, they cannot dodge some responsibility for what happened.

The most bitter denunciation of this transaction whereby one of these tankers was chartered to Soviet Russia for use in transporting oil to Communist China and North Korea came from former Secretaries of Defense Louis Johnson and General George Marshall.

Beginning with October 1949 and extending through October 1950 they wrote a series of letters to the Secretary of State bitterly denouncing the use of these American tankers to transport Russian oil and emphasized that such action was definitely detrimental to the security of the United States.

It was not until December 1950, 6 months after the outbreak of the Korean war that the use of these vessels in Russian trade was stopped.

Now, what excuse did Mr. Holmes and his two associates give for selling this tanker, the *Kettleman Hills*, and two other tankers to this foreign owned and foreign controlled company?

They said they considered the company to which they sold the tankers—the United Tanker Corp.—to be an American owned and controlled company because the company had only four stockholders, three of whom were American citizens. Therefore they reasoned that the company was 75 percent American owned and controlled.

What Mr. Holmes, Mr. Casey, and Mr. Klein did not disclose was that this company—the United Tanker Corp.—at the time they exercised the option to buy these tankers was capitalized for $2,500,006. Of this $2,500,006 capitalization the one foreign stockholder, a Chinese citizen, owned $2,500,000 while the three Americans had invested in the company exactly $2 each or a total of $6.

How naive can any man be? By what line of reasoning can anyone with a straight face claim that three men with a total investment of only $6 in a $2,500,006 corporation can control its operation? As if this claim were not ridiculous enough it developed that the foreign stockholders had an option to buy even this small amount of stock from these Americans at a price of $10,000 for each man.

Obviously, these three men merely got $10,000 each for the use of their names just as Mr. Holmes and his two associates got $150,000 per tanker for the use of their names in getting title to three tankers from the U.S. Government for the purpose of turning them over to this foreign group.

This is but one example of the many flimsy excuses advanced by Mr. Holmes and his associates to justify the series of shady and highly irregular procedures surrounding many of the transactions involved in the purchase of eight tankers, every one of which was ultimately transferred to foreign owned and controlled companies. All of these transfers were made without the legal approval of the Maritime Commission.

I will discuss these transactions in greater detail when we consider the nomination, but today I shall close by reading from the conclusion of the Hoey subcommittee which investigated these transactions. The Hoey subcommittee report was filed on May 29, 1952. I quote from the report:

> The clear and stated purpose in selling surplus tankers under the Merchant Ship Sales Act was to develop and maintain an efficient and adequate American-owned merchant marine. In the opinion of the subcommittee, it was never the intent of the law to allow this type of profit grabbing in the allocation or sale of Government-owned surplus tankers.
>
> Furthermore, representatives of both the National Tanker Corp. and the United Tanker Corp., in their negotiations with the Maritime Commission which resulted in United obtaining control of the three tankers, did not disclose the complete facts concerning the transactions to the Commission.
>
> * * * * *
>
> Between July 1949 and May 1950, two American-flag tankers owned by subsidiaries of the United Tanker Corp. and the China International Foundation, Inc., were chartered to the Soviet Government and carried six cargoes of petroleum and other oil products between Constanza, Rumania, and Communist ports in North China, North Korea, and Siberia.
>
> The subcommittee is of the opinion that no American-flag vessels should have engaged in the Communist oil trade. These were the only American-flag vessels known to have been trafficking in the Communist oil trade at that time, and it is paradoxical that other vessels of the United fleet were making substantial profits in the carriage of ECA oil during the same period that these two vessels were engaged in Communist trade.
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> * * * * *
>
> This entire investigation has demonstrated to the subcommittee how various groups of shrewd and calculating businessmen and attorneys, through an intricate series of corporate and financial transactions, were able to realize substantial profits by taking advantage of the confusion and mismanagement which marked the administration of the surplus ship disposal program by the old Maritime Commission.

The subcommittee concluded with this statement:

> The subcommittee is of the opinion that there appears to be sufficient evidence of violations of the civil provisions of the Merchant Ship Sales Act in these tanker transactions to warrant prompt action by the Department of Justice. In addition the concealment and misrepresentation of pertinent facts by various officers and representatives of the firms involved in this inquiry in

their dealings with the Maritime Commission leads the subcommittee to believe that various criminal statutes may have been violated by these individuals.

* * * * *

This was a unanimous report of the subcommittee.

CLYDE R. HOEY,
Chairman.
JOHN L. MCCLELLAN.
HUBERT H. HUMPHREY.
THOMAS R. UNDERWOOD.
JOSEPH R. MCCARTHY.
KARL E. MUNDT.
RICHARD M. NIXON.

I think the Washington Post in its editorial of February 22, 1952, best summed up this transaction when it said:

The involved surplus ship negotiations of Joseph E. Casey and his associates seem to fall somewhere in between what is legal and what is proper. The inquiry by the Senate investigating committee may not show that the Casey group actually violated the law. On the other hand, the procedure whereby great profits were realized on transactions which resulted in American surplus tankers ending up under the control of foreign-financed corporations will strike at least some persons as a slick deal.

Mr. President, Iran is a very important country. It is located in one of the world's most sensitive areas. It is very important that the U.S. Government be represented at this important post by an Ambassador whose integrity is above reproach.

Any individual who was connected with a financial transaction which was widely recognized as a "slick deal" by "shrewd and calculating businessmen" is not such a man.

Today, Mr. President, we received from the President of the United States an excellent message recommending certain needed legislation to deal with the conflict-of-interest problem. At the same time, the President emphasizes to Congress and to all Government officials the importance of establishing high moral standards in Government. I shall read excerpts from this excellent message from the President of the United States:

There can be no dissent from the principle that all officials must act with unwavering integrity, absolute impartiality, and complete devotion to the public interest. This principle must be followed not only in reality but in appearance. For the basis of effective government is public confidence, and that confidence is endangered when ethical standards falter or appear to falter.

In concluding his message, President Kennedy said:

Ultimately, high ethical standards can be maintained only if the leaders of Government provide a personal example of dedication to the public service and exercise their leadership to develop in all Government employees an increasing sensitivity to the ethical and moral conditions imposed by public service. Their own conduct must be above reproach.

I know of no stronger statement which could be made against the confirmation of Mr. Holmes. Certainly his conduct was not above reproach.

THE LESSONS OF CUBA

Mr. JAVITS. Mr. President, at this time of examination and self-examination of the events in Cuba, I believe it is important that those of us who heretofore have spoken on the subject should make clear our present position. Happily, we are relieved of the worry about France, and can turn again to the Cuban situation.

A serious reverse was suffered by the forces of freedom in the Western Hemisphere when the Cuban patriots were repulsed on the shores of Cuba. But the President has made clear, in his historic address to the American Society of Newspaper Editors, that—

The Cuban people have not yet spoken their final piece.

Neither have we, because, as the President also said:

We do not intend to abandon Cuba to the Communists.

From our experiences in Cuba we can learn some valuable lessons.

First and foremost, a high order of national and partisan discipline is now called for. It is not a time for angry postmortems on blunders. President Eisenhower, Vice President Nixon, Governor Rockefeller, Senator Morton, Senator Dirksen, and Representative Halleck have made this admirably clear to the Nation and to the world, in the name of the Republican Party. Full opportunity must be afforded our Government to take stock of our own situation, and, through channels readily available, to evaluate the situation in the 19 other American republics, and to determine the significance of the Cuban episode in respect to the entire cold war struggle in this hemisphere. Certainly this is not a time for precipitate action.

It would be very easy to yield to the perfectly natural impulse to seek, by whatever means required, to rid the Western Hemisphere of the threat of the Communist-oriented Castro regime. But such a policy would also prove to be shortsighted and unwise. As the President has said so clearly and portentously:

A nation of Cuba's size is less a threat to our survival than it is a base for subverting the survival of other free nations throughout the hemisphere. It is not primarily our interest, our security, but theirs which is now today in ever greater peril. It is for their safety as well as our own that we must show our will.

Mr. President, the will of a great nation should not be manifested by precipitate action. Instead, its will must be shown with wisdom, as well as with power and purpose, as befits a great nation. The administration must have an opportunity to do this. It is already clear that the administration will not yield to any temptation that will interfere with that opportunity, and will not renounce, as the President reminded our neighbors, freedom of action essential to our "primary obligations which are the security of our Nation if the nations of this hemisphere should fail to meet their commitments against outside Communist penetration." So the first lesson is that at this time our Nation should act wisely—not precipitately—at a time which we choose, not at a time when we may feel that we are being rushed to take action.

Second, it would be unwise and would hamper our own national interests if Congress were to undertake a public investigation of the CIA. The President has acted with propriety in the appointment of a high-level review body "for a Government-wide study of paramilitary operations within the Government" to be heavily concentrated on the CIA. General Taylor, Attorney General Kennedy, Admiral Burke, and CIA Director Dulles comprise a body which should adequately assure the country that the review will be thorough and meaningful and will, I believe, be undertaken without reservations.

This certainly does not exclude the consideration of the desirability of a joint congressional committee, similar to the Joint Committee on Atomic Energy, to oversee the operations of the CIA, subject to the full safeguarding of security. That, too, should be done without our engaging in a process of washing our linen in public, with the accompanying embarrassment arising from a public investigation. This means that the CIA should not be made the subject of a public investigation.

In addition to this self-examination, I believe there are two areas in which we can also help meet with vigor and vision the Cuban challenge.

First. We must concentrate our efforts on activities that will implement the President's Latin American development program, the Alliance for Progress. An auspicious start has been made by the House, led by its appropriations subcommittee—heretofore unfriendly to foreign aid—which now has granted fully the President's request for $500 million to launch the project, plus another $100 million to help Chile recover from last year's disastrous earthquake.

I have urged that the 18 principal European nations and Canada, that are parties to the OECD, which the United States has already joined, should make the Alliance for Progress its first partnership effort, thereby doubling the available resources to meet the urgent need for economic development in Latin America. I think they will do that—in view of the way I have seen their interests manifested in connection with the work in the NATO parliamentarians. It is essential that this initiative be forwarded and that the prospective program be doubled in money and manpower, so that barriers to expansion of Latin American exports be lifted in Western Europe and that the private economy in Western Europe and the United States be effectively tied into the total effort. Every expert points out that if Communist-oriented Castroism is to find any important support in the Western Hemisphere, it will be because of the failure to develop adequately and in time the trade, health, education, water and soil resources, land use and other economic potentials of Latin America. In addition, the emphasis on self-help in the Alliance for Progress should convince the other American republics that we are a partner, not a patron. For the people of Cuba themselves, the Alliance for Progress is supremely important. They must have aid for adequate economic development

and economic justice. They can get these and we can help enormously without the totalitarian regime which they are now suffering. The Alliance for Progress should certainly be available to them as they throw off the Castro dictatorship. The Castro regime promises them only lower living standards, deprivation of their liberties and will confine Cuba more and more to the low estate in terms of its economy and the enjoyment of life by its people—conditions so typical of a Communist satellite. We must make clear that we are opposed to dictatorships of the left as well as to dictatorships of the right.

Second. We must preserve the opportunity to proceed multilaterally. We must constantly keep before the eyes of the other free nations of the Western Hemisphere the tyranny of Castroism, with the expectation that they will recognize it as the threat it is to their own freedom and security, and will meet their commitments to defend the hemisphere against Communist subversion. I believe there is a fair prospect that the other American Republics will recognize, first, that the Communists will use the doctrine of nonintervention to mask their subversive purposes; and, second, that the size and weight of the Communist-furnished arms makes the Castro regime far more of a threat to the security of the other Republics in Latin America than had been realized. All the American Republics must recognize the juridical as well as the moral propriety of invoking the authority of the Inter-American Treaty of Reciprocal Assistance of September 2, 1947—the Rio Pact, which, for the Western Hemisphere, is tantamount to the NATO Alliance—as implemented by the Declaration of Solidarity adopted at the Inter-American Conference at Caracas—the Caracas Declaration—on March 28, 1954. A role in the informational part of this process may well become a most vital function of the refugees from Cuba and may be very significant to the ultimate course of events.

I point out again that article 6 of the Rio Pact speaks precisely of the inviolability and integrity of the "sovereignty or political independence of any American State" being "affected by any fact or situation that might endanger the peace of America." Under such circumstances "the organ of consultation shall meet immediately, in order to agree on the measures which should be taken for the common defense and for the maintenance of the peace and security of the continent." The decision may be taken by two-thirds of the signatory States that have ratified the treaty, and may result in "recall of chiefs of diplomatic missions; breaking of diplomatic relations; breaking of consular relations; partial or complete interruption of economic relations or of rail, sea, air, postal telegraph, and radiotelephonic or radiotelegraphic communications; and use of armed forces." Only as to the use of its own armed forces is such a decision not binding on every signatory State. The other sanctions must be applied, if voted under the terms of the treaty. It is a very tight treaty; and only two-thirds of the nations participating are needed in order to bring it into operation.

This treaty is supplemented by the Caracas Declaration, which says:

> The domination or control of the political institutions of any American State by the international Communist movement, extending into this hemisphere a political system of an extracontinental power, would constitute a threat to the sovereignty and political independence of the American State, endangering the peace of America.

The signatories to the Rio Pact are all the 21 American Republics. Those represented at Caracas were the same, with reservations only on the part of Guatemala, Mexico, and Peru.

We in the United States have a right to expect that, at the proper time, enough of the signatories to the Rio Pact, recognizing the immediate and present threat posed by Castroism to freedom in the hemisphere and—and I emphasize this—to their own security, will make the Rio Pact effective in this instance.

In the tradition of a bipartisan foreign policy—as sponsored by the late Senator Arthur Vandenberg—in circumstances such as these, I urge support for the balanced approach that I have here described. I hope very much that this may also be the view of my colleagues.

I ask unanimous consent to have printed in the RECORD an editorial entitled "A Policy on Cuba," from the New York Times of recent date.

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

A POLICY ON CUBA

What next in Cuba? The Cuban exiles have been defeated militarily and the United States, which supported them, has suffered a political defeat. However, history is not like a boxing match or a baseball game. It flows like a river. The United States and Cuba are too much intertwined by history, geography, economics, and strategy to be separated. Cuba has been caught up in the vast storm of the cold war. All the forces unleashed by the Cuban revolution are still operating.

Therefore, something has to happen, and the instinct is to say: something has to be done. The first thing to recognize is that whatever is done should not be done hastily. There must be no repetition of the incredibly inefficient intelligence analysis of the Cuban situation which preceded last week's fiasco. To those who knew the situation in Cuba and knew the formidable strength of the leaders and their regime, the outcome of such an invasion attempt was inevitable. And even had it succeeded, the CIA concept of putting in a right-wing government that would have been branded as a Yankee creation was dreadfully wrong. It is obvious that the first step must be to reorganize the personnel and methods of the Federal officials dealing with the Cuban problem today. Any policy, any action to be taken in the future must be based on an accurate assessment of the situation.

There are certain developments that would force the United States to act; and such action would be fully understood by the world at large. If the Russians, for instance, were to set up missile bases or move in with a dangerous degree of military support; if Americans were killed and the lives of the remaining Americans were jeopardized; if Premier Castro were to attack Guantanamo Bay or mount military invasions against his Caribbean neighbors—in such cases the United States would, of course, have to intervene directly, and presumably so would other members of the Organization of American States.

Barring such obviously dangerous, although unlikely, developments, the United States should not intervene. Why not? The grave political consequences; the blow to the moral standards and principles by which we live and which are a source of strength in the cold war; the fact that armed intervention without the clearest provocation would reduce our policies to a crude contest in power politics; the loss of needed allies; the perilous international complications—these are the results that would flow from such armed intervention by the United States in Cuba.

Even more basic than our differences in economic system is our philosophic difference with the Communists: We believe in freedom and the rule of law among individuals and among nations. This is the essence of what America stands for in the world, and it is our greatest source of strength. We must preserve it.

The hegemony of the United States in the Western Hemisphere is threatened for the first time in a century. It can only be defended by a positive, creative policy, one that builds. Of course, we are strong enough to crush the Castro regime, but to do so by force would lose us far more than we could gain. It is hard to be patient under such provocation and defeat as we have experienced. Yet it is the mark of true strength to take both defeat and victory in one's stride.

The chief danger to the United States and the rest of Latin America is not Cuba by herself, but Cuba as a possible model for other revolutions, and Cuba as a base for the spread of anti-Yankee or communistic doctrines. How to counter the creeping subversion of the totalitarians is the great problem for the free world, as President Kennedy has recognized. It cannot be done by adopting their methods. That would be to surrender.

Defend the security of the United States. Continue by all legal means to encourage the anti-Batista, anti-Castro Cuban exiles in their determination to establish a free and democratic regime with social justice. They must not be abandoned.

Above all, prove—by deeds not just words—that we are determined to support the demands for social reforms throughout Latin America; that we are not merely anti-Communist; that we will oppose right-wing reactionary military dictatorships as we do left-wing, communistic dictatorships; that we ask partnership and cooperation, not subservience. This is the only kind of intervention that can permanently succeed in Latin America.

FEDERAL AID TO EDUCATION

Mr. LAUSCHE. Mr. President, I address myself to the subject of Federal aid to education. There are several bills pending, on this subject, and notwithstanding what a specific bill might be numbered or might contain, the end result will be eventual Federal domination of our system of public education and the absorption by the Federal Government of one of the last remaining privileges of home or self-rule and determination. For the Congress now to acquiesce to the pressure demands against which it has stood so firmly, and rightly so, for more than a century and a half will mean complete capitulation against the will of a vast majority of the citizenry of our Nation.

Mr. President, the record will clearly show that it is not local school boards,

not the municipal or county governments, nor even the State governments that are demanding that the Federal Government wedge its way into this field. And for those few who have yielded and subscribed to the philosophy, "Let the Federal Government do it and relieve us of the cost," they speak with inconsiderate tongues and blindness over their eyes.

Mr. President, none but the blind will deny that, if the Federal Government is going to pay the piper, it is most certainly going to call the tune. There was a salutary lesson on this subject back in 1959, when several leading institutions of higher learning refused to accept Federal moneys under the National Defense Act of 1958 because of certain federally imposed requirements. Dr. Griswold, president of Yale, one of the universities involved, expressed the views of that university in this manner:

> Such restriction partakes of the nature of the oppressive religious and political test oaths of history, which were used as a means of exercising control over the educational process by church and state.

I do not wish to take sides in this past controversy, but simply to use it as an illustration. It does seem that both parties were acting within a reasonable concept of duty. The two universities, on the one hand, were perfectly within their rights to reject the funds and to guard jealously their freedom from the political dictates of the state. But on the other hand, the state was certainly also well within its rights in saying that it will not use its governmental power to lay taxes upon all the people and then use the money collected to subsidize those people who believe in or teach the overthrow of the very Government that is supporting them.

In any event, it is foolish to suppose that the state will do such a thing. Sometimes it might be reasonable in what it asks; sometimes it might not be, but again, if the state is going to pay the piper, it is most certainly going to call the tune.

The vision of the great many who advocate that the Federal Government come to the aid and succor of our educational system runs only so far as to see that the system is in need of money and that the Federal Treasury is large. They delude themselves into thinking that somehow they can tap this cornucopia and pay no price for it.

The community of taxpayers throughout the Nation has provided well for elementary and secondary education. The diversity of local school boards, of local governmental bodies, provides that these schools shall not be run on monolithic lines; some have more reasonable restrictions put upon them by those who support them than do other like institutions, but all of them, let it be noted, are beholden to the public that pays the local taxes, and therefore to the political agents of the local public. Manifestly a great danger lurks in a single state, the Federal Government, providing money for all schools over the Nation. For them diversity will be lost, all eventually must conform to a national standard, and there will be lost that freedom which is most prized.

FEDERAL CONTROL UNAVOIDABLE

Now, Mr. President, there are those who decry the suggestion that Federal aid to education will bring about Federal control and restrictions. Let us examine just two of the proposed bills. In one, S. 1021, I read that funds would be provided for teachers' salaries and school construction and, now hear this, and penalties would be provided for States whose school effort does not increase each year at a predetermined national percentage. In S. 8, if my interpretation of the language is correct, funds would be available for teachers' salaries and school construction and, now here it is again, penalties for States whose school effort falls below the national average. Mr. President, rightly so, the Federal Government cannot be expected to make loans, grants, or gifts of money for any program without placing restrictions according to national goals or national standards; and in what other light or manner, Mr. President, can anyone but the blind see that these national goals and standards are nothing more than Federal controls? The majority of these pressure groups who so strongly advocate Federal aid to education say they are shocked by such accusations and statements. They say, have no fear, the Federal Government will not dictate to us and our schools will continue to operate in complete local independence and freedom. But now, Mr. President, let us look at the record and listen to talk out of the other side of their mouths. Increasingly, there have been voices within the educational profession that say "local control of education has clearly outlived its usefulness on the American scene" and that "the United States is inexorably moving toward a national system of education." An editorial in a leading journal of school administration stated that "the national welfare demands the national system of education." And yet, Mr. President, these very same people say Federal aid to education would not bring Federal control.

STATE AND LOCAL GOVERNMENT MORE ABLE

Mr. President, total State allocations of U.S. grant-in-aid programs for fiscal 1960 amounted to $9,164,632,000. Provided there are expansions of some of the existing programs and making a conservative allowance for suggested new programs, if adopted, there is a good prospect that total grants will pass an unprecedented high of $10 billion in the current fiscal year or shortly thereafter.

Mr. President, the citizens of this country are becoming alarmed. They are tired of their Federal Government habitually operating in deficit financing. They see clearly an annual Federal grant-in-aid program exceeding $10 billion containing some items they have not asked for but which have been, or are about to be, forced upon them. They have watched, with much alarm, our gold reserves being depleted to a dangerously low level; they know that the Federal Government's annual cost of money which it has borrowed to finance its operations, including some of these grants-in-aid programs, has risen to nearly $9 billion, or 11 cents out of every tax dollar, and which now stands as the second highest annual expenditure, or more than one-fifth of our total major national security cost.

I submit that the States and local governments are in a much better financial position to bear any needed increase for educational facilities and teachers' salaries than is the Federal Government, and furthermore that they have been and are willing to bear that responsibility in accordance with local needs and without the Federal dictates to national conformity.

Comparative data indicate that Federal taxes have increased more steeply; are now levied at far higher rates, and have become more burdensome, than State and local taxes. Federal taxes multiplied 20 times between 1927 and 1959; State and local taxes 5 times. The burden of State and local taxes—as a percent of national income—has barely risen, while the burden of Federal taxes multiplied more than four times. The Federal Government uses consumption taxes far less than any other major country, and has left this field largely to State and local governments. State and local governments have ample leeway to use these and other taxes—with, of course, the consent of their citizens. It is true that the Federal Government has a superior tax and debt incurring capacity because of its ability to increase debts without direct recourse to the vote of the people. State and local governments, of course, are more directly dependent upon specific approval by their citizens. Here is where so many are misled, for when the Federal Government uses that power to increase its debt without approval of the voters it simply saddles that debt right back on the shoulders of the voters and they have had nothing to say about it. The Federal debt multiplied 15 times between 1927 and 1959 and the State and local government only 4 times. State and local government debt declined as a percent of national income while the burden of the Federal Government debt multiplied more than three times. Interest on the Federal debt now accounts for over 10 percent of the Federal budget; interest on State and local debt equals only 3 percent of State and local general expenditures.

CLASSROOM SHORTAGE

The charge that State and local school districts have been and are unable to provide the necessary increase in numbers of classrooms to accommodate the rapid increase in school enrollment is without foundation and greatly exaggerated. According to the report from the Secretary of Health, Education, and Welfare, it was indicated that during the decade of the 1960's there would be built 607,600 classrooms to take care of added enrollment, replacement of obsolete facilities, and the existing backlog. This suggests a need for annual construction of 60,760 classrooms. This same report also reveals that the average annual rate of classroom construction for the last 5 years have been nearly

70,000. It would appear then that the current level of classroom construction could drop 13 percent in the average of the 1960's and still meet the goals set by Health, Education, and Welfare. Or, if the present construction level were maintained for another 3 years to 1964 the construction volume could thereafter decline more than 20 percent and still reach the goal.

LOCAL PROGRESS

Mr. President, the present outlook is for continued high level of public school construction under the existing arrangements. The oft predicted "taxpayers revolt" has failed to materialize, and in fact, taxpayers continue to approve the overwhelming majority of school bond and tax issues which appear on State and local ballots.

The volume of school bonds sold in 1960 was close to the alltime record established in 1958 and the volume of school bonds approved in the elections in 1960 established a new record, both in amount and in the percentage of approval. I cannot see how anyone can call the existing classroom shortage a national emergency when the current construction volume, if maintained, will produce more classrooms than will be required during the 1960's.

OHIO'S PROGRAM

Now, Mr. President, I would like to call attention to the manner in which Ohio is successfully coping with its educational expansion program. Not by seeking aid from the Federal Government but by the citizenry willingly taxing themselves. During the year 1960 in Ohio there were 180 school bond issues placed before the voters of the various school districts. Of this 180, 143 were approved in the total amount of $104,843,100. During the same year 660 special school tax levies were presented to the voters of the school districts affected and of this total 598 or 90.6 percent were approved.

Under proposed legislation for Federal aid to education according to the Department of Health, Education, and Welfare, Ohio would receive for fiscal year 1962, $28,735,988. For fiscal 1963 it would receive $33,879,936, and for fiscal 1964, $39,031,368. Now, let us look at what Ohio taxpayers would pay out during those 3 fiscal years in excess of the amount Ohio would receive. Quoting an equally reliable source for fiscal year 1962 Ohio would pay out $38,494,800. For fiscal 1963, $44,274,800, and for fiscal 1964, $50,084,800. Thus, if my computations are correct, in fiscal 1962 Ohio would pay $9,758,812 more than it would receive and for fiscal 1963 it would pay in excess of its receipts $10,394,364. Finally in 1964, Ohio's excess payments would be $11,053,432. Latest statistics available reveal that in the broad Federal grants to State and local governments Ohioans pay back to the Federal Government $1.52 for every dollar they receive.

Mr. President, there is a dangerous illusion in these proposals for Federal aid to education. Many people in Ohio and elsewhere have been led to believe that Federal aid to education will solve the schools' financial ills with little or no additional cost to the taxpayers back home. I have already cited how Ohio taxpayers would pay much more than they would receive. Now, Mr. President, let us look how far this reported $28 million that Ohio would receive would go. Ohio has already planned to spend on capital improvements under State and local expenditures for 1960–61 $175 million. Now assuming that one-half, or $14 million of the $28 million that Ohio would receive under the Federal aid to education plan would be spent on capital improvements that would only be 7 percent of what is needed. Now let us assume that the remaining $14 million of Federal money would be used for teachers' salaries. This $14 million distributed evenly would net about 3 percent per teacher.

TEACHER SHORTAGE

Mr. President, much has been said about the alleged teacher shortage, understaffed schools, and low salaries in the teaching profession. Considerable of this talk is irresponsible and not based on facts. Instead, many opponents use an instance of exception and then apply that to be the uniform rule. Now let us take a look at the so-called national teacher emergency. The U.S. Office of Education placed the teacher shortage in the public schools at 72,000 in 1953 and gradually raised its estimate until it reached 195,000 in the fall of 1959. That report however was so severely criticized and holes picked in it that the Office itself omitted a reference to the teacher shortage in its regular report in the autumn of 1960. On the whole the available statistics seem to indicate that education has made great strides in meeting its manpower needs. Over the past 30 years the number of employees in all public education—lower and higher—increased 140 percent while employment in private industries increased only 45 percent. Simultaneously, enrollment in public education rose at the same rate as the population of the United States as a whole—45 percent. Employment in public education in 1929 totaled 1,120,000 individuals and in 1959 it had reached 2,684,000 individuals—an increase of 140 percent. The public schools have managed to increase their teaching staff proportionately faster than enrollment and the number of pupils per teacher has consistently been reduced. Since 1900 the number of pupils in the public schools increased 140 percent and the number of teachers 250 percent and the number of pupils per teacher was reduced by 11.2.

The outlook for teacher supply is highly favorable. The percentage of college students who prepare for a teacher's certificate rose from 21 percent in 1948 to 31 percent in 1955 and has since been stable at that level. If the percentage of college students seeking a teaching career remains stable over the next decade, the number of newly graduated teachers will almost double. The student enrollment increase however will be far less. The school age group, 5 to 17, which increased 46 percent between 1950 and 1960 is projected to grow only 20 percent between 1960 and 1970. With the demand for teachers due to shrink and the supply rising, these experts say that the colleges would be turning out more teachers than could land jobs if the present percentage of college students seeking a teaching career were maintained. The NEA teachers supply and demand report for 1956 predicted an end to the teacher shortage by the early 1960's. This status has just about been reached. Within the next few years the problem is likely to be to find jobs for all teacher graduates.

TEACHERS SALARIES

Mr. President, I am one who believes that those in the teaching profession be adequately paid and that their salaries be commensurate with their duties, responsibilities, and efforts. Here again we find that some who are advocating Federal aid to education on the premise that teachers are grossly underpaid are using isolated exceptions rather than the rule or the average. Salary comparisons made over the past 30 years—1929 to 1959—reveal that teachers salaries improved 106 percent; the earnings of all wage and salary workers 91 percent; and the earnings of civilian employees of the Federal Government 73 percent.

In Ohio the average teacher salary for the period 1958–59 was $4,862 and for the period 1959–60 the average had been increased to $5,108.

EXPENDITURES FOR EDUCATION

The question often arises whether or not we are spending enough for education and are the schools adequately financed. This brings forth a second question. Will more money make better schools and provide a better education for our children? The most urgent need today is not so much to get more money for education but to get more education for the money, and I believe this can be done much better if the schools are kept under the full responsibility of our State and local governments. There are those who, without taking the time to delve into the records, will say that we are way behind in adequately financing our schools and that too small a share of the Nation's income is allocated to education. Let us look at the facts. In the past 20 years, enrollment in educational institutions increased 57 percent and expenditures for educational institutions 642 percent. Of course prices have more than doubled during that period but an enrollment growth of 57 percent was accompanied by an increase in educational outlays of 257 percent computed in constant dollars. For the school year 1939–40 total educational expenditures amounted to $3,199,593,000, with an enrollment for the year of 29,751,203. For the school year 1949–50, however, the expenditures increased to $8,795,635,000 while the enrollment for the same year increased only to 31,319,271 pupils, and for the year 1957–58 total expenditures had increased, actually doubled, to $19,763 million, while enrollment only increased to 43,195,000 students. Finally, in 1959–60 annual expenditures for educational purposes had risen to the sum of $24 billion with an increase in enrollment to only 46,720,000. Thus the expenditures increase from 1940 to 1960 was 642 percent and the enrollment increase for the same span of years only

57 percent. The above figures include public and nonpublic schools at all levels—elementary, secondary, and higher education. Dollar expenditures for education as a percentage of national income between 1950 and 1960 have increased 50 percent.

Mr. President, it is very definite that the taxpayers of our Nation have not failed to increase the percent of their tax dollars in relation to national income for the purpose of education. In the year 1890, 1.4 percent of our national income was spent for education. In 1913 that percentage had increased to 2.2 and in 1930 to 3.1; in 1950 to 4.0; in 1958 to 5.4; and finally in 1960 to 6.0. Comparisons with other countries, of course, at best are approximations but from the statistics available it is indicated that almost all other countries allocate a smaller percentage of their national income to education. Figures from the Soviet are unreliable and cannot be used for comparison. Included in the Soviet budget under the head of educational institutions are radio, TV, museums, theaters, and education in communistic theories and political philosophies.

Mr. President, it is interesting to note comparative figures for 2 calendar years, first 1929 and secondly, 1960, of the difference between personal consumption expenditures and public school expenditures. Between the years 1929 and 1960 personal consumption expenditures increased 315 percent as compared to 588 percent increase for the same period for current public school expenditures including interest. School capital outlays for that same period increased 734 percent and total school expenditures 611 percent while school enrollment only increased 45 percent. A further study for the same period reveals that current expenditures per pupil increased 374 percent.

LOCAL ABILITIES

Now let us talk about the legal and economic capacity of the State and local school districts to continue to finance public education. Virtually all income, wealth, and transactions in the United States are located within the borders of the 50 States, subject to their taxing powers. The Federal Constitution imposes no restrictions on the right of the States to tax except in regard to import duties and interstate commerce. The U.S. Supreme Court has repeatedly upheld the power of the States to impose nondiscriminatory taxes upon interstate commerce. Legal restrictions on taxes and public debt which exist in several States were imposed by the people of those States and their elected representatives. Those laws and constitutions can be and often are amended or repealed by the same process by which they were imposed. Until this is done it must be assumed that the limitations express the wishes of the people of the particular State. The Department of Health, Education, and Welfare conducted in December of 1959 a telegraphic canvass among chief State school officers. The summary of the 45 States which replied showed this picture: 15 States reported to have districts which needed classrooms, were borrowed up and had no access to State or other funds to build them. There were 237 such districts out of the national total of 40,000. This survey suggested then that only one-half of 1 percent of the Nation's school districts, most of them small, lacked in means of building the schools they need. Moreover, local jurisdictions sometimes present the appearance of having reached their legal tax or debt limit by assessing property at a fraction of the value which it is supposed to be assessed under existing State constitutional and statutory provisions. According to the 1957 census of governments, the average State assessment ratios varied from 8 percent to 66 percent—national average of 30 percent—of the market value of property although the laws of all but a few States mandate assessment of property at full value. It may be that some communities may be close to or at their nominal taxing or bonding limit, not because of provisions of State law but, because of their own undervaluation of property for tax purposes. The only effective tax or debt limit upon the States and localities is the willingness of their citizens to be taxed.

SUMMARY

Now, Mr. President, in summation, I am opposed to any legislation that would provide Federal aid for school building construction and teacher salaries for the reasons I have set forth:

First. Eventual, if not immediate, Federal interference and invasion of our education system.

Second. That the State and local governments are willing and more able, financially, to care for their needs.

Third. That the alleged classroom and teacher shortages are grossly exaggerated and that great progress has been and is being made to overcome what shortages there may be.

Fourth. That public expenditures for education, without Federal aid, have increased rapidly and all indications point to further increases commensurate with actual needs.

STATE OF CALIFORNIA, THROUGH ITS LEGISLATIVE ASSEMBLY, CALLS FOR PASSAGE OF COLD WAR GI BILL

Mr. YARBOROUGH. Mr. President, the State of California has seen the great and pressing need for a program of education and job training assistance for our post-Korean veterans and its State assembly has adopted a State resolution urging passage of S. 349, the cold war GI bill that was introduced by 37 U.S. Senators in January. California thus joins a number of other States which have adopted resolutions favoring legislation for cold war veterans' education.

There is particular significance in the resolution from California, for in the next 5 years 127,000 California veterans, more than in any other single State, are expected to go to school or undertake vocational training under the proposed cold war bill.

Figures show that through June 30, 1960, more than 233,000 California veterans were trained under the Korean GI bill. This was tops for the Nation.

The California Legislature, taking note of the great number of Korean veterans that have been benefited from the Korean GI bill in its State, now goes on record as supporting the proposed cold war GI bill that would give another large number of deserving young cold war veterans the same educational opportunities.

In its resolution, California cites two needs of the Nation the cold war GI bill will meet.

A portion of the bill states:

> Our Nation has found it necessary to its security, well-being, and position among nations to increase the educational level, professional competence, and the technical skill of the citizens.

In reading from another portion of the resolution, the California Legislature states that:

> The increased earning power, increased efficiency in commerce and industry, and increased national production in income directly attributable to the program of education and training benefits for servicemen results in increased tax revenues of the Government so that the cost of the program is largely repaid by the increased tax revenues.

Mr. President, it becomes increasingly evident with each passing day that legislation such as the proposed cold war GI bill, is one of the great and most immediate needs of the Nation.

Dangers confront us on every side, and, as never before, this Nation must present a strong, intelligent, proficient citizenry.

Our hope for the future rests in our young people, our cold war veterans. We must not deny them a chance to realize their every potential.

If this Nation is to remain strong, if this Nation is to remain the leader of the free world, we must provide for the educational needs of our young people.

Today there are in college only half the number of students there should be in college.

Two of the greatest needs of our youth are education and vocational skills. The cold war GI bill gives assistance in both fields. And, since only 45 percent of our young men see military service under the present operation of the draft law, the cold war GI bill is an act of justice that will help this otherwise discriminated-against group regain their lost time and lost educational opportunity, which may otherwise be lost forever.

The cold war GI bill is no longer legislation we should merely enact, it is legislation we must enact to safeguard this land and all we hold sacred.

I ask unanimous consent that the resolution from the State of California, supporting the cold war GI bill, with the official certificate from the California Assembly, be printed in the RECORD.

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

ASSEMBLY JOINT RESOLUTION 8

Joint resolution relative to the extension of educational and training benefits to persons entering the Armed Forces after January 31, 1955

Whereas the Congress of the United States has recognized the justice, equity, and benefits to the Nation arising from giving edu-

cational and training benefits to veterans by enacting the Servicemen's Readjustment Act of 1944 (Public Law 346 of the 78th Cong.) and the Veterans' Readjustment Act of 1952 (Public Law 550 of the 82d Cong.); and

Whereas the benefits under these acts are no longer provided to servicemen who entered the Armed Forces after January 31, 1955, notwithstanding the fact that the Nation has continued its compulsory military service program; and

Whereas the result is that many young men who serve in our country's armed services will lose educational and economic opportunities even though the need for education for the purpose of competing in civilian life continues to be of great importance; and

Whereas our Nation has found it necessary to its security, well-being and position among nations to increase the educational level, professional competence, and technical skill of its citizens; and

Whereas the increased earning power, increased efficiency in commerce and industry, and increased national product and income directly attributable to the program of educational and training benefits for servicemen results in increased tax revenues of the United States Government so that the cost of the program is largely repaid by the increased tax revenues: Now, therefore, be it

Resolved by the Assembly and Senate of the State of California (jointly), That the Legislature of the State of California respectfully memorializes the President and the Congress of the United States to extend educational and training benefits similar to benefits provided by Public Law 550 of the 82d Congress as amended, to all persons who served, or who may serve, subject to such changes by law or regulation as Congress may deem fit to impose, in the Armed Forces of the United States during any period in which compulsory military service was or remains in effect; and be it further

Resolved, That the chief clerk of the assembly be hereby directed to transmit copies of this resolution to the President and Vice President of the United States, to the Speaker of the House of Representatives, and to each Senator and Representative from California in the Congress of the United States.

Adopted in assembly March 26, 1960.

RALPH M. BROWN,
Speaker of the Assembly.
ARTHUR A. OHNIMUS,
Chief Clerk of the Assembly.

Adopted in senate March 26, 1960.

GLENN M. ANDERSON,
President of the Senate.
J. A. BEEK
Secretary of the Senate.
FRANK M. JORDAN,
Secretary of State.
By WALTER C. STUTLER,
Assistant Secretary of State.

STATE OF CALIFORNIA,
DEPARTMENT OF STATE.

To all whom these presents shall come, greetings:

I, Frank M. Jordan, secretary of state of the State of California, hereby certify:

That the annexed transcript has been compared with the record on file in my office, of which it purports to be a copy, and that the same is full, true, and correct.

In testimony whereof, I, Frank M. Jordan, secretary of state, have hereunto caused the great seal of the State of California to be affixed and my name subscribed, at the city of Sacramento, in the State of California, this 20th day of April 1961.

FRANK M. JORDAN,
Secretary of State.
By WALTER C. STUTLER,
Assistant Secretary of State.

INDEPENDENCE DAY IN SIERRA LEONE

Mr. GORE. Mr. President, I call to the attention of the Senate the fact that today is Independence Day in Sierra Leone. As Americans, we are glad to see more peoples of the world join the ranks of freedom, and we welcome to the community of free nations this West African state. A former British dependency, Sierra Leone will replace South Africa as the 12th member of the Commonwealth and, in all likelihood, will become the 100th member of the United Nations.

Most Americans are now very much aware of Africa. The press carries daily reminders of the revolutionary forces bringing change to that continent. We see distinguished African diplomats playing constructive roles at the United Nations and realize that their presence there affects the balance of world power and promises to be a force for peace.

I cherish the belief and hope that the United States will win the confidence and respect of the new and nascent African nations. It must be admitted, though, that our advantage today is certainly not as great as it was 5 years ago, 1 year ago, or perhaps even 1 week ago.

Too often our actions have not been based on sound, long-term policy, but have been short-range responses to immediate crises, responses which have sometimes been determined not by African considerations but by non-African ones. Tanganyika's Julius Nyerere has said that we have made African policy with one eye on Moscow, one eye on NATO, and no eyes on Africa. I think this is a severe judgment, but there may have been instances that tend to give it validity.

Regardless of our attitude toward Sékou Touré, he may have expressed the attitude of other African leaders when he said:

> We judge our relations with other countries on the basis of their attitude and political concepts toward Africa as a whole, toward colonialism, the right to self-determination and economic development. There can be no middle way, no compromise between colonial interest and African interest which are contradictory by nature and by definition. The United States cannot rightly hope that Africa will be erected on a foundation brought about by zones of influence and colonial interests.

We have been plagued by our ambivalence on the colonial question. Even worse has been our use of a cold war analysis for Africa. Those who know Africa will tell us that the surest way to alienate Africans from the West is to insist on active participation on our side in the East-West conflict. It may be that we misunderstand the questions African countries are asking. They do not ask, "How can we be pro-West?" Nor do they ask, "How can we be pro-Communist?" Let us assume that they sincerely seek from us an answer to a question of greater importance to them, "How can we make use of Western ideas, institutions, and techniques without ceasing to be African?"

President Kennedy has demonstrated his desire to assist Africans to develop solutions to their problems. He has shown a determination to forge positive and constructive relations between African nations and the United States.

The things we can offer are of the mind and spirit as well as material. We will find echoes in Africa of the words, principles, and valor of our own fight for independence, the vitality of our unstratified society, our true and often misunderstood generosity, and the vast humanitarian efforts made possible by our technologically advanced but kindly people.

CUBA

Mr. MORTON. Mr. President, the events of last week in Cuba constitute a serious setback for the cause of freedom and, because the cause of freedom is our cause, for the United States.

Of necessity, the American people are compelled to reappraise their position, not only in the Western Hemisphere but also in the whole free world, and to assess the policies and assumptions under which so disastrous a miscalculation was possible.

Already there have appeared eloquent demands that this country revert to the unilateral position which underlies the Monroe Doctrine and find ways to reconcile our commitments to the United Nations and the Organization of American States with the clear imperatives of national self-defense.

On one and the same day, Monday, the 24th of April, two distinguished commentators voiced the identical concept of an American nation which was prepared to break away from its formal engagements and go it alone in the Western Hemisphere.

Mr. Stewart Alsop, substituting for his brother, Mr. Joseph Alsop, in the column "Matter of Fact" voiced one concept. He is a distinguished writer and a keen student of foreign affairs and national security. In his column, Stewart Alsop editorially complained of President Kennedy's two key decisions in the Cuban fiasco.

> The plan for the operation which the President inherited from President Eisenhower—

He wrote—

> involved the use of American armed forces—for example, naval air power—if necessary to assure the success of the operation. President Kennedy's first key decision was to rule out the use of any American forces whatever, under any conditions whatever. His second decision was to announce the first decision, just as the operation began.
>
> The public announcement that American forces would under no circumstances be involved was reiterated twice by the President himself and four times with even more emphasis by Secretary of State Dean Rusk. The announcement obviously greatly reduced the likelihood of a general uprising in Cuba, which was the main purpose of the Cuban operation. It also quite unnecessarily tied the President's hands in advance.

Mr. Alsop's column concluded with these statements:

> Some day, one way or another, the American commitment to bring Castro down will have to be honored. The commitment can

only be honored if the American Government is willing, if necessary, to strike to kill, even if that risks the shedding of American blood.

The same concepts were voiced in less agonized terms by Mr. Roscoe Drummond, the responsible and progressive-minded commentator of the New York Herald Tribune. Mr. Drummond pointed out:

While we say that a Soviet military and political base in the Western Hemisphere is intolerable, we stand committed to a policy of noninterference which was made for a different world and set of circumstances than we now face.

The dilemna is: Do we continue to stand aside and watch the mounting buildup of Soviet power in Cuba? Or do we act alone, even if this action is unpopular with our Latin American neighbors, who prefer to close their eyes to the problem?

By treaty and policy we are bound not to interfere in the internal affairs of the Organization of American States. This is the long-standing United States and inter-American policy of nonintervention.

But through these same inter-American treaties we are committed to resist the spread of communism to the Western Hemisphere and penetration by any non-American power.

I am sure—

Mr. Drummond concludes—

that Mr. Kennedy means exactly what he says—that the United States will not indefinitely tolerate a Cuban Soviet Socialist state anchored in the Communist bloc of Russia and that we will act alone, if necessary. * * * The struggle must not be ended until the tyranny is overthrown.

These views reflect generally the broad mood of patriotic resentment at the failure of an American-backed and supported attempt by Cuban exiles to overthrow the Castro dictatorship and thus abate the Soviet nuisance only 90 deadly miles from our shores.

They also reflect, in my judgment, the sense of national humiliation at the way in which the Cuban rebels were exposed to military disaster, while we stood by and watched their doomed expedition crushed by Soviet planes, tanks, and artillery. Not only the American people but also our friends throughout the free world share distaste for the self-righteousness of our U.N. representative in disclaiming any responsibility for the expedition and for the lack of candor and straightforwardness on the part of our Government. There is a general feeling, which I share, that the time has come for our Government to sing bass in world affairs and not take refuge in shrill Byzantine ambiguities in a matter which involves our very safety as a nation and as individuals.

The real tragedy in the Cuban situation is that it failed. When the United States gets in any way involved in such an undertaking as we did in Guatemala, as we did in Cuba, the effort must succeed. Such a situation requires bold actions equal to bold words. Communist jet planes in Cuba should have been met with jet planes. Communist arms of 1961 in Cuba should have been met with arms of 1961 and not with arms of 1945.

But that does not imply that we should jump to the conclusion that the immediate solution is to ignore our treaty obligations and revert to a policy of glorious isolation or completely unilateral action. On the contrary, I say that it is the duty of Americans to avoid any actions which exaggerate the gravity of this setback or which divert attention from the important task ahead of us.

I regret that President Kennedy did not see fit to consult any Republican leaders, either congressional or national, before he committed his administration to the action in Cuba. But I applaud his honesty in accepting full responsibility for the blunder and his humility in now calling on the Republicans to give him understanding and support in this hour of failure. This support, of course, has been readily forthcoming and to a degree which is sufficient commentary on the outspokenly critical attitude of some Democrats toward previous international actions by the Eisenhower administration. I will simply ask the country and the Congress to consider what the Democratic leadership and spokesmen would have said had Dick Nixon landed us in this predicament.

But now is not the time for recriminations or postmortems. Today it is the duty of Americans to refrain from any utterance which limit the President's freedom of action in coping with the danger which the advance of communism presents to freemen everywhere.

For example, there may have been exaggeration of the consequences of the defeat by Castro of a pitifully inadequate invasion force dispatched, as the whole world knows, with the approval and material support of the United States. This exaggeration should not be surprising to those who for several years have judged American foreign policy by the standard of something they called prestige and accepted Communist-inspired riots abroad as evidence of failures on our part.

Unfortunately, the Kennedy administration is to some degree the prisoner of its own preelection propaganda. By making a high rating in prestige polls taken in other countries the major object of our foreign policy, they have given to the Communists, the neutralists, and the uninformed in other lands a virtual veto over American policy. They should remember that one of the lessons of history is that the strong are never popular. It is enough that they should be respected and just.

I am confident that I speak for my party when I say that Republicans will not make the task of this administration more difficult by criticism that might weaken the forces of freedom in any way. Rather, we propose for the resolution of the Cuban crisis some positive principles to which all who believe in freedom should be able to subscribe:

First. We believe that freedom will win out over communism throughout the world.

Second. We believe that the United States, in association with other freedom-loving peoples of the Americas, must act more energetically to make free institutions more secure in this hemisphere.

Third. We believe that the establishment of a Communist regime in this hemisphere cannot be tolerated.

Fourth. We believe that the security of the United States and of its people is threatened by the existence of a Soviet military base in Cuba.

Fifth. We believe that we cannot allow any nation, or group of nations, to veto a course of action needed for the security of the United States or of other freedom-loving States in this hemisphere.

Sixth. And we believe that a decent respect for the opinions of mankind requires that we promptly establish whether the pan-American system which has grown up over generations of generous statesmanship throughout the hemisphere is, in fact, capable of protecting the freedom and security of the Americas.

To implement these principles and to determine whether the Monroe Doctrine need be invoked in this crisis, I propose the following course of action:

First, let the President call a meeting of the Presidents of all the American Republics and ask their cooperation in carrying out the provisions of the Act of Rio de Janeiro and related treaties under which the Organization of American States sought to provide against non-American nations establishing a bridgehead in the New World such as that erected by the Moscow-sponsored Communist regime in Cuba. Let us not forget that the island of Cuba lies strategically athwart the communications between North and South America and through the Panama Canal.

If the Presidents of our sister Republics in this hemisphere do not, for whatever reason, want such a meeting, President Kennedy should invoke the Rio Treaty and ask the Secretary of the Council of American States to convoke a meeting at the Pan American Union at Washington. He should lay before that meeting the considerations and circumstances which demand united hemisphere decisions if there is not to be unilateral action by the United States. We should, if this failed, make clear that we intended to carry out our obligation to defend the hemisphere under the Rio Treaty alone if necessary.

Since action by the United Nations would be subject to a Soviet veto, there would be no point in involving the sanctions of that body against a Caribbean puppet which is armed, directed, and supported by Moscow.

I recommend this course of action for two reasons which seem to me to be conclusive.

First, it is the only honorable course by which, if our Western Hemisphere policy is to revert to the Monroe Doctrine, we can establish the practical necessity for such a decision.

Second, it is the only manly, straightforward, open-and-aboveboard manner of obtaining national and world respect for the courage and power of the American people when faced with a crucial challenge to the survival of freedom in the very heart of the Western Hemisphere.

It is essential that we dispel the impression that we are quite willing to urge other people to have the courage of our convictions but shrink from accepting

difficult and dangerous responsibilities, even when our own vital interests are threatened.

Above all, it is essential that a time when the administration is struggling with the threatened Communist capture of Laos and with the massive peril to NATO which results from the current Algerian crisis, the world, in general, and the Soviet Union, in particular, should be under no illusion as to our will and ability to defend ourselves and our friends as well in the Caribbean as in Western Europe or southeast Asia.

It is my conviction that the American people have the faith and the fortitude, the strength and the restraint, to make good their commitment to the cause of human freedom, whenever and wherever it may be threatened. And I am sure that in these troubled times the President and the administration can count on this Nation's unstinted devotion and support in any course of self-reliant action which is frank, honorable, and worthy of 10 generations of patriotic Americans who have gone before us.

OREGON DUNES NATIONAL SEASHORE

Mrs. NEUBERGER. Mr. President, ceaseless motion of the sea shapes and molds our Nation's coastline every hour of the day. But the inexorable changes thus wrought pale in significance when compared to another force at work on our vanishing shoreline. I refer, of course, to the pressures of population, increased industrialization, and erosion by commercialism.

Like King Canute, we cannot slow the tides with wishes but we can provide legislative safeguards to the outstanding scenic grandeurs of our seacoast. This, of course, is the moving spirit behind the efforts to give national park status to recreation areas at Cape Cod in Massachusetts, Padre Island in Texas, Point Reyes in California, and the magnificent sand dunes of Oregon.

At a recent meeting in Portland, Oreg., a group of citizens formed a statewide committee to support establishment of the Oregon Dunes National Seashore Recreation Area. I was pleased to learn of the program undertaken by these public-spirited individuals. They have adopted a worthy and significant objective.

Because of the interest in the Oregon Dunes National Seashore proposal, I ask unanimous consent to have printed in the RECORD an editorial from the Eugene Register-Guard of February 16, 1961, and one of a series of three articles written for the Oregon Journal by Mr. Anthony Netboy, an outstanding authority on conservation and natural resource development in the State of Oregon.

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

[From the Eugene (Oreg.) Register-Guard, Feb. 16, 1961]

USE OF PARKS

Our park systems, whether they be Federal, State, county or city, continue to get increasing use by the public.

The Lane County parks system, in operation only a relatively few years, had an estimated 1,266,500 visitors in 1960, nearly a 100-percent gain over the use of the 27 county park areas in 1959.

The county park receiving the largest number of visitors was Harbor Vista Park overlooking the outlet of the Siuslaw River near Florence. Here, an estimated 737,000 people came in 1960. It is obvious this attraction, along with other nearby recreation areas, meant considerable to the economy of the Florence area.

This being the case, imagine the visits a National Dunes Seashore Park would create. It would gain nationwide tourist attention by virtue of being a national park. Because of nationwide publicity it would generate huge numbers of tourists. This would not only be a tremendous boost for the Florence area but also for the entire Oregon coast.

[From the Oregon Journal, Mar. 22, 1961]

PLANNED SAND DUNES SEASHORE STILL PART OF PUBLIC DOMAIN

(By Anthony Netboy)

There is little unspoiled and accessible seacoast left in the United States. In its survey of the Atlantic and gulf coasts, the National Park Service a few years ago found only 240 out of 3,700 miles of shoreline in Federal and State ownership and open to the public.

On the Pacific coast, where settlement began much later, a considerably larger area of untarnished coast is still open to the public. Oregon has more accessible coastline than any other State in the Nation, thanks to its foresighted policy of putting its beaches in public ownership. As we drive along the coast we rarely see such signs as are common along the Atlantic Coast—"Private Property," "No Trespassing," or "Subdivision: Lots for Sale."

From the mouth of the Columbia to the California border, the Oregon coast offers vistas unmatched in the United States except for California: Prominent headlands, beaches of silky white sand, occasional outcroppings of rock standing high offshore and endless palisades covered with twisted pines, furze or vines.

Except for a few sections, as in parts of Clatsop and Lincoln Counties, this fiord-like coast, often bathed in mist or fog, is sparsely settled and relatively undeveloped.

The equable climate has attracted many year-round residents, especially elderly retired people. Settlements are generally small and cluster around a sandy beach, a quiet cove or the estuary of a winding river. Except for logging operations and a few paper mills, industry is absent.

The resort towns such as Depoe Bay, Newport, Reedsport, Florence, Brookings and Gold Beach, dependent mainly on tourists and fishing enthusiasts, are somnolent in winter and spring but come alive in summer and early autumn.

Many people regard the area from the Siuslaw to the Umpqua with its spectacular dunes as the gem of the Oregon coast. This region has been in the forefront of controversy in recent years because it is proposed as a new kind of national park—a national seashore area. Pushed vigorously by late Senator Richard Neuberger, the battle for the Oregon Dunes National Seashore is led by his wife and successor, Senator MAURINE NEUBERGER. Its most vigorous opponent is Representative EDWIN R. DURNO of the First District.

Newspapers in Oregon, including the Journal, have almost uniformly lined up in favor of the seashore.

As outlined in Senator MAURINE NEUBERGER's bill, S. 992, introduced in the 86th Congress, the proposed seashore consists of about 35,000 acres of land and lakes bounded on the north by the Siuslaw River and on the south by Tenmile Creek.

Heart of the area are the famous dunes, a vast expanse of moving sand which has been—and is continually—swept up from the shore. In places the glistening dunes are low and gently rolling, but many rise almost vertically 200 feet above the windswept beach. In their relentless march the dunes have almost swallowed a dense coniferous forest, except for tiny islands of tree-clad hills protruding above the sand.

In addition to the moving dunes, there is a long stretch of stabilized forest-covered dunes which reach a maximum of 450 feet above sea level and are from one-fourth to one-half mile up to 2 miles wide. Three freshwater lakes, Cleawox, Woahink and Siltcoos, lie within the forested dunes, but only the last two are encompassed in Senator MAURINE NEUBERGER's bill.

With their irregular shorelines, small quiet bays, and tranquil water vistas, the lakes add immeasurably to the scenic beauty of the area which attracts many thousands of visitors each year. Few, however, venture into the expanse of moving dunes that are accessible only by dune buggies (jeeps with balloon tires).

GO SLOW ON PEACE CORPS

Mr. WILEY. Mr. President, the establishment of a Peace Corps—to combat communism as well as to better spread the ideas and ideals of freedom—is now receiving stronger emphasis than at any time in the past. The objectives are meritorious. The big question is, Can it be done successfully?

We recognize, of course, that this is not a new concept. Back in history there were children's crusades; for centuries, also, missionaries have served in outposts around the world.

In more recent times, we have had student exchanges under both publicly and privately sponsored programs. The Peace Corps, as now proposed, differs somewhat from the previous endeavors.

The Corps, in my judgment, has a real potential for good. At the same time, serious mistakes could be committed that would adversely affect our interests abroad.

Overall, I believe we need to go slow.

I ask unanimous consent to have a supplemental statement on the Peace Corps printed at this point in the RECORD.

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

STATEMENT BY SENATOR WILEY

Generally, the program would involve the selection and training of individuals to serve—by mutual agreement between the United States and the host country—to fill a need in special fields. These would include: Teaching, agriculture, health and sanitation, government administration, development or improvement of business or industrial enterprises, and other areas in which the host country could better benefit.

Fundamentally, the Peace Corps, or any such program, depends upon the quality, capability, orientation, and dedication of individuals involved in its activities. In regard to the Corps, these factors should be considered:

1. The careful screening of personnel to assure enlistment only of individuals of high integrity, capability, dedication, and patriotism.

2. Proper training in the language of the host country.

3. Obtaining the necessary skills to be of real help to the people of the land.

4. Proper education to avoid actions that violate the culture, customs, and sense of good conduct among the local people.

The question also arises on the ability of individuals to adapt from our relatively high standards of living to conditions in a host country, sometimes at almost a primitive level.

For the volunteers—even though dedicated and idealistic—this will be no joy ride.

As to size for the program, pilot projects, I hope, will be conducted to determine its workability; to establish criteria for selection of individuals and assignments; and to develop the kind of education and training program that would enable individuals to most effectively serve the objectives of the program in other lands.

They should be sent only after it is ascertained that they are adequately trained and equipped to do the job. Eventually the program may expand, but I believe it would be a serious mistake to shotgun ill-trained, ill-equipped students—regardless of how well meaning and dedicated they may be—around the globe.

NEEDED: SPEEDY ACTION ON FARM LEGISLATION

Mr. WILEY. Mr. President, in agriculture, we need a program designed to meet the special problems of the 1960's.

Among other objectives, it must create a positive—not a negative—image of the American farmers' contribution to our economic progress; attempt to establish a relatively good supply-demand balance for production or consumption of farm commodities; find better ways to utilize farm surpluses, plus reducing costs of storage, and using these invaluable resources as assets, not as economic millstones around the neck of the economy; and assure the farmer of a fair share of our ever-growing income.

Today, there are about 7 million people working on farms. Sixteen million additional persons process and market farm products. Farm sales for cash total about $32 billion a year—twice that of total auto and truck sales. Farms also employ 10 times as many people as automobile manufacturing and 14 times as many as in steelmaking.

These highlights of the farm picture help to illustrate the significance of agriculture to the overall economy.

I ask unanimous consent to have printed at this point in the RECORD a statement on various aspects of the farm picture, as well as the President's recommendations.

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

STATEMENT BY SENATOR WILEY

INCREASE IN PRICE SUPPORTS

The recent increase in price support of manufacturing milk from $3.22 per hundredweight to $3.40—a moderate one—will help to act as a bulwark against lowering of milk prices, particularly in the flush season ahead.

The milk production in Wisconsin—the No. 1 producer in the Nation—amounts to over 17.9 billion pounds annually. As the major dairy State, our farm economy is particularly sensitive to the up-and-down fluctuations of the milk market.

PRESIDENT'S FARM PROGRAM

The highlights of the President's farm message included recommendations for establishment of the national farmer advisory committee system. The committees would be established to handle production and marketing programs for each commodity in which supply adjustment is required. The developed programs involving controls over production and marketing, however, would not go into effect until approved by two-thirds of the producers.

The committees would make recommendations to the Secretary of Agriculture. If approved by the Secretary—and not vetoed by Congress within 60 days—the programs would go into action.

Personally, I have long felt that (a) the farmer should have a stronger voice in programs affecting his economic future; (b) that solution to the supply-demand imbalance of farm products can best be resolved on a commodity-by-commodity basis; and (c) that self-help as a principle should be encouraged—reducing the load on Uncle Sam.

However, there are serious questions to be resolved, including how much authority should be granted the committees and the Secretary of Agriculture in controlling production and marketing of farm products? Can the farmers and their organizations—until now unable to agree on a national farm policy—develop acceptable plans for separate commodity programs? How complex will be such a multicommodity program? How much will it cost the taxpayer, and what effect will it have on consumers?

Congress, of course, will have to examine these recommendations very carefully. As yet, the farm message has not been followed up by proposals for legislation. It's expected, however, that this will come to Congress in the near future.

Additional recommendations that deserve sympathetic consideration of Congress include improving rural electrification program; expanding rural development; liberalizing farm credit; strengthening of cooperatives; better utilization of forest resources; expansion of the school lunch and school milk program; improving market research to get better distribution of farm commodities; eliminating barriers to flow of commodities, such as now obstruct the flow of milk between markets; and more effective utilization of surplus commodities for use at home as well as to serve humanitarian and strategic purposes for our policies abroad.

EXPANDING SCHOOL LUNCH PROGRAM

In addition, we need additional funds to carry forward the school lunch program for the fiscal year 1961. Over the years, the national school lunch program—benefiting more than 13½ million students—has been (1) an important factor in maintaining the health of our youth, and (2) a significant outlet for surplus farm commodities. About 265,000 students in Wisconsin are enjoying and benefiting from lunches served in the schools.

Unfortunately, the program is now running out of money. Recently, for example, Gordon Gunderson, director of the school lunch program for Wisconsin, informed the participating schools that it would be necessary, on May 1, 1961, to cut back Federal reimbursement for lunches from 5 to 1½ cents per lunch. This threatens serious curtailment of this important program—not only in Wisconsin but other States throughout the Nation.

The history of the school lunch system, I believe, well justifies Federal support at the current level of reimbursement.

I am proposing a bill to provide an additional $10 million supplemental appropriation for the current year. Moreover, I shall urge Congress to take early and favorable action on such legislation.

REVIEWING FEDERAL MILK ORDER SYSTEM

The recently appointed committee to make a special study of the Federal milk marketing order system offers a real opportunity to make a useful, much-needed study—one which I have long recommended. Over the years, dairymen in Wisconsin and throughout the Midwest have received far less for fluid milk than producers elsewhere in the country.

A review of the milk order system—I sincerely hope—would provide evidence to wipe out inequities in the system.

FEED GRAIN PROGRAM

The feed grain bill recently passed by Congress, of course, is still a pilot project. Under the new law, farmers may voluntarily sign up for the feed grain program. It will reduce acreage of feed grains—such as corn, sorghum, barley, oats—by 20 percent (based on the 1959 and 1960 crop year); the Government will guarantee them $1.20 per bushel. The 20 percent may either go into special conservation programs, or grow selected crops, such as castor beans, sunflowers, etc. This is a 1-year experiment to determine the extent to which such limitations on acreage can reduce production of feed grains.

CONCLUSION

Fortunately, the supply-demand picture—particularly in dairying—has somewhat improved. The surplus stockpiles of butter and cheese have diminished; and there is only a moderate amount of nonfat dry milk. Dairy prices to the farmer are up slightly, although still not in proper relationship to the costs of production.

However, there are special problems. As always we need to eliminate the cost-price squeeze; be alert to hold down imports that compete with our domestic producers; and keep a watchful eye for imitations on the market, displacing dairy products possibly by misleading advertising, etc.

And, finally, we need more creative, effective efforts to step up per capita consumption of milk, cheese, butter, ice cream, and other health-giving dairy foods. This is the best solution for the problems confronting the dairy farmer, Senator WILEY concluded.

EXECUTIVE ORDER RELATING TO IDENTICAL BIDS

Mr. KEFAUVER. Mr. President, I am very pleased that the President has issued an Executive order requiring submission to the Attorney General of all instances of identical bids of more than $10,000 to a Government agency. I certainly hope that all of this material will be made available to the Congress, and other interested public officials, upon request.

The Subcommittee on Antitrust and Monopoly has been looking into this problem for a number of years, and has come up with many instances—too many—where sealed bids amounting to very large sums of money have been identical down to one-thousandth of a penny. Since the bids are supposed to be arrived at in secret, it seems a startling coincidence that this should occur so frequently.

I am hopeful that when the spotlight of publicity is turned on identical bidding, their frequency will lessen. Should this happen, it will help to strengthen the competitive character of the American economy, which is so essential to our free-enterprise system.

The Executive order will also be useful in providing leads to cases of price fixing. However, additional action may be required. For example, the subcommittee, in its current investigation of the electrical manufacturing industry, has

come up against a conspiratorial pattern of agreement by companies to take turns in the submission of low bids. One of these conspiracies was known as the "phase of the moon."

As a result of these hearings, the question of corrective legislation will be considered by the subcommittee. It may well be that the subcommittee will find it necessary to draw up legislation to deal specifically with price fixing and bid rigging.

DEATH OF JACK BARRY

Mr. SMITH of Massachusetts. Mr. President, Jack Barry, coach of the Holy Cross baseball team for the last 40 years, died Sunday night at his home in Shrewsbury, Mass.

Some people knew Jack as a member of Connie Mack's famed $100,000 Philadelphia Athletics infield and a ballplayer who never gave an inch to anyone including the great Ty Cobb.

Others will remember him as the finest baseball coach the Holy Cross Crusaders ever knew. Under his tutelage for 40 years they won 80 percent of their games.

I like to think of Jack as a fine sportsman who inspired many of his boys to go on to minor and major league baseball careers and who insisted on the highest standards of sportsmanship and conduct both on and off the field.

An article in the Boston Traveler on Monday and an editorial in the Worcester Telegram on Tuesday told well, I feel, what many of us thought of Jack Barry. I ask unanimous consent that they be printed in the RECORD.

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

[From the Worcester (Mass.) Telegram, Apr. 25, 1961]

MORE THAN A BALLPLAYER

In the death of Jack Barry, the world of baseball loses an important figure. Many oldtimers recall his remarkable skill at shortstop as a member of the famous $100,000 infield of Connie Mack's Philadelphia Athletics. In the 9 years of 1910 through 1918, Philadelphia or Boston was in every world's series except one. The Athletics beat the Chicago Cubs in 1910 and the New York Giants in 1911. The Red Sox beat the Giants in 1912. The Athletics beat the Giants in 1913. In 1914 the Athletics lost to the "miracle team" of the Boston Braves. In 1915 Philadelphia and Boston were both in the world's series, when the Red Sox beat the Philadelphia Nationals. In 1916 the Red Sox beat Brooklyn. In 1917 the Chicago White Sox beat the New York Giants. In 1918 the Red Sox beat the Cubs.

Barry, first with the Athletics and later with the Red Sox, had much to do with the success of those teams in that 1910–18 period. After his playing career was over, he became far more than a big league has-been. As head baseball coach at Holy Cross College for 40 years, he enjoyed a victory record unmatched by any other college coach.

But his achievements cannot be measured by the Holy Cross won-and-lost percentages or by any other statistics. Many young players went into the major leagues on account of his friendly interest and expert guidance. From him they learned more than baseball, for always he taught the highest type of sportsmanship. Who will say that his later career was not in many ways, more enduring than his younger days as an infielder?

[From the Boston Traveler, Apr. 24, 1961]

JACK BARRY WAS ROCKNE OF COLLEGE BASEBALL COACHES

(By Larry Strum)

One of the last ties to a forgotten era has gone.

Last night Jack Barry, 73-year-old Holy Cross baseball coach, died at his home on Maple Avenue in Shrewsbury.

A member of the celebrated $100,000 Philadelphia Athletics infield and later Red Sox player-manager, Barry went on to compile an unparalleled collegiate baseball record.

J. J. Barry was the Knute Rockne of college baseball.

In 40 years on Mount St. James his Holy Cross teams won 625 games, lost 153, tied 5 for an 80-percent record.

Thirty of his players went on to play in the major leagues, and many more played minor-league ball before turning to coaching, umpiring, or other pursuits.

Some of his personal favorites included Owen Carroll, Doc Gautreau, Warren Cote, Freddie Maguire, Tweet Walsh, Albert (Hop) Riopel, Ken Simendinger, Gene Desautels, and Ron Perry.

Barry was unable to continue actively this season because of a lingering illness and one of his former great players, Hop Riopel ran the team. Riopel undoubtedly will be the next Holy Cross coach.

In 40 years of coaching he had missed only one game, that back in 1958 when a painful ear infection confined him to his home.

Barry completed his major league career in 1919 and returned to Worcester to enter the automobile business with his brother-in-law, Walter Fay.

The following year his alma mater offered him $3,000 to take the baseball coaching job and he accepted.

In the years that followed no other college in the Nation was to gain richer baseball traditions than Holy Cross.

The twenties were the golden era of sports. During that period the Crusaders played before crowds of 25,000 in Worcester and nearly 30,000 at old Braves Field against arch rival Boston College.

Barry's lifetime batting average was only .243, but he was a great shortstop and terrific competitor.

In 1916 he reached base 17 times from being hit by pitched balls. His body was full of scars from spiking incidents, the most famous of which kept him out of half the 1912 season.

Barry was guarding second base when Ty Cobb of Detroit came flying in, spikes high. Barry made the tag and finished the inning of an August game. But he was out the rest of the season.

When he finally wound up his professional career he brought definite ideas to Holy Cross on how to play the game.

After years in the coaching ranks he maintained:

"The greatest thing baseball does for a college player is to develop in him a type of courage that gives him a certain mental poise."

"Baseball also teaches self-control, perseverance and self-respect."

Barry stressed training—sleep and rational eating—as important to a ballplayer as practice.

But his greatest thrill at Holy Cross must have come in 1952 when his team went all the way to win the NCCA world series. For that feat he was named Coach of the Year by his fellow coaches.

The PRESIDING OFFICER. Is there further morning business? If not, morning business is closed.

ETHICS IN GOVERNMENT—MESSAGE FROM THE PRESIDENT (H. DOC. 145)

The PRESIDING OFFICER (Mrs. NEUBERGER in the chair). The Chair lays before the Senate a message from the President dealing with so-called conflict of interest. The message has been read in the House. Without objection, the message will be printed in the RECORD without being read, and will be referred to the appropriate committee.

The message, with the accompanying bill, was referred to the Committee on the Judiciary, as follows:

To the Congress of the United States:

No responsibility of government is more fundamental than the responsibility of maintaining the highest standards of ethical behavior by those who conduct the public business. There can be no dissent from the principle that all officials must act with unwavering integrity, absolute impartiality and complete devotion to the public interest. This principle must be followed not only in reality but in appearance. For the basis of effective government is public confidence, and that confidence is endangered when ethical standards falter or appear to falter.

I have firm confidence in the integrity and dedication of those who work for our Government. Venal conduct by public officials in this country has been comparatively rare—and the few instances of official impropriety that have been uncovered have usually not suggested any widespread departure from high standards of ethics and moral conduct.

Nevertheless, in the past two decades, incidents have occurred to remind us that the laws and regulations governing ethics in government are not adequate to the changed role of the Federal Government, or to the changing conditions of our society. In addition, many of the ethical problems confronting our public servants have become so complex as to defy easy commonsense solutions on the part of men of good will seeking to observe the highest standards of conduct, and solutions have been hindered by lack of general regulatory guidelines. As a result many thoughtful observers have expressed concern about the moral tone of government, and about the need to restate basic principles in their application to contemporary facts.

Of course, public officials are not a group apart. They inevitably reflect the moral tone of the society in which they live. And if that moral tone is injured—by fixed athletic contests or television quiz shows—by widespread business conspiracies to fix prices—by the collusion of businessmen and unions with organized crime—by cheating on expense accounts, by the ignoring of traffic laws, or by petty tax evasion—then the conduct of our Government must be affected. Inevitably, the moral standards of a society influence the conduct of all who live within it—the governed and those who govern.

The ultimate answer to ethical problems in Government is honest people in a good ethical environment. No web of statute or regulation, however intricately conceived, can hope to deal with the myriad possible challenges to a man's integrity or his devotion to the public interest. Nevertheless formal regulation is required—regulation which can lay down clear guidelines of policy, punish venality and double-dealing, and set a general ethical tone for the conduct of public business.

Such regulation—while setting the highest moral standards—must not impair the ability of the Government to recruit personnel of the highest quality and capacity. Today's Government needs men and women with a broad range of experience, knowledge and ability. It needs increasing numbers of people with topflight executive talent. It needs hundreds of occasional and intermittent consultants and part-time experts to help deal with problems of increasing complexity and technical difficulty. In short, we need to draw upon America's entire reservoir of talent and skill to help conduct our generation's most important business—the public business.

This need to tap America's human resources for public purposes has blurred the distinctions between public and private life. It has led to a constant flow of people in and out of business, academic life and government. It has required us to contract with private institutions and call upon part-time consultants for important public work. It has resulted in a rapid rate of turnover among career Government employees—as high as 20 percent a year. And, as a result, it has gravely multiplied the risk of conflicts of interest while seriously complicating the problem of maintaining ethical standards.

These new difficulties and old problems led me to appoint, immediately after my inauguration, three distinguished lawyers to review our existing conflict-of-interest laws and regulations. This panel was composed of Judge Calvert Magruder, retired chief judge of the First Judicial Circuit; Dean Jefferson B. Fordham, of the University of Pennsylvania Law School; and Prof. Bayless Manning, of the Yale Law School. The proposals put forward in this message are in large measure based upon their work and that of others who have considered the problems in recent years.

The recommendations of this panel were arrived at after careful study and review of the work of other groups, particularly the 1958 staff report of the Antitrust Subcommittee of the House Judiciary Committee under Congressman CELLER; the pioneering study in 1951 by a subcommittee of the Senate Committee on Labor and Public Welfare under Senator DOUGLAS; the recent report of the staff of the Senate Subcommittee on National Policy Machinery of the Committee on Government Operations headed by Senator JACKSON; and valuable appraisals conducted during the last administration by the executive branch, and by the Association of the Bar of the City of New York.

All of these studies have emphasized the seriousness of the problem encountered. All have recommended that our outmoded and hodge-podge collection of statutes and regulations be amended, revised and strengthened to take account of new problems. If the proposals have varied in their details, all have underscored the need for legislative and executive action in a commonly agreed direction.

I. STATUTORY REFORM

There are seven statutes of general application termed "conflict-of-interest statutes." Many others deal with particular offices or very limited categories of employees. These latter usually exempt officials from some or all of the general restrictions. Occasionally they impose additional obligations.

The seven statutes cover four basic problems:

The Government employee who acts on behalf of the Government in a business transaction with an entity in which he has a personal economic stake (18 U.S.C. 434).

The Government employee who acts for an outside interest in certain dealings with the Government (18 U.S.C. 216, 281, 283).

The Government employee who receives compensation from a private source for his Government work (18 U.S.C. 1914).

The former Government employee who acts in a representative capacity in certain transactions with the Government during a 2-year period after the termination of his Government service (18 U.S.C. 284, 5 U.S.C. 99).

Five of these statutes were enacted before 1873. Each was enacted without coordination with any of the others. No two of them use uniform terminology. All but one impose criminal penalities. There is both overlap and inconsistency. Every study of these laws has concluded that, while sound in principle, they are grossly deficient in form and substance.

The fundamental defect of these statutes as presently written is that: On the one hand, they permit an astonishing range of private interests and activities by public officials which are wholly incompatible with the duties of public office; on the other hand, they create wholly unnecessary obstacles to recruiting qualified people for Government service. This latter deficiency is particularly serious in the case of consultants and other temporary employees, and has been repeatedly recognized by Congress in its enactment of special exemption statutes.

Insofar as these statutes lay down the basic law restricting the private economic activities of public officers and employees they constitute a sound and necessary standard of conduct. The principle which they embody in varying form—that a public servant owes undivided loyalty to the Government—is as important today as when the first of these statutes was enacted more than a century ago. However, the statutory execution of this principle in the seven statutes of general application was often directed to specific existing evils which at the time of their enactment were important political issues. As a result large areas of potential conflict of interest were left uncovered.

For example, where some of these conflict-of-interest statutes are restricted to "claims of money and property"—as the courts have said—they do not protect the Government against the use of official position, influence or inside information to aid private individuals or organizations in Government proceedings which involve no claims for money or property. Yet the danger of abuses of Government position exist to an equal if not greater degree in proceedings such as license applications for TV or radio stations, airline routes, electric power sites, and similar requests for Government aid, assistance or approval.

Thus, literally read, it would be a crime punishable by fine or imprisonment under these statutes for a postal clerk to assist his mother in filing a routine claim for a tax refund, but it would be permissible for a Cabinet officer to seek to influence an independent agency to award a license for a valuable TV station to a business associate in a venture where he shared the profits.

There are many other technical inadequacies and statutory gaps. Section 434 of title 18, born of the Civil War procurement scandals, prohibits a Government official interested in the pecuniary profits of a business entity from acting as an officer or agent of the United States for the transaction of business with that business entity. By limiting its scope to "business entities" the statute does not cover the many other organizations which deal with the Government. In addition, the concept of "transacting business," if narrowly construed—as would be likely in a criminal prosecution—would exclude many dealings with the Government, such as the clearance or rejection of license applications in the executive branch or before an independent agency.

Similar defects exist in the case of Government officials who have left Government service. Clearly such an official should be prohibited from resigning his position and "switching sides" in a matter which was before him in his official capacity. But for technical reasons the statutes aimed at this situation do not always hit the mark. There is nothing in the criminal statutes which would prevent the General Counsel of the Federal Power Commission from resigning to represent an unsuccessful license applicant who is contesting the Commission's decision in the courts—although such conduct might be grounds for disbarment. And, a Commission employee who was not a lawyer could, in the present state of the law, unscrupulously benefit in such a case from his "inside information" without fear of sanctions.

But if the statutes often leave important areas unregulated, they also often serve as a bar to securing important personal services for the Government through excessive regulation when no ethical problem really exists. Fundamentally, this is because the statutes fail to take into account the role in our Government of the part-time or intermittent adviser whose counsel has become essential but who

cannot afford to be deprived of private benefits, or reasonably requested to deprive themselves, in the way now required by these laws. Wherever the Government seeks the assistance of a highly skilled technician, be he scientist, accountant, lawyer, or economist, such problems are encountered.

In general, these difficulties stem from the fact that even occasional consultants can technically be regarded as either "officers or employees" of the Government, whether or not compensated. If so, they are all within the prohibitions applicable to regular full-time personnel.

A few examples illustrate some of the difficulties:

Section 281 of the Criminal Code forbids public employees from providing services to outsiders for compensation in connection with any matter in which the United States is interested and which is before a department, agency or commission.

This section makes it almost impossible for a practicing lawyer to accept a part-time position with the Government. He would be in violation of section 281 if he continued to receive compensation for cases before Government agencies, or even if his law partnership receives such compensation, though he personally has no connection with any case. It is usually impractical for the law firm to withdraw from all transactions involving the Government. And almost all law firms have some tax matters, for example, as part of their normal business. The same prohibition unfairly affects accountants.

In addition, the two existing postemployment statutes raise serious problems in terms of recruiting noncareer personnel (particularly lawyers). Enacted at different times, they employ different terms and are totally uncoordinated in language or in policy.

The criminal statute (18 U.S.C. 284) forbids a former employee for 2 years after his Government employment ceases to prosecute in a representative capacity any claim against the Government involving a "subject matter" directly connected with his Government job. The civil statute (5 U.S.C. 99) forbids employees of an executive department for 2 years after the end of their Government service from prosecuting in a representative capacity any claim against the United States if the claim was pending before "any department" while he was an employee.

These prohibitions are unnecessarily broad. They should be confined to "switching sides." For example, they now prohibit a lawyer who worked for the Department of Labor from subsequently representing a client in a wholly unrelated tax matter which had been before the Treasury during his Government service.

These restrictions prove an even more formidable barrier to the part-time consultant who works in a partnership since he and his partners would be excluded from participation in many if not all claims against the Government—a severe and unnecessary penalty for contributing to public service. It is possible to cite many other examples of excessive restrictions which serve no ethical purpose, but effectively bar Government from using available talent.

It is true that a large number of statutory exemptions passed at various times over the years have mitigated some of the adverse effects of these statutes upon certain specific individuals and certain categories of employees. However, no uniform standard of exemption has ever been adopted by the Congress in enacting these exemptions. Many of the exemptions are inconsistent. Some exemptions are subject to so many limitations as practically to nullify them. Some statutes unqualifiedly exempt categories of employees from all of the conflict statutes. Others exempt them from some but not all of the restrictions. The resulting hodge-podge of exemptions seriously weakens the integrity of the Government personnel system.

To meet this need for statutory reform, I am transmitting to the Congress a proposed Executive Employees' Standards Act—a comprehensive revision of existing conflict-of-interest statutes. I believe that this bill maintains the highest possible standards of conduct, eliminates the technical deficiencies and anachronisms of existing laws, and makes it possible for the Government to mobilize a wide range of talent and skill.

First, the bill closes gaps in regulation of the type discussed above, and eliminates many of the pointless differences in treatment. For example, no longer will some former Government employees be subject to more severe restrictions simply because they once worked for one of the 10 executive "departments" rather than in an agency which is not technically a department.

Secondly, the bill overrules existing judicial interpretation that only when a claim for money or property is involved is a former Government employee prohibited from working for a private interest in a matter for which he once had governmental responsibility. The basic issue of integrity is the same if the matter relates to Government regulation rather than to a property or money claim.

Third, the bill establishes special standards for skilled individuals whose primary activity is in private professional or business life, but whose skills are used by the Government on a part-time or advisory basis. By permitting such individuals to carry on private business, even business with the Government, as long as there is no direct conflict between their private and public work, ethical principles are maintained and a wide range of abilities are made available to the Government.

Fourth, this bill adds to the traditional criminal sanctions by permitting agency heads to adopt implementing regulation and impose disciplinary measures. Most of the existing laws are criminal statutes. As such they have been strictly construed and, because of their harshness, infrequently invoked. By granting this added flexibility we help to insure more effective enforcement. In addition, the regulations which are adopted will permit more specific adaptation of the general prohibitions tailored to the activities of particular agencies.

Fifth, the bill deals only with employees involved in executive, administrative and regulatory functions. It does not apply to either the judicial or legislative branch of Government. Existing laws relating to the judiciary are deemed adequate. The adequacy and effectiveness of laws regulating the conduct of Members of Congress and congressional employees should be left to strictly congressional determination.

Sixth, the proposed bill covers the District of Columbia and its employees. However the District—essentially a municipal government—has its own distinctive problems. I will submit legislation dealing with these problems in the near future.

II. EX PARTE CONTACTS WITH OFFICIALS OF INDEPENDENT AGENCIES

Some of the most spectacular examples of official misconduct have involved ex parte communication—undisclosed, informal contact between an agency official and a party interested in a matter before that official. Such covert influence on agency action often does basic injury to the fairness of agency proceedings, particularly when those procedings are judicial in nature.

This problem is one of the most complex in the entire field of Government regulation. It involves the elimination of ex parte contacts when those contacts are unjust to other parties, while preserving the capacity of an agency to avail itself of information necessary to decision. Much of the difficulty stems from the broad range of agency activities—ranging from judicial-type adjudication to wide-ranging regulation of entire industries. This is a problem which can best be resolved in the context of the particular responsibilities and activities of each agency.

I therefore recommend that the Congress enact legislation requiring each agency, within 120 days, to promulgate a code of behavior governing ex parte contacts within the agency specifying the particular standard to be applied in each type of agency proceeding, and containing an absolute prohibition against ex parte contact in all proceedings between private parties in which law or agency regulation requires that a decision be made solely on the record of a formal hearing. Only in this manner can we assure fairness in quasi-judicial proceedings between private parties. The statute should make clear that such codes when approved by Congress will have the force of law, and be subject to appropriate sanctions.

III. EXECUTIVE ORDERS AND PRESIDENTIAL ACTION

There are several problems of ethics in Government which can be dealt with directly by Presidential order, memorandum, or other form of action.

First, I intend to prohibit gifts to Government personnel whenever (a) the employee has reason to believe that the gift would not have been made except for his official position; or (b) whenever a regular Government employee has reason to believe that the donor's private

interests are likely to be affected by actions of the employee or his agency. When it is impossible or inappropriate to refuse the gift it will be turned over to an appropriate public or charitable institution.

Such an order will embody the general principle that any gift which is, or appears to be, designed to influence official conduct is objectionable. Government employees are constantly bothered by offers of favors or gratuities and have been without any general regulation to guide their conduct. This order will attempt to supply such guidelines, while leaving special problems, including problems created by gifts from foreign governments, to agency regulation.

Secondly, I intend to prohibit Government employees from using for private gain official information which is not available to the public. This regulation will be drawn with due regard for the public's right to proper access to public information. A Government employee should not be able to transform official status into private gain, as is done, for example, if a Government employee speculates in the stock market on the basis of advance knowledge of official action.

Third, I am directing that no Government employee shall use the authority of his position to induce another to provide him with anything of economic value whenever the employee has reason to believe that the other person's private interests may be affected by the actions of the employee or his agency.

This regulation is an effort to deal with the subtler forms of extortion; where an employee acquiesces in the gift of an economic benefit, or gives a delicate indication of receptivity. The criminal law deals with outright extortion. Beyond this the problem is too elusive for the criminal law and must be dealt with by administrative regulation, and by the sound judgment of the administrator.

Fourth, I am directing that no Government employee should engage in outside employment which is "incompatible" with his Government employment.

The outside employment of Government employees is one of the most complex and difficult of all ethical problems. It is clear that some forms of employment may have benefits to the Government or society (e.g., teaching in universities), or be beneficial to the employee and not inconsistent with his Government work. On the other hand, some types of outside work may involve exploitation of official position or be incompatible with the best interests of the agency to which the employee owes his first allegiance.

Since "incompatibility" of employment will depend on many varied factors, its definition will be left to agency and department regulation and case-by-case rulings.

Fifth. I will shortly issue an Executive order regulating in more detail the conduct of those officials who are appointed by the President. These high level officials owe a special responsibility to the Government and to the employees of their departments to set a high standard of ethical and moral behavior. Therefore the Executive order (a) prohibits outside employment or activity of any sort incompatible with the proper discharge of official responsibility; (b) prohibits outside compensation for any activity within the scope of official duty; (c) prohibits the receipt of compensation for any lecture, article, public appearance, and so forth, devoted to the work of the department or based on official information not yet a matter of general knowledge.

Sixth. In carrying out the provisions of law, I will apply Government-wide standards to the continuance of property holdings by appointees to the executive branch. The law prohibits any conflict of the public and private interests of employees of the Government. The Senate, in the exercise of its power of confirmation, has taken the lead in requiring that Presidential appointees sell their property holdings in cases where retention of property might result in such a conflict of interest. The problem of property ownership by Executive appointees is properly a matter of continuing congressional concern, and I welcome the initiative taken by the Jackson Subcommittee on Conflict of Interest. At the same time, the executive branch has an obligation to insure that its appointees live up to the highest standard of behavior. It is to carry out this responsibility that I will apply general standards governing the ownership of property by Presidential appointees—standards which will insure that no conflict of interest can exist. It is my hope that these regulations will aid the Senate in the uniform exercise of its own responsibility.

IV. THE ADMINISTRATION OF ETHICAL STANDARDS

Criminal statutes and Presidential orders, no matter how carefully conceived or meticulously drafted, cannot hope to deal effectively with every problem of ethical behavior of conflict of interest. Problems arise in infinite variation. They often involve subtle and difficult judgments, judgments which are not suited to generalization or Government-wide application. And even the best of statutes or regulations will fail of their purpose if they are not vigorously and wisely administered.

Therefore I am instructing each Cabinet member and agency head to issue regulations designed to maintain high moral and ethical standards within his own department. These regulations will adapt general principles to the particular problems and activity of each agency. To aid in the administration of these regulations each agency will establish an ad hoc committee to serve in an advisory capacity on ethical problems as they arise.

Although such agency regulation is essential, it cannot be allowed to dissolve into a welter of conflicting and haphazard rules and principles throughout the Government. Regulation of ethical conduct must be coordinated in order to insure that all employees are held to the same general standards of conduct.

Therefore I intend to designate, in the Executive Office of the President, a single officer charged with responsibility for coordinating ethics administration and reporting directly to the President. This officer will:

Prepare, for Presidential proclamation, general regulations as needed;

Develop methods of informing Government personnel about ethical standards;

Conduct studies and accumulate experience leading to more effective regulation of ethical conduct, including the formulation of rules in areas which are not yet regulated, such as Government use of outside advisers and the contracting of Government services to private institutions or firms; and

Clear and coordinate agency regulations to assure consistent executive policy.

Such an officer will not only provide central responsibility for coherent regulation, but will be a means through which the influence of the Presidency can be exerted in this vital field.

V. CONCLUSION

Ultimately, high ethical standards can be maintained only if the leaders of Government provide a personal example of dedication to the public service—and exercise their leadership to develop in all Government employees an increasing sensitivity to the ethical and moral conditions imposed by public service. Their own conduct must be above reproach. And they must go beyond the imposition of general regulations to deal with individual problems as they arise—offering informal advice and personal consideration. It will often be difficult to assess the propriety of particular actions. In such subtle cases honest disclosure will often be the surest solution, for the public will understand good faith efforts to avoid improper use of public office when they are kept informed.

I realize, too, that perhaps the gravest responsibility of all rests upon the office of President. No President can excuse or pardon the slightest deviation from irreproachable standards of behavior on the part of any member of the executive branch. For his firmness and determination is the ultimate source of public confidence in the Government of the United States. And there is no consideration that can justify the undermining of that confidence.

JOHN F. KENNEDY.

THE WHITE HOUSE, *April 27, 1961.*

S. ——

A bill to supplement and revise the laws prescribing restrictions against conflicts of interest applicable to employees of the executive branch of the Government of the United States

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

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TITLE I—PROHIBITED CONDUCT AND ADMINISTRATION

1. Preamble: DECLARATION OF POLICY AND PURPOSE.—

(a) A democratic government requires for its effective operation that officials be independent and impartial, that public office not be used for personal gain, and that the public have confidence in the integrity of its officials. Such government is weakened whenever there exists, or appears to exist, a conflict between the private interests of a Government employee and his duties as an official. It is necessary therefore, that the law protect against such conflicts of interest, or the appearance thereof, by establishing appropriate standards of official conduct.

(b) It is also fundamental to the effectiveness of democratic government that legal protections against conflicts of interest must not unreasonably impede the recruitment and retention by the Government of those persons best qualified to serve it. Government officials should not be denied the privilege, available to all other citizens, to possess private economic interests, except in circumstances in which such interests are inconsistent with the responsibility of such officials to the public.

(c) Scientific developments and international problems of tremendous impact upon the future of our Nation have brought the Federal Government into an intimate relationship with the private economic life of the Nation. These developments and problems have created in the National Government major demands for the temporary or intermittent services as advisers, consultants or experts of persons whose principal occupations are and must continue to be in the private, rather than the public, sector. The Government cannot obtain the necessary services of these individuals without a modification of the strict conflict-of-interest safeguards imposed upon regular Government employees. At the same time there exist certain minimum standards of conduct which must be observed by such individuals in order to protect the integrity of Government operations and which can be imposed without seriously affecting the Government's ability to obtain their services.

(d) It is the policy and purpose of this act to promote and balance the dual objectives of protecting Government integrity and of facilitating the recruitment and retention of the personnel needed by the Government, by prescribing essential restrictions against conflicts of interest in the executive branch of the Government without creating unnecessary barriers to public service.

2. DEFINITIONS.—As used herein:

The term "Government employee" shall include every officer and employee of the United States or any department or agency thereof, including the District of Columbia, and any other person holding any place of trust or profit under, or discharging any official function for, the Government of the United States, but shall not include

(i) The President and Vice President of the United States;

(ii) Members of Congress or Resident Commissioners and other officers and employees in the legislative branch of the United States;

(iii) Members of the judicial branch of the United States and other officers and employees of the judicial branch;

(iv) Retired or former officers of the Armed Forces of the United States when not on active duty and not otherwise Government employees;

(v) Reserve officers of the Armed Forces and of the National Guard of the United States when not on active duty and not otherwise Government employees;

(vi) Enlisted Regular or Reserve members of the Armed Forces, whether on active duty or not and not otherwise Government employees.

The term "special Government employee" shall mean a Government employee as defined in the preceding paragraph who is retained, designated, appointed or employed (i) to perform, for a term not to exceed 130 days during any consecutive period of 365 days, temporary duties including the conduct of specific litigation or investigations, either on a full-time or intermittent basis; or (ii) to serve with compensation as a consultant, adviser, or as a member of an advisory panel, board, committee or commission on an intermittent basis not to exceed an aggregate of 130 days per annum; or (iii) to serve without compensation other than expenses. A Reserve officer of the Armed Forces, or an officer of the National Guard of the United States, unless otherwise a regular Government employee, shall be classified as a special Government employee for purposes of this act while on active duty solely for training.

The terms "department" and "agency" shall have the meanings ascribed to them in section 6 of title 18, United States Code, but in no event shall they mean any agency of the legislative or judicial branch.

The term "regular Government employee" shall mean a "Government employee" who is not a "special Government employee" as defined herein.

The term "transaction involving the Government" means any proceeding, application, request for a ruling or other determination, contract, claim, case or other particular matter in or to which the United States is a party or in which the United States has a direct and substantial interest.

The term "person" means any individual, partnership, association, corporation, firm, institution, foundation, or other entity, or State or Territory of the United States or any subdivision thereof, or a foreign state or subdivision thereof.

The term "assist" means knowingly to act or offer or agree to act, in such a way as to help, aid, advise, furnish information to, or otherwise provide assistance to, another person with intent so to assist such person.

3. ASSISTING IN TRANSACTIONS INVOLVING THE GOVERNMENT.—(a) Except in the course of his official duties, no regular Government employee shall (1) assist for compensation, another person in any transaction involving the Government; or (2) assist another person by representing him as his agent or attorney, whether or not for compensation, in any transaction involving the Government.

(b) No regular Government employee knowingly shall share during or after his Government employment in any compensation received by another person for a transaction involving the Government in which such employee himself is or was prohibited by subsection (a) from assisting another person.

(c) Except in the course of his official duties, a special Government employee shall be subject to the prohibitions contained in subsections (a) and (b) only with respect to a transaction involving the Government (1) in which he has at any time participated personally and substantially as a Government employee through approval, disapproval, recommendation, decision, the rendering of advice, investigation or otherwise; or (2) which is a subject of his official responsibility.

(d) Nothing in this section shall prevent a Government employee, subject to such limitations as may be imposed by regulation, from assisting in a transaction involving the Government, his parent, spouse or child, or any person for whom he is serving as a personal fiduciary except as to a transaction in which he has at any time participated personally and substantially as a Government employee through approval, disapproval, recommendation, decision, the rendering of advice, investigation or otherwise, or which is the subject of his official responsibility.

(e) Nothing in this section shall prevent a special Government employee, subject to such limitations as may be imposed by regulation, from assisting another person in the performance of work under a contract with or for the benefit of the United States, provided the head of such employee's agency shall have certified in writing that in his opinion the national interest will be promoted by permitting such employee to assist such other person.

(f) Nothing in this section shall prevent a Government employee from giving testimony under oath or from making statements required to be made under penalty of perjury or contempt.

(g) Nothing in this section shall prevent a Government employee, subject to such limitations as may be imposed by regulation, from assisting another Government employee involved in disciplinary, loyalty, or other personnel administration proceedings with respect to those proceedings.

4. ACTS AFFECTING A PERSONAL ECONOMIC INTEREST.—No Government employee shall participate through approval, disapproval, recommendation, decision, the rendering of advice, investigation, or otherwise in a transaction involving the Government in the consequences of which to his knowledge, he, his spouse, or child has a financial interest unless (1) he first advises the head of the department or agency in which he is employed of the nature and circumstances of the transaction and of the financial interest and receives in advance a written determination made by such head that his interest (or that of his spouse or child) in the consequences of the transaction is not so substantial as to be deemed likely to affect the integrity of the services which the Government may expect from such employee or, (2) the head of the department or agency has, by general rule or regulation, exempted the financial interest involved from the requirements of clause (1) of this section as being too remote or too inconsequential to affect the integrity of employees' services.

5. COMPENSATION FROM PRIVATE SOURCES.—(a) No person knowingly shall receive any salary or any contribution to or supplementation of salary, for or in consideration of his services as a Government employee from any source other than the Government of the United States, except as may be contributed, supplemented or paid by any State or subdivision thereof or, in the case of a special Government employee, by the person who is his employer at the time of his retention, designation, appointment or employment by the Government. The exceptions herein shall be subject to such limitations as may be imposed by regulation.

(b) No person knowingly shall pay any salary to or make any contribution to or supplement the salary of another person for or in consideration of his services as a Government employee in any case in which the receipt thereof is forbidden by subsection (a).

(c) Continuation by a Government employee is a bona fide pension, retirement, group life, health, or accident insurance, profit-sharing, stock bonus or other employee welfare or benefit plan maintained by a former employer shall be permitted subject to such limitations as may be imposed by regulation.

6. POSTEMPLOYMENT.—(a) No former Government employee shall assist, whether or not for compensation, any other person, in relation to any transaction involving the Government in which he at any time participated personally and substantially as a Government employee through approval, disapproval, recommendation, decision, the rendering of advice, investigation, or otherwise.

(b) No former Government employee knowingly shall share in any compensation received by another person for a transaction involving the Government in which such former Government employee himself is prohibited by subsection (a) from assisting another person.

(c) The exception permitted to Government employees under sections 3(e), 3(f), and 3(g) shall also be applicable to former Government employees under this section, subject to such limitations as may be imposed by regulation.

7. ADMINISTRATION, RULEMAKING AND PENALTIES.—(a) Each department and agency head shall be responsible for the establishment of appropriate standards within his agency to protect against conflicts of interest on the part of employees subject to this Act, and for its administration and enforcement within his department or agency. In the discharge of such responsibility, he may issue appropriate rules or regulations.

(b) The head of a department or agency may dismiss, suspend, or take such other action as may be appropriate with respect to any Government employee of his agency upon finding that such employee has violated this Act or rules or regulations issued hereunder. The procedures for any such action shall correspond to those applicable for disciplinary action for misconduct of employees of the same category or status.

TITLE II—CRIMINAL PENALTIES

8. ACTS IN VIOLATION OF EXECUTIVE EMPLOYEES' STANDARDS ACT.—Title 18 of the United States Code is amended by adding a new chapter thereto, to be designated chapter 16 and reading as follows:

"CHAPTER 16—CONFLICTS OF INTEREST

"§ 301. Acts in violation of Executive Employees' Standards Act.—Any person who shall violate any provision of the Executive Employees' Standards Act shall be fined not more than $10,000, or imprisoned for not more than one year, or both."

TITLE III—AMENDMENT AND REPEAL OF EXISTING LAWS

9. AMENDMENT OF TITLE 18, UNITED STATES CODE, SECTIONS 216 AND 1914.—Section 216 of chapter 11 and section 1914 of chapter 93 of title 18 of the United States Code are each amended by adding the following as a new paragraph to precede the present text of each such section:

"From and after the effective date of the Executive Employees' Standards Act, this section shall not apply to (1) any person who is a Government employee as defined in section 2 of that Act, and (2) any other person for any act proscribed by this section which is directed toward a Government employee as so defined."

10. AMENDMENT OF TITLE 18, UNITED STATES CODE, SECTIONS 281, 283, AND 434.—Sections 281 and 283 of chapter 15 of title 18 are each amended and section 434 of chapter 23 of title 18 of the United States Code is amended by adding the following as a new paragraph to precede the present text of each such section:

"From and after the effective date of the Executive Employees' Standards Act, this section shall not apply to any person who is a Government employee as defined in section 2 of that Act."

11. AMENDMENT OF TITLE 18, UNITED STATES CODE, SECTION 284.—Section 284 of chapter 15 of title 18 of the United States Code is amended by adding the following as a new paragraph to precede the present text of such section:

"From and after the effective date of the Executive Employees' Standards Act, this section shall not apply to any person who has been a Government employee as defined in section 2 of that Act."

12. AMENDMENT OF TITLE 5, UNITED STATES CODE, SECTION 30R(D).—Section 29(d) of the Act of August 10, 1956 (70A Stat. 632; 5 U.S.C. 30r(d), is amended to read as follows:

"(d) Except as otherwise provided in the Executive Employees' Standards Act, when he is not on active duty, or when he is on active duty for training, a Reserve is not considered to be an officer or employee of the United States or a person holding an office of trust or profit or discharging any official function under, or in connection with, the United States because of his appointment, oath, or status, or any duties or functions performed or pay or allowance received in that capacity."

13. REPEAL OF TITLE 5, UNITED STATES CODE, SECTION 99.—Section 190 of the Revised Statutes (5 U.S.C. 99) is hereby repealed.

14. REPEAL OF EXEMPTIONS FROM PARTICULAR CONFLICT-OF-INTEREST STATUTES.—The provisions of existing law granting any exemption or waiver of 18 U.S.C. 216, 281, 283, 284, 434, and 1914 to a Government employee as defined in section 2 hereof, are hereby repealed to the extent of such grant.

TITLE IV—MISCELLANEOUS PROVISIONS

15. SHORT TITLE.—This Act shall be known and may be cited as the "Executive Employees' Standards Act."

16. EFFECTIVE DATE.—This Act shall take effect ninety days after the date of its enactment.

REPLY TO ALLEGATIONS MADE BY WALTER REUTHER

Mr. CURTIS. Madam President, I rise to defend the most basic prerogative of the U.S. Senate—that of securing all the facts possible in considering legislation. The duty of committees of both Houses to develop pertinent facts is inescapable. The integrity of a committee, seeking facts from which to legislate, should be stoutly defended.

Madam President, Walter Reuther assailed me for my endeavor to secure facts relating to a major legislative matter. His willingness to distort, his effort to conceal, and his characteristic abuse of persons not like minded, is an affront to this body.

The incident that I speak of occurred in connection with the consideration by the Committee on Finance of the Senate of H.R. 4806, known as the temporary unemployment compensation extension, on Thursday, March 9, 1961. All the facts relating to our unemployment problem, such as the extent of the unemployment, its duration, the location of the areas where the problem is the most serious and the manner in which the unemployment statistics are gathered are certainly facts which the Congress should have. A committee would be derelict in its duty, and unfair to the unemployed and the public generally if it did not seek all of the facts available. The estimates of the number of unemployed each month are made by a sampling that takes place in a week occurring in the middle of the month. This week in which the samples are taken and from which the estimates are made of the number of unemployed is known as the count week, or sometimes the survey week. The count or sample is taken by the Bureau of the Census.

Madam President, I now wish to quote from the hearings of the Finance Committee on this measure beginning near the middle of page 107 with the recognition by the chairman of the Senator from Utah [Mr. BENNETT] and continuing to the bottom of page 110:

Senator BENNETT. Mr. Chairman, before we leave this particular area, there are a couple of questions I would like to ask, if I may.

The CHAIRMAN. Senator BENNETT.

Senator BENNETT. Senator CURTIS has had to leave to attend a funeral, and he has asked me to go through a series of questions which he had prepared to ask. I am not going through the whole series, but there are two or three questions that I think are very pertinent at this point.

Is it true, Mr. Secretary, that this scientific sampling is done in the same week of every month, and that it is the week nearest the 15th of the month?

Secretary GOLDBERG. It is done, Dr. Wolfbein tells me—you do not mind if I resort to him? He is far more expert than I am in this.

Senator BENNETT. Of course not.

Secretary GOLDBERG. In the week including the 12th of the month.

Senator BENNETT. Is this fact known particularly to the labor unions, that are anxious to have a high unemployment record show up at the present time?

Secretary GOLDBERG. I want to make a statement about that. The facts that we have are known to nobody, including the Secretary of Labor, and I want to emphasize that. I feel—at least, this Secretary of Labor, feels very strongly about that. I want to make that statement, that the facts that are coming into the Department——

Senator BENNETT. That is not my question. My question is, Is the fact that there is a standard pattern, a standard week, a standard part of the month at which statistics are collected; is that fact known generally? It is known now, because you have testified to it.

Secretary GOLDBERG. I would assume so. I think the Bureau publishes its methods, and I think we distributed to you the methods.

Senator KERR. It publishes the data every month, and that is about the time it publishes it.

Secretary GOLDBERG. That is a public fact. But the details—this is what I want to emphasize.

Senator BENNETT. I am not asking about the details.

Secretary GOLDBERG. But I would like to make a statement about it.

The details, if I may, Mr. Chairman, the results, so long as I am Secretary, will be known to no one until they are published publicly.

Senator BENNETT. That is not the question I am raising. Senator CURTIS' question says,

Mr. Secretary, Are the reports in the papers true that Mr. Walter Reuther requested the automobile industry to make layoffs in the middle of last month——

This would be the middle of February—

which could be covered in this count week? Do you have any information on that subject?

Secretary GOLDBERG. Mr. Reuther's activities are a matter of which I, like you, am apprised of now only by what I read in the newspapers. I have had a chance to see him, I think only once since I have been appointed. But I would think that the automobile companies do not respond very enthusiastically to whatever Mr. Reuther requests.

Senator BENNETT. Well, Senator CURTIS whispered to me that it is his information that the request was made, it was responded to, which would have the effect of beefing up the unemployment figures in Detroit, and that he has made a similar request with respect to the current month, the month of March. This is interesting, because under this proposal—and again, I am drawing on figures given me by Senator CURTIS—Michigan would pay in $47 million, and receive $80 million.

Secretary GOLDBERG. It is inconceivable to me—I do not know what information Senator CURTIS has, but it is simply inconceivable to me—that the automobile manufacturers of the country—I shall put Mr. Reuther aside at the moment. I do know whether he made such a request. It seems to me extremely unlikely that he would ask for layoffs at any time. But it is inconceivable to me that the automobile manufacturers of this country would make layoffs to enlarge the figures that we publish. That is simply inconceivable. I have high regard, even though I have had differences in the past with General Motors, with Ford Motor Co., with Chrysler—I cannot, for the life of me, believe that they would make layoffs to influence the posture of unemployment statistics. That just cannot be.

Senator DOUGLAS. Mr. Chairman, may I make a point?

Senator BENNETT. May I finish?

Senator DOUGLAS. Just a minute, please.

Senator BENNETT. I would like to develop this thing.

Senator DOUGLAS. I want to ask you what your source is for this information.

Senator BENNETT. I have given my source, unfortunately. Senator CURTIS asked me to ask these questions.

Senator DOUGLAS. What is his source?

Senator BENNETT. I am not prepared to answer, because he is not here. I am about to ask the Secretary if, with his statistics gathering information, he can find out for this committee whether there was in fact a greater layoff in the automobile industry during the so-called count week than there was before or since?

Secretary GOLDBERG. I would be glad to do it, because my impression, also as a newspaper reader, is that there was a greater layoff after that time. But that is just an impression. I would be glad to report it. But it is just inconceivable to me that, first of all, Mr. Reuther would make such a request, and second, that the automobile manufacturers would honor such a request.

I was in Detroit, and I met with both groups, the automobile manufacturers and the union and the public officials of that State. The one thing they do not want—and the mayor was here yesterday testifying before a congressional committee—the one thing they do not want is layoffs in any period.

Senator BENNETT. I am in the automobile business at the retail level. They are not selling as many automobiles as they expected. They have had a series of layoffs.

Secretary GOLDBERG. Oh, yes; unfortunately.

Senator BENNETT. Now the question is, and the question that interests me, and again, this is Senator CURTIS' question, Has this layoff pattern been adjusted for the benefit—so that Michigan could get a higher percentage of this possible unemployment business, or has it been adjusted to justify the charge that we are now in a deep period of unemployment?

Secretary GOLDBERG. The layoff, under the bill we have, the layoff itself would not give Michigan a higher percentage, because the bill proposes only to take care of workers who have exhausted their benefits, or who will exhaust their benefits. If they are called back to work, they will not be exhaustees under the bill. Therefore, I do not see the relevance of this to the matter we have at hand.

Senator BENNETT. The effect of this, if the pattern of layoffs is adjusted so that they fall in the so-called count week, and therefore multiply or add to rather—that would be more accurate—add to the volume of unemployment, this, of course, could be used to argue for the bill and for certain other bills that are based on the idea that unemployment is unusually high.

Secretary GOLDBERG. This would be the first time I would see in recent years or months that the automobile manufacturers would conspire in an attempt to further the program of a Democratic administration. That would surprise me very much.

Senator BENNETT. Will you supply the committee with the information, if you can get it?

Secretary GOLDBERG. I shall be glad to.

Madam President, I ask that the material which Secretary Goldberg was asked to produce be printed at this point in the RECORD.

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

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

TIMING OF LAYOFFS IN THE AUTO INDUSTRY

There is no evidence to indicate that layoffs of autoworkers have been timed in any way to influence the count of total unemployment. An analysis of data available on unemployment in the State of Michigan, where nearly half of the employment in the automobile industry is concentrated, shows no pattern that can be given such an interpretation.

Each month, the Bureau of the Census conducts a sample survey of households throughout the Nation obtaining information relating to employment and unemployment during the midweek of the month, the week including the 12th. In order to determine whether there is evidence to indicate that layoffs of autoworkers were deliberately being concentrated in the census survey week, an examination was made of the reports made over the past 3 months by Michigan to the Bureau of Employment Security on the weekly volume of insured unemployment. Nearly half of all autoworkers are located in Michigan and, during the period examined, much of the weekly variation in insured unemployment in that State can be attributed to unemployment among autoworkers.

The data are presented below. They show throughout this period a fairly steady rise in the volume of insured unemployment. In fact, beginning with the week ending December 3, 1960, up to the week ending February 18, insured unemployment increased week by week with the exception of the week ending January 14, which was the census survey week. In that week, insured unemployment in Michigan declined by 13,000. In the most recent week for which data are available, the week ending February 25, insured unemployment in Michigan declined.

The State agency has reported that an increasing number of auto plants have been following the practice of alternate week layoffs. Indications of this practice are evident in the data reported on initial claims for unemployment insurance, also presented below for the past 3 months in Michigan. Initial claims are filed by workers in their first week of a period of layoff. If a worker returns to work and is later again laid off, he again files an initial claim. These data give evidence since mid-January of a regular pattern of layoffs one week followed by recalls the following week. In keeping with this pattern, initial claims during the week ending February 18, a census survey week, show an increase, followed by a decline during the following week. The fact that the rise occurred during the census week may be regarded as coincidental. The timing of the census survey simply appears to have coincided with this regular pattern of alternating weeks of layoffs and recalls.

Michigan—Initial claims for unemployment benefits and insured unemployment, December 1960–February 1961

Week ended—	Initial claims	Insured unemployment
Dec. 3	25,354	124,104
Dec. 10 [1]	24,906	128,309
Dec. 17	21,227	135,994
Dec. 24	22,996	141,488
Dec. 31	44,441	164,273
Jan. 7	29,300	189,043
Jan. 14 [1]	27,426	175,979
Jan. 21	46,000	182,191
Jan. 28	29,874	195,186
Feb. 4	34,348	200,417
Feb. 11	30,673	201,686
Feb. 18 [1]	73,367	244,758
Feb. 25	34,279	210,300

[1] Census survey week.

Mr. CURTIS. Near the end of the material submitted the statement appears:

In keeping with this pattern, initial claims during the week ending February 18, a census survey week, show an increase, followed by a decline during the following week. The fact that the rise occurred during the census week may be regarded as coincidental. The timing of the census survey simply appears to have coincided with this regular pattern of alternating weeks of layoffs and recalls.

In a part of the material from Secretary Goldberg that I have had printed in the RECORD is the chart. We should keep in mind that the week of February 12 was the week in which a sampling was taken to determine the extent of unemployment. Secretary Goldberg's chart shows that in the prior week 30,673 initial claims were filed in Michigan, but in the count week there were 73,367. The following week the number declined to 34,279.

Secretary Goldberg's chart shows that the total of insured unemployed in the week prior to the count week in Michigan was 201,686. In the count week the number jumped to 244,758. After the count was over it dropped down to 210,300. That is not my charge. That is Secretary Goldberg's report of the facts. I continue to read from the hearings:

Senator DOUGLAS. Mr. Chairman, has the Senator from Utah completed?

Senator BENNETT. Yes.

Senator DOUGLAS. May I say, Mr. Chairman, I think it is extremely undesirable to indulge in unidentified insinuations disguised as questions. I only wish Senator CURTIS

had been here to assume responsibility for these questions, himself. Everyone knows that these statements go out over the wires and that they have an effect on public opinion. In my judgment, Senator CURTIS should have given the source for this statement, instead of indulging in a general fishing expedition on the matter. Mr. Chairman, I must also say I have been puzzled by the fact that we have been in session now all of yesterday morning and half of this session, half of this morning. We apparently have never gotten down to the subject matter of the bill itself. I hope we may speedily do so and remove any suspicion that a sitdown or slowdown is being indulged in to delay the passage of this bill.

This took place before the Secretary had a chance to gather his facts and insert them in the record.

Senator BENNETT pointed out that I had been present in the committee and waited 45 minutes. Then I had to attend a funeral in Arlington National Cemetery. The record shows some further discussion and that the reason for the delay was that there was not a quorum present.

I have inserted all of the pertinent testimony taking place at this time in order that the Senate and the public might have the benefit of the entire discussion. I want to point out, however, that the question Senator BENNETT asked for me that triggered this discussion was, and I quote Senator BENNETT:

Senator CURTIS' question says, Mr. Secretary, Are the reports in the papers true that Mr. Walter Reuther requested the automobile industry to make layoffs in the middle of last month, which could be covered by this count week? Do you have any information on that subject?

This question was directed to Secretary Goldberg.

I submit that the question Senator BENNETT propounded for me was proper and was relevant. My question propounded by Senator BENNETT merely asked for information pertaining to the accuracy of a published report that did relate to unemployment.

My question asked for the facts relating to a published account, and my question contained no allegation whatever.

As soon as I returned from Arlington National Cemetery where I had attended a funeral, I resumed my seat in the committee. The record will show a Senator then advised the committee that Walter Reuther had signed and sent a telegram to the chairman which stated, among other things:

The allegation of Senator CURTIS is downright false.

The record will further show that I pointed out that I assumed full responsibility for the question that was propounded by Senator BENNETT. He did it at my request because I could not be present. The record will also show that I made no objection to Walter Reuther making any answer that he wanted to and that I had no objection to having that answer printed in the record.

Mr. Walter Reuther did, on that same day, send a wire to Chairman BYRD, of the Finance Committee. It was sent from Detroit, Mich. It was addressed to Senator HARRY F. BYRD, chairman, Senate Finance Committee, Washington, D.C.

The telegram reads as follows:

I am advised that in today's hearing on temporary extension of unemployment compensation a question was asked on behalf of Senator CARL CURTIS, Republican, of Nebraska, as to whether I had requested the automobile corporations to schedule their layoffs in that week of each month in which the official Government count of unemployment is made. The obvious purpose of the question is to create the impression that the unemployment statistics are exaggerated.

The allegation in Senator CURTIS' question is downright false. The insinuation that the automobile corporations and our union would conspire to rig the unemployment figures is a challenge to their integrity as well as ours.

Senator CURTIS has made it clear on earlier occasions that his antilabor bias verges on the pathological. He is so blinded by antilabor prejudice that he is evidently incapable of taking a reasonable and compassionate attitude toward the tragic plight of the families of America's millions of unemployed. Personally I am less concerned about his effort to slander me than I am about his callous indifference to human suffering.

I respectfully request that this wire be placed in the record of today's hearing so that Senator CURTIS' innuendo be clearly labeled as the falsehood it is and so that the committee's proceedings are not perverted into a vehicle for slander.

WALTER P. REUTHER,
President, International Union, UAW.

Madam President, let us look at a few of Mr. Reuther's statements in this telegram. He says:

The allegation in Senator CURTIS' question is downright false.

What are the facts? What is the truth? My question, propounded by Senator BENNETT, was:

Mr. Secretary, are the reports in the paper true that Mr. Walter Reuther requested the automobile industry to make layoffs in the middle of last month which could be covered in this count week?

I hold in my hand a photostatic copy of the Detroit Free Press of Sunday, January 8, 1961. This is one of the headlines: "Asks Full Weeks. Reuther Reveals New Layoff Plan."

The article goes on to say:

The UAW proposed Saturday that automobile companies adopt a new layoff plan of full week shutdowns instead of short workweeks or cutbacks in production of workers.

Not being satisfied with what had been published, because sometimes publishers must crowd for space, I secured a copy of Mr. Reuther's own press release. I wish to read it.

This character, this individual, who charged me with a falsehood, says in his own press release, released to the newspapers on January 8, 1961:

The UAW has proposed to the automotive Big Three a plan of periodic 1-week plant shutdowns in place of mass layoffs or short workweeks growing out of production cutbacks to meet the problem of excessive new car inventories and declining sales.

Madam President, I asked if this was true, and Mr. Reuther sent a scurrilous, false, slanderous telegram to the chairman of the committee, criticizing me for asking if that happened. I continue to read:

The shutdowns, because they would make it possible for workers to collect unemployment compensation and supplementary unemployment benefits, would add substantially to the purchasing power of the workers involved as compared to layoffs or short workweeks, "minimize hardship for their families and communities and reduce the damage to the national economy that would otherwise result," UAW President Walter P. Reuther said.

Mr. Reuther cited as an example: "If reduced sales face a plant with the necessity to reduce employment by 20 percent, the UAW's proposal calls for shutting down the plant completely one week out of five instead of effecting the same reduction of manhours either by working 4 days a week or laying off 20 percent of the workers." In event of a 20-percent cutback in the industry as a whole, the UAW proposal would directly add in excess of $22 million per month to the total purchasing power of the workers involved compared with 4-day workweeks. Indirectly it would add much more to the Nation's purchasing power at a time when this is the key to reversing the forces of recession, since these millions of dollars spent by auto workers would provide employment for other workers throughout the country.

The UAW proposal was submitted orally to the managements of the Big Three in separate meetings during the past week. It has been taken under consideration by the various corporate managements.

Mr. Reuther's union also issued a longer release for the papers for Sunday, January 8, 1961, which gives his position a little more in detail.

Madam President, I ask unanimous consent that the longer release be printed in full at this point in the RECORD. The longer release merely corroborates the short one, which I just read.

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

STATEMENT BY WALTER P. REUTHER, UAW PRESIDENT, ISSUED SATURDAY, JANUARY 7

Tens of thousands of auto workers face short workweeks and layoffs in the weeks ahead. Their reduced or lost paychecks would mean severe hardships to their families and lowered incomes to the merchants and professional men and women in the automotive production centers. If layoffs should be prolonged, their communities will be faced with mounting welfare caseloads.

Moreover, the projected layoffs and short workweeks, if carried through, would work serious damage on the national economy. Until recently, relatively high automobile production, through the purchasing power it has generated, has been one of the few sustaining forces tending to slow the deepening of the recession. Now drastic car production cutbacks are removing that prop from the economy. As a result, there is grave danger that the recessionary spiral will accelerate.

It is now widely recognized that the amount of consumer purchasing power available will determine the length and depth of the recession.

It is in the interest of all of us—labor, management and the public generally—to minimize in this very delicate economic situation any further contraction of consumer purchasing power.

The UAW therefore presented orally in meetings with the Big Three automotive corporations during the past week a proposal which we believe will minimize hardship for auto workers, their families and their communities and reduce the damage to the national economy that will otherwise result from auto production cutbacks.

Our proposal, in brief, is that instead of scheduling short workweeks or laying off workers, the corporations arrange for pe-

riodic plant shutdowns of a full week in duration. For example, if reduced sales face a plant with the necessity to reduce employment by 20 percent, the UAW's proposal calls for shutting the plant down completely 1 week out of 5 instead of effecting the same reduction of man-hours either by working 4-day weeks or laying off 20 percent of the workers.

The details, under the UAW's proposal, must of necessity be worked out on a plant-by-plant basis by the local plant managements and the local unions involved. While we believe that this approach we have proposed is sound in the overall, local conditions may require it to be varied to meet local problems.

Periodic shutdowns instead of short workweeks or layoffs have substantial advantages both for the workers and for the corporations. During the weeks of shutdown, the workers will be entitled to unemployment compensation and supplementary unemployment benefits which, combined, will yield them 65 percent of their normal take-home pay for a full week. These benefits, together with full paychecks for the remaining weeks, will cushion the impact of production cutbacks on their purchasing power. In the case of a situation requiring a 20-percent cutback, an auto worker with a wife and two children earning the current average straight-time hourly wage rate of $2.78 would receive for a 4-day workweek take-home pay (after deduction of income and social security taxes) of $79.49. If the UAW's suggested proposal is put into effect, such a worker would receive his full normal take-home pay of $96.86 per week for 4 weeks and in the fifth week of plant shutdown he would receive unemployment compensation and supplementary unemployment benefits amounting to $62.96. This would yield him an average weekly income over the 5-week period of $90.08—$10.59 more per week than he would have had on a 4-day workweek basis. If the cutback in such a worker's plant amounted to 40 percent, the UAW's proposal would give him $21.38 more per week, on the average, than would a 40-percent cutback accomplished through a 3-day workweek.

Moreover, the UAW proposal, by avoiding prolonged layoffs, would enable the worker to protect his family's future security by building up unemployment compensation and supplementary unemployment benefit credits against future layoffs instead of using up all his credits in a continuous spell of unemployment.

From the corporations' standpoint, the UAW proposal has the significant advantage of avoiding the extremely costly rearrangement of jobs and manpower and the retraining of workers that accompany layoffs. Avoidance of such costs would significantly offset, and in some cases more than offset, the additional drain on the supplementary unemployment benefit funds. In any case, the supplementary unemployment benefit funds were intended to sustain workers' incomes in periods of declining employment and the UAW's proposal is entirely in line with that intention. The automotive corporations, no less than their workers, have an important stake in braking and reversing recessionary forces and should consider any increase in their supplementary unemployment benefit outlays an investment in restoring prosperity.

It seems to us also that the corporations have a special obligation to meet the problems arising out of the present situation because of their failure to heed the warnings the UAW issued last June, in letters to the presidents of the Big Three, that their abnormally high production schedules would result in excessive inventories that would ultimately bring short workweeks and layoffs for their workers, grave problems for the automotive communities, and hardships to their dealers.

It gives us no satisfaction now to say, "We told you so last June." We are concerned with the welfare of auto workers' families, the prosperity of their communities and the health of the national economy. We have a practical problem for which we must find a practical answer. Our proposal has been advanced to make the most of the means we have available to soften the impact of current and coming car production cutbacks. While we have had no final reaction as yet from any of the Big Three, we are hopeful that they will share our view of the advantages of this proposal and will work with our local unions to put it into effect.

Our proposal, obviously, is not a complete solution to the problem we face. If put into effect, as we hope it will be, it will still leave the average auto worker significantly short of his normal income. Nor is this proposal to be construed as a long-term policy of our union. It is a temporary measure to ease the hardships and minimize the national dangers of what we hope will turn out to be a short-term temporary situation. Better answers must be found and implemented at both the national and industry levels to avoid a recurrence of the kind of serious economic problem we face today.

With all its limitations, however, this UAW proposal can make a significant contribution to countering the recession. If, for example, the industry as a whole should be facing a 20 percent cutback in total man-hours of work available—which, unfortunately, in the light of inventories of 1,050,000 cars and declining sales, is by no means beyond the realm of possibility—our proposal would directly add more than $5 million per week—in excess of $22 million a month—to the purchasing power of the workers involved, as compared with 4-day workweeks. Indirectly, it would add much more to the Nation's purchasing power at a time when this is the key to reversing the forces of recession, since these millions of dollars spent by auto workers would provide employment for other workers throughout the economy.

We in the UAW sincerely hope the automobile corporations will give this proposal the favorable consideration which we believe it deserves.

Mr. CURTIS. Madam President, by Mr. Reuther's own words in his own press release, he did request the automobile companies to make layoffs to shut down the plant. His press release was published in the papers. By Mr. Reuther's own press release, the newspaper reports about which I inquired were true.

The second part of the question was, "If such layoffs were requested could they be covered in the count week?" Here again, the facts speak for themselves. We do not need to rely upon conjecture or opinion.

Secretary Goldberg's statement found on page 110 of the hearings carries this significant statement:

> These data give evidence since mid-January of a regular pattern of layoffs 1 week followed by recalls the following week. In keeping with this pattern, initial claims during the week ending February 18, a census survey week, show an increase, followed by a decline during the following week.

I wish to be fair to Secretary Goldberg. He went on to say:

> The fact that the rise occurred during the census week may be regarded as coincidental. The timing of the census survey simply appears to have coincided with this regular pattern of alternating weeks of layoffs and recalls.

There then appears in the record a table on Michigan's unemployment submitted by Secretary Goldberg. It shows that for the week ending February 18, the total insured unemployment in Michigan was 244,758. This was the count week, or, as has been referred to by the Secretary, the census survey week. In the week before that, which ended on February 11, Michigan has only 201,686 insured unemployed; and in the week that followed, that is, the week ended February 25, the number dropped back to 210,300.

The number of insured unemployed for the week ending February 18, 1961, for the entire Nation increased by 31,656. The increase for Michigan alone was 43,072. Had Michigan's insured unemployed stayed either at the figure that it was for the week prior to the count week or what it was in the week that followed the count week the total number of insured unemployed for the week in February used as the survey week or count week would have actually dropped instead of having been increased.

Mr. BENNETT. Madam President, will the Senator from Nebraska yield?

Mr. CURTIS. I yield.

Mr. BENNETT. I take the Senator's attention back to the schedule he received from the Secretary, which appears on page 5 of the table which the Senator has already placed in the RECORD. It shows that in the week preceding the census survey week, the total of those unemployed numbered 30,673; during the census survey week, the number was 73,367; and in the week following the census survey week it was 34,279. So the increase in Michigan in that 1 week was more than 100 percent. It more than doubled as a result of this activity.

Mr. CURTIS. Yes. I may say that neither the Senator from Utah [Mr. BENNETT] nor the Senator from Nebraska, now speaking, ever charged collusion or rigging. We asked if there had been a request for layoffs which could have happened in the count week. We would have been derelict in our duty to the public and in our duty to the unemployed if we had not got all the facts available to show the true picture, nothing more, nothing less. The figures which the distinguished Senator from Utah read referred to the initial claims.

Mr. BENNETT. Yes; that is correct. These are the initial claims.

Mr. CURTIS. Madam President, Walter Reuther's own press release which I have quoted in full began with this statement:

> The UAW has proposed to the automotive Big Three a plan of periodic 1-week plant shutdowns in place of mass layoffs or short workweeks growing out of production cutbacks to meet the problem of excessive new car inventories and declining sales.

He did what the newspapers said he did. He did what the Senator from Nebraska inquired about.

Madam President, referring once again to my question put by Senator BENNETT which was:

> Mr. Secretary, are the reports in the papers true that Mr. Walter Reuther requested the

automobile industry to make layoffs in the middle of last month which would be covered in this count week?

The answer to that question is yes. Mr. Reuther did request a layoff or a closing of the plant. The plants did close. It did occur in the week that the census survey of the unemployed is made. It did cause an increase in the number of insured unemployed persons in Michigan, in the absence of which increase the national figure would have declined instead of going up.

The month that we have been talking about is the month of February of this year. Let us take a look at the month of March. The count week or the census survey week, whichever one may choose to call it, was the week ending March 18th. Was there a shutdown of the automobile plants where Mr. Reuther's workers are employed? There was. In what week did it occur? It occurred in the count week or the census survey week. This, again, caused the figures for Michigan unemployed persons to be higher than the average figures for the entire month of March, and higher than the figures for the week prior to the assembling of the government figures or the figures for the week after that.

Madam President, at this point let me read from a clipping from the Detroit Free Press of March 7, 1961:

AUTO-PLANT CUTBACKS HIT 54,800

Ford Motor Co. and General Motors Corp. Monday announced production cutbacks for this week and next affecting 54,800 workers.

Ford halted car production for one week Monday at 11 of its 17 assembly plants, idling 17,000 workers through Friday.

The cutback hit plants in Dearborn and Wayne, Mich.; Atlanta, Ga.; Dallas, Tex.; Los Angeles, Calif.; Kansas City and St. Louis, Mo.; Norfolk, Va.; Metuchen and Mahwah, N.J.; and Louisville, Ky.

Six other car-assembly plants, including one at Wixom, Mich., will stay open. In addition, truck assembly will continue at Kansas City, Louisville and Mahwah.

General Motors' Buick, Oldsmobile, and Pontiac Divisions said their main plants in Michigan and six joint assembly plants across the country will close next Monday for one week, idling 37,800 production workers.

What was "next Monday"? It was the beginning of the count week. That tells the country what the unemployment situation happens to be.

Madam President, I wish to make abundantly clear that my purpose in speaking today is not to discuss the justification for shutting the plants 1 week out of 5, instead of going to a shorter workweek or instead of entirely laying off some workers. I shall not argue about that with Mr. Reuther. When I asked my question, all he had to do was give his answer and explain it. Some might have agreed, and some might have disagreed. I speak today because of the telegram sent the chairman of the Finance Committee by Mr. Walter Reuther. That telegram constitutes an unfair attack. It was sent to give notice to all Senators that they must never question what Walter Reuther says or does, or in any way stand in his way. Mr. Reuther came to power by means of violence. He intimidates, and seeks to influence legislation by intimidation and attacking those who merely ask questions.

Mr. Walter Reuther sent the telegram; he gave copies of it to the press. As to the truth of Mr. Walter Reuther's statement in the telegram—

The allegation in Senator CURTIS' question is downright false—

I am willing to let the record speak for itself.

It is Mr. Reuther who is guilty of making statements that are downright false.

No decent, honest, and respected citizen of the United States would send to the chairman of a committee of the Senate of the United States a telegram similar to the one Walter Reuther sent in this case. His telegram is not only libelous, it is also an attack upon this entire body.

This man Reuther, in his telegram to Chairman BYRD, says that Senator CURTIS' bias verges on the pathological.

Madam President, this is not the first time that character, Reuther, has made an accusation similar to the one that he has made against me. In Reuther's attempt to intimidate and rule—whether it be in union affairs or in governmental affairs—he uses epithets such as that toward those who disagree with him. There, again, I will stand on the record, and I will stand on the facts—two things that Reuther is afraid to do. In fact, he is incapable of doing them.

According to the Detroit Free Press for June 9, 1957, Mr. Walter Reuther is quoted as charging Mayor Cobo, of the city of Detroit, with emotional instability. That is the tactic Reuther uses. A majority of the people of Detroit elected their mayor. Reuther disagreed with him. So Reuther stated, publicly, that the mayor is emotionally unstable. I do not know who received the greater compliment—the mayor of Detroit or myself, when Reuther said I am "a pathological case."

About 3 years ago, Mr. Reuther and the UAW had a disagreement with one of their own employers, Mr. Herbert W. Hoover. Mr. Hoover was charged with mental illness. Madam President, I should like to have printed at this point in the RECORD an article which was published in the Detroit News on February 7, 1958. It is entitled "Agree or Get Sick," and it reads as follows:

We find ourselves warmed—or something—by the concern of UAW Secretary Emil Mazey for his hired help.

Take the case of union propagandist Herbert W. Hoover who used his Flint radio program to tell a worker audience that Walter Reuther's profit-sharing plan was something for the birds. Did Mazey denounce Hoover and drum him off the premises, as some capitalist employer might have? Of course not.

Instead the UAW secretary bled for the "health" of Mr. Hoover. Suddenly he remembered that his superiors had been begging the union radio commentator to take a sick leave and go to a doctor. Hoover appears unable to recall that it was so, but Mazey, the humanitarian, remembered and for the good of Mr. Hoover's health fired him.

Now Mr. Hoover is much better off. He and his children may miss a few meals, but he no doubt will be strengthened by the acquired knowledge that, under UAW solidarity rules, you either agree with Walter Reuther—or get sick.

Madam President, these are not isolated cases. They are typical of the tactics used by this character.

I may say to Senators that any of them may be charged with being mentally unbalanced, or insane, or a pathological case, if they do not knuckle down to the threats and the intimidations of Reuther. According to the Detroit Free Press for January 23, 1958, which article I have before me, Reuther suggested that Senator BARRY GOLDWATER was mentally unbalanced. Senator GOLDWATER needs no defense from that charge. Everyone who knows him, regardless of whether he agrees or disagrees with Senator GOLDWATER on any particular subject, knows that he has one of the finest minds in this body.

Is this man Reuther being misquoted by wicked newspapers controlled by Mr. Reuther's enemies? Let me read from his own publication, The UAW Solidarity for January 27, 1958. The headline is "Reuther Urges GOLDWATER To Get Psychiatric Aid." Under a Detroit dateline, the article begins:

Senator BARRY GOLDWATER, Republican of Arizona, one of the most vigorously anti-union Members of the Senate, has been urged to see a psychiatrist.

The advice came from UAW President Walter Reuther.

That is from his own newspaper.

I have presented to the Senate a set of facts for the permanent record. I feel it a duty to take this time because of the scurrilous nature of the allegation made against me. These allegations run to the very essence of our work—that of a committee seeking facts from which to legislate. I am sure I have not further endeared myself to Mr. Reuther. I hope I have enlightened my colleagues by this factual presentation.

I let the record speak for itself, and I warn my colleagues that if they do not knuckle under and yield to this character, Reuther, they too, like Mayor Cobo, Herbert Hoover, Senator Goldwater, the junior Senator from Nebraska can expect to be branded as emotionally unstable, insane, in need of a psychiatrist, or as being a pathological case.

Madam President, I need not indict Walter Reuther.

Walter Reuther has indicted himself by the record he has made.

LOGGING BY HELICOPTER

Mr. MORSE. Madam President, it was only a few years ago that suggestions were made from time to time concerning the possibility of removing logs from forest areas through the use of helicopters. There were those, I imagine, who doubted that such a program would ever materialize. In fact, I suspect that those who suggested the plan in past years were regarded as more visionary than practical. It is true that the time may not yet be quite at hand in which logging can be carried on successfully by helicopter, but I believe that the time has

arrived for intensive experimentation on helicopter log lifts.

Several weeks ago I received the outline of such a proposal in a conference with a prominent Oregon businessman, Mr. Glenn Jackson, of Medford, Oreg. After preliminary discussions of the subject in my office, Mr. Jackson gave officials of the Forest Service in Washington, D.C., a thorough briefing on this topic. Upon his return to Medford after the Washington, D.C., conference, Mr. Jackson and the Forest Supervisor of the Rogue River National Forest, Mr. C. E. Brown, developed an outline of a proposal whereby logs might be removed from our national forests by helicopter.

This proposal seems to me to deserve not only thorough study, but immediate experimental investigations so that we may determine its feasibility as soon as possible. I am satisfied that we will not have to experiment extensively before we find the modifications and technical improvements necessary to make this project a reality.

In addition, the subject should be of tremendous interest to the Department of Defense. The possible uses of helicopter lifts of materials essential to defense uses are almost unlimited. In fact, I understand that the Department of the Army is contemplating tests of helicopter lifts in the near future. The advantages of correlating Department of the Army and Forest Service tests in this field are obvious.

There is no doubt that present methods of logging disturb the ground cover. This in turn causes erosion. A second logging factor which affects our forests is the large number of spur roads and skid roads required in connection with the removal of timber. The present practice is to extend the mainline road through a series of temporary roads at which log landings are constructed. Tractors or high-lead logging machines then bring the logs to the landing where they are loaded on trucks to be hauled to the mills. The spur roads pose particularly serious problems because, while they are necessary in order to remove the timber, they also tend to reduce the productive area upon which timber may be grown. The tractor skid roads must often be treated so as to prevent further erosion. These problems are often acute where climatic conditions and the slope of the ground increase the possibilities of erosion. Areas near logging roads and trails often become covered with brush which is detrimental to maximum forest growth. The only way this can be prevented is through artificial reseeding.

Were we able to remove timber by helicopter on a competitive basis, particularly in steep, mountainous, and inaccessible areas, we would gain immeasurably in conservation benefits. In fact, in determining the feasibility of a helicopter log lift, we should assign certain reasonable dollar amounts to the conservation benefits which would be conferred. Such benefits would include recognition of the facts that the soil would not be disturbed by log removals, the brush problem would be reduced, healthy young trees would remain in place, and good timber growing sites would not be taken up by roads and trails. Furthermore, problems of erosion control, stream siltation, snag clearance, and fire danger would be reduced substantially.

The helicopter log lift would preserve the esthetic nature of the forest. One of the principal objections raised by wilderness people and conservationists with respect to logging activities is the ugly scars they create in areas surrounding those set aside for wilderness enjoyment. One has only to travel by plane over the logged-off areas of the coast range and the Cascade Mountains to know what I mean. The scars left by standard logging methods in our mountainous areas are appalling.

The helicopter has already established its usefulness in many related fields. It is being used in forestry for aerial reseeding, fire control, and the transportation of forestry personnel. It is being used extensively in private industry for the rapid transportation of cargo such as telephone poles and construction materials in areas of steep and difficult terrain.

The helicopter could be used profitably, I am sure, in special cases where logging operations are not now carried on. For example, the removal of dead and down timber from park areas and forest campground areas would constitute an excellent preventive method against insect infestation and fire hazards. The removal of such timber would be beneficial, rather than detrimental to these areas.

It is my hope that the Forest Service, in cooperation with the Department of Defense, will pursue actively the development of a project designed to test the helicopter's capability of hauling heavy materials on short runs, particularly the transportation of logs as part of our forestry operations.

I ask unanimous consent that there be printed in the RECORD at this point a letter addressed by Forest Supervisor Brown of the Rogue River National Forest to Mr. Glenn Jackson, of Medford, Oreg., together with the Forest Supervisor's memorandum entitled "Helicopter Logging Appraisal."

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

U.S. DEPARTMENT OF AGRICULTURE,
FOREST SERVICE,
ROGUE RIVER NATIONAL FOREST,
Medford, Oreg., April 14, 1961.

In reply refer to 2410.

Mr. GLENN JACKSON,
Vice President, California-Oregon Power Co., Medford, Oreg.

DEAR MR. JACKSON: Following our discussion of April 12 and using the data on the Sikorsky S-64 Flying Crane that you furnished, we have prepared a revised "Helicopter Logging Appraisal." Two copies are attached.

The possibilities that this type of equipment may offer are fascinating to consider. We have enjoyed the opportunity to discuss them with you and to prepare the attached material.

Sincerely yours,

C. E. BROWN,
Forest Supervisor.

HELICOPTER LOGGING APPRAISAL

Estimate of (1) comparative cost of logging with Sikorsky Aircraft S-64 and (2) value of advantages that might accrue from this type of operation.

The following assumptions are made:

1. Merchantable timber is available for logging in a tree selection or partial cutting method from an area where it is unnecessary, uneconomical, or undesirable to develop the road system that would provide opportunity for conventional logging methods. It might be a scenic area, a critical watershed, or other area where a road is actually objectionable. It might be an area where, because of economic or policy restrictions, the mature timber just would not be harvested by any conventional logging system.

2. Average timber stand is assumed to be 25,000 board feet per acre of sawlog and peeler log material. Of this stand 40 percent or 10,000 per acre is available for harvest in the first cut.

3. To service the area by road, even if permitted, would cost $4 per thousand (based on need of 1 mile of road costing $16,000 per mile for each 160 acres.)

4. Logging area is at an average 5,000-foot elevation. It is about 2 miles airline distant and 2,000 feet above log landing or concentration yard on nearest truck road. At least 5 miles of truck haul would be required to cover this distance with conventional truck logging.

5. Cutting and bucking cost for helicopter logging would be essentially the same as for conventional logging.

6. S-64 helicopter will haul an average of 2,000 board feet of logs per trip and make 12 round trips per hour over the 2-mile route. Three choker setters would be required for hooking on to logs in the woods and one landing chaser would be required to unhook at landing on roadside.

7. Cost of loading logs on to trucks and of truck haul beyond roadside landing would be no different than that of conventional logging.

8. Helicopter logging operations could be carried on for a longer season than could ground logging and would only be limited when snow became too deep for cutting. It could be an essentially yearlong operation. The logs would therefore have a higher average value than the same logs under conventional logging methods limited to an average 6-month logging season. This higher value is because the purchaser would not have to go to the expense of cold decking the logs for winter mill operation, the lower truck haul rates that are available during winter months and the absence of deterioration in logs that normally takes place in stored logs under even the best of conditions.

9. Cost of helicopter based on annual use of 1,000 hours is $369.46 per hour for operation and maintenance. Depreciation cost of $249.90 per hour would be absorbed by military and not charged against logging operation.

I. Costs of conventional logging operation:

1. Falling and bucking	$4.35
2. Yarding ($6.20 regular average increased 24 percent for selective logging 10,000 per acre)	7.68
3. Loading	1.60
4. Depreciation logging and loading equipment	1.10
5. Logging overhead	2.90
6. Woods fire protection	.29
7. Truck log haul—assumed	10.00
8. Logging road maintenance—5 miles at $0.08	.40
9. Truck road construction	4.00
10. Log handling at mill	1.15
11. Slash disposal costs—assumed average	2.00
	35.47

II. Comparative cost of logging with S-64 helicopter:

1. Falling and bucking—average	$4.35
2. Yarding:	
12 trips per hour times 2,000 board feet per trip equals 24,000 per hour. Hourly operation cost $369.46 divided by 24,000 equals	15.39
Ground crew cost: 3 choker setters in woods, one landing chaser each at $3 per hour equals $12 divided by 24,000 equals	.50
3. Loading—average	1.60
4. Depreciation—loading equipment (logging machine, not chargeable)	.22
5. Logging overhead—average	2.90
6. Woods fire protection—average	.29
7. Truck haul—average less cost of 5 miles avoided at $0.20 per thousand per mile equals $9 reduced 5 percent because of winter hauling savings	8.55
8. Road maintenance on 5-mile spur—avoided	------
9. Truck road construction—avoided	------
10. Log handling at mill—average reduced one-third because of cold decking avoided	.77
11. Slash disposal—one-half of normal	1.00
Total cost—woods to mill	35.57

If depreciation of machine is charged against job add $10.41 per thousand ($249.90 per hour divided by 24,000) equals $45.98.

If 1,500 hours annual use is assumed, estimated operating cost is reduced to $303.13 per hour or $12.63 per thousand or total without depreciation $32.81 and $39.75 with depreciation.

The above analysis indicates that if the above assumptions are all correct, logging by the S-64 can be done at costs essentially competitive with conventional operations; provided, depreciation of machine is not charged to the logging. No doubt there are errors in the estimates. They may be either way. For instance, cutting costs may be higher than conventional because cutters cannot get as close to their work by pickup as in average circumstances; or, they may be lower because men and tools will be delivered right to work area by airlift.

The advantage of logs delivered fresh to mill over a longer season thereby avoiding capital tied up in log stockpiles and deterioration of log value in storage is difficult to appraise but is probably between $1 and $2 per thousand in addition to the reduced costs of log hauling and handling recognized in items 7 and 10.

III. There are certain additional somewhat intangible values, that it seems probable may accrue to the landowner—at least in the case of public land. A crude attempt at placing a value on these other anticipated benefits follows:

(a) Value of better conditions for timber growth resulting from helicopter selective logging leaving a partial growing stock on ground. Growth advantage over that following normal logging is estimated at 100 board feet per acre per year over a 40-year period or total extra growth of 4,000 board feet per acre. Value of this growth at average stumpage of $25 per thousand is $2.50 per year. Present worth capital value of $2.50 annual income for 40-year period at 3.5 percent interest rate is $53.40 per acre.

(b) Reforestation costs avoided, $25 per acre.

(c) Premium value of better watershed and esthetic conditions, $30 per acre.

Total of intangible values, $108.40 per acre.

The landowner could recognize and compensate for some such values resulting from helicopter logging by making a reduction in the asked stumpage price, if necessary to do so, to secure this specialized method. In this assumed case the $108.40 value per acre spread over the 10,000 to be cut per acre would result in a reduction of $10.84 per thousand in the stumpage price that otherwise would be asked.

It should be recognized that in some situations with low value timber the initial value does not provide opportunity for such an adjustment.

ORDER OF BUSINESS

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. GORE. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

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

EMERGENCY EMPLOYMENT ACCELERATION ACT OF 1961—ADDRESS BY SENATOR RANDOLPH

Mr. CLARK. Madam President, the senior Senator from West Virginia [Mr. RANDOLPH] spoke a few weeks ago before the Alabama League of Municipalities in Montgomery, Ala. His subject was the bill—S. 986—which he has joined me in sponsoring, to accelerate public works construction by State and local governments through a 45-percent Federal grant program, giving priority to those projects which can be initiated in 90 days and completed within a year.

There is hardly a community in the country which does not have a backlog of needed public facilities. Testimony before the Subcommittee on Employment and Manpower, of which I am chairman, of the Senate Labor and Public Welfare Committee, has borne out this statement. When the private economy is sagging, most economists agree, that is the time to move ahead on needed public expenditures—expenditures which must be made sooner or later, in any case.

I am grateful not only for the support for this measure which I have received from my friend, the Senator from West Virginia, but also for his energy and ability in going to bat for it in such an articulate fashion.

Madam President, I ask unanimous consent that excerpts from the Senator's speech before the Alabama League of Municipalities be printed in the RECORD at this point in my remarks.

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

EXCERPTS FROM AN ADDRESS BY SENATOR JENNINGS RANDOLPH, DEMOCRAT, OF WEST VIRGINIA, TO THE ALABAMA LEAGUE OF MUNICIPALITIES, MONTGOMERY, ALA.

I have been highly gratified by the response of the member communities of your Alabama League and of the American Municipal Association to S. 986, or the so-called Clark-Randolph-Pell bill.

As you know, this bill, entitled the "Emergency Employment Acceleration Act of 1961," was introduced by Senator JOSEPH CLARK, of Pennsylvania, on February 20, with a view toward having it in a state of near readiness when the administration takes its second look at the state of the economy this month. I was privileged to cosponsor the measure with Senator CLARK and Senator CLAIBORNE PELL, of Rhode Island.

Briefly, to summarize the purpose and provisions of the proposed legislation, its intent is to accelerate public works construction by State and local governments by offering Federal grants of 45 percent of the cost of construction of approved projects. It is not a depressed areas bill, but rather, a measure which would assist local and State governments throughout the country in their construction of needed public facilities beyond their present commitments, giving priority to those which can be initiated in 90 days and completed within a year.

To this end, it would authorize the President, through any Federal agency he might direct, to contract for $500 million in grants to the States and their political subdivisions to increase their level of capital expenditures. The President would have the authority to contract for another $500 million after the first $500 million has been committed if in his opinion, after consultation with the Council of Economic Advisers, such a move is necessary to bring the recession to an end and lower unemployment to the tolerable level of 4 percent.

Though formal hearings have not yet been held on this measure, it has been the subject of considerable discussion in the field hearings which Senator CLARK has conducted as chairman of the Subcommittee on Manpower and Unemployment. The testimony in those hearings has been almost entirely favorable, and has reflected much the same sentiment expressed in the poll conducted by the American Municipal Association. According to the tabulation of this poll furnished Senator CLARK by Mr. Healy late in March, of the 60 municipalities that had responded at that time, 45 were in favor of the program and announced their intent to use such aid if made available. A few of the remaining 15 expressed opposition to the program on principle, and others indicated difficulty in raising the required matching funds.

However, despite this kind of support, I believe we can expect resistance to the bill in Congress. Nevertheless, I would draw your attention to some of the salient features of the measure.

First, it is not a wild-spending bill, as it will doubtless be assailed by some. It is a capital investment bill. In this respect, it has always puzzled me how a plant expansion or improvement program undertaken by a private corporation is considered a wise and prudent investment, while an expansion or improvement in the capital investment of public facilities is looked upon as a wild and reckless scheme that can lead only to bankruptcy. Yet, such a program rests on equally sound economic principles of long-range planning.

Secondly, this bill draws upon the principles and experience of one of the most successful and respected operations of the New Deal—the PWA, which, under the administration of Secretary Ickes, contributed so greatly to our public wealth in the form of libraries, municipal buildings, and other public facilities. Some persons fail to distinguish properly between the PWA and WPA programs of the 1930's.

Third, S. 986 embodies the economic principle of countercyclical spending which has been applied and repeatedly verified in the United States during the past 30 years—that is, the principle of increasing the investment in public facilities during recession years and curtailing such investment during years of high employment and full production.

Fourth, the measure will implement the development at the local level of a shelf of public works which can be put into ef-

fect at the early stages of a recessionary trend, and thus soften or inhibit its development.

Finally, S. 986 in no way encroaches upon the authority or responsibilities of State and local governments.

It will still be the responsibility of State and municipal leaders to plan and schedule their own construction programs. Consequently, in the implementation of this bill, as in many other aspects of contemporary operations of Government, the community government occupies a significant and vital role.

In this respect, it is important that we maintain a continual watchfulness of Federal-State and Federal-local relationships, in order that the integrity of local and State governments be not undermined. But is is equally important that we look closely at the assumption that every instance of Federal assistance entails a threat to the independence of local bodies. I yield to no one in the importance which I place upon the independence and initiative of local government; I believe this tradition is the source of much of the vitality and flexibility of American democracy.

Yet we must be ever alert to those who shield their opposition to any social or welfare advancement by the Federal Government under the cloak of their regard for the integrity of local and State governments. A just distribution of powers among Federal, State and local governments does not imply, in the 20th century, an absolute and impermeable compartmentalization of their respective functions. In recent decades we have seen a steady, and I believe a healthy, growth in the partnership of Federal, State and local governments. And while the role and responsibilities of the Federal Government have increased with the growing complexities of an urban and industrial society, the legitimate powers and the appropriate exercise of independence on the part of local governments have, by and large, remained unfettered.

The welfare of local government is threatened more, I believe, by the apathy and lack of information among the general citizenry than by encroachments from Washington. The average citizen is probably much better informed concerning his Congressman's position on national issues than he is with regard to his councilmen's position on local issues.

If this condition prevails, as I suspect it does, it can be corrected first, by the efforts of local officials to stimulate more citizen participation through public hearings and by opening up to public scrutiny the decisionmaking process at the local level. Secondly, through the efforts of vigilant, independent and responsible local press and communications media, the sovereignty of the people can become a fact as well as an ideal. If these requirements are met, I have little doubt that local government will continue to fulfill a strong and constructive role in the American democratic process.

RESTRICTED STOCK OPTIONS

Mr. GORE. Madam President, the New York Times of yesterday contained a news article from Yorktown, N.Y., the first two paragraphs of which read as follows:

Rebukes to Senator ALBERT GORE, Democrat, of Tennessee, were delivered today by Gov. Nelson A. Rockefeller, of New York, and Thomas J. Watson, Jr., president of the International Business Machines Corp., IBM's annual meeting of stockholders here.

More than 4,700 stockholders, a record attendance for IBM, applauded the reprimands to the Senator. He recently introduced a bill for the abolition of all incentive stock options for key corporation executives and yesterday singled out a proposed IBM plan as typifying what he considered the abuse of such options.

The Washington Post and Times Herald of yesterday carried an Associated Press news dispatch that the IBM stockholders approved an additional restricted stock option for its executives and that management apparently had more than enough votes in hand even before GORE's speech to have the measure passed handily at the annual meeting here today.

It was not surprising to me that management had enough proxies in hand to obtain approval of stock options. Indeed, it was fully expected and predicted. One of the points I have been trying to drive home in speeches in the Senate is that control of our big corporations has been effectively wrested from the stockholders.

Another point I have been trying to drive home is that restricted stock options constitute compensation to corporation executives and are so intended. In a statement printed and distributed to stockholders, to which I shall later refer, Mr. Thomas J. Watson, Jr., president of International Business Machines, made this point conclusively.

The principal point I have been trying to make, however, is that the compensation, or income, as one may choose to call it, is never subject to the normal income tax rates, and in many instances entirely escapes even the much lower capital gains rate; and that this is unfair, inequitable tax policy.

I chose to direct the attention of the Senate to the stock option plans of IBM because they illustrated these three points, which I have been trying to emphasize to the Senate. I readily add that I have no quarrel with Mr. Thomas J. Watson, Jr., as a person, or with the company which he heads. It is rather as I have said, the system of tax favoritism and income tax avoidance to which the restricted stock option lends itself which prompted me to speak as I have on this subject.

I should add that Mr. Watson courteously distributed a copy of my speech of April 24 at the stockholders' meeting, along with his reply. In order to be equally courteous and fair and in the interest of the fullest possible information on this important subject, which I intend to bring to issue upon the floor of the Senate at the first feasible opportunity, I ask unanimous consent that there be printed in the RECORD at this point a copy of the remarks I made in the Senate on April 24 and Mr. Watson's reply of April 25, both of which were distributed at the IBM stockholders' meeting.

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

RESTRICTED STOCK OPTIONS

(By Senator ALBERT GORE)

On April 14 I introduced a bill, S. 1625, to put a stop to the granting of restricted stock options. In the brief remarks I made upon the introduction of this measure, I pointed out some of the fallacies in the reasoning of those who have supported this type of low-tax compensation. I also pointed out certain abuses in connection with these options, and offered some illustrations of the way in which this tax avoidance device has been used by highly compensated corporate executives to enrich themselves at the expense of the taxpaying public, and particularly at the expense of their own stockholders.

The response from the public has been most heartening. Many stockholders have sent me proxy statements they have received from their companies detailing the stock option plans which have been in effect, or which have been proposed. After reading some of these proxy statements, I am afraid I was altogether too conservative in my estimates of the profits which corporate insiders are making from these options. One statement showed profits of more than 500 percent from this manipulation—at a tax rate of 25 percent, if at all.

One proxy statement in particular causes me great concern. I refer to the statement which was sent to IBM stockholders on March 21 of this year in preparation for the annual meeting of stockholders at noon tomorrow. What particularly disturbs me is that the IBM management now proposes to grant themselves a second round of options.

Those who have defended the principle of the restricted stock option have leaned heavily on the argument that very limited numbers of shares have been placed under option, and that the harm done to the company and the stockholders by virtue of this type of stock watering will be small. Now, this argument might hold up fairly well were companies to set aside one small block of stock, and when this was exhausted allow no more options.

But, this is not being done. Decent restraint is not being exercised. Company insiders are finding that the shares of stock set aside for the first round of options have all been allotted, and they are, therefore, setting aside additional shares for a second, or perhaps a third, round.

IBM adopted a stock option plan in 1956. Under that plan, some 130,000 shares were granted under option to 61 executives through calendar year 1959. No more options may be granted under the 1956 plan after tomorrow. So, it is now proposed that the stockholders, at this annual meeting, approve a new plan whereby 100,000 additional shares will be set aside for the benefit of officers and key employees.

There is apparently no end to this sort of rigging. Corporate directors and managers can continue, year after year, to set aside large blocks of stock for their own benefit, and to the detriment of legitimate purchasers of their company's stock who must go into the open market and purchase at the going rate.

These figures for IBM may not sound staggering, but bear in mind that IBM stock is a high-priced stock—it is selling now for around $720 per share.

Let me illustrate this point by showing what the president of the company, Mr. Thomas J. Watson, Jr., has gained. Under the 1956 plan, Mr. Watson was granted an option to purchase 7,643 shares of stock at a price of 137.70. At current prices, this represents compensation, in addition to his regular annual compensation of more than $300,000, of almost $4.5 million.

And this added compensation is not taxable at the time the option is exercised, at which time a real, tangible and measurable profit is realized. The tax accrues only at such time as the stock is sold, and then at a rate of only 25 percent. Should Mr. Watson choose to retain the optioned stock in his estate, then no income tax will ever be paid on this tremendous fortune. Meanwhile, taxes are withheld from the paychecks of every hourly paid worker employed by IBM.

Can it be argued by any reasonable man that Mr. Watson needs this extra $4.5 million as an incentive to look after the company's affairs? Can it be successfully argued that Mr. Watson would, without this gimmick, leave the company so closely identified with his family and in which he, his brother, and their mother already own more than 175,000 shares worth some $125 million? Do he and the other highly compensated executives need even more cutrate bargain purchases?

I hope the stockholders of IBM will rise up tomorrow and vote down this new scheme. But I hold little hope of this. As I have previously pointed out, the managers have taken control away from the stockholders, and it is difficult for interested and knowledgeable stockholders to get together enough proxies to defeat a proposal sponsored by the management.

It is, therefore, up to the Congress to act to protect all stockholders.

THE IBM CORP.'S REPLY TO SENATOR ALBERT GORE'S STATEMENT IN THE U.S. SENATE ON APRIL 24, 1961

(By Thomas J. Watson, Jr.)

Restricted stock options came into practice in American business generally following the passage by Congress 11 years ago of the Internal Revenue Act of 1950.

Senator GORE is opposed to stock options as embodied in present law. He has introduced a bill in Congress to abolish them.

As one of the Nation's lawmakers, it is certainly appropriate for him to propose whatever legislation he deems to be in the national interest. In developing his arguments in favor of the passage of his bill, Senator GORE has seen fit to single out IBM and its management team, and has made certain statements concerning us to which we feel in fairness to our employees, our management, and our stockholders we must respond.

In connection with the use of such words as "rigging," "stock watering," and "manipulation," Senator GORE suggests that great harm has been done to the stockholders of IBM through restricted stock options granted under our 1956 stock option plan approved by stockholders in April 1956.

The corporation feels strongly that instead of doing harm to the company this plan, in fact, has done great good. Specifically, attention is directed to these facts:

1. The plan adhered in all respects to what was then and is now the letter and spirit of the law.

2. All participants under the plan were granted options at 100 percent of the market price on the date of the grant of the option. Unless the business prospered, the options were worthless. To the extent the business prospered and the options became valuable, all stockholders who held stock on the date of the granting of options benefited similarly in the increased value of their holdings.

3. The shares reserved for stock options in the 1956 stock option plan represented less than 1 percent of the then outstanding shares—a modest percentage in relation to the benefits to be derived by stockholders from attracting and keeping key employees.

4. At the time the 1956 stock option plan was approved by stockholders, competition in our industry was becoming increasingly severe. Our existing competitors and those newly entering our field had stock option plans with which to attract employees, and our key people with long experience in our industry were in great demand. IBM has come through the last 5 years retaining its key management personnel virtually intact despite attractive competitive offers, including stock options. The solicitation of our key personnel by our competitors has been active and persistent. Certainly substantial numbers of our executives would have gone with competitive companies offering stock option plans if we had not had one during this period.

5. Unlike many stock option plans, the corporation's plan, by allowing only 20 percent of the shares to become exercisable after the expiration of 2 years, 30 percent after 3 years, 40 percent after 4 years, etc., provides a binding and continuing incentive to optionees for a period of 9 years. The 9-year period for the full exercise of the option makes our plan a very conservative one in this regard.

Senator GORE suggests that not only was it not in the best interests of our stockholders to establish our 1956 plan, but that now in proposing what he calls a "second round"—our proposed 1961 stock option plan—we compound the previous error and demonstrate lack of "decent restraint." He implies strongly that the same key employees who received stock options under the 1956 plan will receive a "second, or perhaps a third, round" of stock options. In this connection, we direct attention to the following:

1. Restricted stock options continue to be part of the law of the United States.

2. Each stock option plan must be approved by stockholders.

3. Since 1956 when stockholders approved the present stock option plan, the corporation has grown substantially. Additional new competitors have entered our field, and executives experienced in our industry continue to be in great demand. With the growth of the business during the 5 years since the original stock option plan, many additional executives have moved into positions of responsibility.

As stated in the proxy statement for the 1961 annual meeting of stockholders, "the principal purpose of the proposed stock option plan is to provide added incentive for these executives who do not have stock options and for those who will be rising to similar positions of importance within IBM during the next 5 years." The proxy statement points out that the plan "will be administered by a committee of the board of directors composed entirely of directors not eligible to participate in the plan." The proxy statement states further that "the committee may also find it desirable to continue the incentives of present key executives as their options under the present stock option plan approach expiration or their responsibilities increase." It is suggested that the committee of outside directors who are not themselves eligible to participate in the plan will exercise the same good judgment in administering this matter as they have in the past in administering the general affairs of the corporation.

4. The number of shares recommended to stockholders to be reserved for the 1961 stock option plan represent only one-half of 1 percent of the presently outstanding shares. As with the 1956 plan, options will be granted at 100 percent of the market price on the day of such grant. The total amount of stock authorized by the 1956 and 1961 plans will be less than 1½ percent of the outstanding stock of the corporation.

In addition to his comments about the IBM Co. generally, Senator GORE refers specifically to me and my family. I would now like to respond to these specific references.

In the first place, I feel fortunate to have been born a son of T. J. Watson, Sr. As one of his four children, I inherited one-fourth of that portion of his estate which he left to his children—one-half outright in IBM stock, and one-half in trust. Certainly, this inheritance of IBM stock, important when I received it and vastly more important now through the growth of the company, is a very fortunate thing for me and my family.

On the other hand, it has never seemed to me that my holdings in IBM should penalize me from being treated in the same way as other executives throughout American business. Apparently, Senator GORE would like to have stock options and perhaps even salary related to the financial means of the individual. Personally, I do not feel that this is in keeping with the American tradition and I would not wish to maintain my present position if I could not be compensated on the same basis as anyone else who might hold my position.

In 1955, the year before the granting of our first stock options, IBM ranked 31st among the 100 largest manufacturing corporations in net earnings compared to the 1960 position of 11th. The growth of the corporation has been achieved by a policy of equal consideration for customers, stockholders, and employees.

Over the years businesses big and small have received their accolades and criticisms—both in some measure deserved. We certainly do not consider ourselves above making mistakes. When we do, I hope and believe we will have the courage to admit them freely and rectify them promptly.

However, in this case, we cannot find our errors either in the law or in the spirit of motivation of executives in the best interest of corporate growth.

Senator GORE closes his statement by suggesting that IBM management has failed to protect the interests of our stockholders. We do not agree with him.

Mr. GORE. Madam President, Mr. Watson calls attention to the following proxy statement for the 1961 annual meeting of stockholders:

> The principal purpose of the proposed stock option plan is to provide added incentive for these executives who do not have stock options and for those who will be rising to similar positions of importance within IBM during the next 5 years.

Undoubtedly stock options, even in reasonably limited amounts, are incentives, but one wonders about the "added incentive" to an officer who already possesses enormous stockholdings in the company and who, in addition, is the beneficiary of an unusually large salary. It was in this context that I cited Mr. Watson's compensation of $300,000 per annum and his enormous personal holdings of IBM stock, of which he can be justifiably proud.

Mr. Watson makes it perfectly plain that insofar as he is concerned, stock options are a matter of compensation. He says:

> On the other hand, it has never seemed to me that my holdings in IBM should penalize me from being treated in the same way as other executives throughout American business. Apparently, Senator GORE would like to have stock options and perhaps even salary related to the financial means of the individual. Personally, I do not feel that this is in keeping with the American tradition and I would not wish to maintain my present position if I could not be compensated on the same basis as anyone else who might hold my position.

Mr. McCARTHY. Madam President, will the Senator yield?

Mr. GORE. I yield.

Mr. McCARTHY. I believe the Senator has been very fair by including his own remarks and the reply of Mr. Watson. But I note there was certainly nothing in the opening speech of the Senator from Tennessee with regard to stock options which would justify the statement made by Mr. Watson, just quoted, since there was no intention on

the part of the Senator from Tennessee that taxes, or whatever payments might be made to the Government, should be based upon a man's property holdings.

Mr. GORE. I never entertained such a thought, nor did I express it.

Mr. McCARTHY. There was no such expression or implication. The address of the Senator from Tennessee was on the subject of whether or not the income tax should be applied to such income.

Mr. GORE. The Senator is correct and whether the income received by the beneficiaries of restricted stock options was in fact compensation from the company of which they were officers.

Mr. McCARTHY. The Senator is quite correct. He has been misinterpreted by Mr. Watson in this instance, I should say.

Mr. GORE. Does the Senator agree with me that in Mr. Watson's own statement it is made perfectly plain that he considers the restricted stock option a form of compensation?

Mr. McCARTHY. I believe that since he emphasizes incentive, and the kind of incentive to which he says people respond, it must be considered as compensation.

Mr. GORE. I thank the Senator.

I believe the facts to be that Mr. Thomas J. Watson, Jr., has received options representing compensation of more than $4 million since 1956 through the restricted stock option device, on which he has completely avoided payment of all normal income tax. This income, which Mr. Watson seems clearly to acknowledge as compensation for his services from the company of which he is an officer, is not taxed at the time the option is exercised, at which time a real and measurable profit is realized. The tax accrues only if and at such time as the stock is sold, and then only at the low, capital gains rate of 25 percent. Should Mr. Watson choose to retain the optioned stock in his estate, as I pointed out to the Senate earlier this week, then no income tax whatsoever, or even any capital gains tax whatsoever, will ever be paid by anyone on this tremendous fortune. And all this is technically legal.

Yet, some uninformed people say that it is impossible to become a millionaire with present tax laws. How wrong they are. There are many beaten paths to virtually overnight multi-million-dollar fortunes for the insiders of our large corporations. The restricted stock option route is certainly one of these well-beaten paths. A restricted stock option requires neither capital nor risk, nor taxes; it is a free ride.

Now, according to the press, Gov. Nelson A. Rockefeller approved all this; not only as a matter of Federal law, but noted, perhaps with pride, that he had successfully supported a bill in the New York State Legislature to grant additional tax advantages to holders of stock options. Perhaps I will be pardoned for wondering as to just what more tax advantage than those I have already described Governor Rockefeller would think the holders of stock options should be entitled.

What measure of social justice do you find, Governor Rockefeller, in the complete avoidance of normal income tax on a large portion of his income by the president of a corporation, while such taxes are withheld from the weekly paychecks of other workers and most American citizens?

Or, do you consider this sectionalism for me to raise such questions, Governor Rockefeller, as you seemed to indicate by your reference to me as "a certain southern Senator?"

Mr. McCARTHY. Madam President, will the Senator yield?

Mr. GORE. I yield.

Mr. McCARTHY. It is hard to conceive what additional advantages he might give, unless he might propose that that if one had not exercised the option and the stock went down in value, he might take a loss in his income tax report.

Mr. GORE. At least some boards of directors have reduced the price at which the option could be exercised. I will be happy if Governor Rockefeller will explain his views fully in this regard. I have wired him requesting additional information. Perhaps it is in this field that his real liberalism will begin to show.

Perhaps Governor Rockefeller would be interested to know that recently a certain southern Senator successfully led a fight for passage of an unemployment compensation bill of which the State of New York is a great beneficiary.

Mr. DOUGLAS. Madam President, will the Senator yield?

Mr. GORE. I yield.

Mr. DOUGLAS. The southern Senator whose identity is so modestly discussed by the Senator from Tennessee was, of course the Senator from Tennessee himself.

Mr. GORE. I thank the able senior Senator from Illinois. As the Senator will recall, the question of provincialism versus the national viewpoint was raised very clearly in debate on the unemployment compensation extension bill. Some of those who took a provincial point of view, including some of my own constituents, suggested that under the bill Tennessee would pay more by way of payroll taxes than the citizens of the State would receive in benefits; whereas New York State would receive benefits greatly in excess of her contributions. But I did not take the provincial point of view, and I was a bit disappointed that Governor Rockefeller would so refer to me in his statement in New York. However, perhaps he did not expect to be quoted.

The 1950's have been referred to as the "decade of the compensation gimmick." Following World War II, and the tremendous business boom of the 1940's, highly compensated corporate executives began to cast about for ways to increase their compensation and, at the same time, to avoid paying their fair share of the tax load.

Of course, no executive, or his press agent, is likely to come right out and publicly admit that the various gimmicks they have tried were designed to avoid taxes. Generally it is claimed that these gimmicks are necessary to attract and hold capable executives, or that some extra "incentive" is needed if an executive is going to perform his job.

One of the first gimmicks was the "merit pay increase." It was not long before the pay increases under various merit plans had become so automatic so to become meaningless—meaningless, that is, except insofar as the pay of corporate executives was increased without any commensurate increase in benefits to the stockholders or to the public.

Then the "bonus" plan came into vogue. Prior to 1945, less than 20 percent of the leading companies had bonus plans, but by 1959 about 60 percent had these plans. The tax gimmick here was to delay receipt of a large part of the bonus and thus likely spread it out over a period of years so as to lower the effective tax rate of the highly compensated executive.

Even this did not prove to be enough of a break to satisfy some, so resort to restricted stock options came more and more into play. Today we have a weird assortment of types of executive compensation making up a package of benefits and gimmicks of tax favoritism. Studies have shown that today more than 80 percent of our large corporations use some method of compensation other than salary for their executives. And, let me repeat, most of these other forms of compensation have a tax gimmick as their main attraction.

Earlier this month, I introduced a bill to put a stop to the granting of restricted stock options. In my opinion, the restricted stock option is one of the most indefensible of the extra-compensation devices.

What is the justification given by management for this raid on the company, and this shifting of the tax burden to the ordinary salaried or hourly employee who has no escape from the withholding tax?

We hear talk of "incentives," and of attracting and holding capable employees through stock options.

Most of the arguments advanced by spokesmen for the large corporations in favor of the restricted stock option boil down to one. It is said that generous stock option plans, or similar tax subterfuges, are necessary to attract and hold capable executive talent. This represents poor logic, indeed.

If no corporation could offer restricted stock options, all would start from the same mark in the race to attract capable employees.

A virile and vital organization, be it a corporation, a church, a civic club, a government agency, will attract capable men and will develop its own effective leadership without special gimmicks.

As for holding capable executives, once they have been developed, here again, if all corporations are in the same position vis-a-vis restricted stock options, no established company can, by using this bait, successfully raid another established company for trained executive talent. Conversely, when one group of corporations gives its management employees restricted stock options, others may find it necessary to do likewise.

Now, it may well be that if no corporation is able to offer restricted stock

options some capable men will leave established corporations and start up new companies of their own. This would not be an unhealthy development, and the whole society would be the gainer for it.

Several things can be said against the restricted stock option.

First, as I have already pointed out, it serves as a device to lower the effective tax rate on the compensation of corporate executives. This is inequitable and unfair and results in a loss of revenue to the Government in sizable amounts. It has been estimated that this loss runs as high as $100 million per year. I believe this to be a most conservative estimate. These benefits flow to a very restricted few.

Second, the granting of these options in large amounts serves to water the stock in the hands of all stockholders, since the company receives less than the stock is worth when the option is exercised. The value of each share of stock in the hands of legitimate purchasers is lessened with the award of each option to an insider.

Third, this practice serves to discourage the vigorous growth of new and smaller companies which might pose a challenge to the Big Three's and Big Four's of so many industry groups. To the extent that corporations do hold their executives by means of stock options, management does not tend to pull out of large and well-established concerns and set up competing companies. This, then, serves directly to encourage oligopolies and monopolistic practices.

Fourth, restricted stock options encourage, in many instances, unwise corporate policies, policies which may tend to increase temporarily the market price of the company's stock and the value of stock options held by corporate officials, but which, in the long run, may adversely affect the corporation and the public. I shall speak further on this point at a later date.

I have recently had some interesting conversations with corporate officials, in confidence, of course, and with members of boards of directors. The restricted stock option question is a subject of sharp division within the business community itself, because the restricted stock option is a device which provides an incentive that is personal in character, an incentive which may operate adversely rather than beneficially to the corporation.

What really motivates a corporate executive to do a decent job?

According to psychologists, like other people, he is motivated by a need for self-expression, by a feeling of contributing, by a sense of responsibility, by the desire for approval and prestige, and through fear of being surpassed. Does a tax gimmick fit in here? I hardly think so.

What about executive mobility? How much does one have to do for a corporate executive to get him to stay with a company that has employed him and promoted him and given him positions of responsibility?

According to studies which have been conducted among various companies, as many as 87 percent of corporate executives have worked for only one company since becoming a corporate officer. This does not indicate to me that any corporation is threatened with collapse by virtue of a great exodus of corporate officials.

What is a corporate executive worth, anyhow? According to some management experts:

> Of every 10 top executives, 2 are topnotch men—aggressive and alert; 6 are satisfactory—good, but not spectacular. The two remaining are utter misfits.

In my opinion, many corporate officers are overpaid. They certainly do not need extra gimmicks to avoid payment of their fair share of taxes, which is the principal point I am trying to emphasize today.

Does the highly paid executive do a better job? Not necessarily.

If one measures success by company profits, competent studies show that companies operated by executives making $100,000 per year are not more successful than companies operated by executives making $75,000 per year.

One of our largest corporations, Chrysler, has lost $7 million over the past 3 years, according to recent press reports. But Mr. Colbert continues to draw a large salary, and the stockholders were unable to oust him at the recent annual meeting. What is the top management of Chrysler really worth to the public at large and to the stockholders of the company? Mr. Colbert reportedly received compensation amounting to $235,500 in 1958. His company was in the red.

What are these top corporate officials really worth? Let us look at some analyses based on 1958 earnings.

Arthur B. Homer, received compensation amounting to $511,000 from Bethlehem Steel. This was 37 cents for every $100 of profit made by that company. Is he worth that to the stockholders? In addition to Mr. Homer, nine other Bethlehem executives were each paid $300,000 or more.

Mr. Charles M. White received $358,560, or 58 cents for every $100 of net profit, from Republic Steel.

Mr. George Romney received 77 cents for every $100 made by American Motors.

The top two executives of Columbia Broadcasting System, Mr. William S. Paley and Mr. Frank Stanton, received almost $3 for every $100 of profit made by that company.

Are these people really worth this to their stockholders and to the public? Do they deserve the stock option gimmick in addition? Should they pay their fair share of taxes?

Not all corporate executives are in this category, I am glad to say. One of the most successful companies in the country, A.T. & T., is directed by its president, Mr. Frederick R. Kappel. He received only $207,000 in compensation, or 2 cents for every $100 of company profits. Is this company less successful than the others I have mentioned? Obviously not.

Here is what Mr. Clarence B. Randall, writing in Dun's Review last year, had to say about the excessively high compensation of management:

> When a man who plainly has enough asks continually for more on the grounds that he needs incentives, ordinary people react in anger. Even good citizens wonder whether a society which permits this is organized on the right lines.

He went on to say, in reference to certain alleged abuses of labor:

> If featherbedding is to be stopped at the bottom, it must be stopped at the top.

Mr. President, the richest and the thickest featherbedding in our society today is accomplished by the insiders of our large corporations. Apparently there is no way in which this condition can be corrected by the action of the stockholders.

There is apparently no end to the greed of corporate executives, and there is apparently no way for the stockholders to regain control of their companies, particularly the larger ones.

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

Mr. GORE. I am happy to yield.

Mr. McCARTHY. I think an article in one of today's newspapers concerning the stockholders' meeting at General Electric is pertinent. The article states that the vote on a motion to have an investigation within the company, to determine whether the top officials had known of the price-fixing operations, was 69,886,335 against such an investigation and 1,404,850 in favor of it. It is hard for me to believe, however many stockholders are represented, in a ratio of 69 million-plus to 1.4 million-plus, that that is a reflection of the feeling of the stockholders of General Electric, when the article states that casting this number of votes at the meeting were some 2,750 stockholders. This bears out the statement of the Senator from Tennessee that our large corporations are managed by a handful of people. In this instance, 2,750 persons were present to cast more than 70 million votes.

Mr. GORE. Those proxies undoubtedly were obtained well in advance of the meeting. Indeed, that is the current practice, not only of General Electric but of other companies, as well.

It is interesting to observe that some of the officials of the corporations which have been convicted for conspiracy to defraud the U.S. Government through price rigging were holders of restricted stock options.

I shall make an additional speech, after some further inquiry, into the kind of incentive that a restricted option gives. I have approached this subject primarily from the standpoint of equity and fairness in tax law. I am not certain that the type of incentive which is being provided to corporate executives does not go even more importantly to the heart of our free enterprise system. At least, I wish to examine that phase of the problem further.

Around 1900, a large percentage of the top managers of corporations were owners of a substantial interest in the corporations. Today this is not the case.

Our large corporations are managed by a group of professional managers who are not effectively accountable to anyone, least of all to their own stockholders.

As I have said, these highly compensated executives are not satisfied with what they have. They want ever more and more, and at a reduced tax rate. The restricted stock option fits in beautifully.

Now, the stockholders and the general public might be willing, up to a point, to overlook a small amount of stock option manipulation by insiders. But these men are not willing to stop at any reasonable point. They want more and more.

Companies are now starting on their second or third round of options. Top management wants to become even more highly compensated at even lower tax rates.

The stockholders of this country are beginning to wake up to the dangers of the stock option racket. I have had letters and telegrams from all over the country encouraging me to keep up the fight against this abuse.

But stockholders are as yet unable to protect themselves from management. It is up to the Congress to act to protect the stockholders and the public.

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

Mr. GORE. I am happy to yield.

Mr. JAVITS. I happened to be going to the telephone when the Senator was speaking about the Governor of my State of New York. I took occasion to get a copy of the text of the Governor's speech in order to read it. I should like to make two observations, if the Senator, with his usual courtesy, will permit me to do so.

Mr. GORE. I am happy to have the Senator do so.

Mr. JAVITS. I read the newspaper article to which the Senator referred. So far as personal courtesy is concerned, the Senator from Tennessee knows that Governor Rockefeller is a man of character and distinction. I do not believe he would be intentionally discourteous or would make any reference which could, at least wittingly, be so construed. I am sure the Governor will make that clear to the Senator in reply to the telegram which the Senator has said he sent to the Governor.

However, the two factual points I should like to make—and I have not had an opportunity to question Governor Rockefeller—relate to statements which must be taken in the context of a rather large-scale movement in our State, including job development and other activities, to make a congenial activity for the retention of business and the securing of new business for the State of New York.

I feel certain that the Governor himself will respond to the Senator from Tennessee, but I think it is only fair that I should make some point of the general frame of reference in which the Governor was speaking at the opening of what I understand is a rather new and enlarged plant which will provide a large amount of employment. It was the opening of a new IBM plant which was the occasion for the Governor's remarks on this subject.

There has been a long and very successful movement in the State of New York, on the part of the commissioner of commerce and the Governor, looking to the employment of enormous numbers of people in our State. Some 7 million persons are employed in our State.

The other point relates to unemployment compensation, again a matter of pertinence to my State. I think the Senator from Tennessee knows that New York has often led the country in terms of desirable social welfare legislation. In respect of unemployment compensation, it is a fact that we had already passed an unemployment compensation statute which had a trigger point not quite reached when Congress acted, but which, when reached, would have assured us of an improvement in unemployment compensation benefits. Of all the States which will probably be likely to repay in terms of whatever they get out of the system which the Federal Government has created, certainly New York is the most likely to repay in full.

I make these observations so that the record which the Senator is making may be complete as to the point precisely made by the Governor in terms of his views on stock options. I feel certain that, as is characteristic of him, he will respond in full to whatever questions the Senator has asked him.

Mr. GORE. I thank the Senator from New York. I sent a telegram to Governor Rockefeller at the same time I sent one to Mr. Thomas Watson. Mr. Thomas Watson happens to be in France. I received a reply from him, and I have placed it in the RECORD, as I have also, as I think the Senator knows, the statement which Mr. Watson distributed.

When I receive a reply from Governor Rockefeller, I shall be happy to place it in the CONGRESSIONAL RECORD—with the consent of the Senate, of course.

I can understand that sometimes one may say something in an attempt at humor or facetiousness, perhaps in an attempt to amuse an audience, which, when viewed in cold print, may appear in a different light. I do not know that was the case in this instance. But I thought the Governor's reference to me as "a certain southern Senator" was hardly typical of the caliber of the remarks he usually addresses to the public. If there is one thing I have sought, it is to be a Member of the U.S. Senate. I have looked upon this body as a national body; and I do not believe the question of restricted stock options is a sectional matter, nor do I believe it is a matter of New York law or Tennessee law. Instead, it is a matter of national tax policy. Therefore, I did not quite understand, nor do I now quite understand, just why I should be referred to in so sectional a way, in connection with a serious issue of national tax policy which I have been attempting to raise.

With reference to the "congenial" climate for business which the able Senator from New York says has been brought about in New York, let me say that for the past 8 years, there has been such a "congenial" climate for the large taxpayers of this country. But I do not think we should have a system of taxation under which one man would receive, from stock options, income representing more than $4 million, since 1956, on which not one dime of normal income tax will be paid, whereas the ordinary citizen has deducted from his paycheck, every Friday afternoon, his share of taxes. I simply do not believe that is fair or equitable.

I am sorry that the Governor of New York seemed to endorse that. I hope that in his reply he will make his position clear and explicit; and, as I have stated, I shall be happy to request that it be printed in the CONGRESSIONAL RECORD.

Mr. JAVITS. Mr. President, will the Senator from Tennessee yield further to me?

The PRESIDING OFFICER (Mr. BURDICK in the chair). Does the Senator from Tennessee yield to the Senator from New York?

Mr. GORE. I yield.

Mr. JAVITS. I hope the Senator from Tennessee will not mistakenly regard what I have said as an indication that I consider such an attitude toward restricted stock options as representing an element in the congeniality of the business climate. I was referring to the fact that the statement by the Governor of New York was made in the frame of reference of the opening of a plant in New York, and it must be assumed that the statement was made in an effort to attract business to New York.

My point is that his statement was not made directly in reference to the law in regard to stock options. So I believe his statement must be considered within that frame of reference and must be considered as being peripheral to his appearance and his presence on that occasion.

I thank the Senator from Tennessee for yielding to me.

Mr. GORE. Mr. President, like the able Senator from New York, I have not had the benefit of the text of the Governor's remarks. I asked for it, and I am sure it will be forthcoming.

I believe the RECORD should show that Governor Rockefeller did recommend to the New York Legislature that it exempt all holders of restricted stock options from all normal State income tax at the time they exercise their option—at which time, as the Senator from New York knows, there is a real, tangible, and measurable profit or income. But, instead, the Governor recommended to the legislature that that tax be postponed until such time as the stock, on which a profit—real and tangible—had already been realized, was sold—if it ever was sold. The tax levied upon sale was also to be the lower capital gains tax. So, at least, I was informed by certain tax authorities in the State of New York.

However, I am perfectly willing to have the Governor of New York state his position. I believe I have correctly stated the nature of the bill he recommended to the New York Legislature.

Mr. JAVITS. Mr. President, will the Senator from Tennessee yield further?

Mr. GORE. I yield.

Mr. JAVITS. In fairness to all concerned, I think the Senator from Tennessee should even reserve his view on that point. I, personally, am not acquainted with the details of the bill or with the Governor's expressed position in regard to it. But I think in fairness to the Governor, he should have an opportunity to state fully his position in that connection. I still hope that any personal references or allusions on either side will be dismissed, as two gentlemen would dismiss them, in order to reach the substance of the matter.

Mr. GORE. Mr. President, I have before me quotations from the Governor's remarks at the time he approved the bill in 1959. The quotations I have here were dictated to me over the telephone. But I am perfectly willing to abide by the Senator's suggestion that we permit the Governor to state specifically his views.

If he desires to discuss this matter with me, either privately or publicly—although we could not do it publicly, here on the floor of the Senate—I would welcome such an opportunity. Of course, I do not wish to suggest a public debate; but I would welcome an opportunity to discuss with any loyal, honorable American the social justice and equity of a deferral of taxes on stock options.

Mr. JAVITS. Mr. President, will the Senator from Tennessee yield further?

Mr. GORE. I yield.

Mr. JAVITS. Also in fairness to Mr. Watson, whom I also know—and he is also a distinguished citizen of New York—I believe it should be said that in his case, too, regardless of whatever may be the merits of the controversy, we are dealing with a distinguished gentleman who has given very important community leadership in New York. He was chairman of the commission on youth and delinquency—a commission of which I happened to be the initiator when I was attorney general of New York. I mention that, not because the Senator from Tennessee cannot go after him as hard as he likes——

Mr. GORE. Oh, Mr. President, I am not attempting to do that.

Mr. JAVITS. But I mention it only because I think the RECORD should show the total story, and also because I believe we should know something about his record.

Mr. GORE. I hope the Senator from New York does not mistake any attempt I have made as an attempt "to go after Mr. Watson." I have said that I have no personal differences with Mr. Watson. I do not believe I have ever met him. I know he testified last year, before the Committee on Government Operations, on the question of taxation, and testified in a way which I approved.

In that connection, I refer now to pages 96 and 97 of the hearings, where he said:

> We must balance our budget, and even strive for debt reduction. To do this may well require more taxes, for we must spend more in the areas where the Soviets are ahead or are moving up.

In Mr. Watson's testimony there are other statements of which I wholeheartedly approve.

The point I was making was that since 1956 he has received restricted stock options representing an income of more than $4 million, on which all normal income tax, under the law, is avoided, and on which all capital gains tax may be avoided by him.

I have raised the question, not because Mr. Watson has been immoral, not because Mr. Watson has operated illegally, not because he is a bad character in any way, but because he typifies the incorrectness, the wrongness, of the policy of the Government by which we lay the heavy hand of income taxes on every man who makes $40 a week, and then allow presidents of corporations to get an income of millions, on which normal income taxes are completely avoided.

I say that is wrong and this Congress ought to do something about it. I cited IBM and Mr. Watson only because he and the company and the stock option plans of the company illustrated this point. I want to go even further and say that there are far more glaring examples of inequity with respect to stock option plans than the IBM plan. I will cite some at a later date.

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

Mr. GORE. I yield.

Mr. JAVITS. In order to put a proper period to our discussion, I should like to state that in what I said to the Senator I was speaking only personally about two men I know very well, one the distinguished Governor of my State, and the other a distinguished business leader, and on the substantive question I reserve judgment. I have listened to the remarks with great interest, and will read with great interest the discourse which has taken place. Certainly, whatever is considered to be incentive compensation—and I think Americans are accustomed to the idea that people with special abilities must be well paid—must be measured against the fair share of the tax burden. I assure the Senator from Tennessee I will examine the question with an open mind. I think the Senator knows I will not be found lacking in making known my own instincts for social justice, which I think the Senator has found to be true of me.

Mr. GORE. I not only answer affirmatively to that statement; I acknowledge with pride and pleasure that the able Senator has, on several occasions, supported motions which I have offered, having as their goal a measure of equitable tax reform.

Inequitable tax policy is one of the crying injustices of our time. It is one of the central themes, and will be one of the central themes for years to come. I am very happy that, for the first time in several years, we received a few days ago a tax message from the President of the United States recommending certain tax reforms. I thought that message was more important for what it portended than for what it specifically recommended, because it represented a start toward equitable tax reform.

I intend to offer an amendment, at the first feasible opportunity, to strike down the tax advantages of restricted stock options. At that time I will solicit the support of the able and distinguished Senator from New York; and before that time I will solicit the support of the able and distinguished President of the United States.

Mr. JAVITS. I thank the Senator.

Mr. CLARK. Mr. President, will the Senator yield, or does he prefer to complete his speech?

Mr. GORE. I yield.

Mr. CLARK. I should like to congratulate the Senator, first, on a most incisive and interesting speech dealing with a matter of great public concern.

My own interest in the speech is primarily in connection with the closing of a tax loophole dealing with restricted stock options, to which the Senator has referred.

I suppose for the RECORD I ought to disclose that I am a stockholder of IBM—not in large amount—and that I probably marked my proxy in favor of a stock option for Mr. Watson. I know Mr. Watson personally, although not well. I have a very high regard for him as an individual and as a citizen. I am sure when he said, in testifying about our defense posture last year, that higher taxes would be necessary, he would be only willing to do his fair share of paying higher taxes if, as, and when these loopholes are closed and stock options are equitably cut.

It seems to me it is utterly inequitable for a corporate executive to be given a restricted stock option and then to be able to ride with it until his death, have it go into his estate, have it revalued as of the date of his death, and if it is subsequently sold by his estate more than 6 months later, for the estate to be able to take a capital gains, or even a capital loss, on the subsequent increase or decrease in the value of the stock.

Would the Senator tell us whether this problem is dealt with in the tax message of the President?

Mr. GORE. As the Senator knows, the President's message was limited in scope, as perhaps was inevitable, if not absolutely necessary, by reason of the short time he has been in office. I do not think the message dealt with this subject matter. I hope that by the time the tax bill comes to the Senate the Treasury and the President will have had time to submit to us a recommendation for the closing of this particular loophole, which seems to be so inequitable, so unfair, so indefensible, so unjustified, and which, as I go into it further, seems to operate as a demoralizing influence, rather than as a beneficial influence, upon corporate executives.

Mr. CLARK. Mr. President, will the Senator yield further?

Mr. GORE. I yield.

Mr. CLARK. I see on the floor of the Senate the distinguished senior Senator from Illinois [Mr. DOUGLAS], who, as well as the Senator from Tennessee, is a valued member of the Finance Committee of the Senate, to which this tax loophole closing bill will be referred. The Sena-

tor from Illinois, the Senator from Tennessee, the Senator from Wisconsin, the Senator from Michigan, the Senator from Oklahoma, and several other Members of this body had during the past few years, gone out of their way to press the Eisenhower administration to close some of these tax loopholes. It now appears that, at least to a substantial extent, the present administration is in sympathy with our efforts. I am confident that when the tax bill gets to the Finance Committee my two friends who are on the floor will make every effort to report the bill out of the Finance Committee with the loophole-closing provisions retained.

Mr. GORE. I thank the Senator.

With reference to the distinguished senior Senator from Illinois, I should like to point out that the record of his performance would hardly bear out a characterization of him as a shrinking violet in disagreements with the Senate Committee on Finance. The Senator has not been bashful in bringing his disagreements to the Senate. It may well be possible that the able Senator from Pennsylvania will have a chance to vote not only upon this tax loophole but also upon others before the hot August days send us home.

Mr. CLARK. Mr. President, will the Senator yield further?

Mr. GORE. I yield.

Mr. CLARK. I know my colleagues are as happy as I was to see the President recommend the curtailing of the amount of business expense deductions permitted to wealthy taxpayers, including corporations. Senators will recall that we were successful in having some such measure passed by the Senate last year. I hope that, with the President's support, we can get it also passed by the House of Representatives this year.

I was happy to note that the amendments proposed by the Senator from Minnesota [Mr. McCARTHY] were also recommended by the President.

I think I can understand why, politically, we did not have an Executive recommendation to eliminate the notorious oil depletion allowance with reference to which the Senator from Illinois has taken so fine a lead, but I suspect—I have no right to say so, but I suspect—that if we were successful in that regard this year, we would not be met with a veto, either.

Mr. GORE. I hope that the measures which would accomplish worthwhile, though limited, tax reform, which President Kennedy has recommended, will be only the beginning; that after the Treasury officials, the Internal Revenue Service personnel, and the President, as well as the committees of Congress, have had further opportunity to explore and to study the need for tax reform, we shall have a major tax-reform bill for consideration early next year.

Mr. CLARK. I thank the Senator.

Mr. DOUGLAS. Mr. President, I wish to congratulate the junior Senator from Tennessee for his very able speech, and for the leadership he is giving in bringing to the attention of the country the abuses under the various stock option plans for corporation executives.

TRUTH IN LENDING BILL

Mr. DOUGLAS. Mr. President, on behalf of myself and the Senator from Wisconsin [Mr. PROXMIRE], the Senator from Oregon [Mrs. NEUBERGER], the Senator from Pennsylvania [Mr. CLARK], the Senator from Ohio [Mr. LAUSCHE], the Senator from New Jersey [Mr. CASE], the Senator from Washington [Mr. MAGNUSON], the Senator from Washington [Mr. JACKSON], the Senator from Texas [Mr. YARBOROUGH], the Senator from Ohio [Mr. YOUNG], the Senator from Michigan [Mr. McNAMARA], the Senator from Idaho [Mr. CHURCH], the Senator from Oregon [Mr. MORSE], the Senator from Alaska [Mr. GRUENING], the Senator from Wyoming [Mr. McGEE], the Senator from Nevada [Mr. CANNON], the Senator from Michigan [Mr. HART], the Senator from Alaska [Mr. BARTLETT], the Senator from Hawaii [Mr. LONG], the Senator from North Dakota [Mr. BURDICK], who is the present distinguished Presiding Officer, the Senator from Massachusetts [Mr. SMITH], and the Senator from Louisiana [Mr. LONG], I introduce, for appropriate reference, a bill to assist economic stabilization by requiring the full disclosure of financing costs in connection with the extension of consumer credit.

The PRESIDING OFFICER. The bill will be received and appropriately referred.

The bill (S. 1740) to assist in the promotion of economic stabilization by requiring the disclosure of finance charges in connection with extensions of credit, introduced by Mr. DOUGLAS (for himself and other Senators), was received, read twice by its title, and referred to the Committee on Banking and Currency.

Mr. DOUGLAS. Mr. President, last year the Subcommittee on Production and Stabilization of the Senate Committee on Banking and Currency held extensive hearings on a similar full disclosure or truth in lending bill.

The testimony before the committee revealed a number of major abuses in the field of consumer credit.

The president of the Association of Better Business Bureaus, Inc., presented detailed evidence of abuses in the field of automobile insurance because of the risk of misclassification. President Nyborg stated that—

> There are thousands of unsuspecting victims to whom it is unlikely that any restitution will be made, because they don't know that they have been victimized. Failure to disclose the component costs of the time contract have made this scheme possible, and allowed it to continue until it was halted by action of the various State insurance commissioners, the investigations and expose by the better business bureaus, and the evidence brought out in hearings before the Senate Subcommittee on Automobile Marketing Practices.
>
> Widespread misclassification of collision insurance risks had the practical effect of wholesale "packing" of automobile time payment contracts with excessive insurance charges, a reverse twist of the usual procedure.

Many witnesses presented detailed case histories that borrowers were being charged exorbitant rates of interest on credit contracts. Rates of interest that amounted to 50, 60, 70, or even in excess of 100 percent were common.

Lawyers representing the Legal Aid Society, and the Committee for Fair Credit Practices of Illinois testified in regard to the skyrocketing rate of personal bankruptcies which resulted from individuals being overburdened with credit. Also witnesses testified about abuses in the field of wage assignments and garnishments which have affected so many of our citizens.

Mr. Earl B. Schwulst, president of the Bowery Savings Bank, testified about abuses in the field of teenage credit. Mr. Schwulst stated:

> Teen-age credit is something like teaching youngsters to use narcotics * * * merchants and merchant associations ought to repudiate this sort of thing * * * it is the kind of thing that gives the Russians ammunition against our private enterprise system. * * *

Other witnesses urged that Federal legislation be devised to protect the prepayment rights of individuals who have entered into credit contracts.

The full disclosure bill which is now being proposed does not attempt to correct all of these abuses. In fact it is limited to requiring the disclosure of information about the cost of credit. Although many other abuses which were related to the committee are matters of major concern and matters which should require immediate attention, it seems preferable, at least at the present, to limit severely the scope of Federal legislation to the requirement of the disclosure of the true cost of credit and to leave to the States the prerogative of enacting legislation to correct these other abuses.

TECHNIQUES OF CREDIT CAMOUFLAGE

The typical consumer is faced with a bewildering variety of rate statements and charges when he buys an article or borrows money on the installment plan. For example, a consumer who desires to obtain credit for a $100 purchase to be repaid in monthly installments is usually confronted with one of the following alternatives:

First. No rate is quoted: The borrower is told that the charges will be $10 down and $10 a month. Neither the total finance charge nor the finance rate is disclosed.

Second. The add-on rate: The borrower is told that the finance charge will be $6 on the $100 loan. The lender represents this to the borrower as being a 6-percent rate. This quoted rate is a play on the digit 6. The actual rate is almost 12 percent, or nearly double the stated rate, because a borrower over a period of the year only has the use of approximately $50 credit rather than the $100 face amount.

In other words, the interest is charged on the original amount of the debt and not on the outstanding balance, which with regular installment payments will amount to only one-half the initial obligation.

Third. The discount rate: This is a variation of the add-on rate. In the case of the add-on the borrower receives $100 in cash or goods and must pay back

$106. In the case of the discount technique the borrower receives $94 but repays $100. The finance charge again is $6 and is often represented as being 6 percent. Again, the actual rate is almost 12 percent, or twice the quoted rate.

Fourth. A simple monthly rate: This rate statement method is usually quoted by small loan companies, credit unions, and by retailers using revolving credit plans. The normal representation is that the finance rate is 1 percent or 1 percent per month. The simple annual rate in this case is 12 times the quoted figure, or 12 percent.

Fifth. Loading of fees or the discount plus fee system: Sometimes lenders compound the camouflaging of credit by loading on all sorts of extraneous fees, such as exhorbitant fees for credit life insurance, excessive fees for credit investigation and all sorts of loan processing fees which rightfully should be included in the percentage rate statement.

REQUIREMENTS OF BILL

The central purpose of the "truth in lending" bill is to prevent the excessive and untimely use of credit by consumers which arises out of the ignorance of the cost of credit. The full disclosure of the costs of consumer credit will help prevent the uninformed use of credit which contributes to economic instability.

The bill I propose today is both a very simple and extremely moderate measure. It would require that anyone engaged in the business of extending credit at the retail level fully disclose the price of credit to the borrower, in writing, before the transaction is consummated.

The bill requires the following information to be disclosed:

First. The cash price or delivered price of the property or service to be purchased, in the case of installment sales credit.

Second. The amount, if any, to be credited as down payment and/or trade-in when financing the purchase of any goods.

Third. The difference between the amounts set forth above. In other words, the amount of the purchase price to be financed.

Fourth. The charges, individually itemized, which are paid or to be paid by any borrower in connection with the transaction, which are not incident to the extension of credit. For instance, the purchase of automobile insurance which may be sold by a car dealer but is not incident to the credit transaction.

Fifth. The total amount to be financed.

Sixth. The finance charge expressed in terms of dollars and cents. The finance charge is defined in the bill to include all interest, service charges, discounts, and other charges incident to the extension of the loan.

Seventh. Finally, the bill requires that the percentage that this total finance charge bears to the total amount to be financed be expressed as a simple annual rate on the outstanding unpaid balance or obligation.

The basic purpose of this legislation is simply to require that the two indispensable measures of the price of credit be fully disclosed; the total dollar cost of a credit transaction; and the reduction of the price of credit to a common denominator—a common standard or yardstick; that is, in terms of an annual rate which enables every borrower to shop around and compare alternative credit prices.

TESTIMONY IN SUPPORT OF BILL

Last year, during the hearings, representatives of many lending institutions appeared before the committee. Expert witnesses from credit unions, better business bureaus, labor unions, legal aid societies as well as individual lawyers, bankers, and university professors testified in support of the bill.

Mutual savings banks, savings and loan associations, as well as the Federal Reserve Board, the Federal Trade Commission, the Housing and Home Finance Agency, and the Department of Health, Education, and Welfare, supported the principles included in the bill.

Hundreds of examples of credit misinformation were presented to the subcommittee. The hearings comprised over 900 pages packed with information on and examples of credit abuses.

Now, it has been charged that abuses in the field of consumer credit involve only a fringe element of lenders—that it is not a problem of major concern or interest.

However, as the hearing proceeded, it became evident that a major segment of the consumer credit industry is trapped in a web of misleading and deceiving trade practices when it comes to stating the true costs of credit. Honest and ethical lenders are frequently forced into deceptive practices in order to survive in competition with some of their less ethical competition.

One witness who was in the lending business described the average borrower as being caught in a wonderland of credit where percentages are divided and multiplied at will, where finance charges materialize on command and fees are collected on the way out—where sharp practices and rackets not only inflate the cost of credit but also impose enormous financial hardships on the debtor, particularly those who can least afford it.

Another witness, Richard L. D. Morse, a professor of family economics at Kansas State University, presented a survey to the committee showing credit charges and interest rates of various lending institutions in the university area. Each lender was asked what the monthly payment would be on a $200 loan to purchase a $300 used car, to be repaid in 12 monthly installments, and what the annual interest rate on the loan would be.

Here are some of the answers:

Five lenders said that the monthly payment for 12 months would be $18.67. However, the same five lenders quoted these five annual rates: 12 percent, 9 percent, 6 percent, 8 percent, and 12 percent.

Four other lenders said that they would charge $18.33 per month. The annual interest rates that these four lenders quoted were: 7.5 percent, 10 percent, 13 percent, and 9 percent.

None of the rates quoted by these lenders is a true annual interest rate.

The true annual rate on the $18.67 monthly payment is approximately 22 percent.

The true annual rate on the $18.33 monthly payment is approximately 18 percent.

It is no wonder that the average consumer is badly confused and misled about the cost of credit.

These lenders were not fly-by-night, hand-in-pocket operators. On the contrary, these were respectable, duly licensed or chartered institutions.

Even Chairman Martin, of the Federal Reserve Board, testified last year that he was confused by the present practices of expressing consumer credit costs. Indeed, even leaders in the finance industry admit that consumers are not adequately informed by lenders about the cost of credit.

Dr. Theodore O. Yntema, vice president in charge of finance, Ford Motor Co., testifying during the Senate hearings on automobile financing, stated:

> The variety and complexity of finance and insurance arrangements and the charges for them are such as almost to defy comprehension. It is impossible for the average buyer to appraise the rates for the finance and insurance services offered, as compared with alternatives available elsewhere.

It would appear that credit camouflage is a serious problem pervading major segments of the consumer credit industry.

TRUE RATES ARE USED ELSEWHERE

Consumers do get accurate information on some types of transactions. As a saver in a credit union, commercial bank, or savings and loan association, his dividend and interest returns are stated in terms of a true annual rate. As a borrower from a small loan company, a credit union or many retail establishments, he receives true interest rate information on a monthly basis. As a home owner his interest rate on a mortgage is quoted as a true annual interest rate. If he reads the financial pages he sees that the price of credit extended to business firms such as sales finance companies, small loan companies, and retail merchants is invariably quoted in terms of simple annual interest rates.

Yet, as an installment borrower, or buyer, the average consumer is usually denied the disclosure of complete and accurate credit-price information on an annual basis—information which a businessman demands in order to make intelligent decisions.

We want to correct a situation which has existed for many years. We ask only for improvements in the future and are not concerned with apportioning the blame for the present or the past.

Let me make it perfectly clear that I am not trying to indict the American business community. Undoubtedly, the overwhelming majority of lenders and sellers wish to be completely honest and ethical, but in pursuing the elusive consumer at the retail level, too many lenders have fallen into a competitive jungle where survival seems to have depended upon camouflaging—hiding or understating—the real price of credit.

Let me also make it clear that this bill in no way controls the price or terms of

credit. I firmly believe that the consumer is his own best credit manager if he has been fully and accurately informed about the true cost of credit.

REASONS FOR THE BILL

There are at least three reasons why a "truth in lending" bill should be enacted: First, business ethics; second, economic stabilization; and third, the invigoration of competition.

Is the American consumer entitled to the truth about credit rates and charges?

The ethical question is as simple as that. There is an unfortunate tendency to accept unethical or misleading claims or trade practices as being justified in battling for survival in the business world. Nothing could be further from the truth. The future of our free enterprise system will depend upon a framework of rules which require all sellers to accurately and honestly inform the buyers about their wares.

John Kenneth Galbraith raised this ethical issue very clearly in his recent book "The Affluent Society." Ambassador Galbraith asked:

> One wonders, inevitably, about the tensions associated with debt creation on such a massive scale. The legacy of wants, which are themselves inspired, are the bills which descend like the winter snow on those who are buying on the installment plan. By millions of hearths throughout the land it is known that when these harbingers arrive the repossession man cannot be far behind. Can the bill collector be the central figure in the good society?

With the growth of many new types of credit schemes—"perpetual debt" programs, "cradle to grave" credit bureau ratings—and other innovations in the credit market the ethical problem is going to be compounded in the future.

For instance, today we see the widespread growth of teenage credit. It is one of the most unfortunate new developments in this field. It is aimed at a youngster who should be learning the savings habit rather than the "easy payment" plan. In the forthright words of President Earl Schwulst of the Bowery Savings Bank:

> Teenage credit is something like teaching the youngsters to use narcotics * * * merchants and merchants' associations ought to repudiate this sort of thing * * * it is the kind of thing which gives the Russians ammunition against our private enterprise system, saying that all we are interested in is building up the volume, and anything for the buck.

Requiring the contents of teenage credit plans to be accurately labeled seems to be the very least we can do. It might educate the parents who pay the bills as well as their children.

ECONOMIC STABILIZATION

Today, personal debt is approximately $200 billion; mortgage debt is approximately $140 billion; consumer credit is nearly $55 billion.

Since the end of World War II, mortgage credit has increased almost 6 times—from $18.6 billion in 1945 to $140 billion in 1960. Consumer credit has increased more than eightfold—from less than $6 billion in 1945 to approximately $55 billion by the end of 1960. At this rate personal debt in a few years will exceed the national debt.

It is ironic that many who bewail the size of the Government debt look indulgently upon this massive and more rapidly growing consumer debt.

Untimely shifts in this massive consumer debt may well initiate and carry booms too far; retrenchment of purchasing could intensify future recessions. This danger is even greater because the cost of much of the consumer debt is not advertised or quoted accurately.

The consumer-debtor is not adequately informed of the shifts in consumer credit rates over the business cycle. A law to require disclosure of the amount and rate of change of consumer credit costs would give consumers information which would lead any rational family manager to control and stabilize buying and borrowing. When rates are increased in boom times, the increase would become apparent and encourage consumer restraint. Conversely, as rates drop as economic activity recedes, consumers might be encouraged to undertake previously postponed purchases.

Some witnesses testified that consumer demand for credit is quite unresponsive to changes in credit prices, especially in contrast to downpayment requirements and loan maturities which may have a relatively larger effect on the size of the monthly payment. On the other hand, this historical lack of response, if true, might be traced directly to lack of information about the price of consumer credit. Once the price of credit becomes apparent, it may be a much more important determinant of the changes in the total volume of credit, and therefore would act as a powerful built-in stabilizer of our economic system.

INVIGORATION OF COMPETITION

Today, because of the lack of adequate full disclosure requirements for consumer credit transactions, lenders have ample opportunity to induce the unsophisticated borrower into paying exorbitant charges. In the installment sales field, "kickbacks" and commissions have resulted in a kind of reverse competition, in which there is rivalry to provide the merchandiser with the fattest possible "pack." Of course these costs are passed on to the borrower in terms of higher credit prices.

Although a truth-in-lending law would not directly attack these forms of abuse it should be clear that the "packing" of product prices or credit costs can be successful only when the consumer has been misled or misinformed about the true price or true costs involved.

One witness very aptly defined the economics of this type of legislation by describing the annual rate disclosure as "part and parcel of the purest of classical economics and the basic principle of the free enterprise systems—the rational informed many buying in the free marketplace with full knowledge of prices, and making a decision which is best for him, and therefore, best for the entire economy."

The Federal Reserve Bank of Philadelphia in the April 1960 issue of its Business Review stated that the real burden of economy "occurs because consumers often buy on time in an uninformed way without knowing the cost of the money they are borrowing. When they do this, they not only hurt themselves, but they reduce the efficiency with which the economy provides goods and services in accordance with consumer taste."

In short, Federal Reserve officials suggest that the economic growth of our country is jeopardized when consumers are misled about the price of credit.

Recently, I ran across a pamphlet published in 1942 by the Household Finance Corporation entitled, "Charges on Small Installment Loans to Consumers." It is perhaps the most eloquent plea that I have come across for this bill. The summary reads as follows:

> All consumer-lending agencies are face to face with the same problem. The first concern of legislators will continue to be borrowers, not lenders. They will prescribe the methods of computing and advertising charges which seems to them best for borrowers. They will not find one method best for bank borrowers and a totally different method best for other borrowers. Eventually, all consumer-lenders have to operate the same way: they will use either the discount-plus method or the simple-interest method. If the law does not require the latter of all such lenders, unbridled competition will force all to the former method.

Mr. President, the law has not required the full disclosure of true interest costs, and I regret to say that this prophesy has come true, unbridled competition, without the benefit of adequate disclosure laws, has forced too many lenders into using the discount plus fee method and other equally misleading rate statement methods.

The reforms this bill would require are long overdue.

Mr. President, at the conclusion of this discussion today I ask unanimous consent that the text of the bill itself be printed, and also that excerpts from the pamphlet issued in 1942 by the Household Finance Corp. be printed, together with sundry articles and editorials which have appeared in recent months on the truth-in-lending bill.

The PRESIDING OFFICER (Mr. BENNETT in the chair). Is there objection? The Chair hears none.

The text of the bill is as follows:

A BILL TO ASSIST IN THE PROMOTION OF ECONOMIC STABILIZATION BY REQUIRING THE DISCLOSURE OF FINANCE CHARGES IN CONNECTION WITH EXTENSIONS OF CREDIT

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Truth in Lending Act."

DECLARATION OF PURPOSE

SEC. 2. The Congress finds and declares that economic stabilization is threatened when credit is used excessively for the acquisition of property and services. The excessive use of credit results frequently from a lack of awareness of the cost thereof to the user. It is the purpose of this Act to assure a full disclosure of such cost with a view to preventing the uniformed use of credit to the detriment of the national economy.

DEFINITIONS

SEC. 3. As used in this Act, the term—

(1) "Board" means the Board of Governors of the Federal Reserve System.

(2) "Credit" means any loan, mortgage, deed of trust, advance, or discount; any conditional sales contract; any contract to sell, or sale, or contract of sale of property or services, either for present or future delivery, under which part or all of the price is payable subsequent to the making of such sale or contract; any rental-purchase contract; any contract or arrangement for the hire, bailment, or leasing of property; any option, demand, lien, pledge, or other claim against, or for the delivery of, property or money; any purchase, or other acquisition of, or any credit upon the security of, any obligation or claim arising out of any of the foregoing; and any transaction or series of transactions having a similar purpose or effect.

(3) "Finance charge" includes interest, fees, service charges, discounts, and such other charges incident to the extension of credit as the Board may by regulation prescribe.

(4) "Creditor" means any person engaged in the business of extending credit (including any person who as a regular business practice makes loans or sells or rents property or services on a time, credit, or installment basis, either as principal or as agent) who requires, as an incident to the extension of credit, the payment of a finance charge.

(5) "Person" means any individual, corporation, partnership, association, or other organized group of persons, or the legal successor or representative of the foregoing, and includes the United States or any agency thereof, or any other government, or any of its political subdivisions, or any agency of the foregoing.

DISCLOSURE OF FINANCE CHARGES

SEC. 4. Any creditor shall furnish to each person to whom credit is extended, prior to the consummation of the transaction, a clear statement in writing setting forth, to the extent applicable and in accordance with rules and regulations prescribed by the Board, the following information—

(1) the cash price or delivered price of the property or service to be acquired;

(2) the amounts, if any, to be credited as downpayment and/or trade-in;

(3) the difference between the amounts set forth under clauses (1) and (2);

(4) the charges, individually itemized, which are paid or to be paid by such person in connection with the transaction but which are not incident to the extension of credit;

(5) the total amount to be financed;

(6) the finance charge expressed in terms of dollars and cents; and

(7) the percentage that the finance charge bears to the total amount to be financed expressed as a simple annual rate on the outstanding unpaid balance of the obligation.

REGULATIONS

SEC. 5. (a) The Board shall prescribe such rules and regulations as may be necessary or proper in carrying out the provisions of this Act. Any rule or regulation prescribed hereunder may contain such classifications and differentiations, and may provide for such adjustments and exceptions as in the judgment of the Board are necessary or proper to effectuate the purposes of this Act or to prevent circumvention or evasion, or to facilitate the enforcement of this Act, or any rule or regulation issued thereunder. In prescribing any exceptions hereunder with respect to any particular type of credit transaction the Board shall consider whether in such transactions compliance with the disclosure requirements of this Act is being achieved under any other Act of Congress. The Board shall exempt those credit transactions between business firms as to which it determines adherence to the disclosure requirements of this Act is not necessary to carry out the purpose of this Act.

(b) In the exercise of its powers under this section, the Board shall request the views of other Federal agencies exercising regulatory functions with respect to creditors, or any class of creditors, which are subject to the provisions of this Act, and such agencies shall furnish such views upon request of the Board.

EFFECT ON STATE LAWS

SEC. 6. (a) This Act shall not be construed to annul, or to exempt any creditor from complying with, the laws of any State relating to the disclosure of information in connection with credit transactions, except to the extent that such laws are directly inconsistent with the provisions of this Act.

(b) The Board shall by regulation except from the requirements of this Act any credit transactions or class of transactions which it determines are effectively regulated under the laws of any State so as to require the disclosure by the creditor of the same information as is required under section 4 of this Act.

PENALTIES

SEC. 7. (a) Any creditor who in connection with any credit transaction fails to disclose to any person any information in violation of this Act or any regulation issued thereunder shall be liable to such person in the amount of $100, or in an amount equal to twice the finance charge required by such creditor in connection with such transaction, whichever is the greater, except that such liability shall not exceed $2,000 on any credit transaction. Action to recover such penalty may be brought by such person within one year from the date of the occurrence of the violation, in any court of competent jurisdiction. In any action under this subsection in which any person is entitled to a recovery, the creditor shall be liable for reasonable attorneys' fees and court costs as determined by the court. As used in this subsection, the term "court of competent jurisdiction" means either any Federal court of competent jurisdiction regardless of the amount in controversy or any State court of competent jurisdiction.

(b) Except as specified in subsection (a) of this section, nothing contained in this Act or any regulation thereunder shall affect the validity or enforceability of any contract or transaction.

(c) Any person who willfully violates any provision of this Act or any regulation issued thereunder shall be fined not more than $5,000 or imprisoned not more than one year, or both.

(d) No punishment or penalty provided by this Act shall apply to the United States, or any agency thereof, or to any State, any political subdivision thereof, or any agency of any State or political subdivision.

(e) A final judgment hereafter rendered in any criminal proceeding brought by or on behalf of the United States under this Act to the effect that a defendant has willfully violated this Act shall be prima facie evidence against such defendant in an action or proceeding brought by any other party against such defendant under this Act or by the United States under this Act as to all matters respecting which said judgment would be an estoppel as between the parties thereto.

EFFECTIVE DATE

SEC. 8. This Act shall become effective on January 1, 1963.

The sundry articles are as follows:

[Excerpts from pamphlet published by Household Finance Corp.]

CHARGES ON SMALL INSTALLMENT LOANS TO CONSUMERS

The right answer to the perplexing problem of computing and expressing charges on small, installment loans to consumers can be found only as a result of thoughtful consideration by all persons and agencies involved. The propriety of an open discussion of the subject on its merits seems clear.

The issues involved are of too great public and business importance to be obscured. Not only all bankers but my company and all other institutions making small, installment, consumer loans have a tremendous stake in the correct answer. This is far more than a debate between banks and small loan companies. It concerns the many millions of borrowers of small sums for whose benefit the lending agencies, including banks, are allowed to carry on their personal loan business.

THE ISSUE

The issue is a choice between two courses of action which are open to all the institutions which made such loans, my company included. We believe that all agencies which made small installment consumer loans should advertise, compute, and collect their entire charge as a simple percentage rate on declining, unpaid, principal balances. This we may call the simple interest method. Our conviction is based on long experience in a highly specialized field. The exclusive use of this method seems to us to be required by ordinary business statesmanship, because it will prevent abuses by irresponsible units and will tend to preserve in good standing the cash lending business which directly affects the social and economic conditions of the people. We believe, further, that all consumer lending agencies should be regulated in certain other respects and should be permitted by law to collect a rate of charge, so computed, which is sufficient to allow them to extend this type of credit at a commercial profit.

HISTORY

This history of the question is well known, but its significance is not always taken into account. Until about a generation ago, borrowers of small sums had virtually no protection from moneylenders. There were the so-called usury laws, but the maximum rates permitted under them were so low that no one could legally make small loans as a business enterprise. The business, therefore, was carried on illegally, commonly at a true annual rate of 180 percent or higher.

Then early in the present century an outraged public demanded action. Social agencies persisted in efforts to find means of protecting salary and wage earners. Many experiments were tried. All led to one conclusion. It was evident that the business could be regulated only by legalizing a rate sufficiently high to enable lenders to supply the insistent demand for consumer loans. It was plain that to attract sufficient capital the rate must be much higher than the traditional 6 percent since small, unsecured loans payable in installments cannot be made at the low rates which yield profits on large secured commercial loans.

The public agencies insisted, however, that in return for the privilege of charging the stipulated rates, the lenders extending credit at that time in this field must be made subject to sufficient regulation to do away with the old abuses.

Chief among those abuses were the concealment of true rates, the manipulation of charges by the use of fees, and the failure to rebate amounts taken in advance. The borrower rarely knew the rate of charge he would be required to pay. Many devices were used at the time of granting the loan for making the charges seem lower than they were and many devices were used later for padding the charges. After years of experimenting with different systems of charging it was conclusively proved that the simple interest method was the only means of preventing manipulation of rates and impositions on the borrower. There is no practicable method of preventing abuses in any system involving discounts or fees. When dealing with salary and wage earn-

ers the temptation to overcharge is so great that there are always institutions which will charge all the traffic will bear. The result undermines the business and chaos is inevitable.

Hence, in drafting the first regulatory law, the public agencies tried to protect both the borrower and the responsible lender by requiring rates to be stated and computed accurately by the clearest and simplest method.

THE METHOD OF RATE STATEMENT

What method would be best for the borrowers? That was the question most urgently asked. That point of view was taken because of the small, installment borrower's economic weakness and lack of bargaining power.

DISCOUNT-PLUS METHOD

Among the methods tried and rejected was that now used by many banks. This may be called the discount-plus method. Under it a stated percentage is charged in advance on the entire amount, for the life of the loan, regardless of the fact that periodic payments are required of the borrower; and in the event of repayment (by cash or renewal) before the due date, there is no provision for adequate rebate. In addition the borrower is required to pay investigation fees, service charges, insurance premiums, fines for delinquency, collection charges—any or all of these extras and sometimes others.

SIMPLE INTEREST METHOD

This method was prescribed, in 1916, in the first draft of the uniform small loan law after having been tried out for several years in several large States. Under this plan interest must not be taken in advance or compounded and it must be computed on unpaid balances of the principal amount received by the borrower. In addition to interest at the rate provided for, no further or other charge or amount may be contracted for or received, except fees actually and necessarily paid out to a public officer.

A quarter of a century has now passed and 28 States have adopted statutes which embody the essentials of that law. Throughout that period the law has been under constant public scrutiny and often attack, usually by lenders who wished to be free from legal restraints in order to make charges as high, as numerous, and as hidden as they pleased. Nevertheless, the main requirement—the simple interest method of computing the rate—has survived. Under it abuses have been minimized.

This law was adopted and retained because without it irresponsible lenders exploited the borrowers, made it difficult for the rest to maintain high standards, and brought the entire business into ill-repute. The best concerns found by long and sad experience that State regulation is necessary as a curb on the imprudence of the few. Today, the leading small loan companies not only accept but strive to maintain rate regulations which are in the best interest of the borrower. They do this through enlightened self-interest; it is only under such a policy that the business can achieve permanence. Under this policy their business has received wide customer acceptance and has shown substantial growth even during the past 8 years.

ORIGIN OF THE PRESENT PROBLEM

Traditionally, the business of banks has been mainly with commercial borrowers who, presumably, are able to calculate rates of charge. Such borrowers deal at arm's length and can protect themselves. The public has never felt that commercial borrowers needed protection beyond that afforded by the usury laws. Moreover, the loans are usually for short terms and payable at one time. For them, the discount method is not objectionable.

Banks are now faced with the problems which have long confronted those who have been in this business for a generation. A small installment loan is a small installment loan, whether made by a credit union, a licensed lender, or a bank. In each case, the borrower is no match for the lender in shewdness or in bargaining power. In each case, the State will be eager in the future, as it has always been in the past, to regulate all lenders so as to compensate for the borrower's weakness.

The State in ascertaining the extent of needed regulation will inevitably consider not only how much the lender may charge but also what method of computing rates shall be required. That question will be answered eventually by determining which method operates in the interest of the borrowers. There is not apt to be one answer for one class of lenders and another for another class. We shall all be bound by one rule or none of us shall have any rules. The public will see to that.

All lenders having a special statutory privilege to exact commercially profitable rates on small loans will, in due time, find themselves in the same boat. Legislatures will always be reluctant to grant special privileges. Only where the statute conferring the privilege is primarily intended to serve the general welfare will it receive sustained public acceptance. Even in this case the primary purpose of all features of the act, including the rate section, must be to protect the borrower. This is the plain lesson of history.

It would seem that banks would wish to avoid the mistakes which were made over 30 years ago by the predecessors of the regulated small loan companies; practices which are still being carried on by small lenders where the business is not regulated by law. If banks make these same mistakes, they will hurt themselves and us, too. That is the self-interest which prompts us to ask for thorough, open-minded, mature consideration of the relative merits of the simple interest method of computing rates on small, installment, consumer loans, and the discount-plus method.

COMMON GROUND

We can narrow the field of discussion by leaving out important matters on which there is general agreement.

No well-informed person questions the propriety or desirability of personal loan departments of banks when properly operated. They help many borrowers. Their charges, in many places and for a considerable part of their business, are low. Moreover, the interest of small borrowers require the freest competition, all in the open, to the end that each group of lenders—commercial banks, industrial banks, credit unions, and personal finance companies—shall serve that part of the market which it is best qualified to serve.

It should also be made clear that whatever bankers decide is the charge they must make for small loans will almost certainly be proper and fully defensible. The question at issue is not the amount of a charge to be legally permitted, but the method of calculating the charge, so that all will understand it and none can increase it unfairly.

Further, it is generally agreed by commercial concerns as well as by students of theory, that competition cannot achieve its desired results in any field unless the charges of competitors are easily comparable. Honest weights and measures and honest labeling are examples of efforts to make competition effective. Toward that end, the borrower should know what a loan will cost him in terms which are identically defined for all cases. Everybody admits that. The question at issue is what the borrower should be told about the effective rate of charge.

Finally, to repeat, there is general agreement that the only practices which can be justified are those which serve the majority of consumers, since it is only for that purpose that any agency will be allowed by the public to do business over the long term. In any event, experience demonstrates that only such practices as really operate in the borrower's interest receive long-term public approval.

THE CASE FOR THE SIMPLE INTEREST METHOD

After more than 30 years of study and experiment, there is agreement among public agencies concerning the essentials of any enlightened small loan legislation. The small loan companies, which once objected to the proposed restrictions, are now convinced that the measures which were necessary for the protection of borrowers also serve the interests of reputable lenders. Chief among these measures are:

1. Control through licensing.
2. Limitation of maximum size of loans.
3. Supervision.
4. Prohibition against misleading advertising.
5. Requirements that borrower be given clear statement of the charges and terms of loan.
6. Provisions designed to prevent evasions.
7. A clear and inclusive statement of the rate as a monthly percentage on unpaid balances, with a prohibition against other charges.

We do not urge or believe that all the safeguards of the uniform small loan law should apply to banks. To the contrary we advocate only the bare outline of that regulation, but we urge serious consideration by bankers of the main points. To the last of these provisions some bankers have objected. In place of the simple interest method of stating charges on consumer loans, they prefer the discount-plus method.

DISCOUNTS NOT SUITED TO INSTALLMENT LOANS

When they entered the new personal loan business, banks tried to adapt to it the discount plan which had worked well in the commercial business. They seem to have overlooked the fact that these two credit fields are essentially different. Personal loans are repaid in installments. This difference is absolutely vital. The arguments for the discount-plus method, disregarding as they do this basic fact, are largely beside the point. The installment borrower pays a part of the principal each month. The amount of money of which he has the use decreases from month to month. Consequently, the only accurate method of stating the charge is in terms of a percentage of the declining unpaid balances. Any other method permits the lender to play endless tricks with the figures, some deceptive, and all confusing to the applicant for a small loan, to the small borrower, and to the public.

THE DISCOUNT-PLUS METHOD CONCEALS THE RATE

The chief objection to the discount-plus method is that it conceals the rate. Concealment of true rates is inherent in the unregulated use of discounts, fees, fines, and rebates. It does this most effectively when applied to installment loans and nearly all personal finance loans are installment loans. In the absence of legislation which permits workable rates, concealment enables banks to avoid the admission of usury. Thoughtful bankers regret this. They are sorry to see that what was first a carryover of commercial banking practice into the early consumer business is fast becoming deliberate banking practice on a huge scale. They are mindful that it is one thing to temporize awaiting legislative sanction and quite another to make a policy of deception. They are aware that, in finance as in every other business, abuses which the law blinks at

soon become the regular practice of the less reputable units and that, on account of this unfair competition, all units are dragged toward the level of the worst.

Any method of doing business which permits wholesale deception of the prospect and the customer, inevitably forces all participants to the same level or out of the business. This raises the question whether it is good business to let down the bars to such competitive chaos as some banks are introducing into the small loan field.

The following actual, authentic, documented examples of rate concealment by commercial banks are not entirely typical. However, hundreds of very similar cases could be cited. They show the practices which are possible under the prevailing discount-plus method; practices, moreover, which are certain to spread unless regulated. Advertising under this method usually features the symbol 6 percent, frequently in conjunction with the word "discount."

THE GOVERNMENT SPEAKS ON A "6 PERCENT PLAN"

There are those who contend that the "6 percent discount plan," as used in the following cases, is not misleading. The Government, however, has no doubts. The Federal Trade Commission ordered certain finance companies to cease and desist advertising a "6 percent plan" under which consumers paid a true rate on unpaid balances of more than 11 percent per year. The Circuit Court of Appeals, in denying a petition to review the case, explained in detail why they regarded the "6 percent plan" as deceptive. The U.S. Supreme Court concurred, in effect, with the opinion of the circuit court. In this connection it should be noted that installment sales and installment loans have this essential feature in common: in both cases, since the unpaid balance declines from month to month, a charge of 6 percent on the original amount does not reveal the rate per annum which the customer pays. The position thus unequivocally taken by the Government and the high courts may suggest the kind of regulation of bank installment credit which is likely to come.

SIX PERCENT DISCOUNT IS AT LEAST ELEVEN PERCENT INTEREST

When a bank advertises a 6 percent discount rate, most borrowers are led to think this means 6 percent per annum simple interest. To doubt this is idle. The mind adds the words "interest per annum" when it hears the words "6 percent" in connection with a loan. No banker will seriously pretend that 6 percent is the real rate charged. In fact 6 percent discount on a loan repaid in 12 equal monthly installments is more than 11 percent per annum.

The charge is 6 percent per annum on the original face amount of the loan. As the loan will be paid off in monthly installments this method of charging has no relation to the actual money of which the borrower has the use. The minimum charge actually is 11.6 percent per annum on the average amount used by the borrower, if he pays promptly on schedule, otherwise more—maybe very much more. This is not an isolated example. Hundreds of ads like it constantly appear in newspapers and mailing pieces.

Some banks advertise their charge as "$6 per hundred." This is equally misleading. The charge is not $6 per $100 per year. It is $6 for the use of approximately $50 for a year because the $100 is repaid in equal monthly installments. Again the true rate on such a loan is 11.6 percent.

Important as the dollar-and-cents cost of the loan is, the major part of the problem is stating the dollar cost as a rate. Some bankers who charge "$6 per hundred" for installment loans object to stating that the rate is approximately 1 percent per month on unpaid balances, accurate as the statement may be, because the public would get the impression that banks are charging $12 per hundred for the same credit. It is a curious defense of an inaccurate statement to claim that accuracy would give the wrong impression.

SIX PERCENT DISCOUNT PLUS $2 FEE MAY BE 15.7 PERCENT INTEREST

In addition to the advertised annual discount rate, many banks charge fees for investigation or service. What happens to the customer who comes in to borrow $100 under the 6 percent discount plan plus a $2 fee? He signs a note for $100; then $6 in interest is deducted, then a $2 investigation fee is taken out. He receives $92. His contract calls for 12 monthly repayments of $8.33. If every one of these monthly payments is met on schedule, the true rate of interest is 15.7 percent, instead of the 6 percent advertised. This is not too high a rate of charge in many cases, but it should not be concealed from the small borrower. And, if a $2 fee, why not a $3 fee? Or two $2 fees? A fee opens the door to almost limitless abuse.

A SUPREME COURT SPEAKS ON FEES

On the subject of service charges assessed by banks on small loans, the Mississippi Supreme Court recently stated:

"Whatever may be its euphony, a service charge is something which the bank requires the borrower to pay in order to have the loan or accommodation, and, therefore, it is interest under another name; and when more than 8 percent per annum is thereby taken or stipulated, it is usurious.

"It is said that on small loans, banks everywhere are making these service charges—that it has become the universal custom, justified by the fact that the expense of making these small loans cannot be covered by the legal rate of interest; and that unless these service charges are allowed, small loans cannot be made and will have to be discontinued. Whether the small borrower should be required to pay more interest than those who are able to receive larger accommodations, is a question to be addressed to the legislative department, since our province is only to declare what the law is, in which connection we must further declare that no custom or asserted business necessity can override the statutes as interpreted by the courts or in any manner displace them.

* * * * *

"If these charges are so trifling that the court should close its eyes to them, they are so trifling that banks should not insist upon them as conditions of making small loans to the worthy citizen entitled by character and standing to the needed accommodations of such loans. We do not fail to recognize that the contention is that to each separate borrower of these small amounts the service charges are not large, but that the aggregate of such charges on a considerable number of such loans produces an amount which prevents loss to the bank on them. At the same time, the aggregate to the bank is the same aggregate of loss to all the borrowers, and a legal wrong can be no less a wrong merely because its effect is diffused among several instead of falling upon one alone."

SIX PERCENT DISCOUNT WITHOUT REBATES MAY BE 27.4 PERCENT INTEREST

Most installment loans do not run the full length of the contract. This is one of the characteristics of small loans. Some loans are paid off ahead of time and many are renewed before the contract runs out. Bankers who have conducted small loan departments for a considerable length of time testify that a large proportion of this business (sometimes over 70 percent) is refunding old loan balances before they have matured in connection with additional extensions of cash to the same borrower. Unless the discounted charges are fully rebated, the rate is materially increased. Suppose the above-mentioned $100 loan of which the borrower got $92, is paid off in 6 months instead of 12 months, as happens so often when a loan is recast.

(a) If the bank allows no rebate, the rate is 21.4 percent.

(b) If the bank rebates 50 percent of the unearned interest but not the investigation fee, the rate is 19.3 percent.

(c) If the bank allows full rebate on the unearned interest but not the investigation fee, the rate is 17.3 percent.

Suppose the loan is paid off in 3 months instead of 12 months.

(a) If the bank allows no rebate, the rate is 37.1 percent.

(b) If the bank rebates 50 percent of the unearned interest but not the investigation fee, the rate is 29.3 percent.

(c) If the bank allows full rebate on the unearned interest but not the investigation fee, the rate is 21.2 percent.

Suppose the "$6 per $100 per year" loan, without any investigation fee, is paid or recast ahead of time without rebate.

(a) If paid in 9 months, the rate is 12.5 percent.

(b) If paid in 6 months, the rate is 15.8 percent.

(c) If paid in 3 months, the rate is 27.4 percent.

SIX PERCENT, WITH FINES AND PENALTIES, MAY BE ANY PERCENT

In addition to discounts at annual rates, fees, and a haphazard rebating policy, many banks have fines for delinquency. Some of them have a set policy. Others leave the question to the discretion of the teller, which means that unless a delinquent customer can talk the bank out of charging a fine, he finds himself penalized. Examples of fines are: 5 cents per $1 per day of delinquency; 4 cents per $1 of delinquency unpaid over 5 days, but not over $2; a flat charge of 50 cents on a payment of $10 or less which is delinquent 7 days; and a flat charge of 50 cents plus 1 cent per day per $1 on a payment of over $10.

These fines or charges, small as they appear, greatly augment the actual rate charged and the gross income of the personal loan department. In each small loan there are as many opportunities for delinquencies as there are installment maturity dates, and the general tendency of consumer borrowers is to make payments within a day or two of the due date, as they would in paying current store bills. In addition the narrow margins on which these customers live and the exigencies of urban life make some delinquency a matter of routine. Nor is this delinquency limited to a few persons. It is a safe generalization that most small borrowers are delinquent at some time during their loan contracts. For these reasons the small loan business is, to an important extent, a business of handling delinquency.

SIX PERCENT IS SOMETIMES 96.8 PERCENT INTEREST

The outstanding feature of the advertising of one bank is the phrase, "6 percent per year per hundred." Yet, recently, when a borrower received $50 from this bank and signed a 10 months' note for $55, the true rate was 1.77 percent per month, or 21.2 percent per year. This bank may not have intended to deceive the public; yet a rate, which turned out to be 21.2 percent per year, was advertised in such a way that the applicant would think the rate was 6 percent per year. In fact, the advertisement is false.

Here is another actual case which recently came to our attention through one of our customers. This man had signed a note for $114 at an old established eastern

bank and received $100 in cash. The annual charges were figured as follows:

Interest and discount	$6.93
Investigation fee	2.00
Insurance charges	2.29
Bank service fee	2.78
Total	14.00

On the basis of 12 payments of $9.50, the rate was 2.07 percent per month or 24.8 percent per annum. This loan ran for only 30 days and the borrower was required to repay $108.07. This time the bank itemized its charges thus:

Interest and discount	$1.00
Investigation fee	2.00
Insurance charges	2.29
Bank service fee	2.78
Total	8.07

The actual rate of charge on this loan was 96.8 percent per annum.

A SAVINGS-LOAN PLAN IS 23.4 PERCENT

One method of lending carried on by a large far western bank takes advantage of the well-known repayment habits of borrowers so as to create two illusions at the same time. It appears to foster thrift and also to involve a very low interest charge. To illustrate the method, assume a person needs to borrow $100. The applicant is encouraged to undertake the accumulation of another $100 as a savings fund. He is induced to sign a note for $212, of which $12 is the bank's charge at the rate of $6 per $100. The note calls for 12 monthly payments of $17.67. He receives $100. His payments for the first 6 months, if made in full, will aggregate $106.02 and repay the advance by the bank plus half of the charge. His payments for the last 6 months, if made, would be savings deposits.

On account of the demonstrable tendency of borrowers to renew before their loans have been paid in full, the percentage of borrowers who will complete the first six payments prior to a renewal will not be impressive. And the number who will go on and make payments into the "savings account" fund will be much smaller. By the terms of the contract, in the cases when the savings payments are all made on time, a $5 refund will be returned to the borrower, so that he actually pays only $1 for the privilege of depositing $100. This recalls the story of the old colored man who tried to withdraw a deposit made 20 years before in a mutual "benefit" fund and who was greatly surprised when informed "the interest done 'et' the deposit all up."

Under this savings-loan plan when the borrower pays out exactly on schedule, he has given the bank $7 and has had the use of approximately $50 for half a year. This charge is at the annual rate of 23.4 percent. And the charge may be substantially higher if the borrower becomes delinquent in making any of his "thrift" payments for he will thereby lose the right to the $5 rebate. The discount-plus system permits and invites such plans.

THE DISCOUNT-PLUS METHOD MAKES SHOPPING FOR CREDIT DIFFICULT

The discount-plus method hampers the borrower in his efforts to compare the charges of different lenders. It impedes competition. It will ultimately compel all lending agencies to use discounts unless some order can be substituted for the present chaos.

The one method which forces lenders to quote comparable rates is simple interest on unpaid balances. This method avoids the necessity for refunds in the event of prepayment. It permits the collection of additional earned charges in the event the borrower is delinquent in the making of principal payments. The aggregate charge is automatically varied to fit the paying habits of the individual borrower. The discount method, plus fees, fines and failure to make full rebates in the event of prepayment, has no such merits. For example, if the loan is prepaid the borrower will be penalized unless a full rebate is made of unearned interest; and if the borrower is delinquent it is necessary to impose fees, fines, or penalties. Unless these fines exactly equal the amount of interest which would be due on the delinquent installments, they serve to distort the amount of the contractual rate.

The simple interest method, because it enables the borrower to distinguish the least costly source of credit open to him, helps the competitive system to function and tends to perpetuate the benefits of free enterprise. The discount-plus method, tending toward disorder and concealment of rates, calls for unnecessarily stringent or unwise regulatory measures.

THE DISCOUNT-PLUS METHOD LACKS FLEXIBILITY

There is another reason why the discount-plus method is not appropriate to consumer credit. Unlike a commercial enterprise in which debt payment commitments can be provided for on a sinking fund basis, an individual of limited means must depend for his capacity to repay upon his weekly or monthly earnings. This necessitates frequent payments. To the extent that his earnings fluctuate or there is an unexpected emergency, his capacity to make repayments on schedule may be affected. This often necessitates additional borrowing before the original loan is fully repaid. Also, because of the frequency of the payments and the fact that the borrower is employed throughout the business day, experience has shown that there is not the effort to make payments on the exact day they are due as in the case of commercial loans. Rather, the borrower treats the account much as he treats his obligation to pay his monthly store bills. He does not consider himself delinquent if he makes payment within a few days of the actual maturity date for each installment. Computing interest upon unpaid balances for the actual days the money is used provides a much more flexible and accurate method of adjusting to the necessities of such a borrower than does a system of charge based upon discounts for a fixed period of time, leaving adjustments to be worked out through rebates in the case of prepayment, or arbitrary fines in the case of delinquency.

Another advantage of the simple interest method is that it encourages rapid repayment. For each day there is a definite charge, and there are no other charges. For every day that the borrower anticipates the due date he saves just that much money. Under the discount-plus method, on the other hand, with its fixed initial charges, the borrower who repays a loan before it is due is, in effect, penalized for his promptness.

BANKS MUST DECIDE

For these and other reasons, farsighted bankers are asking whether personal loan departments should not be given special legal permission to charge the necessary rate and be made subject to regulation having as its purpose the protection of small borrowers. These bankers know that retaining good will depends upon everyday operations and that this is particularly true where the bank has a personal loan department.

But are not banks already regulated sufficiently? Banks are regulated, but not for the protection of borrowers. Until the past few years, when bankers opened personal loan departments, there was no need to protect bank's borrowers because commercial borrowers are usually able to protect themselves. Present laws applicable to banks, including usury laws, do not protect borrowers of the type that use the personal loan departments any more than formerly they protected the customers who patronized the unregulated lenders. Usury laws merely add another rule to the law of contracts. They are of value to a borrower only when he is economically able to protect himself in court. This system is adequate as long as bank customers have the means to assert their rights, but the person who has to borrow small sums to pay current bills lacks the means or time to assert his rights.

BANKS AND LEGISLATION

In seeking a solution, bankers may well consider the parallel between their problem and what was our problem originally, i.e., archaic interest laws. Two avenues of relief seems to be open. One is to tell the legislatures the costs of conducting this new business and ask for the privilege of charging a rate which will permit banks to operate without subterfuges. The other is to encourage legislators and the public to believe that the rates applicable to commercial loans are sufficient for small installment loans and to attempt to legalize the discount-plus method for such loans.

The passage of legislation which legalizes the discount-plus method does not prevent extremely high rates being charged, nor does it prevent deception or exploitation of borrowers. Under such laws the opportunities to bring banks into disrepute remain, particularly because people in the lower income bracket are concerned.

It has been proved over and over again that the public will pay a necessary price for a service, but the public does not like to be deceived. The extent of the business under the rates provided in the small loan laws has been referred to previously. State and Federal credit union laws provide nationwide programs for supplying credit to small borrowers. The method of rate statement required by these laws is simple interest on unpaid balances. Borrowers will not balk at paying to banks 1 percent or 1½ percent per month (12 percent or 18 percent per year), but the public is certain to feel cheated when it finds out that it is paying 18 percent, or 28 percent or 38 percent or more, under the guise of 6 percent or some other apparently low rate.

REGULATION BRINGS SUPPORT

One of the benefits of a candid rate statement is the need to discuss and justify before the bar of public opinion one's business practices. This wholesome activity wins friends and support. Practically all State officials, social and civic-minded people, and the editorial policies of countless newspapers favor a simple and straightforward quotation of rates of charge on installment loans. These men and agencies voice the conviction of those who are concerned with the lender only as a necessary source to supply the demand of small borrowers.

A few licensed lenders are advocating a return to the old discount and fee method, not because they plan to reduce the cost of loans to borrowers but because such a reversal would appear to reduce charges. These men say, "Do not meddle." In reality they are meddling with a social policy which is supported by the opinion-molding force of the public and has behind it 25 years of successful operating experience. The great majority of personal finance companies are solidly behind the simple interest method.

The thinking which has molded the events of the past 25 years in this small installment loan business should not be ignored. Laws with candid and high-rate provisions could never have been adopted by the States which have approximately 75 percent of the population of the country without the support of leaders who have no commercial interest in the problem.

On the negative side, one of the worst features of failure to face the fact that a higher rate of charge is needed to run a personal loan department than the rates fixed in the usury laws is this: when the best

bankers are willing to compromise, the less responsible elements have an excuse for their practices. Unless there is a special law permitting banks to charge a higher rate, practically every installment loan at 5 percent discount or more violates the law. It may not be a serious or extortionate violation, but when the first step across the line of legality is taken, it is easy to take succeeding ones. The least ethical operator is likely in the long run to set the standard for the entire business as competition forces others down to his level.

TO SUM UP

All consumer-lending agencies are face to face with the same problem. The first concern of legislators will continue to be borrowers, not lenders. They will prescribe the method of computing and advertising charges which seems to them best for borrowers. They will not find one method best for bank borrowers and a totally different method best for other borrowers. Eventually, all consumer-lenders have to operate the same way: they will use either the discount-plus method or the simple-interest method. If the law does not require the latter of all such lenders, unbridled competition will force all to the former method.

The discount-plus method is not adapted to installment loans. It has long since been tried and found wanting. It has been rejected by agencies whose sole objective is consumer protection. These agencies have for a quarter of a century consistently urged the use of the simple-interest method.

The discount-plus method conceals the true rate, whereas the other method reveals it by the clearest method known to elementary arithmetic. It tells the consumer exactly how expensive small loans are, and tends to discourage unnecessary borrowing. One method hinders while the other facilitates intelligent shopping for credit. One obstructs while the other promotes clean competition. One weakens while the other strengthens our system of free enterprise.

The discount-plus method, as shown by the cases cited above, opens the way to numerous abuses, all at the expense of the borrower. There will always be lending agencies which are willing to deceive the small borrower, though these are in the distinct minority. It is time the others united to obtain, on their own initiative, the permissive and regulatory laws which are best for small, installment borrowers and hence in the long run are best for the lending agencies which want to operate under clean competition and in the public interest.

[From the Washington Post, Apr. 15, 1960]

CONSUMERS HAVE RIGHT TO KNOW

(By J. A. Livingston)

If consumers acted like consumers, they'd be solidly behind the truth-in-installment-lending bill of Senator PAUL H. DOUGLAS, Democrat of Illinois. And that would mean, since everyone in the United States is a consumer, that the bill would have 100 percent support. But it doesn't.

Consumers are also producers, sellers, and lenders. As money makers, many don't like the Douglas bill. A spokesman for the National Retail Merchants Association says that "present practices of legitimate merchants adequately inform the consumer of the cost of retail credit service."

Dr. Theodore O. Beckman, an Ohio State University professor and a consultant to NRMA, feels that "hundreds of thousands of small business enterprises" would be subjected to regulations which "probably cannot be enforced."

Dr. Albert Haring, of Indiana University, argues that State disclosure laws provide enough protection. Prof. Haring is a consultant to the National Retail Furniture Association.

OPPOSITION ISN'T CLEAR

William J. Cheyney, of the National Foundation for Consumer Credit, an education foundation supported by finance companies and merchants, declares that for "every fraudulent transaction the bill might prevent, it would kill a hundred perfectly sound sales."

Yet, according to Senator DOUGLAS, the desirability of telling customers what they pay for credit—what they really pay—has been endorsed by the Federal Reserve Board, the Federal Trade Commission, the Federal Home Loan Bank Board, the Treasury (with which Senator DOUGLAS has been feuding over interest rates), and the Department of Health, Education, and Welfare.

The opposition doesn't come through clear. If present practices of most merchants "adequately inform" customers, why should legitimate retailers object to a Federal law requiring full disclosure of interest costs? If, as Dr. Haring says, the State laws provide protection, then why not a Federal law which would "bridge over" differences among States?

Senator DOUGLAS does not want to regulate consumer credit. He does not want to stop credit sales. He does not want to limit charges.

The bill would require installment lenders, mortgage lenders, personal loan finance companies, and banks to do two things. First, show the cost of credit in dollars. Second, state the simple-interest cost—the rate.

In testimony before the Senate Banking and Currency Committee, Herbert E. Cheever, vice president of the First National Bank of Brookings, S. Dak., dramatized the need for such legislation with an example taken from his file of experiences:

A man bought a car and needed to finance $1,500. The debt was to be repaid in 12 monthly installments. The customer asked, "How much interest?" He was told, "6 percent straight."

WANTS BORROWER TO KNOW

"How much interest does the man actually pay?" Cheever asked the committee. "The answer is $90, or 6 percent of the entire amount borrowed. Yet, when he was down to the last month, he owed only $125, and was still paying interest on the entire original amount borrowed. He thought he was borrowing at 6 percent, when the truth is it was nearly 12 percent simple interest."

Under the Douglas bill, the automobile dealer or the lender would be required to state that the money interest was $90 and the percent 11.6 percent. Cheever is all for that. So am I. And so ought most consumers.

Often you read: "Money—only 1½ percent per month." Or, perhaps it will be "2½ percent per month."

To get the simple interest, multiply 2½ percent by 12 and you get 30 percent per annum. The 2½ percent per month is a miniaturization.

Senator DOUGLAS is not moralizing on whether interest charges are high, low, legal, or proper. He merely wants the borrower to know what he's paying so that he can make a rational business decision:

Should he defer purchasing and save in order to avoid interest charges? Should he take money out of the savings bank? Where will he get the best deal—from a bank, a loan company, or his auto dealer? He can compare.

Businessmen and lenders who talk up the competitive free enterprise system, ought not object to that.

[From the Detroit Free Press, Apr. 1, 1960]

BANK BARES COSTS OF CREDIT BUYING

(By Sylvia Porter)

Let's say you borrow $100, agree to pay it back in 12 monthly installments and to pay $6 as interest in advance to the lender. Are you really paying 6-percent interest for your loan?

No. Your true annual interest rate is more than 11½ percent, or almost double the apparent cost of your loan. For the key fact is that you're paying off half the $100 in 6 months, you have the use of only an average of around $50 for the full year, and yet you paid the $6 in advance. As the Bowery Savings Bank, one of New York's and the Nation's top savings banks, is now pounding home to New Yorkers:

"The true annual interest on a loan, large or small, that you pay off in equal periodical installments is roughly double the rate quoted, as the yearly finance charge, deducted in advance. This is true, no matter how much or little the quoted rate may be * * *."

Let's say you arrange a financing deal under which you pay the lender 2 percent a month, computed on the unpaid balance. Is that monthly charge as minor as it seems?

No. For the key fact is that you're paying a monthly interest, and 2 percent a month is 24 percent a year, 1½ percent a month is 18 percent a year, 2½ percent a month is 30 percent a year. And this is true, emphasizes the Bowery, in any language.

Let's say you borrow $100 for a year, agree to pay 6-percent interest, and at the end of 12 months pay back $106. Is your rate also more than it appears?

No. The extra $6 you pay on this so-called noninstallment personal loan is true interest at 6 percent a year.

Or let's say you arrange for a $20,000 mortgage loan, agree to pay 6 percent a year in monthly installments of $129 for 25 years. Is your charge bigger than 6 percent too?

No. Even though you are paying off in monthly installments, you are paying a true annual interest rate. In the early years of your mortgage, most of your payments go for interest, but as your loan nears maturity, most of your payments go to principal and less to interest.

The 126-year-old Bowery Savings Bank is currently carrying on a major advertising campaign to spur savings, and as one of its selling points for savings it is explaining what various types of loans cost.

"The response has been startling," said Earl B. Schwulst, president of the Bowery. Schwulst is astonished at the volume of thank-you letters that are pouring into the bank particularly from such professionals as physicians and college teachers. Typical comments were, "It's about time someone gave us a sensible lesson on installment charges. * * * You will be pressured to cease and desist, but don't."

Senator PAUL H. DOUGLAS, Democrat of Illinois, chairman of a Senate Banking Subcommittee, is pushing for legislation to require full disclosure of all charges on consumer loans.

Hearings on the bill will be held throughout next week in Washington, the bill's objective has powerful backing, and even if it doesn't become law this year, its existence indicates the trend of thinking.

[From the Deseret News, Apr. 12, 1960]

TRUST NEVER HURT BUSINESS

Congressmen who will be lining themselves up soon on one side or another of a proposed "credit labeling" plan would do well to consider the results of another controversial, somewhat similar law on automobile pricing.

The "credit label" bill, backed chiefly by Senator PAUL DOUGLAS of Illinois, would require lenders to tell borrowers exactly what a loan would cost. It would apply whether the loan involved a carrying charge on a charge account or a mortgage on a house or anything in between.

The effect of such a law is outlined in a few examples given by the magazine U.S. News & World Report.

The present car buyer who borrows $1,800, for example, might be told he would pay $59.22 a month for 36 months, including 6 percent a year interest. Under the proposed Federal law, the costs might be outlined this way: Investigation fee, $8; total interest, $324, representing 12 percent annually on the declining balance.

Or the buyer of a TV set with $180 unpaid balance might be told at present his payments would be $11.30 a month for 18 months, including carrying charges. The new law would require a statement something like this: Total interest, $23.40—a 16.4 percent annual rate on the declining balance.

Or on a personal loan of $600, the lender, under present practice may deduct $10 for life insurance and ask repayment at the rate of $37.53 a month for 20 months. Under the new law, the statement would be: Total interest, $160.60—an annual rate of 31.1 percent on the declining balance.

Those examples are fairly representative of the credit structure that has come to play such a dominant place in our economy. The effect of spelling out exactly the costs involved in credit are rather obvious. Certainly such knowledge would make many persons much more careful about getting in over their heads.

Senator DOUGLAS says his mail is running 5 to 1 in favor of the bill. But opposition can be expected from the money lenders, certainly, and perhaps also from some businesses who might believe curtailing of credit would cut their sales volume.

To these businessmen, two observations might be pertinent.

First, it is not hard to recall the strenuous opposition of many automobile dealers to the bill a few years ago requiring dealers to list the exact price of automobiles with a detailed account of the cost of extras. The bill was intended to prevent such abuses as price packing in which the new car price was jacked up and the buyer then given what seemed an exorbitant trade in on his old car.

After a couple of years of operation under the labeling law, the auto industry seems universally persuaded it has helped strengthen and stabilize sales. It has built public confidence and trust in auto dealers, and we know of no instance in which confidence and trust has hurt a business.

The second consideration for retailers to ponder in respect to credit labeling is the extent to which credit costs drain off the public's real purchasing power. If more people, fully aware of the costs of credit, determine to save more diligently—at interest—until they can pay all or a bigger part of the cost of their purchases, the result ultimately will be more purchasing power and a stronger economy.

The credit labeling bill appears to represent a useful concept.

[From the Christian Science Monitor, Apr. 12, 1960]

A PRICE TAG ON INSTALLMENT CREDIT

"Interest is the rent you pay for the use of borrowed money." This, in effect, is the way some of the writers on economics put the subject.

A few years ago many people in America did not seem to care how much interest they were paying so long as they could get a car, a television, a fur coat, or a trip to Europe on "time." They wanted only to know the amount of the down payment and the monthly installments.

Today that mood seems to be changing. In addition to ordinary installment purchases and finance company personal loans there have come revolving credit plans, budget accounts, and other innovations. Faced with these, the consumer begins to wonder just how much he is paying for credit.

William McC. Martin, Chairman of the Federal Reserve Board, has endorsed the general policy of a bill in Congress by Senator PAUL H. DOUGLAS to require full and clear disclosure of consumer credit costs.

If a finance charge is figured as a percentage of the total amount borrowed, when repayment is in regular installments, the actual rate on unpaid balances is almost twice as great as that stated. If the discount is collected in advance, the rate is still further "upped." Or if a loan rate is 2 percent a month, not every borrower stops to think that this amounts to 24 percent a year.

The Bowery Savings Bank in New York has received widespread expressions of thanks for explaining these points in an advertising campaign. The most effective legislation probably would be to require interest charges to be stated as an annual rate on unpaid balances.

Mr. Martin makes the reservation that the Federal Reserve Board would not like the task of policing such a statute but that this might better be delegated to regular law enforcement agencies. In fact, some States have such laws, and it would appear that States are the most logical administering authorities, with Federal legislation in a supporting role.

[From the Pittsburgh Press, Feb. 28, 1960]

WASHINGTON CALLING: A WEEKLY SIZEUP BY THE CAPITAL STAFF OF THE SCRIPPS-HOWARD NEWSPAPERS

WASHINGTON, February 27.—Congress may act to protect consumers from being gouged on finance charges.

Ready-money industry's in an uproar over proposed legislation, designed to let borrowers or buyers on credit know just what it's costing them.

It would require lenders, installment dealers, to provide written information on:

Total amount of finance charges to be paid over life of a loan or installment credit.

True annual rate of interest figured on declining balances.

Labeling bill is sponsored by Senator PAUL DOUGLAS, Illinois Democrat. Senate Banking Subcommittee starts hearings March 15.

Finance industry warns privately the bill would discourage consumer buying—affect the economy. But the lenders don't want to oppose it openly; think they would be accused of wanting to cover up exorbitant finance charges. They will probably fall back on States rights, say it is no job for the Federal Government.

Counting mortgages, personal loans, and installment buying, credit now outstanding totals $180 million.

Douglas subcommittee has a file of horror cases, may spread them on the record, if finance industry bucks the labeling bill too hard.

It will point out that United States had 100,000 bankruptcies last year; that 80 percent were cases where individuals got in over their heads through credit buying.

[From the Northern Virginia Sun, Apr. 5, 1960]

TO CURB HIDDEN INTEREST CHARGES—FULL DISCLOSURE BILL

Hearings are now going on in the Senate on a bill that should be welcomed to lenders and borrowers alike.

Sponsored by Senator PAUL DOUGLAS of Illinois and others, the purpose of the bill is to require that financing charges be clearly and accurately explained to the borrower, so that he is fully aware of just what he is paying for, and how much.

There are several kinds of misleading practices that Senator DOUGLAS and his colleagues are trying to curb. For example, frequently no interest rate is quoted at all—the buyer of an article is simply told that he will only have to pay $10 down and $10 a month, without any mention at all of how much he will have to pay in interest charges. Such a device can be used to conceal exorbitant financing charges.

MONTHLY VERSUS ANNUAL RATE

Another device very misleading to many borrowers is the quotation of a monthly, rather than an annual rate of interest. For example, a borrower may be told by unscrupulous lenders that he can borrow money "at 1 percent." This sounds a great deal less than the 5 or 6 percent the bank may have mentioned. What the borrower does not know is that this is 1 percent a month—or 12 percent a year—more than twice what the bank has quoted. Local bankers have said that borrowers have actually come in and complained that they have been quoted much lower borrowing rates by other would-be lenders.

Another deceptive device is the quotation, on a loan that is to be repaid in installments, of a flat interest charge rather than quoting an interest rate on the unpaid balance. For example, someone may borrow $1,200, to be paid back in monthly installments of $100 over a year's time, with a quotation of a "6 percent interest charge"—or $72. Such a charge would be justified if the borrower were going to have the use of the entire $1,200 during the entire year, repaying the entire amount at the end of 12 months. But if he is going to repay it in installments, he has the use of less and less of the $1,200 as time goes on. But still, he goes on paying 6 percent on the entire amount of the loan. Actually, under these circumstances, the interest rate on the money of which the borrower actually has the use is nearly twice the figure he has been quoted—almost 12 percent.

INFORMATIVE, NOT PROHIBITIVE

While the Douglas bill would not prohibit such practices, it would require that they be pointed out to the borrower in a clear way. The philosophy of this bill is similar to that embodied in the recent measure requiring the manufacturer's list price to be clearly designated on new automobiles. This does not prevent the dealer from discounting the price or making any arrangement with the buyer he may see fit. It merely requires full disclosure so that the buyer knows what the proper price is.

The importance of the Douglas bill is growing every year. Total installment debt now stands at $39.5 billion, and noninstallment debt another $12.5 billion, so that total consumer credit now amounts to $52 billion each year.

It would seem to be to the interest of both the borrower and the reputable lender that a bill along the lines of the Douglas proposal be passed.

[From the Chicago Sun-Times, Feb. 28, 1960]

HOW INLAND AIDS "CREDIT TRAP" VICTIMS

(By Ruth Moore)

Joe B., one of thousands of Chicago employees caught in the Illinois credit trap, agreed to pay $446.80 in installments for household furnishings.

After 2 years of payments he still owed $254, and when he defaulted on a payment, his wages as a worker in the Inland Steel Co. plant were garnished. During the next 2 years 12 other garnishment actions were brought against him.

At that time his debt should have been paid in full. Instead, the creditor maintained that the $254 paid only covered costs and that Joe still owed $254.

This case, and scores like it, turned up when Inland launched an investigation. It convinced the company that action had to be taken to prevent the victimization of many of its 22,000 employees.

SET UP POLICING SYSTEM

The steel company set up a system of policing garnishments that has cut an average of $200 each from the claims made on thousands of its employees. The company found that about 90 percent of the claims made against its employees were inflated in one way or another. Some were grossly inflated.

At a recent meeting called to protest the credit abuses that led to the suicide of one frantic debtor, business, labor, legal, religious, civic, and other leaders praised the Inland system. If it were widely adopted by industry, the groups declared, some of the worst abuses of the system could be overcome.

Inland's first inquiry showing widespread abuse of the credit laws by creditors had only scratched the surface, the company found. When it set up an office supervised by Dorothy Lascoe, and began a careful check, the true extent of the problem was revealed.

Employees in some cases were dunned into paying debts they had never contracted. Cases of mistaken identity were not infrequent.

Some lawyers were charging up to $12 in court costs for each garnishment. Under the 1959 Illinois law a garnishment action "catches" any wages the company owes an employee at the time of service and during the next 7 days. Everything an employee earns during this limited period, with the exemption of $45 a week and tax deductions, must be turned over to the creditor.

The creditor, Mrs. Lascoe explained, then files a new garnishment, if the debt is not paid. Thus one garnishment after another is brought.

COSTS EAT UP PAYMENTS

One employee owed $187.46. Successive garnishments yielded the creditor $7 each. But each time a judgment was obtained $6 was added for court costs. Thus the debt was reduced only $1 at a time and there was a prospect that 187 garnishments would be necessary to pay off the indebtedness.

Some even went deeper in debt. One employee owed $160.32. On each garnishment the creditor obtained $5 and hit the employee with $6 in court cost charges. Thus each time he paid, this employee increased his indebtedness $1.

Another employee had returned a jalopy only a few hours after he bought it and found that it was falling to pieces. Nevertheless he was forced to pay for years. Others had to pay long after the merchandise they purchased was repossessed, and they were given no credit for what they had paid.

Mrs. Lascoe and the company lawyers now examine every court file. The normal creditor practice is to add about $100 in financing charges on a $200 purchase. But Mrs. Lascoe says other charges are added arbitrarily. Sometimes $50 is added; sometimes $100. Inland protests and often such charges are removed.

After obtaining an opinion from the municipal court. Inland now allows only $3.50 a garnishment for court charges.

NOTIFICATION NOT REQUIRED

Mrs. Lascoe reached into the day's file. An employee had gone in debt $946 to buy a used car. To this an attorney's fee of $127.10 had been added, bringing his debt to $1,073. For about 2 years he paid regularly and reduced the debt to $599.72.

Since he had signed a "confession" of the debt, when he quit paying, the creditor went into court and obtained a judgment garnisheeing his wages without even notifying him. (No notification is required under the Illinois law.)

Inland, in compliance with the garnishee, paid the creditors $64.37, $29.64, $59.80, and $66.03 on four actions. Another $14 was paid for court costs, making the total paid the creditor $233.84, and reducing the debt to $365.88.

Another garnishment was filed, and Mrs. Lascoe picked up the record on her examination of the papers. The creditor company still claimed $519.21.

The demands and legal notices arrive in the company's offices in batches. In January there were 260 garnishments and during the year Mrs. Lascoe estimates there will be more than 3,000.

Over a 5-year period 49 garnishments were brought against one employee to collect an original debt of $538. Inland, in contrast to many employers, does not fire for multiple garnishments.

Mrs. Lascoe points out that the Indiana law is superior to that of Illinois. Under that law no more than 10 percent of an employee's wages have to be paid to a garnisheeing creditor, and once the creditor obtains a judgment it stands until the debt is paid. The multiple actions produced by the Illinois law and mounting court and other charges do not exist in Indiana.

The groups brought together by the Mayor's Committee on New Residents are planning to seek amendment of the Illinois law. They call it vicious and medieval. Committees are at work drawing up proposals.

[From the Indianapolis Times, Mar. 28, 1960]

EASY CREDIT RACKET

Laws permitting wages to be garnisheed are the fundamental basis for the "easy credit" outrages being revealed before a Senate committee.

Loose construction of these laws makes possible a vicious racket which is nationwide, preying on the poor and feeble witted.

Here's how it works:

The gyp credit house sells to the victim an item which may be priced at several times its real value. The downpayment often covers the actual cost, with subsequent payments, if any, all profit.

If the victim defaults on these payments, his pay can be attached.

As an instance of overpricing, there was the case, related to the committee, of a man whose pay was garnisheed for a $30 blanket.

Testimony estimated the blanket actually was worth $2.50.

John Kearny, chairman of the Illinois Committee for Fair Credit Practices, blamed these credit rackets plus operation of garnishee laws for many abandoned families.

The fathers, weakmindedly, contract for more "easy payments" than they can pay. Their pay is garnisheed, leaving too little even to buy food and pay rent. The fathers "desert" their families so that they can collect welfare payments and live.

Before a suit to garnishee pay can hold in court, the creditor should have to prove he had investigated and found the specified payments were within the means of the person contracting the debt.

Regulations of this sort would tend to collapse the "easy credit" racket by shutting off the revenue.

[From the Washington Post, Apr. 20, 1961]

FIGHTING INFLATION

(By George E. Sokolsky)

The savings banks are at long last meeting the problem of inflation by advertising against it. It has been slow going because the worst phase of inflation is excessive debt, which has become a standard American habit. The Federal Government is in debt; State and municipal governments are in debt; individuals are in debt. In fact, so much is debt encouraged that interest paid on private debt can be deducted as a business expense for income tax purposes.

The Bowery Savings Bank, one of the largest in the world, has been publishing full-page advertisement against inflation. What this savings bank is advocating is that folks save their money and then buy what they want to buy for cash on hand. These advertisements particularly emphasize that financing costs are high. The Bowery Savings Bank summarizes its philosophy as follows:

"1. Ask the cash price, right at the start, of the article you are thinking about. Also add up the total of all the payments you will be required to make, including the downpayment, if you purchased on time. The difference is the extra cost to you for buying on credit.

"2. With the facts straight, it's up to you to decide. Should you go ahead regardless, shop for the best financial plan you can find. Financing costs vary, as we have shown.

"3. Deal with responsible merchants and lending institutions. Even so, it's only fair to say that handling charge accounts or small loans is an expensive operation. Someone must pay for credit investigations, paperwork, collection, and other costs, inevitable losses."

And it establishes a well-known rule of economics:

"The true annual interest on a loan, large or small, that you pay off in equal periodical installments is roughly double the rate quoted as the yearly finance charge, deducted in advance. This is true, no matter how much or little the quoted rate may be."

What is important in this discussion is not that we stop buying on credit, but that the borrower should know exactly what he is doing. In a word, excessive debt can lead to disaster, both individually and nationally.

There is another side to this picture. When a nation's currency is depreciating in value, it is sounder to buy things than to hold on to cash. Thus, life insurance policies, Government bonds and savings are imperiled by inflation because it reduces the value of currency. When currency loses value, the whole people is impoverished.

Those who own money under such conditions, whether in this or any other country, invest their money in commodities of intrinsic value such as diamonds, paintings, antique furniture, or they ship their money to foreign countries for investment or savings.

The advertisement, full page, of the Bowery Savings Bank means much more than appears on the surface. Obviously, if folks spend more than they earn, they will always be in debt. If they are paying usurious interest rates, and 18 percent a year is usury in any language, the inflation is already beyond control.

Such rates are unconscionable and ought not to be allowed, no matter whether they keep goods moving or not. Our first problem is to save the value of our currency.

Inflation is a frightful curse. It robs each individual who purchases goods. It also robs even if goods are not purchased. It can only help the very rich who can cover their losses by various devices; the rest must suffer from it. The savings banks advertisements are the first realistic attack on inflation.

[From the Northern Virginia Sun, Apr. 12, 1960]

CONSUMER NEEDS HELP

Paradoxically, the opponents of the credit-labeling bill now being studied by a Senate committee appeared to be bolstering the case in favor of the bill.

The measure would require all establishments that lend money or finance purchases on an installment plan or deferred-payment basis to clearly label the interest charges so that a consumer would have a basis of know-

ing how much annual interest charge he is paying. For example, many interest rates are now quoted on a monthly basis, so that the borrower thinks he is getting a bargain for a 1 percent rate. Actually a 1 percent monthly rate amounts to 12 percent a year, and a 1½ monthly rate amounts to 18 percent a year.

In arguing against the credit-labeling measure, William J. Cheney, of the National Foundation for Consumer Credit, contends that buyers will be confused and frightened if the monthly rates now quoted by many stores are converted into yearly charges.

Another witness argues against the bill on the ground that small retailers would be put to heavy expense in computing yearly interest charges on each transaction. When the witness cited an example of the gas station owner, who sells a $20 battery with an interest charge of $2, being repaid in four payments of $4 and one of $6, Senator BENNETT, of Utah, said, "I wrestled with that one for an hour and a half and came up with three different answers."

If Senator BENNETT has that much trouble figuring out what the true interest charge is, how is the poor consumer to be able to know what he is paying? Surely, trade associations could prepare simple tables that would help establishments like the gas station owner compute the true interest cost on various standard sales. But who is there to help the consumer?

It may well be, as Mr. Cheney testified, that the consumer will be confused and frightened if he finds out that he is paying 18 percent on his money instead of 1½ percent. But isn't it better for him to be aware of what he is paying, even if this frightens him, than having him pay a hidden charge of which he is unaware?

[From the St. Louis Post-Dispatch, Apr. 22, 1960]

DARK AREAS IN SMALL LOANS

Some woeful inadequacies in the small loan laws of Missouri are being disclosed in the hearings Senator DOUGLAS, of Illinois, is conducting on his bill to require full disclosure of finance charges in consumer credit.

John L. O'Brien, president of the Better Business Bureau of Greater St. Louis, told the committee Missouri is among the 26 States which have no laws requiring disclosure of finance charges. In consequence, he said, while small loans are available in this State at rates as low as 8 percent a year to borrowers with satisfactory credit, some unsuspecting buyers are being gouged by automobile finance rates that "mount into hundreds of percent" in simple interest.

As an awful example, Mr. O'Brien told of a man who borrowed $850 to finance the purchase of a secondhand car at a total finance charge of $517 over a 4-year period. Feeling that he was paying too much, he obtained loans elsewhere and paid off his balance after 2 weeks. He was charged $140 for the use of the $850 for 14 days—or about 427 percent. The finance company had already paid the automobile dealer a commission of $105 for the business, Mr. O'Brien related.

These commissions have become so important that, according to Mr. O'Brien, they are used by some finance companies to gain more and more auto dealer business, and often mean the difference between profit and loss on the year's operations to the auto dealer. In extreme cases, he said, an unscrupulous finance company will agree to rebate to an unscrupulous auto dealer all the finance charge he can gouge out of a customer above an agreed-on minimum.

Plainly, Missouri needs its own full-disclosure law, such as Illinois already possesses, to supplement whatever legislation on the subject may be enacted at the national level. This State has a law limiting interest on small loans which compares favorably with the statutes of other States, but it can be and is being evaded by the use of other forms of charges about which the buyer is kept in ignorance.

[From the Denver Post, Mar. 29, 1960]

THE STATES SHIRK ANOTHER DUTY

Strong support is developing in Washington for the bill sponsored by Senator PAUL DOUGLAS, Democrat, of Illinois, to require credit merchants, including automobile dealers, to tell their customers how much they are paying for merchandise and how much extra they are paying for interest, insurance, fees, etc.

"Dollar-down-and-dollar-forever" purchasers have long been victimized in many parts of the country by high interest charges and hidden supercharges for such things as insurance which will guarantee that the merchant gets his money even though the customer dies before completing the time payments.

All too often a buyer will sign a purchase contract and then learn, after he goes home and does some simple arithmetic, that he is being seriously penalized because he did not buy for cash.

Senator DOUGLAS would require installment merchants to furnish their customers readily understandable statements so they will know in advance how much they are paying for the credit they receive.

The Association of Better Business Bureaus, Inc., has endorsed this "truth about credit" bill. It also has the support of the Federal Reserve Board, although the Board would like to avoid the job, which Senator DOUGLAS would give it, of policing the bill.

The control of shady business in the installment credit field should be a State function, we believe, but when States fail in the job of rendering proper services to their people we must, inevitably, expect demands for Federal action.

Here is another example of the reason for the growing power and authority of the Federal Government. State governments constantly fall farther and farther behind in the matter of meeting modern problems.

Some States have tried to deal with installment credit rackets. A year ago a law similar to the bill Senator DOUGLAS has introduced in Congress was passed in Colorado. However, according to W. Dan Bell, head of the Denver Better Business Bureau, complaints regarding "hidden charges" still make up a high percentage of the cases reaching his agency.

A weakness of the Colorado law is its failure to provide for policing except through complaints made to local district attorneys, who are reluctant to prosecute except on a type of evidence which the ordinary installment buyer is unable to furnish.

Whether Senator DOUGLAS' bill is passed or not, he has succeeded in calling attention to a problem which must be solved. And he has served to remind those who harangue the loudest about States rights that they could save themselves a lot of breath if States would take their duties as seriously as they take their rights.

[From Newsweek, Apr. 4, 1960]

BUSINESS—BORROWING MONEY IN THE DARK

If John pays $7.50 interest for a 1-year, $250 loan, what is the interest rate? Any fifth grader knows the answer is 3 percent. Yet interest, like so much else, seems vastly more complicated in real life than it does in the fifth grade. After a recent survey of installment credit, the Survey Research Center of the University of Michigan said credit was the first subject it studied on which college-educated people were as badly informed as the rest of the populace. Muddled by installment payments, "discounted" interest, and extra charges, 39 percent of the consumers polled had no idea how much it cost them to buy their cars on time—and the 61 percent who had an answer guessed anything from under 6 percent to more than 13 percent.

Last week, a Senate Banking Subcommittee began hearings on Senate bill 2755 that—hopefully—would protect the Nation's bumpkin borrowers from themselves by making credit costs as simple as ABC. Subcommittee Chairman Senator PAUL DOUGLAS, of Illinois, Democrat, who wrote the bill, described it as a truth-in-lending bill aimed at enlightening consumers who, he said, are "deceived or misled" about the high interest costs of bank or finance-company loans, time purchases of autos and appliances, or retailers' charge accounts. The facts themselves, DOUGLAS clearly implied, might discourage enough borrowers to put a healthy crimp in consumer credit, which has swollen from $5.7 billion to $52 billion in the last 15 years—not including home-mortgage debt, up from $18.6 billion to $131.2 billion.

FACTS AND FIGURES

To get at the facts, and to cut through the confusion of figures that disguises the true cost of borrowing, DOUGLAS' bill would: Require banks, loan companies, auto financers, and other purveyors of installment loans to compute interest rates on the unpaid balance, rather than on the principal. (A buyer paying off a "6-percent" loan in 12 monthly installments is actually paying close to 12 percent for his money. He only has full use of the loan for 1 month. Each month he reduces it by the amount of his installment. Yet the 6 percent is calculated on the full amount.)

It would also require lenders to compute service charges, insurance costs, and other extras as part of the interest figure. (By padding extras, some dealers easily bypass usury laws, which limit only pure interest rates.)

The subcommittee heard a dossier full of horrible examples to booster DOUGLAS' case. Among them:

A Maryland loan company quoted a 6-percent rate for a loan where the actual cost—after allowing for service charge, insurance fee, discounting of the interest from the amount loaned, and the usual installment payments—was 22½ percent.

An unfranchised used-car dealer charged $187.65 on a loan of $300—11 monthly payments of $15 each, plus a final payment of $322.65. Simple annual interest rate: 62½ percent.

A 67-year-old Floridian can't afford to retire because he is faced with 17 more years of payments to finance a home-improvement bill. Cost of the improvements: $2,650. Total cost, including financing $5,482.50.

Much of this springs from bait advertising that trumpets "no money down," "no carrying charges," or "name your own terms," while concealing a mare's nest of costly gimmicks, according to witness William Hussong, general manager of the 27,000-member Navy Federal Credit Union. "The housewife shopping for a dress looks at labels and compares prices," said Hussong. "Isn't a person shopping for credit entitled to the same protection?" President Harold Rosner, of Robert Hall Clothes, suggested that all merchants be required to display separate cash and installment price tags on their goods. This would discourage unhealthy credit, help prevent another recession, said Rosner. (It would also, presumably, help Robert Hall, which sells only for cash.)

IN REBUTTAL

Speaking for the consumer-credit men—the commercial banks and finance companies who have yet to testify—Chairman Thomas Bousshall, of the Bank of Virginia, made it plain that the charges hurt. How, he asked at an American Bankers Association meeting last week, could the credit industry attack

a bill that calls for honest disclosure—that seems, in fact, to approve of motherhood and disapprove of sin?

Yet the industry had some solid arguments. Translating extras into a simple interest rate would be an immensely complex task that would raise the cost of making loans—and the industry insists that borrowers care only about dollar costs, not interest rates, in any case. The industry also argues that merchants required to label their true installment costs could lower these to make them look good, then make it up by simply boosting prices.

But even if consumer-credit men are, as they claim, being roasted for the sins of a few unscrupulous fringe operators, they aren't likely to get much support in Congress, for good and political reasons. The outlook for S. 2755: No action before Congress adjourns, but a good chance for passage at the next Congress.

Mr. PROXMIRE. Mr. President, it is a privilege to join the senior Senator from Illinois [Mr. DOUGLAS] in sponsorship of the truth-in-lending bill. I cosponsored similar legislation with him in the 86th Congress, and served under his wise and witty chairmanship as a member of the Production and Stabilization Subcommittee of the Banking and Currency Committee, which last year conducted extensive hearings on the subject.

The bill that we are sponsoring today is aptly named. Its title states "Truth in Lending," and that is its aim: to bring truth—the full disclosure of relevant information—into lending and credit transactions.

It may be argued that this goal is too modest. Undoubtedly there are many who believe, with much justification, that it is not enough just to disclose the annual interest rate when credit is extended. There are many who believe that interest rates should also be limited to figures more modest than the 30, 40, or 50 percent now frequently charged.

But that is not the purpose of the bill that we are introducing today. This bill simply requires lenders of money and purveyors of credit to tell the truth about interest and finance charges. It provides that the true annual interest rate must be made known in any credit transaction.

Few people recognize the extent of credit ignorance in this country. Under the practices which are today general, it is often impossible to find out the true interest rate being charged in a credit transaction. Even a persistently inquisitive potential consumer of credit may not be able to get the facts needed to measure the exact annual percentage cost of the privilege of paying over a period of time. It is not going too far to say that much of the vast quantity of consumer credit is a pyramid built on a shaky foundation of misunderstanding, misinformation, and downright deception.

The distance that we have strayed from the straightforward commonsense we were taught when we were young can be discerned in the need to regularly prefix the words "true annual" to the rate of interest that must be disclosed according to this bill When we learned about interest it was the true annual rate that our arithmetic books described. In the classic formula, interest equals principal times rate times time—i=prt—and "t" is expressed years.

These traditional meanings of the terms still apply when we earn interest on our savings or investments. The average individual long ago discovered that "2½ percent" means "2½ percent per year," not "2½ percent per month," when he collects interest on his savings. But a quoted rate of 2½ percent when he is paying someone else does frequently turn out to be 2½ percent per month—or 30 percent per year. How pleasant it might be to collect $30 for every $100 left in an account for a year. Under traditional use of language, the earnings on that sum would be just $2.50. Strange as it may seem, the newfangled use of percentage rate terms applies only in one direction.

If an individual deposits a sum in a savings account which advertises "4 percent interest," and then asks to withdraw regular shares of the principal over a period of time, his bank is not likely to agree to compute the interest due at the close of the year on the original deposit balance. But the phrase "4 percent interest" is the same when money is borrowed, though repayment must be made in just such monthly installments, as a result of which the individual has the use, on the average, of only half the sum originally borrowed.

While a credit institution insists that you leave your money in their hands full time when they are paying you interest, they equally insist, when their money is in your hands, that it be paid back month by month. While this may be sound business sense, it is apparent that the term "4 percent interest" has a completely different meaning in the two cases. It clearly depends on whether your money is coming or going, and which is which often makes quite a difference in this heads-I-win, tails-you-lose definition of terms.

The unhappy human consequences of this credit ignorance were dramatically revealed in the many case histories that were presented at the hearings on this bill last year. We heard a mountain of evidence which demonstrated how intelligent citizens are deceived and hoodwinked in their credit transactions. In case after case, the borrower indicated that he would never have gotten into his financial mess had he known the full true annual rate he was paying.

I ask unanimous consent to have printed at this point in the RECORD a few of these case histories, to give some idea of the scope of this problem. These are taken from the testimony of Mr. R. C. Morgan, of the Credit Union National Association.

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

Case 3: This case concerns U.S. Army Sergeant H and his wife, Mrs. H, who is an employee of the Government Employees Credit Union. This case is being cited to illustrate how very difficult it is for even people who are used to doing office work, and who are accustomed to handling money and financial transactions, to determine the true cost of credit under the procedures used by some automobile dealers and finance companies.

Shortly before Mrs. H came to work for the credit union, she and Sergeant H purchased a new 1959 Mercury Monterey 2-door sedan from ——— dealer in El Paso, Tex. I have here all of the papers ever received by Sergeant and Mrs. H in connection with the purchase and financing of the 1959 Mercury.

I have here a yellow sheet of paper headed, "Note with chattel mortgage." This paper is dated May 16, 1959. It shows the name of the dealer and the name of the finance company to whom Sergeant and Mrs. H promised to pay the sum of $3,939.48 in consecutive monthly installments of $109.43 each, commencing July 10, 1959. A little further down are found these words and figures:

"A portion of the agreed time selling price of the here and after described property purchased by undersigned from the payee herein on which undersigned has made a downpayment of $550, leaving an agreed time balance of $3,939.48 evidenced by these presents."

Nowhere on any of these papers is the cash selling price of the automobile shown. Nowhere is an interest, a finance, or a carrying charge shown. Only the "agreed time balance of $3,939.48" is shown. I submit that it would be absolutely impossible for anyone to determine from this "Note with chattel mortgage" the cost of the credit extended. I would like to add that Sergeant and Mrs. H have personally assured me that they did not know at the time they purchased the automobile how much they were charged for financing the vehicle.

I have here a blue tax collector's receipt form issued by R. R. Deason, tax assessor-collector, El Paso County, Tex., evidencing title application in the name of Sergeant and Mrs. H for the same 1959 Mercury Monterey 2-door sedan described in the "Note with chattel mortgage" form to which I previously referred. This receipt indicates the total "cash credit and/or exchange plus trade-in" received by the dealer for the 1959 Mercury to be $3,767.45. Since the "Note with chattel mortgage" shows a downpayment of $550, it would appear that Sergeant and Mrs. H financed an unpaid balance of $3,217.45 ($3,767.45 minus $550 equals $3,217.45). Since the "agreed time balance" was $3,939.48, the cost of the credit must have been $722.03. Applying a formula, we find the true simple per annum interest rate to be approximately 15 percent. Should the purchaser of a new automobile who finances the vehicle with a well-known, reputable finance company have to go through all of this to determine the simple per annum interest rate he is paying?

There is a sequel to this case. Due to circumstances beyond their control, Sergeant and Mrs. H found it necessary to dispose of the 1959 Mercury. On March 1, 1960, they asked the finance company to inform them of the net amount it would take to pay off their balance in full. The "net payoff" quoted by the finance company was $2,771.06. Because of the several hundred dollars finance charges (we can only assume they were finance charges since the contract does not identify the charges made), they decided they had no choice but to voluntarily turn the automobile back in to the dealer from whom it was purchased.

I believe a great deal of trouble could have been saved everyone had Sergeant and Mrs. H been informed in simple understandable terms just what it was costing them to finance their new Mercury.

Case 4: This case concerns a vacuum cleaner which was purchased by a U.S. civil service employee in El Paso, Tex., and financed through the ——— Bank of El Paso. The charge for the credit extended was reasonable. So far as is known, no attempt was made by either the dealer or the bank to deceive the consumer as to the amount of

the charges, and the case is cited merely to show that even national banks do not state charges for consumer credit in easily understood terms which are susceptible to ready comparison with the rates of other lenders.

We shall call the consumer in this instance Mr. D. I have here the original note signed by Mr. D in favor of the bank in the total amount of $168, payable in 18 monthly installments of $9.33 each. The only mention of interest which appears in the note refers to interest "from maturity"; i.e., interest which would become due and payable only if the borrower failed to repay the note on schedule. In interviewing Mr. D, he stated the unpaid balance he owed on the vacuum cleaner was $150 and that the bank charged him "3 percent interest" which was "less than the credit union interest rate."

It is an apparently simple matter (at least it would so appear to the average borrower) for the bank to prove by simple arithmetic that it charged 8 percent interest on this transaction. Take the $150 balance financed on the vacuum cleaner, multiply it by 8 percent and you get $12. Since the contract runs for 18 months, or 1½ years, you add one-half of the $12 or $6 and you get a total charge of $18. Naturally, Mr. D thought he was paying 8 percent interest, and knowing that the credit union charges 1 percent on the unpaid balance, or 12 percent per year, he assumed the rate was cheaper than the credit union rate.

Now, here is a formula to determine the true interest rate charged on a loan:

$$l=\frac{2yc}{m(n \text{ plus } l)}$$

l=true interest rate
y=number of payments per year
c=cost of loan
m=money received
n=number of installments

Applying the formula to Mr. D's bank loan, we find the following:

$18=cost of loan

$$l=\frac{2\times12\times\$18}{\$150\times(18 \text{ plus } 1)}=\frac{24\times18}{150\times19}=15 \text{ percent}$$

Mr. D actually paid over 25 percent more for his $150 loan than he would have paid the credit union, yet he thought he was paying one-third less.

Case 5: This case which concerns Mr. C, an employee of the U.S. Government at White Sands Missile Range, N. Mex., and a member of the Government Employees Credit Union, El Paso, Tex., will be stated very briefly. The case is being placed in the record because of the failure of a TV dealer to tell Mr. C either verbally or in writing that there was any charge for credit extended him.

On March 7, 1959, Mr. C purchased a television set for $285.55. I have the sales ticket here in the file. Mr. C asked the dealer's salesman if he could pay for the television set in installments. The salesman stated he would be very happy to permit Mr. C to pay for the television set at the rate of "about $14 per month." Mr. C thought the installment agreement was being extended him as a courtesy by the dealer. He did not understand that there would be any charge for the credit, nor did the salesman or anyone else tell him there would be a charge. He was simply given the sales slip I have here, which shows the net price of the television set was $285.55, and which bears this notation, "——— contract, about $14 per month to start April 10, 1959." Please note there is no mention of interest or credit charges—the number of months Mr. C would have to pay is not even stated.

When Mr. C came to the credit union in January 1960, to obtain a loan to "consolidate his debts," we contacted the television dealer for a "net payoff." The amount quoted was $206.22. Mr. C stated his payments had actually been set at $14.73 per month, and he had made 10 such payments (exactly on time, as agreed).

I repeat, this copy of the sales slip I have here which is all Mr. C ever received shows no charges for credit. But, if the price of the television set was $285.55, and Mr. C had paid 10 payments of $14.73 each (a total of $147.30) and still owed $206.22, simple arithmetic shows that he actually paid a total of $353.52 for the television set. He, therefore, must have been charged $67.97 for the credit ($352.52 minus $285.55 equals $67.97). This is in excess of 33 percent per annum simple interest.

I do not believe Mr. C would have agreed to pay 33 percent interest had he known that was what it would cost him to pay for his television set at the rate of "about $14 per month."

Case 6: This case concerns Mr. G, an insurance adjuster, who has adjusted many insurance claims for members of the Government Employees Credit Union in El Paso and vicinity. The case is cited to illustrate the policy of a very large nationally known finance company in connection with rebates on installment accounts which are paid in full prior to the contract maturity date. It is also cited to show the inequity and the actual hardship such a policy may work on consumers.

On October 2, 1957, Mr. G purchased a new 1957 Chevrolet station wagon for a cash-delivered price of $3,520.42. He paid $850.62 down, leaving a balance of $2,669.80 to be financed. This amount was financed with the ——— ——— Finance Co.

I have here the conditional sale contract covering this transaction. Although no interest charge is shown as such, the various charges for insurance and financing are rather clearly itemized. For example, an item of "Finance charge (including charge for group creditor insurance, $28.14)" is shown and opposite the item is entered the amount of $599.16. All of the items add up to a "Time (deferred) balance" of $3,378.96, beneath which is shown an item called total time price of $4,229.58. In talking to Mr. G about this, he stated soon after he purchased the car he had an air-conditioning unit installed at a cost of $300. He financed the $300 with the same finance company, adding it to the original contract. The finance company added an additional $50 finance charge, making a total of $350 added to the original time balance of $3,378.96. This brought the total of the contract to $3,728.96 ($3,378.96 plus $350 equals $3,728.96).

The conditional sale contract provided for payment in 36 monthly installments of $93.86 each, commencing November 6, 1957.

In January of 1960 Mr. G changed jobs. On his old job he had used his personally owned automobile in his work and had received a mileage allowance. On his new job, the company furnished an automobile and therefore did not allow expenses for the use of a personally owned vehicle. Since Mr. G had been using the mileage allowance to make the payments on his 1957 Chevrolet station wagon, he now found himself in the position of being unable to keep up with payments since he would no longer receive the mileage allowance. He decided to sell the automobile.

In order to arrive at a price to ask for the automobile, Mr. G attempted to compute the net balance he owed the finance company by prorating the finance charge of $599.16 shown on his copy of the conditional sale contract and arriving at an estimated amount which should be refunded to him as unearned charges. I do not know the exact amount Mr. G estimated he owed the finance company. In any event, he negotiated a sale for the automobile and he and the prospective buyer went together to the finance company's office to pay off the amount due and to transfer the title. A representative of the finance company informed him that the net payoff on his account would be $2,285—a figure several hundred dollars in excess of the amount Mr. G had estimated he owed. The prospective buyer immediately backed out and Mr. G lost his sale.

Now, let's analyze that $2,285 net payoff amount. Mr. G originally owed $3,728.96 (including all charges and the addition of the air conditioner). He had paid 15 payments in the amount of $93.86 for a total of $1,407.90 ($3,728.96 minus $1,407.90 leaves a balance of $2,321.06). That amount, less the $2,285 quoted as the net payoff, means the finance company was, in effect, refunding only $36.06 of the total finance charge included in the contract of $599.16. Please note that the contract had run only 15 months out of a total of 36 months.

The finance company was doubtless within its legal rights in refusing to refund a greater percentage of the finance charge; nevertheless, Mr. G had no forewarning that the cost of the credit would be so great and, as a result of circumstances beyond his control, he found himself owing more on an automobile—for which he had no use—than he could sell it for.

You may not agree with Mr. G's solution to the problem. He took the automobile, parked it in front of the dealer's showroom where he purchased it, and handed the dealer the keys. Surely, there would have been a better solution for all concerned.

Case 7: This case concerns the purchase of $1,550 worth of furniture from a retail furniture dealer by member X of the Government Employees Credit Union of El Paso. For the sake of brevity, I will not go into member X's personal situation, other than to state he came to the credit union—as so many people do—for help with personal financial problems due at least partially to his failure to understand the high costs of consumer credit.

I have in the file here a copy marked "purchaser's copy" of a document furnished Mr. X by the dealer. This document is headed, "Time Sale Purchase Order and Lien." It lists the items purchased and shows the cash price of each. The cash prices are totaled and the total shown as $1,550.

Here is some interesting fine print, which is shown in parentheses just under the "Cash price" column heading. I read from the form "Unless all cash is paid, the sale is at time price shown at bottom of this sheet, and cash price is shown for comparison only." Now, let's look at the bottom of the sheet. Here we find the following item, "Total time price of $1,750.20." Beneath that is an item labeled "Downpayment of $750" and under that is an item labeled "Deferred balance of $1,000.20." The form goes on to stipulate that the deferred balance will be paid in 30 monthly installments of $33.34 each, beginning January 25, 1960. The point is that nowhere does this document show as a separate identifiable item the cost of the credit extended. There is no mention of interest (other than to provide for interest at the "highest lawful rate" after maturity). There is no statement of the dollars and cents cost of the credit, nor is there, and I emphasize this, any provision for a refund of charges or a reduction in the "time price" in the event the purchaser should elect to pay the account in full before the agreed date.

We can assume, of course, that the cost of the credit in this instance is $200.20, since the total shown under "Cash price" is $1,550, and the amount entered "Total time price" is $1,750.20 ($1,750.20 minus $1,550 equals $200.20). We may assume further (although this assumption is complicated by the fact that the cash downpayment is deducted from the time price rather than the cash price) that the $200.20 is the cost for 30 months for credit in the amount of $800 ($1,550 minus $750 equals $800). Stated in

terms of a simple per annum rate, this is 19.4 percent. Mr. X did not know this.

Case 8: Mr. B, who is employed as a warehouseman at White Sands Missile Range, has a wife and three children, and takes home $313 per month. He came to us on January 30, 1960, to consolidate his debts. He stated he "thought" he was paying too much in "carrying charges and interest" on his various debts.

Mr. B made an excellent impression. We checked his credit and found he had always paid his credit obligations exactly as agreed. But when we began asking Mr. B about his various debts and the amount of charges he was paying on the various accounts, it became obvious why he merely "thought" but did not actually know whether he was paying too much or not.

Mr. B owed seven creditors fairly substantial amounts each; he owed a number of other smaller debts.

I have here documents evidencing his largest debt. These documents consist of a promissory note dated November 20, 1957, in the total amount of $1,707.84 to a construction company; a short form mortgage deed which secured the promissory note just mentioned (this mortgage was on Mr. B's small home in southern New Mexico); a New Mexico assignment of mortgage assigning the mortgage securing the promissory note to the ——— Finance Co. of Albuquerque, N. Mex., and finally a New Mexico release of mortgage signed by the vice president of the ——— Finance Co. and forwarded to the Government Employees Credit Union, El Paso, Tex., upon receipt of payment in full from the credit union of the balance due the finance company from Mr. B. Mr. B stated that he did not know how much had been included in the promissory note for interest, carrying charges, or insurance (the short form mortgaged deed form includes an insurance clause). I challenge anyone to find any mention in any of these documents, the note included, of interest or other credit charges. Yet, commonsense tells us such charges are certainly included. As a matter of fact, a payment book which Mr. B showed us at the time he came to our office on January 30, 1960, indicated he owed the ——— Finance Co. a balance of $521.84. When we contacted the finance company for a "net payoff," they very "generously" allowed a rebate of $21.23, quoting a net payoff of $500.61.

When you buy a washing machine, a new chair, or a bag of potatoes, the seller quotes you the price of the product—you know what it is costing you. Why should not one who sells credit also quote his price?

Case 9: This is the case of a U.S. Government employee who financed an automatic washing machine through the ——— Bank of El Paso. It is similar to another case cited where a consumer obtained credit from a bank for the purchase of a vacuum cleaner in that the lender is unquestionably an ethical one and in that no attempt was made by anyone to deceive the consumer with respect to credit charges. This case is cited to show another method used by lenders to state credit charges.

This employee of the U.S. Government, whom we shall call Mr. E, purchased the washing machine for the total price of $289.95. He paid $119.95 down and obtained a loan from the bank to finance the $170 remaining balance. I have here the original contract with the bank. It reads in part as follows:

Balance, subject to cash downpayment	$289.95
Less cash, receipt of which is hereby acknowledged	119.95
Deferred balance	170.00
Add time sales charge	15.40
Amount of contract	185.40

The contract goes on to provide payment in 18 monthly installments of $10.30 each. Please note that the contract does not include a reference to interest or credit charges. It does specify a "time sales charge" of $15.40.

Mr. E, incidentally, told us he thought he was paying 6 percent interest. He was actually paying almost 12 percent, which is still a reasonable rate on this type of transaction. The point is: Mr. E did not know the true percentage and since lenders have such a bewildering variety of methods of stating interest and other credit charges, he really had no opportunity to compare the bank charges with those of other lenders. For example, had he asked another lender (even another bank) what their interest rate would be on the $170 loan and had received the answer of "9 percent," he would have naturally assumed the second lender was higher than the bank from which he obtained the loan.

Case 10: This case concerns an employee of the U.S. Government in El Paso who, for a number of years prior to becoming a member of the Government Employees Credit Union, had been purchasing furniture and other household items from a well-known national mail-order house. There is no allegation that the credit charges were excessive nor that an attempt was made to deceive the consumer whom we shall call T. The case is cited simply to show how impossible it is under the procedures of many grantors of consumer credit for the consumer to determine the true cost of the credit.

I have here a series of five "easy payment order blanks," listing items and prices of purchases made by Mr. T. In each case, the easy payment order blank provides spaces for "total cash price," "carrying charge," etc.

The first of the order blanks lists items totaling $573.92. To this amount is added a carrying charge of $91, making a total balance of $664.92. To this, in turn, is added an old balance of $141.45, making a total new balance of $806.37. This amount Mr. T. signed a contract to pay (incorporated in the easy payment order blank) in installments of $34 each (monthly), beginning October 15, 1956.

I now call your attention to the next easy payment order blank. It shows the purchase of a rug and pad costing $12.95. None of the blanks relating to "carrying charge," etc., are filled in.

The third order blank is dated March 1, 1958. This order blank covers the purchase of a rug and pad costing $325.55. It shows a deposit of $10. The rest of the blanks are not filled in.

The fourth blank is not dated, but it evidences the purchase of a three-piece sectional sofa for $279.88. In this case, a carrying charge of $45 is added and also an old balance of $366.55, and the new balance total of $691.43 is shown.

The fifth and final easy payment order blank evidences the purchase of a refrigerator for $444.95. None of the blanks relating to carying charge, etc., are filled in. Neither is an old balance or a new balance shown, although the blank is noted "add-on."

I repeat, the credit grantor in this case is a well-known mail-order house, and although the easy payment order blank does not indicate the cost of credit extended in simple-interest terms, it does show an item called carrying charge which would, at least, enable the consumer to know how much in dollars and cents the credit extended him would cost.

The point is this: These blanks in three out of the five instances cited were not filled in—the consumer had no way of determining the cost of the credit, even in dollars and cents. How, then, could he shop for the most reasonably priced credit?

I submit that S. 2755 would not only require unscrupulous and high-rate credit grantors to state their charges in simple, readily understood terms, but it would require the employees of well-known reputable business firms to properly complete easy payment order blanks so that the consumer will know what credit is costing him.

Mr. PROXMIRE. I also ask unanimous consent to have printed in the RECORD an excellent editorial from the Milwaukee Journal, which appeared last year while our hearings were in progress. It does a brilliant job of summing up in a "nutshell" the argument for this bill.

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

BORROWER HAS RIGHT TO FULL DISCLOSURE OF CREDIT TERMS

Senator DOUGLAS, Democrat, of Illinois, deserves encouragement in trying to bring some commonsense into our credit-crazy economy. With the support of such responsible organizations as the Better Business Bureau and the Federal Reserve System, he is sponsoring a bill under which people who buy on credit would have to be clearly told what that credit is costing them.

The Senator's "full disclosure" bill is not anticredit. DOUGLAS, a former professor of economics, appreciates the worth of consumer credit, when properly used, in helping people acquire homes, automobiles, and other big purchase items.

What his bill aims at discouraging is excessive use of credit and camouflaging of credit terms so that purchasers are either not informed of credit costs or are misled as to their true amount.

Legislation of this sort cannot be expected to eliminate misuse of credit or keep foolish and gullible people from getting head over heels in debt. But the measure—or one incorporating its principles—should at least help counteract what Harold Rosner, president of Robert Hall Clothes Co., terms the "credit virus."

As an early witness before the Senate Banking and Currency Subcommittee studying the Douglas bill, Rosner declared:

"From my experience of 40 years in the retail apparel industry, I can tell you gentlemen that when the terms are made to seem easy enough to meet, people suffering from the credit virus can no more resist the installment salesman than the gambling or liquor addict can resist his particular type of addiction."

But people who use consumer credit are not the only ones who stand to gain from full disclosure legislation. Businessmen generally should benefit. In 1955 excessive credit boomed auto sales at the expense of other trade. Legitimate dealers in credit would also be protected from unscrupulous competitors. One credit manager testified that in checking a variety of auto finance plans he found contracts calling for interest rates that ranged all the way from a low of 9½ percent a year to 62½ percent a year.

"Every borrower should have the right to full knowledge of the terms and contents of credit contracts, stated in a uniform and truthful manner," says DOUGLAS.

What could be fairer?

Mr. PROXMIRE. The Milwaukee Journal of May 8, 1960, contained a cogent article by the noted family financial counselor, Charles V. Neal, Jr., entitled "Dollars and Sense: True Interest Rates Vary Greatly—Congressional Bill Asks Clarification." The article describes the confusing variety of interest rates, true and pseudo, that confront the potential borrower in search of a loan. I ask unanimous consent that this article also be printed in the RECORD.

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

DOLLARS AND SENSE: TRUE INTEREST RATES VARY GREATLY—CONGRESSIONAL BILL ASKS CLARIFICATION

(By Charles V. Neal, Jr.)

A person in search of emergency cash always should consider the cost involved. Let's see how the interest cost of various sources of loans stack up.

If you have a willing friend or relative you may borrow at a cost varying from free to 6 to 7 percent true interest. That would be the cheapest route.

You can borrow from a bank or life insurance company at a typical rate of 5 percent, provided your insurance has sufficient cash value and you are willing to pledge it as security.

Or you can get a personal "installment" loan from a bank at a typical rate of 10 to 12 percent true interest, although the rate is usually expressed as "$5 or $6 a hundred" on the entire sum borrowed.

RATES VARY

Credit unions charge about the same, 10 to 12 percent true interest, although their charges are computed on the unpaid balance at 1 percent or less a month.

Industrial loan companies, sometimes called Morris plan banks, industrial banks or large loan companies charge rates of from 24 to 36 percent on the first few hundred dollars of the loan, but the rate drops off as you borrow larger amounts.

Rates vary from area to area but the cost is usually more than that charged by banks or credit unions, but less than that charged by the small loan companies.

The small loan companies, and it is getting more difficult to differentiate between them and industrial loan companies as State legislatures keep raising the loan limits, charge from 24 to 42 percent on the first $100 or $150. From there the rates drop to 24 to 12 percent, depending on the amount of the loan and the State law. The interest rates of these lending firms are almost always expressed as 2 or 3 percent per month on unpaid balances.

HIGHER PERCENTAGE

Pawn shops charge about the same interest as small loan companies.

If things are really desperate, you can hunt up a friendly loan shark and pay a true interest rate of several hundred percent, but as a rule you can borrow only a small sum. I shudder to mention them.

That's about it with the exception of putting a second mortgage on your home. That kind of interest is the cheapest of commercial sources with the exception of those loans on cash value of life insurance or against savings accounts, but the extra charges can murder you. Survey fees, abstracting costs, closing costs, brokerage fees and other charges of an escrow nature can put the total costs out of reason.

For that matter you need to ask about fringe costs such as insurance premiums wherever you borrow. They can mount.

CONTROVERSIAL BILL

As you may have read, there is a bill before Congress requiring credit grantors to disclose their true, annual interest rates. The bill has provoked a storm of controversy, and the sponsor, Senator DOUGLAS, of Illinois, has been both cursed and praised.

One impartial critic commented that no one could attack the bill openly, since it would be like advocating sin. How can one be against honesty and frank dealings?

Nevertheless, there are some powerful undercover opponents to the bill. Small loan companies, which have been expressing their interest rates as 2 or 3 percent per month on the unpaid balance, are not happy with the idea of stating the rates as 24 to 36 percent "simple interest."

Finance companies, which finance hard goods sales and were instrumental in passing State laws controlling time sales' charges, prefer to advertise their rates as a discount rate rather than as a simple interest rate. It sounds better to say "6 percent" or "9 percent" per annum rather than 12 or 18 percent "true interest." Some rates are much higher.

But retailers comprise the most powerful lobby against the bill, in my opinion. They have reasons other than that of losing credit sales to worry them. For one thing, some stores are rather haphazard in computing revolving account interest. A 1½-percent charge added to a late-in-the-month purchase might be closer to 54 percent than to the legal 18 percent. The proposed bill might double the merchants' bookkeeping costs due to the requirement of accuracy.

THOSE WHO SUPPORT

Banks have not been particularly active against the bill. In fact, a number of bankers are "pro," since it would point up the more reasonable charges of banks as compared to some private finance agencies. Credit unions definitely back the measure as do labor unions.

Most consumer groups are throwing their weight behind the bill, too, feeling the public might save millions of dollars in interest charges under a full disclosure law, and it might reduce unnecessary credit spending.

But opponents of the bill are indignant, so credit men throughout the country are meeting to plan their attack. One widely circulated business journal commented that the bill represented one more attempt of ultraconservatives and leftwingers to smear consumer credit and get government control over installment lending—quite a serious combination of forces.

HOW TO FIGURE RATE

In the meantime, readers want to know the formula for determining true interest rate on time sales contracts or precomputed loans. The following example is taken from a textbook on credit buying.

$$R \text{ equals } \frac{2M\ I}{P\ (N \text{ plus } 1)}$$

R—Annual cost rate in decimal form (what you are trying to learn).

I—Dollar cost of the credit (interest or finance charge).

M—Number of payments in a year (a monthly contract would have 12).

N—Number of payments (a 2-year contract would have 24).

P—Net amount of credit advanced (carryback, principal, or unpaid balance).

If the cash price of an article is $350, down payment is $120 and the balance is to be paid in 12 monthly payments of $20, you would be financing $230 at a cost of $10. What rate are you paying? By substituting actual figures for the letters, the formula would look like this:

$$R = \frac{2 \times 12 \times \$10}{\$230\ (12 \text{ plus } 1)} \text{ equals } \frac{\$240}{\$2{,}990}$$

equals .08, a cost rate of 8 percent

However, it would be very difficult to finance $230 over a year's time for a mere $10 in these days. It would more likely cost you $30, a true rate of 24 percent if the payments were raised enough to pay the balance in 12 months. In such a case your payments would be increased to about $21.67, not enough to feel but enough to triple the true rate of interest.

If the amount of your "carryback" was substantial, the seller might lose a sale by increasing your monthly payments enough to give him a fat finance rate. In this case he might prefer to stretch out the terms and thereby lower the monthly payments. This is the modern trend in financing, from TV sets to homes.

Most credit buyers are interested in but two things, the monthly payment, and the downpayment. The downpayment has all but disappeared in some types of credit transactions.

SHOP CAREFULLY

Finance charges and interest are to be shopped for, quibbled over and analyzed, the same as the product or service itself. There are no benefits to be gained by paying terribly high rates, except to the lender, of course.

There are those who say, "Don't worry about the interest, it is tax deductible."

Most people of average means can discard any such reasoning. You would save only a portion of the interest cost, an amount equal to the tax percentage which would apply to the top part of your income. You may spend $300 in interest charges to save $30 in taxes, a good way to "go broke."

Interest charges are deducted from gross income, not from net taxes.

Mr. PROXMIRE. I would like to conclude by placing in the RECORD parts of a letter addressed to the principal sponsor of this bill, from the supervisor of consumer credit in my own State of Wisconsin, Mr. John F. Doyle. As a supervisor in our State banking department in Madison, Mr. Doyle is in a position to observe the credit business at first hand. In his letter Mr. Doyle writes:

In the 28 years that I have been supervisor of consumer credit in the State of Wisconsin, I have found many misleading and unethical procedures used by retail sellers, manufacturers, and consumer credit agencies both from the standpoint of advertising as well as from the standpoint of a full disclosure of the per annum charge. There is no question but what the bill you proposed will create a sense of awareness in the mind of the user. For example, when a prospective borrower sees a newspaper advertisement that they can finance their car at "low bank rates" and then when they purchase a current model used car and have included in the finance charge a $9 per $100 charge, which is equivalent to a per annum yield of 16.22 percent, a question will be raised in their mind as to what is a "low bank rate."

Because of the false, deceptive, and misleading advertising that usually is made use of by those retail sellers, manufacturers, and consumer credit agencies who resort to unethical practices in order to sell merchandise or make loans, it appears that it is also desirable to have an advertising provision included in your bill which makes it unlawful for anyone having advertised, printed, displayed, published, distributed, broadcast, or televised, or caused or permitted to be advertised, printed, displayed, published, distributed, broadcast, or televised in any manner whatsoever, any statement or representation with regard to the sale or financing of merchandise or services which is false, deceptive, or misleading. Perhaps, it would also be desirable to require that whenever a retail seller or financing agent advertises an installment plan and shows the charge per month, they should also state the actual number of months it would take to repay the time balance of the loan.

Very truly yours,

JOHN F. DOYLE,
Supervisor.

I should say Mr. Doyle has had experience with this precise kind of legislation, because Wisconsin does require on small loans that the true annual interest rate be stated.

Mr. Doyle knows whereof he speaks. His words are eloquent testimony in

favor of the bill which we are introducing today. He also suggests that something should be done to abate the flood of false, deceptive, and misleading credit advertising. While such regulation is not provided by this bill, it may be that legislation for this purpose will also prove to be necessary.

Let me conclude by commending the distinguished principal sponsor of this bill, the Senator from Illinois [Mr. DOUGLAS]. He will pilot this bill as well as anyone can past the shoals and reefs of opposition which may yet lie in its path. I look forward to the hearings which I know he will conduct with his cusomary sagacity and humor. I hope that he will be remembered in our history as the Diogenes who shed the light of truth into the murky depths of lending.

Mrs. NEUBERGER. Mr. President, I am delighted to join with Senator DOUGLAS as cosponsor of a very important measure, the 1961 truth-in-lending bill. For a long time, I have felt that this would be valuable legislation, and I have found substantial popular support for it.

During my recent campaign, I traveled throughout Oregon. One of the legislative proposals of which I spoke most frequently was the truth-in-lending bill. Each time I spoke of it, the response was both immediate and enthusiastic. When Oregonians buy, we want to know the relation between the finance charge and the total amount to be financed—expressed as a simple annual rate.

Let me emphasize a most important point about this bill. This measure is not designed to control credit. The limitations on legitimate rates of interest are still left to the several States. This bill would require merely that the public be told the truth about the cost of the money that it is borrowing.

Consumer credit is usually defined to include mortgages on nonfarm one- to four-family properties and short and intermediate term debts owed to commercial banks, sales finance companies, credit unions, consumer finance companies, department stores, furniture stores, household appliance stores and automobile dealers. As of the end of 1960, this debt amounted to about $198 billion. To suggest the size of this debt, it is very nearly equal to 40 percent of our gross national product for 1960.

The testimony before the Douglas subcommittee last year documented the widespread use of misleading and deceptive methods of stating the price of credit. Because of the use of so many methods, it is difficult to make meaningful comparisons and therefore intelligent choices of the various credit terms offered to us.

When the truth about finance charges is disclosed, it will permit a return to effective price competition in the consumer credit market. This bill would minimize profits earned through the ability of some few persons to mislead borrowers.

Personal debt has grown rapidly in the past few years. In 1945, it amounted to about $24 billions of dollars. Last year, it was $198 billion. This growth of personal debt, could become excessive because of consumer ignorance of the full costs involved. I have faith that consumers are their own best personal credit managers. But, they must know the truth.

The purpose of the Douglas bill is to bring the true price of credit out from under the disguises and camouflage under which it often hides. Some of these disguises are very interesting—and, I might add, quite misleading.

For example, sometimes the consumer is quoted a price of so many dollars down, and so much more per month. Immediately, the question arises: For how many months? Many advertisements fail to say. There is no statement of the price of credit. The true annual rate, which may vary from as low as 6 percent to more than 100 percent, is never disclosed. The whole truth is not being told.

Another disguise is quoting the price of credit as a monthly rate. The true annual rate is 12 times the monthly rate. A monthly rate of only 5 percent thus turns out to be a true annual rate of 60 percent.

Then, there is the discount disguise. Suppose you borrow $100, agree to pay it off in monthly installments, and pay the lender $6 in advance. This looks like a 6-percent loan. Often, it is advertised as such. In fact, however, you have the use of only an average of about $50 over the course of a full year, because you have paid off half the $100 in 6 months. The true annual interest rate therefore is nearly double the advertised 6 percent—to be accurate, it is about 11½ percent.

Some of the case histories brought before the Senate committee last year were startling. In one instance, a man purchased an automobile for a listed cash price of $550. This is what it said at one corner of the bill of sale. In another corner, it stated:

> Balance including finance and insurance charges to be paid in 16 payments of $60.

That comes out to $960, yet the so-called cash price was $550.

Almost everyone learned how to compute true annual interest when in either grade school or high school. A study made by the Library of Congress last year indicated that a random sampling of some 20 arithmetic books in current use still teach interest as a simple annual rate. Where the great majority of the American people are familiar with this method of computing interest, it seems difficult to justify the retention of all of the confusing and misleading methods that are currently being used.

The Douglas bill requires that the truth, the understandable truth, be told about the price of credit. Surely, this is most reasonable. I urge Senators to support this measure.

Mr. LAUSCHE. Mr. President, I am pleased to join with the distinguished Senator from Illinois [Mr. DOUGLAS] as a coauthor of the Finance Charge Disclosure Act. I am prompted to do so for two reasons:

First. The public, who are the users of credit facilities offered by the various finance companies and institutions, have a right to know, in terms of simple annual interest rates, what they are required to pay for such services. Regretably, because of the complexity in stating interest rates on a monthly basis and on unpaid balances, the average borrower or user of credit is completely confused and quite often misled. He often falls into a cleverly camouflaged trap from which, without ruin and degradation, he and his family cannot escape.

Second. Mr. President, there is now pending before the Ohio Senate a bill, which if enacted and signed, would substantially increase the existing legal interest rates that may be charged by small loan companies to a point, I am told, making the rates in Ohio the highest in the Nation. Under the guise of lowering interest rates on the first bracket of loans of $150 or less, the bill would substantially increase the existing high rates on unpaid balances of larger amounts. As an example, the bill would increase the rates on the amounts in excess of $300 but less than $500 from the present 8 percent per annum to 32 percent per annum. This is an increase of 400 percent. The bill also raises the statutory ceiling on small loans to $2,000.

I am hopeful that the Ohio Legislature will finally defeat the proposal. It has been estimated that if the bill is enacted it will result in draining from $10 to $15 million annually from the purchasing power of the citizens of Ohio.

Should the bill be enacted however, and I hope it will not be, the citizens of Ohio should be told in simple language the exact interest rate they will be forced to pay. Mr. President, the Douglas bill will require that and I support it wholeheartedly.

CUBAN POLICY

Mr. PROXMIRE. Mr. President, the lead editorial in today's issue of the New York Times was a very wise and thoughtful one on our policy in Cuba. It concerns not only what has happened, but what Senators, Representatives, and the President of the United States should think about in the future. I ask unanimous consent that the editorial be printed at this point in the RECORD.

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

A POLICY ON CUBA

What next in Cuba? The Cuban exiles have been defeated militarily and the United States, which supported them, has suffered a political defeat. However, history is not like a boxing match or a baseball game. It flows like a river. The United States and Cuba are too much intertwined by history, geography, economics and strategy to be separated. Cuba has been caught up in the vast storm of the cold war. All the forces unleashed by the Cuban revolution are still operating.

Therefore, something has to happen, and the instinct is to say: something has to be done. The first thing to recognize is that whatever is done should not be done hastily. There must be no repetition of the incredibly inefficient intelligence analysis of the Cuban situation which preceded last week's fiasco. To those who knew the situation in Cuba and knew the formidable strength of the leaders and their regime, the outcome of such an invasion attempt was inevitable.

And even had it succeeded, the CIA concept of putting in a rightwing government that would have been branded as a Yankee creation was dreadfully wrong. It is obvious that the first step must be to reorganize the personnel and methods of the Federal officials dealing with the Cuban problem today. Any policy, any action to be taken in the future must be based on an accurate assessment of the situation.

There are certain developments that would force the United States to act; and such action would be fully understood by the world at large. If the Russians, for instance, were to set up missile bases or move in with a dangerous degree of military support; if Americans were killed and the lives of the remaining Americans were jeopardized; if Premier Castro were to attack Guantanamo Bay or mount military invasions against his Caribbean neighbors—in such cases the United States would, of course, have to intervene directly, and presumably so would other members of the Organization of American States.

Barring such obviously dangerous, although unlikely, developments the United States should not intervene. Why not? The grave political consequences; the blow to the moral standards and principles by which we live and which are a source of strength in the cold war; the fact that armed intervention without the clearest provocation would reduce our policies to a crude contest in power politics; the loss of needed allies; the perilous international complications—these are the results that would flow from such armed intervention by the United States in Cuba.

Even more basic than our differences in economic system is our philosophic difference with the Communists: we believe in freedom and the rule of law among individuals and among nations. This is the essence of what America stands for in the world, and it is our greatest source of strength. We must preserve it.

The hegemony of the United States in the Western Hemisphere is threatened for the first time in a century. It can only be defended by a positive, creative policy—one that builds. Of course, we are strong enough to crush the Castro regime, but to do so by force would lose us far more than we could gain. It is hard to be patient under such provocation and defeat as we have experienced. Yet it is the mark of true strength to take both defeat and victory in one's stride.

The chief danger to the United States and the rest of Latin America is not Cuba by herself, but Cuba as a possible model for other revolutions, and Cuba as a base for the spread of anti-Yankee or communistic doctrines. How to counter the creeping subversion of the totalitarians is the great problem for the free world, as President Kennedy has recognized. It cannot be done by adopting their methods. That would be to surrender.

Defend the security of the United States. Continue by all legal means to encourage the anti-Batista, anti-Castro Cuban exiles in their determination to establish a free and democratic regime with social justice. They must not be abandoned.

Above all prove, by deeds and not just words, that we are determined to support the demands for social reforms throughout Latin America; that we are not merely anti-Communist; that we will oppose rightwing reactionary military dictatorships as we do leftwing, communistic dictatorships; that we ask partnership and cooperation, not subservience. This is the only kind of intervention that can permanently succeed in Latin America.

Mr. PROXMIRE. I should like to read briefly from that editorial:

There are certain developments that would force the United States to act; and such action would be fully understood by the world at large. If the Russians, for instance, were to set up missile bases or move in with a dangerous degree of military support; if Americans were killed and the lives of the remaining Americans were jeopardized; if Premier Castro were to attack Guantanamo Bay or mount military invasions against his Caribbean neighbors—in such cases the United States would, of course, have to intervene directly, and presumably so would other members of the Organization of American States.

Barring such obviously dangerous, although unlikely, developments the United States should not intervene. Why not? The grave political consequences; the blow to the moral standards and principles by which we live and which are a source of strength in the cold war; the fact that armed intervention without the clearest provocation would reduce our policies to a crude contest in power politics; the loss of needed allies; the perilous international complications—these are the results that would flow from such armed intervention by the United States in Cuba.

Even more basic than our differences in economic system is our philosophic difference with the Communists; we believe in freedom and the rule of law among individuals and among nations. This is the essence of what America stands for in the world, and it is our greatest source of strength. We must preserve it.

AN ANALYSIS OF THE DIFFERENCE BETWEEN MODERN LIBERALISM AND CONSERVATISM IN AMERICAN POLITICS

Mr. PROXMIRE. Mr. President, a week ago last Saturday the distinguished junior Senator from Utah [Mr. MOSS] spoke at Fort Atkinson, Wis., and gave a scholarly and thoughtful analysis of the difference between modern liberalism and conservatism in American politics. It is such an excellent address that I ask unanimous consent that it be printed in the body of the RECORD at this point.

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

SPEECH OF SENATOR FRANK E. MOSS, DEMOCRAT, OF UTAH, AT ANNUAL WISCONSIN SECOND DISTRICT DINNER, FORT ATKINSON, SATURDAY, APRIL 15, 1961

Mr. Chairman, distinguished guests, thank you for your warm welcome to Wisconsin. I return it in kind. All Democrats feel warmly toward Wisconsin these days because we remember it was your fine State which gave Senator Kennedy one of his early primary victories, which started him on the road to the Presidency. And putting Jack Kennedy in the White House will, I am convinced, prove to be one of the great events of our times.

* * * * *

After I had accepted this invitation to speak in the Second Congressional District, I was delighted to learn that I was coming to the heartland of Wisconsin democracy and leadership. I understand the district is not only the home of your distinguished young Congressman, BOB KASTENMEIER—who incidentally has become a real influence in the House of Representatives in only one short term, but is also the home of your great Governor, Gaylord Nelson, and of my esteemed Senate colleague, BILL PROXMIRE, who is showing himself to be cast in the image of Wisconsin's famous Liberal, Bob LaFollette.

Because I am speaking tonight in the shadow of these outstanding Wisconsin liberals, I have, with some trepidation, chosen as the subject of my talk "The Conscience of a Liberal."

I say "trepidation," becuse the very word "liberal" is one of the most misunderstood and misused words in our vocabulary today. To some it is synonymous with radical—and to these people a radical in government is one who advocates great and sweeping changes with the least possible delay. The others, the word "liberal" simply means a forward-looking attitude, and a willingness to try new remedies for new or old problems.

Similarly, the word "conservative" has many connotations. It all depends on what you want to conserve. The American conservative today, by his own admission, wants to return to the forms and usages of the past, even those of the 18th and 19th century. To some this attitude can only be labeled by the word "reactionary."

It is with a clear recognition of this problem of labels—of the fact that the very terms I shall be using are equally as controversial as the ideologies they represent—that I approach this discussion.

The recapitulations which followed the Republican nominating convention last summer, and the Monday-morning quarterbacking which has gone on ever since election day, stirred up a lively discussion of conservatism and liberalism and their impact on the results. That impact, of course, is hard to calculate. The influence of specific issues can be pretty well weighed, partly because the number of people affected by that issue can themselves be counted. But the influence of a philosophy is less tangible.

So it has always been with American politics. Political history in this country has never been shaped by abstract doctrines or theoretical dogmas. Original political theory here, as in the mother country of England, has developed chiefly in time of national trouble when thinking men, seeking to solve urgent problems, have been forced to reexamine basic principles.

For example, when we were hammering out our American democracy, we produced statesmen like Adams, Madison, Hamilton, and Jefferson, who were also political philosophers.

Then, the debate between the North and South in the mid-19th century produced Webster and Calhoun. And the problems of the first half of the 20th century gave us Woodrow Wilson and Robert Taft, two very practical political theorists.

Today, as we try to cope with grave situations both at home and abroad, it has again become evident that we must go back to first principles, and examine the problems of the sixties in the light of today.

Russell Kirk has said that "doubt and violence are the parents of political speculation," while "prescription, legal precedence, and muddling through suffice for ages or nations that experience no serious threat to things established."

"Prescription, legal precedence, and muddling through" have carried us just about as far as they can in today's world, and the time has come for some good, stiff thinking. I welcome, therefore, the upsurge of interest in conservative and liberal philosophies which this election, engendered and trust that it has laid the brickwork for a debate on fundamental principles.

My discussion here today of political philosophy is not essentially partisan. Both major political parties have liberals and conservatives in their ranks. Perhaps it would make the choice at the polls easier if all liberals were lumped together in one party and all conservatives amalgamated firmly in the other one. But I doubt that this day will ever dawn. Republican and Democratic Parties are both sturdy institutions which show little interest in being dissected, and reassembled.

One of the best arguments for continued representation of a wide range of political ideologies in each party is that a change of party control doesn't produce revolutionary shifts in policy. One of the major issues in our recent political campaign seemed to be which party could do the same thing better.

The lack of coherent philosophies and clear-cut party traditions in our two major political parties has produced some very strange political bedfellows. Lincoln, a Republican, made Jefferson his touchstone in the 1850's. Theodore Roosevelt bolted the Republicans as a Progressive and found his inspiration in the Federalists who were Jefferson's opponents.

"This kind of turnabout is traditional American procedure," Cushing Strout observed in the Virginia Quarterly Review in the summer of 1955. "Although it drives the tidy-minded to despair," he continued, "it is powerful testimony to the ingenuity of our political leaders, the vitality of our tradition, and the moderation of our politics."

For the purpose of this discussion, I do not propose to define conservatism and liberalism in neat, one-sentence statements. No dictionary definition could ever be adequate, for one thing, and for another, as I have pointed out, the words mean different things to different people. I shall therefore take the essence of brief statements of faith from two liberals, the late President Franklin D. Roosevelt and Gov. Adlai Stevenson, and two conservatives, former President Herbert Hoover and Senator Barry Goldwater.

The statements cover a 25-year period of time. Each spokesman has combined the result of his practical political experience with an awareness of the implications in his own position, and each is an accepted representative of his philosophy.

In his volume "20th Century Political Thought," Joseph S. Roucek says of President Hoover:

"Herbert Hoover speaks for many modern American conservatives when he identifies the extension of governmental economic controls with the regimentation characteristic of foreign dictatorships, and when he ascribes our high-living standards to the American system of free enterprise he combines almost all of the favorite conservative themes: We must cling to the Bill of Rights; any necessary alterations must be made only by formal constitutional amendment; governments have an insatiable appetite for power; society cannot remain partly regimented and partly free, and even partial regimentation will eventually destroy democracy. To attempt to solve the problem of distribution of a hard-won plenty by restrictions will abolish the plenty."

Moreover, the conduct of business by Government would only give us the least efficiency. President Hoover states: "It would increase rather than decrease abuse and corruption, stifle initiative and invention, undermine the development of leadership, cripple the mental and spiritual energies of our people, extinguish equality of opportunity, and dry up the spirit of liberty and the forces which make progress."

Let us now hear the liberal case as presented by Franklin Roosevelt:

"One great difference which has characterized this division (between the liberal and the conservative groups) has been that the liberal party—no matter what its particular name was at the time—believed in the wisdom and efficacy of the will of the great majority of the people, as distinguished from the judgment of a small minority of either education or wealth.

"The other great difference between the two parties has been this: the liberal party is a party which believes that, as new conditions and problems arise beyond the power of men and women to meet as individuals, it becomes the duty of the Government itself to find new remedies with which to meet them. The liberal party insists that the Government has the definite duty to use all its power and resources to meet new social problems with new social controls—to insure to the average person the right to his own economic and political life, liberty, and the pursuit of happiness."

In his book "The Conscience of a Conservative," my distinguished colleague from Arizona, Senator GOLDWATER, states that the undesirable trends which he finds in our public affairs will be reversed and I quote:

"When Americans, in hundreds of communities throughout the Nation, decide to put the man in the office who is pledged to enforce the Constitution and restore the Republic, who will proclaim in a campaign speech:

"'I have little interest in streamlining government or in making it more efficient, for I mean to reduce its size. I do not undertake to promote welfare, for I propose to extend freedom. My aim is not to pass laws, but to repeal them. It is not to inaugurate new programs, but to cancel old ones that do violence to the Constitution, or that have failed in their purpose, or that impose on the people an unwarranted financial burden. I will not attempt to discover whether legislation is needed before I have first determined whether it is constitutionally permissible. And if I should later be attacked for neglecting my constituents' interests, I shall reply that I was informed their main interest is liberty and that in that cause I am doing the very best I can.'"

Again, the Senator from Arizona [Mr. GOLDWATER] states:

"Thus, for the American conservative, there is no difficulty in identifying the day's overriding political challenge: It is to preserve and extend freedom. As he surveys the various attitudes and institutions and laws that currently prevail in America, many questions will occur to him, but the conservative's first concern will always be: Are we maximizing freedom?"

In May, 1956, Adlai E. Stevenson, one of today's most articulate and revered liberals, gave this classic definition of the modern liberal:

"First, he (the liberal) believes in the existence of the future, and believes that it can be made a good future. If he is my age he may often think of the past, and he may think of it with affection and nostalgia. But he rejects the idea that it was either better or simpler than what we face now, in answer to the conservative's classic question, 'Whither are we drifting?' the liberal says: 'We cannot drift, we must go.' Although he respects the past, he has no desire to tinker with the clock or turn it back. He does not try to force it ahead. But he does wind the clock.

"He has never seen from on high any slightest indication that heaven itself wishes to return to the good old days—and so he walks ahead, in courage and steadfastness, and with a minimum of backward glances, into the perpetually obscure, the perpetually dangerous, the perpetually unknown future. No wonder he cannot always tell where he is going. In contrast to this, the reactionary can always tell you where he has been, so he has an air of authority. What he doesn't know is that the political house of his fathers, which he perpetually talks about, but hasn't seen for 40 years, has now been condemned or torn down."

Perhaps the most striking difference between the two liberals and the two conservatives I have just quoted lies in their frame of mind. The conservative constantly implies that the good old days and good old methods of doing things were better and that most changes and modifications in our way of life in recent years have been, to say the least, unfortunate. With this thesis I most emphatically disagree.

My objection does not arise, however, from a purely personal disposition to like the present and look to the future with optimism. It arises from the lessons of history.

I do not propose to call in the Greeks and the Romans to prove my point. I leave them to the conservatives who seem to like unearthing unsuccessful social experiments, centuries old, which were carried out under conditions as unlike those in modern America as it would be possible to find, to demonstrate that some similar proposal would surely fail in the United States of the 1960's. I will be satisfied to fall back on the history of the United States as a reliable guide for the programs of action we should formulate for today.

Almost from our earliest days our greatest leaders have recognized that we must make use of the instrumentality of government to do what we cannot as individuals do at all, or do so well, for ourselves. It was because it was necessary to do some things on a national, rather than a State, basis that the Constitution was adopted in the first place.

It was obvious, of course, from the day our Nation was born that the Government had to maintain an army to provide for the common defense, to coin money, and perform other national services. But whether the Government had any responsibility in transporting the mail, for instance, was another question.

The Continental Congress thought the Government did have that responsibility, and in 1775, probably after considerable debate, that Congress passed a resolution and ordinance establishing post offices and post roads. In 1782, as the problem of getting the mail from one area to another became more acute, an ordinance was passed to provide that roads essential to the post routes be established and maintained by the Postmaster General.

Then, in January 1794, the Committee of Congress on the Post Office advised that surplus revenue of the Post Office Department would enable it to extend the benefits of post roads to additional areas. That same year an act of Congress directed the Postmaster General to survey a system of post roads from Maine to Georgia.

By 1801, Alexander Hamilton had recognized that "the improvement of the communications between the different parts of our country is an object well worthy of our national purse" and concluded: "to provide roads and bridges is within the direct purview of the Constitution."

By 1808, so many internal problems had reared their heads in the new Union of States that Albert Gallatin, then Secretary of the Treasury, presented to the Senate a comprehensive plan for an integrated system of internal improvements to be undertaken by the Central Government.

I could continue with an almost year-by-year account of the growth of what is now our Federal aid highway system. Sufficient it is to say that the problems of the times which individuals could not solve were in each case met with solutions of the times—solutions which were often new and untried. Washington and Jefferson and the other great founders of the Nation were moved by the same spirit so eloquently described by Adlai Stevenson in the statement which I just quoted. Undoubtedly these men thought fondly of the "good old days" before they had to fight a revolutionary war and establish a government on the basis of the new and untried principles of political democracy. And yet they walked ahead, to quote Stevenson: "in courage and steadfastness, with a minimum of backward glances into the perpetually unknown future."

And time has proved that Thomas Jefferson's ideas about the freedom of religion, universal educational opportunity and a democratic government were based on ever-living and universal truths which are equally as valid for the 19th, 20th, and 21st centuries as they were for the 18th century, and that they are as true for the people in the U.S.S.R. or the Congo as they are for people in the United States of America.

On the other hand, do we ever hear today of the Tory conservative philosophers, the cling-to-the-old-ways boys who were contemporaries of the activist founders of our country? Can you name one of them? Neither can I, although I vaguely remember from my college history courses that there were such authorities.

In the history of our people's growing use of the Government to advance their welfare, I see something quite different from what the conservatives apparently see. I see a steady advance down through the years in a greater acquisition by all Americans of all of the fundamental values for which our country was founded.

Without changing the frame of the Government we set up when we became a nation, we have added immeasurably through constitutional amendments and statutory acts to the liberty as well as the general welfare of all of our citizens.

In the paragraph from the book by the Senator from Arizona [Mr. GOLDWATER] which I quoted earlier, there is one very striking sentence: "I do not undertake to promote welfare, for I propose to extend freedom."

What does this mean in literal terms?

My idea of promoting welfare includes, as an essential element, the extension of an individual's freedom.

For example, the Federal banking system set by statute gives me the freedom to conduct financial affairs under sound monetary and credit regulations—a freedom my ancestors did not have. Since in this respect I am guaranteed freedom, and not deprived of it, I certainly feel that this contributes to my welfare.

Perhaps the Senator was referring to the type of freedom our older citizens have had, to manage as best they can to meet their medical expenses in old age. No matter that funds are lacking, each is free to suffer want and neglect. But the liberal would hold that Federal concern for their welfare and statutory action would assure them of that other type of freedom which I feel is equally desirable—freedom from the worry of medical bills and hospital bills for care they must have.

The Senator from Arizona [Mr. GOLDWATER] has proposed that the Federal Government gradually withdraw entirely from the following programs which he describes as being "outside the constitutional mandate"—social welfare programs, public power, agriculture, public housing, urban renewal, and, as he states, from "all other activities that can be better performed by lower levels of government or by private institutions or by individuals."

Only by this method, in his opinion, can American people start making progress toward regaining their freedom.

If I correctly understand the Senator, what are some of the Government services we would be giving up?

One would certainly be the great system of social security insurance which provides most Americans with a minimum income for their retirement years.

Another, I presume, would be our public health system, including the basic research efforts to determine the cause and find the cure for great killers like heart disease and cancer.

Federal aid to education would undoubtedly be on the list, despite the fact that Federal aid to land-grant colleges was first authorized in 1862, and that since that time there have been many other programs reaffirming our national interest in support of our schools.

As Americans the Senator from Arizona would have us turn our back on slums and decaying cities, with nothing done about these twin evils unless States or communities are able to aid, or when in a most unlikely future slum clearance and urban renewal can be financed by private capital.

And agriculture—that important segment of our economy that has consumed so much of the thought of Republican and Democratic administrations since President Hoover initiated his Farm Board—would it be left to sink or swim depending on the farmer's ability to outguess the weather and the market?

What of our great natural powersites, which are part of the people's God-given heritage of natural resources? In most cases their full and comprehensive development is too big and too costly for private enterprise, or for a local community or area to develop. To turn over to private enterprise the full responsibility for developing hydroelectric energy would be, in some cases, to squander the people's heritage.

As I see it, the conservatives really want to use the laws of 1850 to govern the United States of the 1960's. They relish our automobiles, our televisions, our jet airplanes, our beautiful cities, and our comfortable homes, but they want to be as unregulated as though they still lived on a frontier ranch.

Do they seriously want to repeal our national conservation program, the railroad and trust regulations of the late 19th century, the farm assistance program, the Food and Drug Act and its numerous amendments, our water pollution control program, to use a few examples? How many people can possibly have deluded themselves into believing that the good old days before the National Government undertook these services were better than the good new days of the present, and the even better days of the future?

I have never been sure just when the good old days began or ended but let's take a brief glimpse at the status of the average man—at his educational opportunities, his working conditions, his rights as a citizen, and his living standards, during some of the periods which some of our rugged conservatives like to think of as rosy.

When the Republic was founded there was an aristocracy of wealthy landowners, a few well-to-do ship owners, practically no middle class, and a large mass of tenants, small farm owners, frontiersmen, agricultural field workers, and slaves.

Illiteracy was common. Before 1827 there were no tax-supported schools of any kind. It was not until the latter half of the 19th century, when public libraries began to spread across the Nation, when newspapers and periodicals began to achieve mass circulations, and when the Chatauqua and lecture platform became popular that there was any real advance in general literacy. Even so, 50 years ago only 1 out of every 17 citizens completed high school.

As far as material wealth was concerned, as late as 1900 only about 71 out of every 1,000 persons had any savings deposits, and only about 42 out of every 1,000 had any ordinary life insurance. Life expectancy for men was about 46 years; for women 48.

Although President Jackson established a 10-hour day in the national shipyards in 1836, and the Government set an 8-hour day for public works in 1868, these admirable examples were not widely followed. The mass of the Nation's workers were still toiling 10, 12, and even 14 hours a day well up into the 20th century—slaving in unsafe coal pits, in dangerous steel mills, on the railroads, and at looms and machines in hot, noisy and ill-ventilated factories.

Even though labor was one of the basic factors in the steady stream of wealth which poured into the hands of a few fortunate businessmen or shrewd investors in the last half of the 19th century, the average workingman was almost completely left out when the material or social awards were distributed. One reason was the continuous and unrestricted stream of cheap labor which immigrated from Europe, driving down wages, depressing working conditions and disintegrating the efforts of labor unions. Can we ever forget the famous statement by the railroad manipulator, Jay Gould: "Labor is a commodity that will in the long run be governed absolutely by the law of supply and demand."

In the 30 years after 1870, the total number of wage earners in America increased from 12 to 29 million, many of them Poles and Italians and Hungarians and Swedes and Austrians and Finns and Scots and Slavs and Magyars who represented the poorest and least skilled people of their countries. Because these people and other workers were compelled to work for anything they could get, the annual average wage in manufacturing in this country in 1909 was only slightly over $500. That would buy more beefsteaks or potatoes than $500 would today, but it would not buy decent housing or medical care or education, or enough of anything else.

During this same period the proportion of women workers increased from one-eighth to one-fifth, and the number of child workers between 10 and 15 years rose almost 2 million.

Is this the golden period of American history to which our conservative friends refer with nostalgia?

We are grateful that President Theodore Roosevelt used his big stick in the affairs of labor with dramatic and moral effects, and that under his prodding, and the prodding later on of President Woodrow Wilson, attempts were made with some success, to enact workmen's compensation laws, safety appliance laws for railroads, child labor laws for the District of Columbia, and other beneficial legislation for the working man.

Several States sought to deal independently with child labor in factories, but left unprotected the messenger boys, the bootblacks, and the workers in berry fields and canning factories. The inadequacy and spotty benefits of State laws led to congressional attempts to control the exploitation of the Nation's children. It was not until 1933, however, that child labor was finally wiped out. And in the new deal years which followed the working man came into his own with a ceiling on his hours, a floor under his wages, and guaranteed rights of collective bargaining, while some measure of security was provided through the National Government for the unemployed, the aged and the disabled.

It is not easy to contrast living standards in the early 1900's with those of today because the data is clearly not comparable in all cases. There are great differences in dollar values, and many intangibles. However, it is safe to say that the per capita gross national product, based on a constant dollar, has doubled in the last 50 years. This means that in proportion to the population, twice the quantity of goods and services are being consumed today than at the beginning of this century. And the per capita income, estimated in constant dollars, is up from $375 to $2,538. Family income has tripled in just the last 30 years.

Total personal savings were only a little over a billion dollars at the turn of the century, in 1956 they stood at almost $37 billion. In 1920, life insurance in force in this country added up to about $40 billion, by 1958 the amount was close to $500 billion.

The number of telephones have more than doubled in the last 30 years, and the numbers of privately owned cars more than tripled. (I am sure I don't need to emphasize these two points to anyone who has a teenager in the house, or drives to and from work each day.)

I could continue for some time to quote statistics to you—people are living much longer, we are losing far fewer babies in their first year, and far fewer women in childbirth. Well over half of our citizens are completing high school instead of one out of every 17 as was the case in 1900, illiteracy has almost been wiped out, we are eating more—and better, we are taller and heavier, we have more leisure because we don't work as long, and we are using that leisure to travel to far away places.

Does it not seem as though life is richer—and more abundant?

But, you may say, many of these gains are purely material. What of the constitutional guarantees of freedom and of political and civil liberties? Have they been eroded down through the years?

In partial answer let me point to the recent decision of the U.S. court of appeals overturning the Apalachin convictions. It was, we all agree, a complete frustration of the efforts of the law to deal effectively with those who scorn the law. But it was also a stern and impartial protection of the constitutional rights of the individual.

You all remember the details of the Apalachin case. Twenty men, most of whom had underworld police records, were tried and convicted of conspiracy to conceal the purpose of their conclave at Apalachin, N.Y. They all asserted that they were simply visiting a sick friend. Few people familiar with the interlocking directorates of racketeering believed this; it made just as much sense as saying that 63 men with underworld reputations had convened on Apalachin to play tiddlywinks.

Yet the appellate court held: "No crime proved, no conviction."

"In America," wrote Judge Charles E. Clark, "we respect the dignity of the individual, and even an unsavory character is not to be imprisoned except on definite proof of specific crime."

Most Americans agreed. It was unfortunate that freedoms broad enough to shield the worthy gave shelter to the unworthy, but when freedom is at stake, the course is clear. We must not curtail freedom. The United States must, within the framework of the Constitution, sharpen its legal powers to deal successfully with the new techniques of crime.

Contrast the sentiment in America today on the Apalachin case, and the language of the decision on it, with the course of the famous Sacco-Vanzetti case of the twenties. Two Italian radicals were convicted of murder in a payroll robbery in Massachusetts. The case was full of doubts—"doubts that would not down," Walter Lippmann, then an editorial writer on the New York World, called them. "No man," Mr. Lippmann wrote, "should be put to death where so much doubt exists."

But the men were executed. There was a genuine division of thought between those who thought radicals ought to be strung up on principle and those who felt the test of a country's civilization was the care with which it protected the rights of minorities. When the execution finally took place, many shivered and wondered if justice had been done, and then went on to something else.

And now turn back to the Salem witch frenzy. What happened then? A company of girls started to bark like dogs and scream. They were accused of being bewitched. The excitement spread, and the jails filled rapidly with suspects. Fifty-five persons suffered torture, and 20 were executed before the frightful period ended. During the entire time it was actually unsafe to express doubt of a prisoner's guilt.

The days of the Salem witch trials, when no voice was raised to question innocence or guilt, the time of the Sacco-Vanzetti trials, when despite many doubts of guilt two men were executed, or the Apalachin trial of the 1960's when to guard against trampling on basic guarantees 63 underworld characters were set free—in which era was there more vigilant protection of the constitutional rights of a citizen?

My friends, I seriously wonder whether those who would turn back the clock would be satisfied with the type of land in which they would live.

The conservatives continually express deep concern about the cost of moving forward. I, for one, have never believed that the best measure of our national progress is the rate or the quantity of our expenditures. I am proud of the fact that much of our high standard of living is a product of a private enterprise system left free and unfettered, and regulated by law only when restrictions or a referee became necessary to assure maximum freedom to the system or proper protection for the people.

But I cannot agree with the theory that every expansion of Government machinery is a restriction of freedom or a long step toward national bankruptcy.

It is true that the demands of our society are taking a considerable percentage of our incomes—a percentage we wish was less. But this does not justify the claim of conservatives that all Government spending is bad, per se, and that all private spending is good, per se.

Obviously when we spend for a new car or a new television set we do it as individuals, while we must join together in Government to spend for a new school. We must, in other words, use Government as our instrument to build and operate the school system. But does it make the school less desirable, less necessary, less an adjunct of a free society? Does the new car, in Senator GOLDWATER's phrase, "maximize freedom," more than does the school?

Individual responsibilities mean meeting individual responsibility to the Commonwealth. It is true that we have other responsibilities. We have responsibilities to our families and our friends. But we have no responsibility more important than that to our fellowman.

Those who emphasize individual responsibility sometimes tend to confuse responsibility with interest, so that a person who follows his personal interest is led to believe that, by so doing, he is being responsible when he is only being selfish.

Conservatives often acknowledge that concerted effort to meet a general problem at the community or State level is desirable, but believe that it becomes socialism when the National Government seeks a solution. Is this realistic? In this modern age our mobile populations and swift communications are making more and more problems soluble only at the Federal level. It is no longer possible, for instance, to quarantine ignorance or crime behind city walls or State boundaries. Adult workers poorly educated in their childhood, and criminals bred in their youth in city slums, migrate back and forth across the country to become the problem of any community in which they settle.

There is another point which should be made here, also, in behalf of Federal concern for problems which spill over from one section of the country to another. States and local communities depend largely upon the general property tax for revenue, while the Federal tax system is based to a much greater degree upon the ability to pay. There can be considerable justification therefore for using it to meet problems which are national in scope.

Too many discussions of Federal spending leave the impression that our taxes are high because of the inordinate expense of programs for health, welfare, conservation, resource development and other domestic improvements. This, of course, is not fair. More than half of our Federal tax dollars today are going into major national security items; that is, defense, atomic energy, and military assistance.

Federal expenditures for domestic needs—for health, welfare, conservation, resource development and other similar programs—are at a lower level proportionately than they were 20 years ago.

My friends, as I stated earlier, America is again at a point in its history—and in the history of mankind—when we must examine first principles.

In the past, when we have done so, the liberals have carried the day. I believe they will carry it again in the decade ahead.

Once more there has come upon the American scene a strong leader who recognizes the new challenge of liberalism, and has moved into a position of commitment to it. I refer, of course, to our great young President—John Fitzgerald Kennedy.

There is no question in my mind that President Kennedy is launching an administration that will be consistently and comprehensively liberal. He stands firmly in the Wilson-Roosevelt-Truman tradition—and what is an even surer test of the durability of his stance—he has surrounded himself with some of the best and most progressive minds of our age.

Each day Jack Kennedy dedicates himself more firmly to the advancement of the Nation's social welfare and economic security as it centers in the family—higher minimum wages, better housing, improved health services, greater protection for the aged. And each day he demonstrates that he is more strongly committed, both by mind and heart, to strengthening civil liberties and civil rights.

He does not consider himself a liberal simply of the New Deal stripe. He feels that the liberalism of the New Deal and the Fair Deal has become so intrinsically a part of the American way of life that it is no longer a subject for controversy. Liberalism, he feels, should be rethought and renewed.

"What we need now in this Nation most of all is a constant flow of new ideas," he said in his campaign. "We cannot obtain new ideas until we have a Government and a public opinion which respect new ideas and the people who have them. * * * Our country has surmounted great crises in the past, not because of our wealth, not because of our rhetoric, not because we had longer cars and whiter iceboxes and bigger television screens than anyone else, but because our ideas were more compelling, and more penetrating and more wise and more enduring."

My friends, President Kennedy and the other American liberals of 1960 are simply seeking to emulate the spirit of those times in our earlier history when new aims and wholly new processes were developed to meet new needs.

Today, as in the past, the conservatives may hamper and delay some efforts and programs, but I am convinced that the fundamental pressure of the American people will triumph in the end. Public opinion polls show that more than 70 percent of the American people are behind President Kennedy—already approve of his fresh new approach and his firm hand on the helm.

I predict that the Kennedy hold on the imaginations of the American people will flourish and grow—he has grasped firmly that the liberal democratic tradition is the American tradition, and that it enlarges the freedom of choice and opens the way

for everybody to build his future to his own wishes. And so, in conclusion, let me sum up:

The conservative likes to quote from the past to strengthen his position, but in the context of American history, the liberal position emerges as the only rational one. Our history is a record of liberal successes.

The conservative is a traditionalist—the liberal is a pragmatist. The former defends the existing state of affairs, be it good or bad, simply because it exists. He doubts the ability of human beings to apply intelligence to the solution of social problems, and he seems not to trust his Government to carry out successfully any program which might be formulated. This he does in the face of overwhelming evidence and the lessons of history to the contrary.

The liberal, on the other hand, is a practical fellow, who believes that change is inevitable, that it is feasible, and that it is wise. Moreover, he wants to be the instrument for guiding the direction and controlling the forces of the movement in the future. He seeks to achieve effective freedom for the individual. This means freedom to think, and to choose for himself. It means freedom to enjoy with equality the benefits of our modern society in business and in private life.

Modern democracies have demonstrated time and again that they have more inner gristle than other types of government and can outlast them—can bury them, if you please—as long as their citizens have the freedom, the education, and the drive to make democracy work.

In some parts of the world today there are serious doubts that democracy can deal with the complexities of the space age. Democracy, it is said, is too loose, too slow, too inefficient, and too dedicated to personal comfort to move with the speed, the concentration and the daring which these times demand.

Can a government that rests on will, and not force, meet the challenge?

The history and the achievements of Americans stand as a monument to the personal responsibility of freemen. I am convinced that the adventure in democracy which began in 1776 and has carried a people to the greatest heights in history can be sustained and extended if we can reaffirm in each American a sense of individual obligation to meet that challenge.

But we cannot do it by defending unrestrained personal economic choice whatever the consequences for collective national needs. What is best for the majority must come first.

We cannot compete in a space age with totalitarianism if the dogmas of yesterday remain frozen in the minds of the people. We can compete only if we maintain open, inquiring minds, a sense of purpose, and the courage and foresight to shift when necessary, as our forefathers did, from well beaten paths to bold new courses into the untried and the unknown.

IMPROVEMENT IN ADMINISTRATIVE PROCEDURES

Mr. DIRKSEN. Mr. President, one of the most comforting and flattering things that can happen to a man who bears the scars of many a battle in the political arena is to find his ideas accepted and to hear his words used, particularly by those on the other side of the aisle.

I can say from experience that the road which my friend, the Senator from Colorado, is taking by introducing his bill is fraught with difficulties and beset with roadblocks, but it is a road which must be taken, for the road leads to a solution of one of the most pressing problems confronting the administrative agencies.

As I understand his bill, and I shall read it with great care and interest as soon as it is printed, my colleague is proposing to make the decisions by hearing examiners final unless reviewed by the full membership of an agency's board or commission on one or the other of four narrowly defined grounds.

I was not a popular man in some circles last year when I introduced S. 3795 which provided that the decision of the hearing officer "shall be the decision of the agency" subject to agency review on narrowly defined grounds. There descended on me a great storm of protest that I was taking away from the powers of the agency members the very authority which they needed to properly do their job. I hope my friend from Colorado is prepared to fend off such attacks because I believe that he is right and that his proposal is a good one.

I believe he is right on the narrow grounds upon which he would permit the agency to review the decision of the hearing examiner. In my individual views with respect to the report of the Subcommittee on Administrative Practice and Procedure, I emphasized that the decision of the hearing officer should be final subject to appeal by the agency that the findings of fact were not supported by the evidence or were contrary to duly announced agency policies or that the conclusions of law were erroneous. These were the same objections which could be made to the decisions of the hearing officer, according to the provisions of S. 3795, which I introduced last year. They are the same grounds for review which I understand are incorporated by my colleague in his bill. I believe that they are the proper grounds upon which agencies should be permitted to review the decision of an independent officer. I am only sorry that the Senator from Colorado did not spell out these grounds for review in the report of the subcommittee so that I might have expressed my concurrence with them instead of having to elucidate them at the time in my individual views.

I think too that my colleague is completely right in requiring, as I understand his bill does, that the independent hearing officer make findings of fact and conclusions of law in support of his decision and that these findings and conclusions be a part of the record.

On only one point would I disagree with the Senator from Colorado and that is his statement that this bill will free the agency members from the drudgery of deciding individual cases. I would rather call it duty than drudgery. I do agree with him, however, that his proposal, as I understand it, will not deprive the agency heads of control of policy but will, instead, by freeing them from the duty of deciding individual cases, enable them to concentrate their attention on the formulation of policy.

This bill is not the only improvement which I feel should be made in the administrative process. There are many things which can be done to help those who are a part of the administrative system to do their work, but I wish to emphasize now, as I have before, my deep-seated conviction that the overwhelming majority of Government workers who are a part of the administrative system faithfully, honestly, and diligently fulfill their tasks. Thus, the basic problem lies not with personnel, for they must attempt to do all that the law requires them to do. Today, however, they are often required to do more than they can reasonably be expected to do well.

I heartily concur in any proposal which will divide up the duties and responsibilities of the administrative system in order that the desired goal of a fair and effective administrative system can be achieved in practice, and I congratulate my colleague in his efforts.

Mr. President, this is one of those labors which are not particularly of interest or are very romantic. It is a job, however, that must be done, because administrative agencies and independent regulatory agencies have been very much in the public eye for several years. Therefore the bill which the Senator from Colorado has introduced today is a sort of compound that has come out of the work of that subcommittee.

I emphasize the fact that the distinguished Senator from Colorado deserves congratulations and deserves a complimentary reference from me, as the only minority member of the subcommittee, for a good job well done. I do not say for a moment that it is a perfect bill. The chances are that there are weaknesses and items in it that must be ironed out. At least it makes an objective and constructive start. I am glad that we are on the road. Once more I compliment the Senator from Colorado on the introduction of the bill.

OFF-SEASON CRUISES BY AMERICAN-FLAG PASSENGER VESSELS

Mr. MANSFIELD. Madam President, after consultation with interested Senators on the other side of the aisle, and receiving their approval, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 149, H.R. 6100.

The PRESIDING OFFICER (Mrs. NEUBERGER in the chair). The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (H.R. 6100) to amend title VI of the Merchant Marine Act of 1936 to authorize off-season cruises by American-flag passenger vessels.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Commerce with an amendment to strike out all after the enacting clause and insert:

That title VI of the Merchant Marine Act, 1936, as amended (46 U.S.C. 1171–1182), is amended by inserting at the end thereof a new section 613, to read as follows:

"SEC. 613. (a) In this section, 'passenger vessel' means a vessel which (1) is of not less than ten thousand gross tons, and (2)

has accommodations for not less than one hundred passengers.

"(b) If the Board finds that the operation of passenger vessels with respect to which an application for operating-differential subsidy has been filed under section 601 of this title is required for at least two-thirds of each year, but not for all of each year, in order to furnish adequate service on the service, route, or line with respect to which the application was filed, the Board may approve the application for payment of operating-differential subsidy for operation of the vessels (1) on such service, route, or line for such part of each year, and (2) on cruises for all or part of the remainder of each year if such specific cruise is approved by the Board under subsection (e) of this section.

"(c) Cruises authorized by this section must begin and end at a domestic port or ports on the same seacoast of the United States from which the operator operates or conducts the regular service to which the vessels are assigned. When a vessel is being operated on cruises—

"(1) it shall carry no mail unless required by law, or cargo except passengers' luggage, except between those ports between which it may carry mail and cargo on its regular service assigned by contract;

"(2) it shall carry passengers on a round-trip basis, except between those ports between which it may carry one-way passengers on its regular service assigned by contract;

"(3) it shall embark passengers only at domestic ports on the same seacoast of the United States as that to which the vessel is assigned on its regular service; and

"(4) it shall stop at other domestic ports only for the same time and the same purposes as is permitted with respect to a foreign-flag vessel which is carrying passengers who embarked at a domestic port.

Section 605(c) of this Act shall not apply to cruises authorized under this section.

"(d) The Board may from time to time review operating differential subsidy contracts entered into under this title for the operation of passenger vessels, and upon a finding that operation of such vessels upon a service, route, or line is required in order to furnish adequate service on such service, route, or line, but is not required for the entire year, may amend such contracts to agree to pay operating differential subsidy for operation of such vessels on cruises, as authorized by this section, for part or all of the remainder, but not exceeding one-third of each year, if each specific cruise is approved by the Board under subsection (e) of this section.

"(e) Upon the application of any operator for approval of a specific cruise, the Board, after notice to all other American flag operators who may be affected and after affording all such operators an opportunity to submit written data, views or arguments, with or without opportunity to present the same orally in any manner, and after consideration of all relevant matter presented, shall, if it determines that the proposed cruise will not substantially adversely affect an existing operator's service performed with passenger vessels of United States registry, approve the proposed cruise. Such approval shall not be given more than two years in advance of the beginning of the cruise.

"(f) As used in this section the following three are the seacoasts of the United States: (1) the Atlantic coast, including the Great Lakes but excluding the Gulf of Mexico; (2) the Gulf of Mexico; and (3) the Pacific coast, including Alaska and Hawaii."

SEC. 2. Section 601(a) of the Merchant Marine Act, 1936, as amended (46 U.S.C. 1171), is amended as follows:

(a) The first sentence thereof is amended by inserting immediately before the period at the end thereof the words "or in such service and in cruises authorized under section 613 of this title".

(b) By inserting in the second sentence thereof after the words "to promote the foreign commerce of the United States" the words "except to the extent such vessels are to be operated on cruises authorized under section 613 of this title".

(c) By inserting at the end thereof a new sentence to read as follows: "To the extent the application covers cruises, as authorized under section 613 of this title, the Board may make the portion of this last determination relating to parity on the basis that any foreign flag cruise from the United States competes with any American flag cruise from the United States."

SEC. 3. Section 602 of the Merchant Marine Act, 1936, as amended (46 U.S.C. 1172), is amended by striking out the word "No" and inserting in lieu thereof the following: "Except with respect to cruises authorized under section 613 of this title, no".

SEC. 4. Section 603 of the Merchant Marine Act, 1936, as amended (46 U.S.C. 1173), is amended as follows:

(a) Subsection (a) is amended by inserting after the words "in such service, route, or line" the words "and in cruises authorized under section 613 of this title."

(b) Subsection (b) is amended by inserting after the words "operating-differential subsidy" the words "for the operation of vessels on a service, route, or line," and by inserting at the end thereof the following new sentence: "For any period during which a vessel cruises as authorized by section 613 of this Act, operating-differential subsidy shall be computed as though the vessel were operating on the essential service to which the vessel is assigned: *Provided, however,* That if the cruise vessel calls at a port or ports outside of its assigned service, but which is served with passenger vessels (as defined in section 613 of this Act) by another subsidized operator at an operating-differential subsidy rate for wages lower than the cruise vessel has on its assigned essential service, the operating-differential subsidy rates for each of the subsidizable items for each day (a fraction of a day to count as a day) that the vessel stops at such port shall be at the respective rates applicable to the subsidized operator regularly serving the area."

SEC. 5. Section 606 of the Merchant Marine Act, 1936, as amended (46 U.S.C. 1176), is amended by inserting in subdivision (6) after the words "services, routes, and lines" a comma and the words "and any cruises authorized under section 613 of this title" and a comma.

SEC. 6. Section 607(b) of the Merchant Marine Act, 1936, as amended (46 U.S.C. 1177), is amended by inserting in the second sentence of the second paragraph thereof after the words "on an essential foreign-trade line, route or service approved by the Commission" the words "and on cruises, if any, authorized under section 613 of this title."

SEC. 7. The cruises authorized by section 613 shall be in addition to and not in derogation of the right of an operator to make voyages on his regular service, route or line, including approved deviations within the general area of his essential service. There shall be no adjustment of subsidy in the event of such deviations if they are without prejudice to the adequacy of service.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. BARTLETT. Madam President, I ask unanimous consent to have printed at this point in the RECORD a statement relating to the purpose of the bill.

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

H.R. 6100, as amended, would permit the Federal Maritime Board to allow subsidized U.S. passenger vessels (of not less than 10,000 gross tons, and with accommodations for not less than 100 passengers) to cruise, offseason, off their assigned routes, for not more than one-third of any one year, if the Board finds that the vessel or vessels for which the cruise privilege is requested will not be needed during the proposed cruise periods to assure adequate service on the respective route or routes usually serviced. For any period during which a vessel cruises under authority of section 613 it is provided that its operating-differential subsidy shall be computed as though the vessel were operating on the essential service to which it is assigned, except where calls are made at ports served by passenger vessels of another subsidized operator whose operating-differential subsidy rate is lower than the cruise vessel has on its assigned essential service. For each day (a fraction of a day to count as a day) that such calls are made, the cruise vessel's operating-differential subsidy shall be computed at the rate of the subsidized operator regularly serving the area.

The basic purpose of the bill is to afford opportunity to operators of subsidized U.S.-flag passenger vessels to divert one or more of their vessels from the route or routes assigned by contract, during seasons of the year which consistently have proven unprofitable for passenger ship operations, in order to engage in cruises in more profitable areas, and thereby eliminate or at least lessen the losses usually suffered on operations of such passenger vessels on their regular routes in those off months. Here your committee thinks it pertinent to emphasize that conditions in the maritime industry at the present time are so depressed that the very existence of the meager passenger fleet still operating under the U.S. flag is seriously threatened. We believe that some improvement in the financial condition of the interested shipping lines would be effected, and that the national interest would be served, by enactment of this bill as amended. So many people are traveling by plane now that operators of passenger vessels find it most difficult to operate at a profit, particularly in certain seasons of the year, differing on different routes. Foreign operators have been meeting this situation increasingly by diverting their vessels to off-route cruises during the slack seasons, most of their cruises starting and ending at one or another U.S. port. This bill would, it is believed, help U.S. passenger line operators to improve their operating picture, at least to some degree.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment of the amendment and third reading of the bill.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill (H.R. 6100) was read the third time and passed.

The title was amended, so as to read:

An Act to amend title VI of the Merchant Marine Act, 1936, to authorize the payment of operating-differential subsidy for cruises.

DOCUMENTATION OF VESSELS SOLD OR TRANSFERRED ABROAD

Mr. MANSFIELD. Madam President, I ask unanimous consent that the Senate

proceed to the consideration of Calender No. 152, S. 881.

The PRESIDING OFFICER. The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (S. 881) to revise section 4166 of the Revised Statutes (46 U.S.C. 35) to permit documentation of vessels sold or transferred abroad.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

Mr. BARTLETT. Madam President, the bill was introduced by the chairman of the Committee on Commerce, the distinguished senior Senator from Washington [Mr. MAGNUSON] at the request of the Treasury Department. The Department of Commerce has no objection to its enactment, and no objection has been reported from any other source.

I ask unanimous consent to have printed at this point in the RECORD a statement concerning the purpose of the bill.

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

S. 881 would amend section 4166 of the Revised Statutes (U.S.C., 1958 ed., title 46, sec. 35) to provide that when any vessel documented as a vessel of the United States is sold or transferred in whole or in part to a citizen while outside the limits of a customs collection district of the United States and not in any port designated as a port of documentation outside any such customs collection district, such vessel may be documented anew as a vessel of the United States in such manner and upon such conditions as may be prescribed by the Secretary of the Treasury. Specific provision is included, however, that if any vessel so sold or transferred is not so redocumented, it shall nevertheless be entitled to all the privileges and benefits of a vessel of the United States up to and for the purpose of its first arrival thereafter within a customs collection district or within a designated port of documentation outside any such customs collection district.

REASONS FOR THE BILL

Section 4166 of the Revised Statutes presently provides that a vessel sold while abroad to a citizen shall enjoy all the privileges and benefits of a documented vessel upon its first arrival thereafter within the United States if the vessel is redocumented as a vessel of the United States within 3 days from the time at which the master or other person having the charge or command of the vessel is required to make his final report upon such first arrival.

Section 1 of the act of March 4, 1915, as amended (46 U.S.C. 12), authorizes the issuance of a provisional certificate of registry to a vessel abroad which has been purchased by a citizen of the United States. The regulations issued under that act by the Commissioner of Customs provide that no provisional register shall be issued to any vessel abroad which at the time of its transfer to a citizen of the United States was documented as a vessel of the United States, since such a vessel is entitled to all the privileges and benefits of a vessel of the United States for the period allowed by section 4166 of the Revised Statutes. On the same basis, the Commissioner has administratively ruled that vessels which are sold to citizens while abroad may not be issued any other form of document, although, of course, any such vessel may continue to retain its current document as a vessel of the United States.

It follows from the above that, if any vessel documented as a vessel of the United States is sold to a citizen while abroad, the vessel may not be redocumented until it is brought to a place subject to the control of a customs officer. Such a place includes any place within a customs collection district of the United States or within a port of documentation outside any such customs collection district. At present the only port of documentation outside such a district is the one established at the commercial port of Guam. The present customs collection districts include all areas in the continental United States, Alaska, Hawaii, Puerto Rico, and the Virgin Islands. Places subject to the jurisdiction or control of the United States which are not included within any customs collection district and in which there is no port designated as a port of documentation include Guantanamo Bay, Cuba; the Canal Zone; American Samoa; and the trust territories.

When a vessel documented as a vessel of the United States is sold to a citizen, the vessel cannot be documented anew until the new owner has designated a home port and that designation has been approved (46 U.S.C. 18). It has been held following court cases (*The Fort Orange* (S.D.N.Y., 1933), 5 F. Supp. 833; *The R. Lenahan* (E.D. Pa. 1935), 10 F. Supp. 497), that the proceedings will not be valid unless the designation is filed and approved substantially simultaneously with the redocumentation of the vessel. Until that time, no instrument of title, including the bill of sale or other instrument of conveyance, may be recorded in the office of the collector of customs at the vessel's home port.

Further, the purchase of a whole or a partial interest in a documented vessel by a citizen in many instances is financed through a loan secured by a preferred ship mortgage. Such a mortgage is a statutory creation of the Ship Mortgage Act, 1920, as amended (46 U.S.C. 911–984). A preferred mortgage, as the name indicates, attains a preferred status which prevails over all claims against the vessel except prior liens, liens for damages arising out of tort, liens for wages of a stevedore in certain cases, liens for wages of the crew, general average liens, and liens for salvage. The primary purpose of the Ship Mortgage Act is to attract capital to American shipping by affording better mortgage security.

The preferred status is subject to attack, however, unless there is a careful compliance with the statutory requirements. One such requirement is that the bill of sale or instrument of conveyance, as well as the mortgage, be recorded in the office of the collector of customs at the home port of such vessel as shown in the new document issued to the vessel following the transfer of title (see 46 U.S.C. 1012). Since, in view of the above, no vessel so sold while abroad may be documented until it returns to a port of the United States, the requirements in this regard, in some cases, result in a serious financing problem for some purchasers.

The enactment of S. 881 will make it unnecessary for a vessel which has been sold abroad to be returned to the United States for redocumentation in order that it might become the subject of a preferred mortgage. This would be accomplished by giving the owner a choice between the present protection afforded by section 4166 of the Revised Statutes and the authorization to obtain a new document while the vessel is abroad. In the latter event, the transfer of title could be made a matter of record, and the vessel could be the subject of a preferred ship mortgage simultaneously with the documentation of the vessel in the name of the new order. The document thus issued could thereupon be endorsed to show the facts respecting the mortgage, if any, as required by the Ship Mortgage Act and the vessel document could be forwarded by airmail or otherwise for delivery to the vessel.

No opposition to enactment has been recorded.

The PRESIDING OFFICER. The bill is open to amendment. If there be no amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill (S. 881) was ordered to be engrossed for a third reading, was read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 4166 of the Revised Statutes (U.S.C. 1958 edition, title 46, sec. 35) is amended to read as follows:

"A vessel of the United States which, while outside the limits of a customs collection district of the United States and not in any port designated as a port of documentation outside any such customs collection district, is sold or transferred in whole or in part to a citizen of the United States, may be documented anew as a vessel of the United States in such manner and upon such conditions as may be prescribed by the Secretary of the Treasury: *Provided,* That, if any vessel so sold or transferred is not redocumented while abroad, it shall nevertheless be entitled to all the privileges and benefits of a vessel of the United States up to and for the purpose of its first arrival thereafter within a customs collection district or within a designated port of documentation outside any such customs collection district."

LEGISLATIVE PROGRAM

Mr. MANSFIELD. Madam President, with the passage of these two bills, the calendar is once again cleared. I express the hope, on behalf of the minority leader, the distinguished Senator from Illinois [Mr. DIRKSEN], and myself, that the appropriate committees will consider the legislative proposals before them at the present time and do whatever they can to report expeditiously the measures which they deem favorable for Senate consideration.

ORDER FOR ADJOURNMENT UNTIL MONDAY

Mr. MANSFIELD. Madam President, I ask unanimous consent that when the Senate adjourns today, it adjourn to meet at 12 o'clock noon on Monday next.

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

MESSAGE FROM THE HOUSE—ENROLLED BILLS SIGNED

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the President pro tempore:

S. 1027. An act to amend title I of the Agricultural Trade Development and Assistance Act of 1954; and

H.R. 4884. An act to amend title IV of the Social Security Act to authorize Federal financial participation in aid to dependent children of unemployed parents, and for other purposes.

NARCOTICS

Mr. KUCHEL. Madam President, one of the most vicious and menacing problems facing present-day America is that of narcotic drug control. I want to relate some factors concerning the grave narcotics situation in my own State of California. And as the same ugly, deplorable situation is not uncommon in other States, I wish to propose several measures which may be helpful in combating this great cause of distress to our national health.

This is how it looks in California:

From July 1959, to June 1960, there were 17,630 narcotics arrests in the State of California.

(See exhibit A.)

In 1959, the estimated cost of the narcotics problem in California was $65.9 million.

(See exhibit B.)

Recently a Los Angeles County official announced that narcotics offenses had cost the local taxpayers the staggering sum of $5,367,271 in 1960.

Last month, a high official of the Federal Bureau of Narcotics stated that there are 7,411 narcotics addicts in California. He added:

> Those 7,411 addicts are a tremendous number because each one is capable of making other addicts.

Statistics compiled by the Los Angeles County sheriff's department show that in the 12-year period from 1948–49 to 1959–60 narcotic cases increased 669 percent.

These are just a few of the many startling examples I could cite to illustrate the extent of the narcotics problem today. Nor is this just a California problem. It exists, as I have mentioned, in New York, Illinois, and Michigan, and to a lesser degree in many other States.

Drug addiction is vicious. It harms both the individual and the society. It must be stamped out. And there is a Federal responsibility to campaign actively to do so. Opium, morphine, heroin, and the other addicting drugs, are not produced in the United States. They are grown in other countries. They cross our borders illegally. Eliminating this foreign drug traffic must be done by the Federal Government.

In California, the source of most of the drugs is Mexico. We have had excellent cooperation with the Mexican Government. Our good neighbors to the south have shown that they are also anxious to rid themselves of this vice. I have been in contact with the Treasury Department and have been assured that steps are presently being taken to supply the Mexican Government with certain equipment to help them fight narcotics growing and smuggling. While no agreement has yet been reached, I am sure that an accord will come shortly. I shall certainly do everything within my power to see that the Mexicans get the helicopters, flamethrowers, small arms, and other equipment necessary to do the job. I also hope to meet with a high official of the Mexican Government in the very near future to discuss other ways in which our nations can more effectively fight this common problem.

Moreover, I have today sent a letter to Secretary of State Rusk, asking him to explore the possibility of a Joint United States-Mexican Commission To Combat Narcotics. Such a commission might be modeled after the joint commission that was created in 1947 to wipe out an epidemic of hoof and mouth disease along the border. I have also asked Mr. Rusk to look into the possibility of a treaty with Mexico to formalize our cooperative fight against narcotics.

(See exhibit C.)

Any fight against narcotics must be double pronged: It must eliminate the foreign supply and it must eliminate the domestic market. We cannot blame our narcotics problem on the Mexicans. The market for narcotics is in the United States. I believe that elimination of the domestic market in narcotics rests on three areas of action: First, strengthen law enforcement; second, treatment of those already addicted; third, educate those who might become addicts tomorrow.

The two agencies of the Federal Government with responsibility in the law enforcement field are the Federal Bureau of Narcotics and the Bureau of Customs. They are both under the Department of the Treasury. Last year, the President's Interdepartmental Committee on Narcotics held hearings in California. There was a general feeling on the part of the witnesses that these two agencies should increase their manpower in the State. These witnesses were responsible citizens with considerable experience in dealing with the narcotics problem. Among those who asked for more Federal agents to do the job were the Governor of the State of California, Edmund G. Brown; the chief of the California Bureau of Narcotics Enforcement, John Storer; the director of the California State Department of Corrections, Richard A. McGee; the chairman of the State assembly interim and standing committees on criminal procedures, John A. O'Connell; the chief of police of the city of Los Angeles, William A. Parker; the executive director of the Narcotics Council of Southern California, Joe Fox; representatives of the Student Crusade Against Narcotics; and others.

Another group also investigated the narcotics problem in California. I refer to the Subcommittee To Investigate Juvenile Delinquency of the Committee on the Judiciary of the U.S. Senate. Their findings were made known in Report No. 1593, 86th Congress, 2d session, June 15, 1960. I call this excellent document to the attention of the Senate. This significant and constructive statement appears on page 54:

> It was felt that the Federal Customs and Narcotics Bureaus do not have the manpower necessary to do the job. For example, testimony indicated that in Los Angeles the Federal Bureau of Narcotics must depend upon local authorities for assistance, both in terms of personnel and finances, to accomplish its task. It was felt by many witnesses that there is a need for inquiry into the manpower and resources of the Federal agencies concerned with the narcotic traffic and that without augmentation of the Federal bureaus concerned, local efforts to control the traffic were doomed to failure.

Yet, in spite of all the expert testimony before these two committees—one representing the President of the United States and the other representing the U.S. Senate—the Commissioner of the Federal Bureau of Narcotics states that he has all the manpower he needs to do the job. Therefore, I have today written the Secretary of the Treasury requesting him to investigate the urgent need for more manpower to control the narcotics situation in California.

(See exhibit D.)

While on the question of law enforcement, I urge strong support for S. 1694, which would give Federal judges the discretion to hospitalize addict-victims of narcotic peddlers. Without a doubt, this bill will be a big step toward rehabilitation of the too numerous victims of the vicious drug traffic. At the same time, the bill will in no way be a shield for the contemptible peddler who is exploiting the hopeless addict, nor for the drug user who is either involved in other crimes, or who has been civilly committed for narcotics use three previous times. This excellent measure was introduced by the able junior Senator from New York [Mr. KEATING], and I am honored to join him in this new and medical approach to the narcotics menace.

Civil commitment of addicts would be further facilitated by the passage of the omnibus judgeship bill (S. 912)—speaking again of California—if the amendment which I offered in the committee, and which the Senate thereafter approved, providing four additional judgeships for California, receives final approval in the conference sessions now being held.

I have joined the able senior Senator from New York [Mr. JAVITS] as a sponsor of S. 1693, which would authorize the construction of narcotics treatment hospitals and follow-up community centers.

I am also sponsoring with them Senate Resolution 127, which calls for a White House Conference on Narcotics, to educate the public to the dangers of these debilitating drugs. Permit me to interject that among those who had urged such a conference before the President's Interdepartmental Committee on Narcotics were several Californians—the district attorney of Los Angeles County, William B. McKesson; the president of the Narcotics Council of Southern California, Mrs. Fred Teasley; the attorney general of California, Stanley Mosk; the associate general secretary of the Coordinating Council for Southern California and Arizona of the Methodist Church, Rev. Eugene Golay; the Los Angeles County Board of Supervisors; the county counsel of Los Angeles County, Harold W. Kennedy; Mr. William Hunt, of the Gradena Valley News; the Reverend Fred Coots, Jr., of the Church Federal of Los Angeles; the mayor of Santa Fe Springs, William J. McCann; and the director of special health services of the Los Angeles Health Department, Dr. Ruth J. Temple.

The narcotics problem is of great concern to Californians; and at this point I wish to draw attention to the fact that the California State Legislature has al-

ready approved a resolution designating 1961 as "Fight Narcotics Year."

I also believe that the Office of Education of the Department of Health, Education, and Welfare, or some other appropriate Federal agency, should prepare a film for classroom distribution and educational television use. Without sensationalism, it is important that the dangers of narcotics be explained to our schoolchildren.

The report of the California Interim Committee on Narcotics, of June 1959, estimated that the minimum production cost of an 18 to 20 minute film would be $20,000. It also estimated that the retail price of the film in black and white would be $60. This is certainly a small price to pay for educating our youth on the harms of drug addiction. I have passed on this information to the Commissioner of Education, and I await his comments on the feasibility of such a project.

(See exhibit E.)

I believe another tool in both education and law enforcement would be a central Federal file on narcotics addicts and peddlers. Then we would have realistic statistics on the extent of the narcotics problem. Such figures are bound to be eye opening, and will help alert the public to this deplorable situation. At present, as I understand, the Federal Government relies on the States for this information. The Federal system apparently has some built-in problems in regard to accuracy. As the California attorney general puts it:

> I think our [State] system of reporting [narcotics addicts] is more accurate than the Federal system, because you [the Federal Government] generally rely upon the reports given to you by local enforcement agencies, and if they don't send them in to you, you make an estimate of those who do not report. When our bureau of criminal statistics doesn't get a report from a local community, we send a man out to get it from them. So that ours is not based on estimates; ours is based on actual figures.

I should like to quote from two law-enforcement authorities who have testified in favor of a central file. The supervising inspector of the California Bureau of Narcotics Enforcement, San Diego office, Mr. O. J. Hawkins, said in 1957:

> I think that if there is a central narcotic file maintained by the Federal Bureau, then the exchange of information between those bureaus, which I am sure can be done and has been done, will be of great benefit to every law enforcement agency in the State.

And Joseph Hallisy, of the San Francisco Police Department, stated:

> The compulsory registration of addicts would give policemen a little tighter control of the situation.

Moreover, I believe that a central Federal file should also list marihuana traffic. As things now stand, the Federal Government does not include marihuana users in its statistics, because marihuana is not an addicting drug. However, in a study by Isidor Chein, published under the title, "Narcotics Use Among Juveniles," it was found that almost 100 percent of the persons subject to the study smoked marihuana before they used heroin.

And in a recent newspaper interview—Los Angeles Times, February 2, 1961—Eugene Zappey, the officer in charge of the Los Angeles Police Juvenile Narcotics Unit, said:

> Almost every addict I ever talked to started with marihuana.

These statements, and many others, convince me that it is about time we started paying closer attention to the use of marihuana. I have written to Commissioner Anslinger, of the Federal Bureau of Narcotics, requesting him to investigate the feasibility of having his agency gather its own statistics on addicting drugs and marihuana, for a central Federal file.

(See exhibit F.)

In summary, I have tried to illustrate the present extent and seriousness of the narcotics problem in the United States. I have urged support for the excellent measures introduced by my colleagues from New York and by me. And I have proposed steps that I feel will have a significant effect on reducing this nasty situation. These steps include certain acts of increased cooperation with the Mexican Government, increased personnel for Federal law enforcement agencies, the production of an educational film for school use, and the establishment of a central Federal file on users and peddlers of addicting drugs and marihuana.

This Nation needs a crusade against narcotics.

Madam President, I ask unanimous consent to have printed in the RECORD, the exhibits prepared for the information and study of my colleagues.

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

EXHIBIT A—NARCOTIC ARRESTS REPORTED BY CALIFORNIA LAW ENFORCEMENT AGENCIES, JULY 1959 TO JUNE 1960

Sex and type of arrest for State and Federal narcotic law violations, by quarter, for both adults and juveniles

Sex and type of arrest	Grand total		3d quarter, 1959	4th quarter, 1959	1st quarter, 1960	2d quarter, 1960
	Number	Percent				
Total arrests	17,630	100.0	3,979	4,459	4,664	4,528
Men	13,802	78.3	3,164	3,493	3,681	3,464
Women	2,392	13.6	518	613	596	665
Boys	1,194	6.8	258	283	322	331
Girls	242	1.3	39	70	65	68
State law violations	17,034	100.0	3,838	4,306	4,492	4,398
Men	13,287	78.0	3,039	3,366	3,532	3,350
Women	2,319	13.6	503	593	573	650
Boys	1,187	7.0	257	278	322	330
Girls	241	1.4	39	69	65	68
Federal law violations	596	100.0	141	153	172	130
Men	515	86.4	125	127	149	114
Women	73	12.2	15	20	23	15
Boys	7	1.2	1	5	----------	1
Girls	1	.2	----------	1	----------	----------

Source: From "Narcotic Arrests in California, July 1, 1959–June 30, 1960." Compiled by Bureau of Criminal Statistics in the State department of justice.

EXHIBIT B

Current estimated annual cost of narcotics traffic in California

Institutional operations: About ⅙ of department of correction budget plus part of jail and youth authority costs	$9,000,000
Parole	600,000
Capital outlay ($20,000,000 worth of public institutions):	
Each year 4 percent interest	800,000
40 yearly payments	500,000
Arrest, trial, transportation	5,000,000
Economic waste (assuming 10,000 drug users spending $5,000 per year)	50,000,000
Annual estimated cost	65,900,000

Source: From "Narcotics in California," California State Board of Corrections.

EXHIBIT C

APRIL 27, 1961.

Hon. DEAN RUSK,
Secretary of State,
Washington, D.C.

DEAR MR. SECRETARY: The narcotics problem in the State of California grows more serious daily. For the last year on record there were 17,630 narcotics arrests in California. And for 1959, it is estimated that this problem cost my State $65.9 million.

As you know, the No. 1 source of illegal drugs coming into California is Mexico. While I recognize that there is a spirit of cooperation between the United States and Mexico on combating this drug traffic, I would hope and expect that more could be done.

One suggestion is for the establishment of a Joint United States-Mexican Commission To Combat Narcotics. Such a commission might be modeled after the joint commission that was created in 1947 to wipe out an epidemic of hoof and mouth disease along the border.

It has also been suggested that the United States and Mexico sign a treaty to formalize the actions now undertaken in our joint fight against narcotics.

The situation has now reached a point where further action must be taken. As Secretary of State, this should be of immediate concern to you and I await your comments on this question.

Sincerely,

THOMAS H. KUCHEL.

EXHIBIT D

Hon. C. DOUGLAS DILLON,
Secretary of the Treasury,
Washington, D.C.

DEAR MR. SECRETARY: Last year, two important Government committees investigated the narcotics problem in California.

These were the President's Interdepartmental Committee on Narcotics and the Subcommittee To Investigate Juvenile Delinquency, Committee on the Judiciary, U.S. Senate.

Both committees held hearings in the State. And many of the witnesses expressed the opinion that the Federal Bureau of Narcotics and the Bureau of Customs, both under the Department of the Treasury, should increase their manpower in the State. Among the responsible witnesses who expressed this view were the Governor of California, the chief of the California Bureau of Narcotics Enforcement, the director of the California State department of corrections, the chairman of the State assembly interim and standing committees on criminal procedures, the chief of police of the city of Los Angeles, and the executive director of the Narcotics Council of Southern California.

I also call to your attention the report of the above-mentioned Senate committee. This is report No. 1593, 86th Congress, 2d session, dated June 15, 1960. On page 54, it states:

"It was felt that the Federal Customs and Narcotics Bureaus do not have the manpower necessary to do the job. For example, testimony indicated that in Los Angeles the Federal Bureau of Narcotics must depend upon local authorities for assistance, both in terms of personnel and finances, to accomplish its task. It was felt by many witnesses that there is a need for inquiry into the manpower and resources of the Federal agencies concerned with the narcotics traffic and that without augmentation of the Federal bureaus concerned, local efforts to control the traffic were doomed to failure."

Because of the seriousness of the narcotics problem in the State of California, I would appreciate your advising me of the possibility of increasing Treasury personnel in the State.

Sincerely,

THOMAS H. KUCHEL.

EXHIBIT E

APRIL 27, 1961.

Hon. STERLING M. MCMURRIN,
Commissioner of Education,
Department of Health, Education, and Welfare,
Washington, D.C.

DEAR DR. MCMURRIN: The citizens of the State of California are extremely concerned by the increasing spread of drug addiction, especially among juveniles. Many feel that much can be done in our school system to teach the harms of narcotics. One valuable teaching aid might be a film on this subject. It strikes me that your office would be a proper sponsor for such a film. The report of the California interim committee on narcotics, June 1959, estimated that the minimum production cost of an 18- to 20-minute film would be $20,000. It also estimated that the retail price of the film in black and white would be $60.

I would appreciate your advising me whether the operating budget of the Department would allow such a project.

Sincerely,

THOMAS H. KUCHEL.

EXHIBIT F

APRIL 27, 1961.

Mr. HARRY ANSLINGER,
Commissioner, Federal Bureau of Narcotics,
Department of the Treasury,
Washington, D.C.

DEAR COMMISSIONER ANSLINGER: As you know, many able and responsible citizens of California have suggested that the Federal Bureau of Narcotics gather information for a central Federal file on users and peddlers of addicting drugs and marihuana. The arguments for a central Federal file deserve consideration, in my opinion, and could result in improved statistics on this serious national problem. Such reliable information would serve two important purposes. It would help in law enforcement and it would help educate the public to the seriousness of drug addiction in the United States.

I would appreciate your views on the feasibility of such an undertaking.

Sincerely,

THOMAS H. KUCHEL,
U.S. Senator.

Mr. KEATING. Madam President, will the Senator from California yield?

The PRESIDING OFFICER. Does the Senator from California yield to the Senator from New York?

Mr. KUCHEL. I yield to my able friend from New York.

Mr. KEATING. I wish to express my commendation of the distinguished Senator from California for the splendid statement he has made, and I desire to say that we very much appreciate the support he is giving to the measures in this field which we are jointly sponsoring. This problem is a very great national one; and the weight the Senator from California can bring to bear on it and the respect in which he is held by his colleagues will be very helpful in obtaining action in this field.

Mr. KUCHEL. Madam President, I thank my friend very much for what he has said, and I am glad to enlist under the leadership he and his New York colleague are providing in this field. I have spoken to him about this matter. He has been an able prosecuting attorney and an eminent lawyer in New York; and I am sold on the manner in which this proposed legislation has been drafted.

I believe that under the bill we have introduced a Federal judge should have the discretionary right to require that addicts be hospitalized, provided, of course, they are not also charged with the commission of a crime of violence, in connection with their primary narcotics addiction. If the addicts are again and again guilty of addiction, such a hospitalization provision will not apply under the terms of the bill.

The measure my friend, the Senator from New York, sponsors should help in the rehabilitation of the unfortunate persons who become addicted to the use of drugs; and, at the same time, punishment will be meted out to the drug peddlers. I believe that under such a program great steps forward can be taken.

Let me say that I believe the idea of Federal Government cooperation with hospital construction—as suggested by the two able Senators from New York—constitutes an excellent approach to another facet of this probem.

Last of all, Madam President, let me say that I believe it excellent that the Senate have an opportunity to indicate to its approval of the proposal that the White House initiate a nationwide conference for discussion of a problem that is a growing menace to the American people.

So I thank my friend, the Senator from New York, very much, indeed.

THE PRESIDENT'S MESSAGE ON CONFLICT OF INTEREST

Mr. KEATING. Madam President, I have read with a great deal of interest the President's message in regard to conflict-of-interest problems. The President's call for action on conflict-of-interest problems deserves an early and favorable response from Congress. Many of his specific proposals are reflected in the provisions of proposed legislation which has been pending for a long time. We have had many committee reports, much speechmaking, and wide agreement that something must be done. But we have failed completely to take any definite steps to strengthen, modernize, and clarify the many outdated, conflicting, and inadequate laws on this subject.

Congress also should give diligent attention to legislative conflict-of-interest problems. The American people should not condone any double standard of morality in Government—one for the Congress and the other for the rest of the public service. Congress is in no position to take a "holier than thou" attitude. Politics and ethics must be blood brothers at all levels and in all branches of our Government.

The legislative process has been described as the "heartbeat of democracy." If the heart of our political system does not function properly, if the people ever lose confidence in the honesty and integrity of their elected representatives, the whole body politic can be suffocated and destroyed.

In the President's message there are some specific matters about which there may be some question. With regard to ex parte communications, for example, I have long advocated that all communications to administrative agencies be made part of the their records and be open to public scrutiny. There may be some need for individual agency regulations—as the President's message recommends; but I believe that the principle of full disclosure could be applied to all agency proceedings.

Despite such reservations, however, I applaud the constructive and positive tone of the President's proposals; I commend him for his interest in this subject; and I believe his recommendations can serve as a sound framework for positive action.

HEALTH CARE FOR THE AGED

Mr. ANDERSON. Madam President, there has been some speculation in the press that there will be no effort in this session of Congress to get action on President Kennedy's program of health care for the aged.

As a sponsor of S. 909—a measure to provide for such care for millions of Americans through social security and the railroad retirement systems—let me say that I believe the speculation is in error. Neither the administration nor the supporters of this proposal in the Senate are shelving their interest in the health of our elderly until next year. We are going to move forward to achieve a program that grows more urgently needed with each passing day.

And it is apparent that the enemies of the health security plan are not diminishing their traditional opposition to social security, and specifically the plan embodied in S. 909.

I am referring to the propaganda campaign launched last week by the American Medical Association to sell Americans on the idea—and I use the AMA's words—that this program "is bad for the Nation."

I have here a copy of one such advertisement. It is a special sort of copy; for it includes not only the text of the advertisement as it appeared in some 30 major newspapers but also some helpful hints by the AMA. I shall have something to say about these later.

The press of this country has made a deliberate effort to deny its space to false advertising. In the light of that desirable objective, it would be well to consider the AMA's ad because it goes beyond exaggeration—it is deliberately false. I intend this afternoon to show specifically the falsity of the AMA's statements.

Madam President, in remarking on the attitude of the American Medical Association I am in no way intending a criticism of American medicine or of individual physicians who have provided this Nation with very significant achievements in the field of health. I have the highest respect for the medical profession in this country; for the great scientific advances which have lengthened the lives of our people; and for the selfless and dedicated service which so many doctors devote to the relief of human suffering. Let me say, too, that my feeling is that organized medicine does not speak for all physicians and all persons connected with the healing arts.

An example of this is the statement of Dr. Samuel Standard, associate professor of clinical surgery at New York University. This physician declared on February 26:

> When the American Medical Association leaves medicine and enters into the field of economics, politics, and general sociology, our paths of thinking diverge. I cannot agree with the AMA's insistence that, despite the advances in the science of medicine, the methods by which it shall be distributed to society's needs must remain unchanged.

I could cite other examples to show that the AMA is not the voice of all physicians.

It is important that we cut through the fog of sloganeering, scare words, exaggeration, and misleading statements of the AMA's expensive public relations campaign so that the American people might have the truth—so that they might make their judgments on the basis of fact rather than fiction. That is my purpose today because these ads are only the beginning. If there is anything we can learn from past performances by the AMA—in attacking the original social security legislation, in opposing the extension of social security benefits to the permanently and totally disabled, in condemning the use of Federal funds to support State agencies working to reduce the maternal death rate—yes, even in opposing private, voluntary programs of health insurance in the 1930's and early 1940's—the lesson is that this propaganda campaign is going to gain momentum.

I tell my colleagues this because the AMA's ad urged readers to write to their Senators and Representatives to protest the health-care legislation.

The first paragraph of the AMA ad declared:

> The doctors of America believe that our aged citizens who need medical care should get it, whether or not they can afford to pay for it.

Now there, Madam President, is a very fine statement. I concur in its objectives. After I read that first sentence, I thought perhaps the AMA had come around to our point of view, for that is exactly the goal we seek.

But then I read further—only to be disillusioned.

I found, Madam President, that in the opinion of the AMA, the Kerr-Mills Act of 1960 was the final and complete fulfillment of the Nation's needs.

According to this advertisement, the Kerr-Mills bill not only covers those who are eligible for old-age assistance but all other senior citizens who cannot meet the cost of a serious or long-lasting illness.

That just is not so. Limitations incorporated in the Kerr-Mills Act and the financial situation in most of our States points to the contrary—and I intend this afternoon to speak in detail on misstatements about what is being done under Kerr-Mills.

The AMA also said this about Kerr-Mills.

> Its benefits are unlimited, with medical aid authorized for any person over 65 who needs help.

I ask the AMA, under what conditions are benefits unlimited? Only if the State government sets unlimited standards and appropriates funds, which, with available Federal matching funds, will put them into effect. The truth is, Mr. President, that not a single State which has put into effect the Kerr-Mills program offers "unlimited benefits."

Again, the AMA ad claims that this new law is now being put into operation in 46 States. The AMA's arithmetic amazes me.

Senators will recall, that one section of the 1960 amendments provided more generous Federal matching grants for medical care under the existing old-age assistance program. Some of this money became available to States automatically even though they did not actually extend their services to the aged. No new elderly people are protected through this part of the 1960 amendments, although fortunately the States may be able to do a better job for them.

If 46 States are taking advantage of the 1960 amendments, it is in connection with the long-established program of old-age assistance.

Only 7—not 46, but 7—of our 50 States and 2 possessions had new programs in operation under the 1960 amendments as of April 17. Only about a half a dozen others had submitted plans or enacted laws which were likely to lead to an operating plan this summer.

Some other States may be added to the list, but, like my own State of New Mexico, most States are having a hard time raising necessary funds for a wide variety of programs. New Mexico developed a plan for a new program of medical assistance for the aged but the legislature adjourned without appropriating necessary funds.

But take the seven States which have plans in operation. Have they solved the problem? Not by any measure.

In one of these seven States, the State of Kentucky, the maximum limit on hospital care under the new Kerr-Mills program is 3 days. And even this much—along with any other benefits—is denied to anyone with a gross annual income in excess of $1,000.

There are the "unlimited benefits" the AMA so proudly hails.

Up to now I have discussed only half of the AMA's advertisement—the half that sings the praises of the Kerr-Mills bill.

I want to make it clear that in assailing the misrepresentations, distortions, and outright lies of the AMA with respect to this legislation, I am not attacking the legislation itself. I voted for the final Kerr-Mills bill last year because I hoped it would at least deal with a small part of a larger problem.

There is a need for such legislation to meet the problems of elderly citizens who, for one reason or another, have never qualified for social security benefits. My point is that the two parts of the old-age assistance program, as established by the 1960 amendments, should properly be regarded as supplements to a sound program of old-age medical care. They are not a complete program by themselves.

If the main part of the burden of financing the health needs of the aged is carried through the social security system, then the States can more readily provide broad benefits on a reasonable basis to persons forced to turn to public assistance as a last resort.

I have already pointed out the almost universal failure of the States to enact the necessary supplementary legislation. This is not said in criticism. Every member of this body is highly conscious of the financial problems facing most State governments, even those States with the will to act are often not able to find the way.

Moreover the basic element in the Kerr-Mills law is a means test—no matter what language may be used to disguise it. This requires that an elderly person, before he can draw benefits, must be subject to a public agency's audit of his private finances.

Talk about an intrusion on individual rights. How would the AMA describe this procedure?

I have by no means covered all the untrue and misleading statements in the AMA advertisement that relate to the Kerr-Mills Act. But those I have cited are enough to give the Senate a picture of its false claims.

If these are outrageous—and I think that is a modest description—what can be said about the second half?

This is the section that attacks the old-age medical care bill which I had the honor to sponsor last year, which I have again presented in the current session, and which has the support of the Kennedy administration.

As I read the AMA description of this bill, I wondered if, perhaps, the confusion of tongues had finally been inflicted upon our land. For the terms of my bill were unrecognizable in the AMA account of it.

My bill, says the AMA, is socialized medicine—whatever that means—because, and I quote:

It would establish a compulsory health-care program for everyone covered by social security regardless of need.

I am confident that in view of the hearings and debate last year on the social security proposal, every Member of the Senate has a working knowledge of its terms. So let us reason together.

Does my bill provide a health-care program at all?

Of course not. It provides for the payment of certain bills that result from illness. The care which produces those bills will be provided by the same people, in the same way, as it has always been.

Does my proposal undertake to include—even on a bill-payment basis—everyone covered by social security?

Of course not. It offers benefits only to those who are aged 65 or over.

Let me say a word or two about the adjective "compulsory," which the AMA invariably has printed in large, capital letters.

One thing, and only one, is compulsory about my program. That is the tiny increase in social security taxes—$12.50 a year at most—required to finance it.

I acknowledge that the AMA has been very consistent on this issue. They have never liked any part of the social security program—old-age benefits, unemployment insurance, disability benefits, or even the tiny death benefit. They have succeeded in protecting their self-employed members from any danger of taking part in social security or being corrupted by its safeguards.

Thanks to the AMA, the aged and infirm doctor, when he can no longer put a stethoscope to a patient's chest, runs no risk of collecting a modest monthly stipend from Federal old-age insurance. He has the blessed freedom of becoming a public charge. So does the widow with young children whose doctor husband died in the prime of life.

However, nearly everyone else in America disagrees with the AMA about social security. Nearly everyone else not only accepts, but is positively enthusiastic, about this Federal insurance plan. Yes, it costs money; but the few dollars invested each working year have given the average American a new and infinitely happier attitude toward old age and retirement.

Yes, social security taxes are "compulsory." Payments for this added feature—insurance against medical bankruptcy—would also be "compulsory." But I ask the AMA this: Are not all taxes—including those that finance public assistance—equally compulsory?

Where does the money come from to pay for the Kerr-Mills programs, such as they are? It comes from general taxation. If any part of our State and Federal tax system is "voluntary," no one told me before I filed my returns a few weeks back.

But let us return to the AMA advertisement.

Its next sentence says:

The Socialist Party itself calls this—

Meaning my bill—

socialized medicine.

Perhaps we ought to be amused at this use of the Socialist Party as a menace to free enterprise and the American way of life. I would think it was 25 years since anyone in the Socialist Party itself took the organization that seriously.

However, it is hard to be amused when this kind of thing is being set before the American people, as a serious matter, by the doctors' national spokesman.

The truth, as usual, is precisely opposite to the AMA statement.

The national secretary of the Socialist Party, in a letter to the New York Times, took considerable offense because the AMA had called my bill "socialized medicine." It's nothing of the kind, he said; and any such suggestion, he implied, was giving his party a bad name.

I ask unanimous consent that the letter published in the New York Times on March 28, 1961, be printed at this point in the RECORD.

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

[From the New York Times, Mar. 28, 1961]

SUPPORT FOR HEALTH BILL—SOCIALIST PARTY VIEWS ON CURRENT LEGISLATION OFFERED

To the EDITOR OF THE NEW YORK TIMES:

The March 18 Times story describing the American Medical Association's attack on the Socialist Party for its support of socialized medicine contains several inaccuracies which should be corrected.

The AMA describes the Socialist Party as backing "President Kennedy's proposal for health and medical care through the social security system as the vehicle with which to bring full-blown socialized medicine to this country." The article, as quoted, also places the Socialist Party behind the King bill, currently being debated in Congress.

To begin with, we have never formally endorsed the King bill. We regard it as a pale version of the Forand bill, which itself fell far short of America's medical needs. In any showdown between the AMA and the supporters of the King bill we will join with the latter, not because we see this legislation as "the vehicle with which to bring full-blown socialized medicine to this country," but as a start at least in meeting the Nation's needs.

PRIDE IN ADVOCACY

Secondly, it is clear that the AMA is attempting to discredit the labor movement and the other progressives backing the current bill by raising the "Socialist" menace. We of the Socialist Party are proud to advocate socialized medicine, a system which has worked well in Britain and in Scandinavia and which has been accepted by the medical profession in those countries.

The AFL–CIO and other organizations behind the current legislation are not Socialists, and they do not advocate socialized medicine. We are happy to work with these groups, but it is grossly unfair to impute our views to them.

In keeping with the role of the Socialist Party as a radical forerunner and pioneer in social reform we are offering our own carefully thought out plan for socialized medicine.

But the AMA is demagogic and inaccurate when it describes President Kennedy's legislative proposal as a "vehicle with which to bring full-blown socialized medicine to this country." If only it were.

IRWIN SUALL,
National Secretary, Socialist Party-Social Democratic Federation.

Mr. ANDERSON. The AMA advertisement gives the Socialist Party credit for expert knowledge in defining what is socialistic and what is not. I will join the AMA in a stipulation on that point—the Socialists say my bill is not socialistic, and I agree with them.

Actually, what the AMA has done and is doing is not a laughing matter. Let us go further with the advertisement.

My program, it says:

Adds up to nothing more than socialized medicine—controlled by a bureau of the Federal Government.

Later:

Confined at first to the aged, it would inevitably be expanded to cover all Americans.

And still later:

When the Federal Government enters the privacy of the examination room—controlling both the standards of practice and the choice of practitioner—the cost includes loss of freedom. Your doctor's freedom to treat you in an individual way. Your freedom to choose your own doctor. When the physician is socialized, his patient is socialized as well.

It is possible, because none of us is faultless in drafting legislation, that a clause or two in my bill may, to some readers, be equivocal or obscure. But if any provision is plainly stated, it is that nothing in this legislation shall permit the Federal Government to tamper with hospital administration or with the practice of medicine.

I defy the AMA to quote a line in my bill that injects the Federal Government into the privacy of the examination room. This is an old tack by the AMA.

I defy the AMA to cite anything in my bill that would control standards of practice and the choice of practitioner.

I ask unanimous consent to have printed at this point in the RECORD the two sections that clearly set out this provision. The first is section 1601 headed "Prohibition Against Interference"; the second is section 1602, "Free Choice by Patient."

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

PROHIBITION AGAINST INTERFERENCE

SEC. 1601. Nothing in this title shall be construed to authorize any Federal officer or employee to exercise any supervision or control over the practice of medicine or the manner in which medical services are provided, or over the selection, tenure, or compensation of any officer or employee of any hospital, skilled nursing facility, or home health agency; or, except as otherwise specifically provided, to exercise any supervision or control over the administration or operation of any hospital, facility, or agency.

FREE CHOICE BY PATIENT

SEC. 1602. Any individual entitled to have payment made under this title for services furnished him may obtain inpatient hospital services, skilled nursing home services,

home health services, or outpatient hospital diagnostic services from any provider of services with which an agreement is in effect under this title and which undertakes to provide him such services.

Mr. ANDERSON. I defy the AMA to offer one iota of evidence that any doctor would be "socialized" by my bill, or that there would be a trace of interference in the doctor's "freedom to treat you in an individual way."

I defy the AMA to quote a single passage justifying its charge—later in the advertisement—that "remote and bureaucratic control" would replace the "confidence and closeness of the doctor-patient relationship."

At the start of my remarks, I said my copy of the AMA's ad was a very special one. It is a proofsheet, mailed to State and county medical societies for insertion over their own signatures.

There is nothing wrong with an organization presenting its side of a controversy through an advertising campaign. There is nothing inherently wrong with the language of such a campaign being dramatic.

It is quite another thing for statements to deliberately distort, to exaggerate, to mislead. Such action does violence to freedom of speech. It abuses our free system—the very system the American Medical Association seeks to protect. They do a grave disservice to the character of their profession and an injustice to the American people.

Since I know the American Medical Association is going to continue its campaign, I invite its leaders to reappraise their approach.

Madam President, those who see the logic in providing hospital care, skilled nursing home care, and certain other health services for the aged through a contributory plan, social security, have been accused by the AMA of playing politics. This is a rather harsh, but typical, accusation; typical in that it does not stand the test of examination.

Marion B. Folsom is a successful businessman, a Republican, and President Eisenhower's Secretary of Health, Education, and Welfare from 1955 to 1958. To the best of my knowledge, Mr. Folsom is not seeking political office.

At the request of the Medical Society of the County of Monroe in New York, Mr. Folsom recently prepared an article for the Society's Bulletin, in which he stated:

> While I was Secretary of Health, Education, and Welfare, I strongly urged employers to assist their retired workers in continuing their health insurance, and I urged voluntary agencies to issue more attractive policies for older people. But progress in both directions has been slow.

Mr. Folsom made the important point that the contributory plan embodied in the social security approach lends itself to encouragement of individual responsibility. He quoted this observation made by the Right Reverend Monsignor John O'Grady, secretary of the National Conference of Catholic Charities:

> As a responsible, independent, self-respecting individual in intention, if not in fact, the ordinary citizen hopes government help, when necessary, will be available to him as a right for at least the more likely major hazards he faces, without humiliating or demoralizing conditions such as the periodic investigation of his resources in order to balance them against his needs. * * *
>
> Our ordinary citizen also feels that where he contributes to the cost of his protection, or even if his employer contributes on his behalf, he has in some sense earned a right to the benefit. He wants to become a partner in the plan and not just a beneficiary.

I ask that Mr. Folsom's remarks in the Bulletin of the Medical Society of the County of Monroe be printed in my remarks at this point.

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

REMARKS ON HEALTH INSURANCE FOR THE AGED

(By Marion B. Folsom)

In recent years there has been a rapid increase in all forms of voluntary health insurance, and a high percentage of the working population is now covered.

Yet among the more than 15 million people over 65—the age group most often afflicted with serious and prolonged sickness—over half have no insurance at all, and many of those who are insured have only limited coverage. According to a recent study by the Department of Health, Education, and Welfare, "Those with relatively low income, likely to have most difficulty in paying large bills, are least likely to have health insurance."

Thus it is only natural that the problem of health insurance for the aged is now receiving attention.

While I was Secretary of Health, Education, and Welfare, I strongly urged employers to assist their retired workers in continuing their health insurance, and I urged voluntary agencies to issue more attractive policies for older people. But progress in both directions has been slow.

In 1960 both the administration and the Democratic Party came out for immediate legislation and it became obvious that some action would be taken. I decided at that time that the best way to finance the program was through the social security rather than the relief method.

Action was taken in the last Congress to increase the Federal grants for medical care to those now qualified for old-age assistance and to set up a new category for those who become indigent because of illness. This action, while helpful in meeting the immediate situation, does not provide a sound solution to the long-range problem. Widespread dependence upon a system of relief does not fit well into our American way of life.

The logical plan is to finance and administer a program of hospitalization insurance for retired people through the social security system.

PRESENT SOCIAL SECURITY PROGRAMS

The Social Security Act of 1935 set up two systems to meet the problem of dependency in old age—old-age assistance and contributory old-age insurance.

The assistance, or relief, plan provides for people over 65 who are in need, with eligibility and the amount of payments determined in each case by welfare officials.

Under the contributory insurance plan, workers and employers are taxed jointly and benefits are paid as a matter of right to those who retire. Most people today agree that this is the sounder approach, the one which fits better into our system of individual responsibility.

Philosophically, the case is well stated by the Right Reverend Monsignor John O'Grady, secretary of the National Conference of Catholic Charities:

"As a responsible, independent, self-respecting individual in intention, if not in fact, the ordinary citizen hopes government help, when necessary, will be available to him as a right for at least the more likely major hazards he faces, without humiliating or demoralizing conditions such as the periodic investigation of his resources in order to balance them against his needs. * * * Our ordinary citizen also feels that where he contributes to the cost of his protection, or even if his employer contributes on his behalf, he has in some sense earned a right to the benefit. He wants to become a partner in the plan and not just its beneficiary."

Social security contributory insurance is today an effective, well-run system. About 14 million people—including about 3½ million survivors—are now receiving benefits at the rate of about $10 billion a year. The program is efficiently administered at a cost of only 2 percent of benefits.

Of the original fears—that the system would interfere with the incentive of the individual to save, that it would not be administered effectively, and that benefits would get out of hand—none have been borne out by experience.

Including other Government plans, 94 percent of all people reaching 65 are now eligible for benefits. The only large groups remaining outside the system are Federal Government employees, who are covered under the civil service system, and the medical profession. Several medical associations, including the Monroe County and New York State associations, have gone on record in favor of bringing physicians under the Social Security Act. Dentists were included some time ago.

WHY THE SOCIAL SECURITY APPROACH?

The same basic reasons for preferring the contributory plan over the assistance approach toward retirement income would apply equally in regard to health protection for the aged. Other advantages of the social security insurance approach would include the following:

1. By spreading the cost over the entire wage-earning population, through a small tax of one-quarter or one-half percent of the payroll up to $4,800 a year on employers and employees, a reasonable plan could be financed without adverse effect on the Federal budget.

2. With the taxes deposited in a special trust fund, there would much more likely be sound fiscal control than if benefits were financed out of general revenue.

3. The cost of administration would undoubtedly be lower than under 50 different State systems.

4. A national system could be placed in effect immediately for the whole country, without waiting for each State to set up its own plan individually.

5. Because of the mobility of our people, the problem is national in nature. Many workers move from State to State during their lifetime—quite often at the time they retire.

There has been no serious objection in recent years to the compulsory feature of the social security tax, nor would there probably be to a small additional tax to provide medical care for the aged. The alternative of financing a program out of general revenue would require higher income taxes, and of course these taxes are compulsory too.

There does not seem to be any sound basis for describing a plan financed through social security as "socialized medicine," nor should such a plan lower the quality of medical care. The individual would still have the same free choice of hospitals and doctors that he has now.

NEED FOR ADVISORY COUNCIL

In order to place the proposed program on the soundest possible basis, it would seem desirable to have Congress and the executive department appoint an advisory council—composed of representatives of

employers, labor, the insurance industry, hospital administrators, the medical profession, and the general public—to work out the details of a plan and make recommendations to Congress. Such advisory councils have been very helpful in the past in setting up and considering changes in the social security system.

This council would study such things as the amount of a deductible feature, the nature of the benefits, the length of stay provided in hospitals and nursing homes, the extent of home care, and the feasibility of having contracts with voluntary agencies. It might also consider whether to have the individual carry his own insurance under certain conditions.

A Government plan of insurance for the aged would cover only that portion of the population which is most difficult to cover on a private, voluntary basis. There is no good reason why private insurance agencies could not continue to cover those under 65 without Government aid and also provide supplemental plans for the aged.

Any sound plan developed by the Government to cover the aged would enable the Blue Cross and private insurance companies to reduce premiums for the lower age groups, thereby making it possible for these groups to obtain wider coverage.

At present, however, the States should make every effort to implement the old age assistance provisions enacted by Congress last year. Even if a health insurance program for the aged is later enacted, the assistance program will be needed for those who might not be adequately covered under the insurance program. It is to be hoped that the current session of the New York Legislature will pass the legislation advocated by Governor Rockefeller to implement this program.

Mr. ANDERSON. Madam President, let me turn again to the claim of opponents of providing health security for the aged through the system I am discussing that it is "compulsory." I concede that it is compulsory. The social security tax which has been in effect since the 1930's is also compulsory, and there has been no serious objection to it in recent years.

The opponents choose to ignore the fact that the high cost of medical services for the aged and their relatively small ability as a class to shoulder the financial burden such services impose surely means that a medical program for the ailing elderly would have to be financed out of general revenue. And general taxes are compulsory, too.

On January 9, 1961, former Secretary of Health, Education, and Welfare Folsom addressed the White House Conference on Aging. I ask that the portion of his remarks dealing with health insurance for the aged be included at this point in my remarks.

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

HEALTH INSURANCE FOR THE AGED

Retired people now get along fairly well with their income from private savings, company pension plans, and social security, as evidenced by the fact that only 15 percent of people over 65 receive old age assistance, and the percentage is much lower in some industrial States. But with the high incidence of sickness among the aged, with their income limited, and with the rapid increase in the cost of medical care, a high percentage of older people do have difficulty in meeting the cost of medical care when they become sick. It is only natural that the problem of health insurance for the aged is receiving attention.

While a high percentage of the total population is now covered by voluntary health insurance plans, less than half of the people over 65 have any type of health insurance and many of these have only limited coverage.

Action was taken in the last Congress to increase the Federal grants for medical care to those now qualified for old age assistance and to set up a new category for those who become indigent because of illness. This action, however, while helpful in meeting the immediate situation, does not provide a sound solution to the long-range problem. For the same reasons that old age assistance was not considered a desirable method of handling retirement benefits, so this new program, with a means test, should not be depended upon for the great majority of the older people in the future.

The logical plan, and one which is endorsed by most students of the subject, is to finance and administer a program of health insurance for retired people through the old age, survivors, and disability insurance program. By spreading the cost over the entire wage-earning population through a small tax of one-quarter to one-half percent of the payroll up to $4,800 a year on each employer and employee, a reasonable plan can be financed without adverse effect on the Federal budget and with little if any adverse effect on the economy.

With the social security system being administered at a cost of only 2 percent of benefits and with the good record of administration of the total and permanent disability provisions, there should be little question but that administration would be more effective than it would be under 50 different State systems. With the taxes deposited in a trust fund to be used only for this purpose, there is much more apt to be a sound fiscal control of the system than if the benefits are financed out of general revenue.

Furthermore, this is a national problem because of the mobility of our people. Many workers move during their lifetime from State to State and quite often change their residence upon retirement. Thus the same reasons why an old age retirement annuity system had to be financed on a nationwide rather than a State basis would likewise apply to a health insurance program for the aged. The national system could be put into effect immediately for the whole country, without having to wait for each State to set up and finance its own plan individually.

Also, a contributory system of this type would fit more naturally into the philosophy of our whole system than would one based upon a means test. There has been no serious objection in recent years to the compulsory feature of the social security tax and there probably will be little if any objection to a small additional tax to provide medical care for the aged. In any event, the income taxes which would have to be increased to finance a program out of general revenue are compulsory also.

There does not seem to be any basis for describing a plan financed through the social security system as "socialized medicine." The individual would still have the same free choice as to hospitals and doctors that he now has.

Several plans for health insurance for the aged have been proposed in bills before Congress. But before action is taken it would seem desirable to have Congress and the executive department appoint an advisory council, composed of representatives of employers, labor, the insurance industry, hospital administrators, the medical profession, and the general public, to study all aspects of the problem and make recommendations to Congress. Such advisory councils have been very helpful in the past in setting up and considering changes in the social security system.

Now that the immediate situation has been taken care of by last year's legislation, a delay of a few months would not be critical. There are many problems involved. This council would study, among others, such things as the amount of the deductible feature, the nature of the benefits, the length of stay provided in hospitals and nursing homes, extent of home care, and the feasibility of having the program administered and contracts made with voluntary agencies. Contracts with voluntary agencies have worked out quite satisfactorily with the medicare program for military personnel. It might also be feasible to have the individual carry his own insurance under certain specified conditions.

A reasonable plan adopted by the Federal Government to provide hospitalization insurance for people over 65 would enable the Blue Cross and private insurance companies to reduce premiums for those in lower ages. There is, of course, no good reason why private agencies could not continue to provide health insurance for the working population, and also supplementary protection for those retired.

In the meantime, the States should make every effort to implement the 1960 old age assistance amendments so that older persons who become ill can receive the benefits provided. Even if a health insurance program for the aged is later enacted, there will be need for the assistance program for those who might not be adequately covered under the insurance program.

Mr. ANDERSON. Madam President, Dr. Wilbur J. Cohen has long been identified as one of the Nation's most knowledgeable men in the field of social economics. He is now Assistant Secretary of Health, Education, and Welfare. I would like to mention here some of the highlights from a speech Dr. Cohen made recently to the Jacobi Medical Society here in Washington.

Opponents of the social security approach to health care for the aged have challenged the findings of congressional committees, Public Health Service studies, and private financial, insurance, and research reports that the problem of the ailing aged is truly of major national proportions. They dispute the logic of the Federal Government taking an active role to diminish this distress. Dr. Cohen expressed the philosophy of Government applying itself to this task when he stated:

> What the Federal Government has to do, of course, is to try to add all the individual cases together in order to arrive at a reasonable solution of how to accomplish the greatest good for the greatest number without undue strain on available resources.

In a moment, I will cite data to indicate the critical economic plight of a great many of our aged men and women. Often through personal knowledge, we have been made aware that the financial distress imposed by sudden and steep medical expenses frequently is transferred to younger relatives who in all likelihood are not too well off themselves financially.

Dr. Cohen addressed himself to this point in declaring:

> The social insurance method would provide the means of spreading the cost of

health services in old age over the working years. Under it services to the aged would be provided in a way that preserves the dignity of the individual. Aged persons—including those with average and even above average income—constantly face the threat that costly medical care will wipe out their savings and force them after a lifetime of independence to seek aid from their children or from public or private charity. As the President said in his health message, the health insurance for the aged program will meet the needs of the millions of the aged who do not want charity, but whose entire financial base for security—and often that of their children—may be shattered by an extended hospital stay.

No one questions the moral principle involved in children being instilled with a sense of duty toward their parents. But is it reasonable to expect the aged to exhaust their savings, the children to exhaust theirs, and then eventually to call upon the general tax revenue to pick up the check of public charity? There is another aspect to this matter of financial responsibility: Many young wage earners who are covered by health insurance may not be aware that one of the chief causes for the continuing sharp rise in their premiums is the fact that the high cost of hospital care for the aged—the age group with the highest incidence of prolonged and serious illnesses—is lumped into these premiums. So in a direct, if sometimes overlooked, way, wage earners are already absorbing a significant part of the cost of hospital care for the aged. Social security offers a less costly method of financing health care for the aged for it would tend to level off the rise in medical insurance premiums and, in addition, could open the way to wider benefits for persons covered by such insurance.

Madam President, when we were discussing the bill in the last Congress, in May of last year, a great deal was said about the systems. When it was all over medical people without number wrote me rather strong and, I thought, rather severe letters.

The Association of American Physicians and Surgeons published a pamphlet entitled "'Taint' So, Senator ANDERSON," in which the association said that I had for some time been sending documented letters to physicians in New Mexico, and that in them I had made "the undocumented statement that the average cost per illness to the elderly is $1,000—$450 hospital bill and $550 doctor bill."

Madam President, if that is the best they can do, they are in pretty bad shape.

The best statistics available indicate that the average older person entering a hospital will have a bill of $450 for his hospital alone, let alone the cost of his physician or surgeon, which would run the bill up to $1,000 on the average.

That information came from a congressional committee. If it was in error, all they had to do was to prove it was in error. Studies have been made of medical facilities, and they have been made by the Government of the United States. I ask unanimous consent that such a study be printed in the RECORD at this point.

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

MEDICAL FACILITIES

HOSPITALS

Number of hospitals: In 1959, there were 5,364 non-Federal short-term general and other special hospitals and 330 long-term general and other special hospitals, according to the American Hospital Association.

Number of beds: According to State plans submitted under the Hill-Burton program, as of January 1, 1961, the number of non-Federal hospital beds in the United States and its possessions were as follows:

Existing beds or units

	Total	Acceptable	Not acceptable [1]	Additional needed
Hospitals	1,378,035	1,194,983	183,052	843,037
General	694,696	619,666	75,030	158,415
Tuberculosis	72,893	68,768	4,125	9,298
Mental	554,775	456,940	97,835	427,781
Chronic	55,671	49,609	6,062	247,543

[1] As classified by the State agencies, on the basis of fire and health hazards.

In addition, there were 128,044 beds in Federal hospitals, of which 52,280 were in general hospitals. Most of these beds were in Veterans' Administration facilities, where about 20 percent of all patients under care were aged 65 and over.

Psychiatric hospitals: According to the American Hospital Association listing for 1959, there were 296 State and local government psychiatric hospitals. These had a total of 671,640 beds set up (larger than shown by the State plan data which are based on designed capacity). It is estimated that about 30 percent of the patient load in these hospitals is aged 65 or over, based upon Public Health Service data for 1958.

Tuberculosis hospitals: The American Hospital Association listing for 1959 indicates that there were 218 State and local government tuberculosis hospitals with 52,787 beds.

Cost per patient-day: In 1959, the American Hospital Association data indicate that the average expenditures per patient-day in the non-Federal hospitals which they list were:

Short-term general and other special hospitals (5,364 hospitals listed)	$30.19
Long-term general and other special hospitals (330 hospitals listed)	12.50

As this average includes all hospital expenditures rather than those which would be reimbursed under a cost formula, the dollar amounts may not be directly applicable in determining the daily cost under a Government program. Some measure of the potential overstatement may be inferred by comparing the following for 1958:

Average per diem cost of inpatient care computed under the Government reimbursement formula (JHF-1) (2,207 hospitals in American Hospital Association rate survey)	$23.70
Average expense per patient-day (5,290 non-Federal short-term general and other special hospitals listed by the American Hospital Association)	28.17

Hospitals meeting standards: The number of hospitals which would meet the standards set forth in H.R. 4222 is, of course, unknown. In 1959, 2,866 of the 5,364 non-Federal short-term general and other special hospitals and 112 of the 330 non-Federal long-term general and other special hospitals were accredited by the Joint Commission on Accreditation of Hospitals.

Hospitals with approved intern and residency programs: H.R. 4222 provides that hospitals will be reimbursed for only those interns' and residents' services under a recognized teaching program. In student year 1959–60, 805 non-Federal hospitals (including psychiatric and tuberculosis hospitals) had approved internship programs and 1,174 had approved residency programs, as listed by the American Medical Association.

NURSING HOMES

According to State plans submitted under the Hill-Burton program, there were the following skilled nursing home facilities as of January 1, 1961:

Number of beds	325,790
Number of acceptable beds, as classified by State agencies on the basis of fire and health hazards	181,065

Cost per day: Reported costs per patient-day in skilled nursing homes range from about $3.50 to about $14.

Use by aged persons: If it is assumed, as surveys indicate, that 90 percent of the patients in nursing homes are aged and that nursing homes have a 90-percent occupancy rate, then the aged used 91.2 million days of care in 1960, or about 5,700 days per thousand aged persons. Thus, the aged on the average spend about 2¼ days in nursing homes for every day spent in a general hospital.

Need for additional beds: The estimated shortage of acceptable skilled nursing home beds as of January 1, 1961, was 265,883, according to State plans under the Hill-Burton program.

OUTPATIENT DIAGNOSTIC CENTERS

As of July 1, 1960, there were 3,565 diagnostic or treatment centers in the United States and its possessions providing general services of a total of 6,200 such centers. These centers were either outpatient departments of hospitals or separate clinics.

In 1958, 2,842 or 55.9 percent of the non-Federal short-term general and other special hospitals reporting to the American Hospital Association had an organized outpatient department.

HOME NURSING AGENCIES

As of January 1, 1960, home nursing care of the sick was provided by 662 visiting nurse associations and 47 combination agencies.

In addition, 250 official health agencies have reported home nursing care on a limited basis as part of their regular programs.

A 1959 study showed that 287 of the 480 U.S. cities of 25,000 or more population had this type of care available.

Mr. ANDERSON. Madam President, some critics of the social security proposal contend that it would crowd hospital beds with annuitants seeking a free ride. Dr. Cohen explained:

We do believe that a program which relieves an aged person of the worry about cost and allows him to get hospital care when his physician recommends it would somewhat increase the use of hospitals by the aged. That this would happen is demonstrated by the fact that aged persons with private health insurance now use more days of hospital care on the average than those without such insurance. However, we believe that the utilization will tend to stabilize over time at little above the present use levels for the insured aged. This level seems reasonable in view of existing need. I have too great a respect for the integrity of doctors and hospital admission practices to believe that aged persons who do not require hospital care will be admitted to hospitals in very many insurances.

Dr. Cohen continued by saying:

It seems to me that a program which would lift unmanageable cost burdens from an aged patient needing hospital care would also be a relief to the physician, for he could hospitalize his patient when necessary without fear of the economic consequences to the patient. It would give added substance, it seems to me, to the freedom of doctor and patient together to choose the kind of care best suited to the patient's needs. This freedom of choice is inevitably compromised when an aged patient needs but cannot afford hospital care and is unwilling to plead pauperage to obtain it.

Let me recall for those who are concerned about the possible crowding of hospital beds that the proposed program provides for skilled nursing home care and certain other kinds of care in the patient's home as an encouragement to use nonhospital services when the physician thinks best.

The economic hardship in which a large number of the elderly find themselves was clearly outlined by Look magazine's medical editor, Roland H. Berg, on April 11, when he wrote:

The financial and medical problems of men and women over 65 are obvious. More than half of these 16 million Americans live on incomes of less than $20 a week. More than two-thirds get along on less than $40 a week. This compares with the $100-a-week income of the average wage earner under 65.

While struggling along on reduced incomes, the aged face bigger doctor and hospital bills than their juniors.

And, let me digress to mention that these hospital bills are rising. In 1951, the average cost was $18 a day; it is now $32 a day—and the end is not in sight.

Mr. Berg continued:

Records of past years show that people over 65 require between two and two-and-a-half times as much hospital care as those under 65. How far does present health insurance go in covering those bills? Only 35 percent of those over 65 now have health insurance—compared with 75 percent under 65. Those who need the most protection have the least.

I have said that this problem of the health of our aged citizens is one that is national in scope. It is not confined to urban areas but reaches into rural America as well.

A nationwide survey conducted by the Department of Agriculture and the Bureau of the Census revealed that medical costs per person are more than 1½ times greater for older farm families than for younger families. Annual medical costs for farm families in which the farm operators were 65 years of age or older averaged $92 per person, those of all others $59.

Among farm families in which the farm operator was 65 or older, 12½ percent of the family net income was spent for medical items. The proportion for all other younger families was about 9 percent. Only 37 percent of the older families, compared with 55 percent of younger families, had any kind of medical insurance. Increases in the cost of medical expenditures for farm families between 1935 and 1955 were more than four times as great as increases in all farm-family consumptive enterprises. Medical costs rose 178 percent, all consumption costs rose 41 percent.

These facts are more completely covered in Agriculture Information Bulletin No. 235—"The Older Farm Family and Medical Costs."

In the March 6, 1961, edition of the American Medical Association's official newspaper, AMA News, a point-by-point argument was made against the Anderson-King bill. I would like to respond in kind with a point-by-point analysis to show the flaws in the AMA's case, as presented in the AMA News, as well as in the advertisement I referred to earlier.

In general, the statements made in the AMA article fall into three categories—statements relating to the existing social security system, statements about the provisions in the Anderson-King health insurance proposal, and statements about the new medical assistance program established pursuant to the Kerr-Mills legislation.

COMMENTS ON STATEMENTS RELATING TO THE EXISTING SOCIAL SECURITY SYSTEM

The arguments against the social security system which have been used by the AMA for some time are being applied to the proposed health insurance program. It is difficult to resolve the contradictions between the AMA's many criticisms of social security and the AMA's recent statement in the AMA News that they have not and do not oppose the Social Security Act. Following are comments on those statements that attack the entire social security program.

The AMA article says that the Anderson-King proposal would "deny services to millions of the poor and destitute who can never qualify for social security."

Like the present social security program, the Anderson-King proposal would provide benefits for only those individuals who have earned an insured status through covered work and for their dependents. Like the present social security program, the proposed health insurance program would depend upon public assistance to fill in the small, and for the most part temporary, gaps that social insurance leaves. The AMA argument that the aged should not be furnished health insurance protection under the social security program because some of the aged would not be eligible would also argue that it is not proper to pay old-age, survivors, and disability insurance benefits under the social security program since people not covered by the program cannot get these benefits.

At present, about 1⅔ million aged people who cannot qualify for social security benefits are receiving old-age assistance because they are "poor and destitute"; obviously the AMA statement that there are millions of aged persons who are "poor and destitute" and who cannot qualify for social security benefits is an exaggeration. The fact is that the great bulk of aged persons—some 14¼ million—would be protected under the administration plan when it would go into effect. Furthermore, a high proportion of those not covered under the old-age, survivors, and disability insurance and railroad retirement programs are recipients under other public programs which also provide protection against the costs of health care.

At the beginning of 1963, the first full calendar year that the proposed health program would be in operation, the total population age 65 and over is expected to range from 17¾ million to 18 million; 14¼ million would be eligible for benefits under the proposed legislation as persons entitled to OASDI—13¾ million—or railroad retirement benefits—one-half million; one-fourth million beneficiaries under Federal Government staff retirement systems will be entitled to health benefits at least equivalent in value to those proposed.

More than half of the remaining 3¼ to 3½ million aged would be eligible for care in veterans' hospitals or for such payment of medical costs as the public assistance programs provide. Those veterans who have service-connected disabilities will be eligible for care in a veterans' hospital without regard to their economic situation. Others would be cared for in State or local mental or TB hospitals or other public institutions.

In 1963, as now, any aged person—not on the old-age assistance rolls—unable to afford all needed medical care could apply for payment of medical costs under the program of medical assistance for the aged provided his State of residence had established a plan for which he was eligible.

With about 9 out of 10 persons in paid employment covered by OASDI since the mid-1950's, the percentage of persons protected at retirement age will continue to grow as time goes on.

THE AMA ARTICLE SAYS SOCIAL SECURITY IS "NOT INSURANCE"

As the AMA says, the Supreme Court has stated that "social security contributions are taxes and not insurance premiums." It has always been recognized that the contributions are taxes. What the AMA fails to mention is that the Supreme Court has also pointed out:

The social security system may be accurately described as a form of social insurance.

It is the use of insurance principles to prevent an economic loss that makes a given arrangement a type of insurance. The characteristics that make the old-age, survivors, and disability insurance program an insurance program include the following: First, the risks covered are insurable; second, the loss insured by the occurrence of the risks is averaged among the insured group; third, the benefits provided are determined in advance; and fourth, the costs of meeting the risks are actuarially calculated and contributions sufficient to pay these costs are provided.

The AMA article says the proposed health insurance program would not be insurance because those who would benefit from it "right now" would not have "paid a penny of taxes for this purpose." In a social insurance program, it is very important to give full protection to those who had been insured under the program prior to their retirement and to the dependents of these workers. The only alternative is to leave urgent problems of dependency untouched for decades after each improvement is made in the social security program. Thus, from time to time benefits have been increased, and the increases have been given to those

already on the rolls even though they have not paid any additional taxes. An even clearer example of this feature of social insurance is that when disability benefits were provided and were financed through contributions paid into a separate trust fund, these benefits were made payable to the entire backlog of people who met the work, or insured status, requirements at the time they became disabled, even though that time was many years before the disability insurance trust fund came into existence.

In the future, of course, when all covered workers have had an opportunity to contribute to the program throughout their working life, health insurance benefits—like the present retirement benefits—would be payable only when the worker has contributed to the program for at least 10 years.

THE AMA ARTICLE SAYS THAT "THE TRUST FUND HAS BEEN RUNNING IN THE RED SINCE 1957 AND FURTHER OBLIGATIONS COULD BANKRUPT IT"

The fact that benefit payments have exceeded the income of the old-age and survivors insurance trust fund during 3 of the 24 years of the trust fund's existence—1957–59 but not 1960—is not indicative of financial weakness. As of the end of 1960, this trust fund had a balance of $20.3 billion, and the fund is expected to grow far larger in the future. In the latest report on the trust fund by its Board of Trustees it is estimated that, under present law, income—including interest—will exceed outgo in all years in the foreseeable future except 1962 and that the assets in the trust fund will exceed $46 billion in 1970. It is estimated that by 1975 the assets of the trust fund will be nearly $85 billion.

The soundness of the existing program has been reaffirmed time and again by the experts in the field of social insurance. A study of the financing of the program was made in 1958 by the Advisory Council on Social Security Financing, which included outstanding nongovernmental experts in various aspects of social insurance. The Council stated as its major finding:

> The method of financing the old-age, survivors, and disability insurance program is sound, and, based on the best estimates available, the contribution schedule now in the law makes adequate provision for meeting both short-range and long-range costs.

Madam President, the dismal prophecies of the opponents of health security for the aged through social security have a familiar ring. In the same tones of gloom and doom a quarter century ago, the enemies of the original social security legislation forecast the end of capitalism and the decline of the Republic if the program became law.

These are the words of the American Medical Association House of Delegates' Handbook of 1935:

> It ignores the fact that Federal subsidies, by inducing States to appropriate money for Federal-State projects that but for subsidies would not have been appropriated, have already contributed toward bringing many States to the brink of bankruptcy, if such subsidies have not already led them into the abyss.

In reality, while some States have been in budgetary tight spots, it has most often been because of expanding populations and the worsening of old conditions—ranging from deteriorating roads to stream pollution—rather than the creation of Federal programs. Actually, Federal cooperation has been a major factor in economic and social progress in the States.

In February 1935, Charles Denby, Jr., chairman of the committee on unemployment insurance law of the American Bar Association, had this dire comment on social security:

> The fact is, however, that this bill, if passed, will be the opening gun or the entering wedge for the Federal Government in compelling the States to enter the field of social legislation. It is the first load that will be imposed for that purpose, to be followed, with equal right, by any number of similar measures, which at some point, sooner or later will bring about the inevitable abandonment of private capitalism. It will compel government, and probably the Federal Government, to finance all industries.

Representative Robert F. Rich predicted in 1935 that social security is "going to wreck the Nation as sure as the sunrise tomorrow morning." Well, the sun still rises in the morning and the Nation still stands strong and confident.

During the presidential campaign of 1936, the Republican National Committee—no doubt a little overheated by a warm election contest—told everyone that they would no longer have names, "just a New Deal number" under social security.

Well, we have been proceeding under that law for a quarter of a century, and I ask you, Madame President, Has it happened? Do you have only a number, or do you still have your name?

THE AMA ARTICLE SAYS THAT A MEANS TEST IS BUILT INTO THE SOCIAL SECURITY SYSTEM FOR EVERYONE UNDER THE AGE OF 72

This statement apparently refers to the retirement test under social security. The basic purpose of social security retirement benefits is, of course, to provide benefits to replace some of the earnings that are lost when a worker retires. The retirement test—the provision in law which reduces the amount of benefits paid when a beneficiary earns more than $1,200—is designated to assure that benefits will be paid to a worker only when he is substantially retired. Thus, the retirement test is not a means test; it applies only to earnings from work and is entirely in keeping with the dignity of the beneficiary.

On the other hand, a means test is a test of poverty. It ordinarily requires a complete investigation of all of the applicant's needs, income, and resources, and sometimes even the needs and economic status of his sons and daughters. It is demeaning to have to prove poverty and the inability of one's children to meet the need.

COMMENTS ON CRITICISMS OF PROVISIONS OF THE ANDERSON-KING PROPOSAL

THE AMA ARTICLE SAYS THAT ENACTMENT OF THE PROPOSAL WOULD "SOCIALIZE THE FREE PRACTICE OF MEDICINE"

This statement is as farfetched as were similar resounding slogans that the AMA used in fighting the disability "freeze" and the disability insurance benefits legislation. Socialized medicine involves Government ownership and control of hospitals and the other health facilities in the country. Under socialized medicine physicians, nurses, and other health personnel are employed by or work under the control of the Government. The health insurance program, on the other hand, would only be a program like Blue Cross for insuring against certain health costs—for the most part hospital costs.

In rationalizing its assertion, the article states that the proposal would lead to Government control, "because only those hospitals agreeing to abide by rules and regulations he—the Secretary of Health, Education, and Welfare—sets down would be available to patients." It is true, of course, that the Anderson-King bills provide that, as a condition for participation in the proposed program, hospitals would have to meet a definition of a "hospital" and be free of health and safety hazards. The States, which are, of course, already responsible for seeing that hospitals meet similar requirements, would apply the applicable provisions of law and regulations and determine whether a hospital satisfies these requirements and is eligible to participate in the program. It is difficult to understand how the precautions the bills take against payment for substandard care would in any way socialize the free practice of medicine. Rather, it would seem that these safeguards would tend to support the activities of the professional organizations, including the AMA, which are interested in upgrading the quality of health care.

The sponsors of the Anderson-King bills and practically everyone else who is interested in the health of the country agree that governmental programs for care of the aged should impose no governmental controls on the operation of hospitals. However, the American Hospital Association, in a statement approved in 1958, made the point that Government should see to it that there are reasonable criteria for determining the eligibility of hospitals to participate in such programs. This statement, which was and is the official position of the American Hospital Association, thus implicitly agrees with the supporters of the health insurance proposal that reasonable eligibility conditions of the sort included in the Anderson-King bills do not constitute control. The conditions that appear in the Anderson-King bills have been reviewed and approved by a group of distinguished representatives of the American Hospital Association. One of the conditions, indeed, was inserted at their request.

In its statement of August 20, 1958, the house of delegates of the American Hospital Association declared:

> Such a program (Government participation to meet the hospital needs of the retired aged) should provide reasonable criteria to determine the eligibility of hospitals to participate, but the Federal Government should be precluded from interfering in the administration and operation of hospitals providing the services.

The same treatment recognized that retired aged persons face a pressing problem in financing their hospital care. And while the delegates voiced serious misgivings about the social security approach to the problem, they added:

It is conceivable, however, that the use of social security to provide the mechanism to assist in the solution of problems of financing these needs may be necessary ultimately.

Madam President, I ask unanimous consent that the full text of the American Hospital Association's statement be included at this point in my remarks.

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

STATEMENT OF THE AMERICAN HOSPITAL ASSOCIATION WITH RESPECT TO MEETING THE HOSPITAL NEEDS OF THE RETIRED AGED

The house of delegates establishes the following policy of the American Hospital Association with respect to meeting the hospital needs of the retired aged, in lieu of all previous actions taken by the American Hospital Association:

1. The American Hospital Association is convinced that retired aged persons face a pressing problem in financing their hospital care.

2. It believes that Federal legislation will be necessary to solve the problem satisfactorily. It has, however, serious misgivings with respect to the use of compulsory health insurance for financing hospital care even for the retired aged.

3. It believes that all possible solutions must be vigorously explored, including methods by which the dangers inherent in the social security approach can be avoided.

4. It believes that every realistic effort should be made to meet the hospital needs of the retired aged promptly through mechanisms utilizing existing systems of voluntary prepayment. It is conceivable, however, that the use of social security to provide the mechanism to assist in the solution of problems of financing these needs may be necessary ultimately.

5. It believes that any legislation developed to provide for Government participation to meet the hospital needs of the retired aged should be so devised as to strengthen the voluntary prepayment systems, and should conform to the following principles:

(a) Legislation designed to provide for the hospital needs of the retired aged should provide essential hospital services and should exclude custodial care provided for nonmedical reasons.

(b) Government participation should be restricted to persons over 65 who are not regularly and substantially employed. The voluntary prepayment system provides a satisfactory mechanism for the coverage of other persons, regardless of age.

(c) Any program in which the Federal Government participates to meet the hospital needs of the nonindigent aged should emphasize individual responsibility and make the application of a means test unnecessary for obtaining benefits.

(d) Such a program should be based on the service benefit principle and should provide benefits sufficiently comprehensive to remove the major economic barriers to hospital care for the retired aged.

(e) Such a program should make benefits available through nonprofit prepayment plans.

(f) Hospitals should be paid fully for the cost of care rendered.

(g) Such a program should not provide services in facilities operated by the Federal Government.

(h) Such a program should provide reasonable criteria to determine the eligibility of hospitals to participate, but the Federal Government should be precluded from interfering in the administration and operation of hospitals providing the services.

(i) Such a program should maintain the free choice of doctor and hospital by the recipient.

(j) Such a program should permit and encourage continuous adaptation to new knowledge in the provision of services.

Mr. ANDERSON. Madam President, the AMA article also states that the Anderson-King bills would "empower the HEW Secretary to interfere with hospital operations" through the setting of reasonable charges.

This is sheer nonsense. Putting aside the difference in the method of collecting contributions and the deductible, what is proposed by the Anderson-King bills is very much like what Blue Cross plans have been doing for many years; that is, paying hospital bills on a reasonable cost basis without meddling in hospital operations. But for the deductible amounts provided in the Anderson-King proposal, the health insurance program would be carried out in virtually the same manner as the existing Blue Cross programs.

If Government aid for financing health costs for the aged is needed, as the AMA admits, it is likely that no other form of aid poses less of a threat of interference with hospitals and their patients than does the social insurance mechanism. The use of the public assistance mechanism, which depends on general revenue financing, involves the greater risk of inadequate financing, of curtailing payment to hospitals, and of interference with hospital management in an effort to cut down costs.

THE AMA ARTICLE SAYS THE DEDUCTIBLE AMOUNT ON HOSPITAL PAYMENTS UNDER THE ANDERSON-KING BILLS IS A CRUEL JEST

A deductible provision is, of course, a common feature in health insurance plans. While a deductible provision has obvious disadvantages, it helps keep benefit costs low and it acts as a safeguard against the unnecessary use of hospital facilities. It is probably better in a program of this kind to take the conservative course—and a deductible provision is in line with this conservatism. Of course, most beneficiaries will be able to pay even the maximum deductible of $90 when there is a hospital stay running 9 days or longer. The big problem is the inability of the aged to pay the hospital bills of hundreds of dollars when a hospital stay is this long.

THE AMA ARTICLE SAYS THAT THE ANDERSON-KING PROPOSAL "WOULD RESTRICT BENEFITS TO HOSPITALIZATION, NURSING HOMES, AND HOME NURSING CARE * * *"

The Kerr-Mills legislation, which the AMA supports, is intended of course to make relatively comprehensive medical care available to the needy. This is as it should be since public assistance is often the last recourse of the impoverished aged who need medical care.

The Anderson-King proposal, on the other hand, is designed to prevent medical indigency for the great majority of the aged at the lowest possible cost through social insurance. Since an overwhelming burden is placed upon aged persons requiring inpatient hospital care, it is reasonable that hospital services and economical substitutes for hospital care should be the proper point of concentration for a conservative insurance program such as the Anderson-King bills propose. Also, hospitalization insurance is the area of health insurance in which there is most experience in this country—experience which will be used in administering the proposed insurance program in the fashion with which most hospitals are now familiar.

It is expected that once the largest health costs are met through social insurance, most beneficiaries will be able to afford to purchase supplemental protection—against the cost of physicians' services, drugs, and so forth—through Blue Shield plans and from private carriers. Thus, social insurance in combination with private insurance can enable the great majority of the people of this country to remain independent in old age, even in the face of an expensive illness.

COMMENTS ON STATEMENTS IN THE AMA ARTICLE THAT THE KERR-MILLS LEGISLATION OFFERS A QUICK, COMPLETE, AND APPROPRIATE SOLUTION TO THE PROBLEM OF MEETING THE HEALTH NEEDS OF THE AGED

The article seems to suggest over and over that the Anderson-King bills are proposed as substitutes for the Kerr-Mills law and that the current controversy over the financing of the health needs of the aged involves a choice between the Kerr-Mills public assistance program and the health insurance program. Of course nobody is proposing that the Kerr-Mills program should be abandoned.

Both programs are necessary. The Kerr-Mills legislation opens the way for much-needed improvements in the provisions for the payment of medical care by the public assistance programs of the various States. Enactment of the Anderson-King proposal is necessary so that the vast majority of the now self-sufficient people in the aged population will have protection against the economic hardships of a costly illness that so often force them, after a lifetime of independence, to seek the aid of children or of public charity. While both programs are essential to the economic security of the aged, it is difficult to understand how the AMA can extol "freedom of choice" and high-grade medical care and yet see no problems in public assistance, a system that, because of financing difficulties, may deny both of these advantages to those who come under it.

With all due respect to the AMA's weighty pronouncement that "the means test is historic in the function of government," it should be fairly obvious that under the Anderson-King bills the same roles are given to medical assistance and health insurance as were assigned to public assistance and to social insurance in this country when the original Social Security Act became law in 1935. During the past 25 years, the role of social insurance with respect to the aged has been to help prevent dependency. During this period, public assistance has served as a backstop—filling in for the smaller and smaller group of the aged who cannot qualify

for social insurance protection or whose benefits do not fit their needs.

THE AMA ARTICLE SAYS THAT THE KERR-MILLS LAW "GAVE THE AMERICAN PEOPLE A SENSIBLE WORKABLE SOLUTION TO THE PROBLEM OF PROVIDING FULL MEDICAL CARE TO ALL THE ELDERLY WHO NEED SUCH CARE"

The Kerr-Mills legislation of course includes two public assistance provisions: First, it provides increased Federal matching grants toward vendor payments—first provided for in October 1950—for the medical care of old-age assistance—OAA—recipients, and second, it provides a new program of Federal matching grants for States that choose to establish new programs of medical assistance (MAA) for medically indigent people aged 65 and over who have resources that disqualify them for old-age assistance payments in the States in which they are residents.

There is no basis for the various statements in the article that the problems the aged face in meeting medical costs can be solved by the Kerr-Mills legislation alone. Aside from the basic defect of approaches that rely on public assistance to meet these problems—public assistance does nothing to prevent the problem of medical indigency—it is very clear that some States will not be able to fully finance the health costs of even the very indigent aged because of the States' well-known financial problems.

Let us see what the States would be faced with if it should be decided that the health needs of all the medically indigent should be met by the public assistance programs of the States. As of the beginning of 1963, it is estimated that there will be almost 18 million persons aged 65 and over in the United States. If an income limitation of $1,500 for an unmarried person and $2,000 for a couple were taken as a test of financial need to be applied by the States under their medical assistance for the aged programs, about half of the aged in the Nation would be eligible for vendor payments for medical care under either medical assistance for the aged or old-age assistance. In 1963, the per capita annual medical care costs of the aged will be about $280. At that rate, if the old-age assistance and medical assistance for the aged vendor payment programs provided full payment of medical care costs for all the aged who meet the suggested income test, medical payments under public assistance programs would amount to about $2½ billion in 1963.

In spite of the favorable medical assistance matching formula, the States would have to pay at least $900 million from their own funds in 1963—if we assume, as the AMA seems to, that all States will participate and pay for all care. The figures would be from 3½ to 6 times the $137 million the States paid toward vendor payments for medical care under old-age assistance in fiscal year 1960. The only conclusion that can be drawn is that it is inconceivable that the States will come anywhere close to providing payments to cover the full medical costs of even the very poor aged under the medical assistance program in the foreseeable future.

It might be added that even the long-established cash assistance programs of a number of States do not cover what the States themselves have determined to be the recipients' needs. In a survey of 49 States conducted for the 1960 Advisory Council on Public Assistance, it was found that the old-age assistance payments made by 36 States failed to meet the States' own standards of needs for the aged on the rolls, and these standards are in many cases very low. The assistance payments made under the States' aid to dependent children programs were reported to fall much shorter of need than those for the aged.

In the 10 years the old-age assistance vendor payment program had been in effect when the Kerr-Mills legislation was enacted on September 13, 1960, 11 of the 54 jurisdictions eligible to participate in the program still had not begun an old-age assistance program of vendor payments for the medical care of old-age assistance recipients. These 11 jurisdictions were Alabama, Alaska, Arizona, Delaware, Georgia, Guam, Kentucky, Mississippi, Puerto Rico, South Dakota, and Texas. Since then three—Alabama, Kentucky, and Puerto Rico—have provided for old-age assistance vendor payments. Thus, after 10 years and Federal financial incentives, 8 out of the 54 provide no medical vendor payments while the others provide payments for varying amounts of medical care to indigent persons with varying degrees of liberality depending upon the financial capacities of the States. A somewhat similar pattern is taking shape in the new MAA program.

THE AMA SAYS THAT THE "STATES ARE MOVING AHEAD WITH SURPRISING SWIFTNESS" IN ADOPTING MEDICAL ASSISTANCE FOR THE AGED PROGRAMS

The article correctly states that at the time of writing there were Kerr-Mills programs functioning in six States and two U.S. possessions. Apparently because this correct and factual statement is hardly in line with the impression of surprising swiftness and speedy action that the AMA is trying to create, their subsequent articles in the AMA News and their full-page newspaper advertisement of April 19 shift to an entirely new usage of the term, "the Kerr-Mills law." The advertisement says that the Kerr-Mills law "is now being put into operation in 46 States." Since by no stretch of the imagination can it be said that the 1960 legislation which has been generally referred to as the Kerr-Mills program is being put into operation in anywhere near 46 States—including those in which State legislation is in process—it would appear that the AMA must be shifting its usage and counting as action under that program such action as has been taken and is being taken under the basic old-age assistance vendor payment provisions enacted by the Congress in 1950.

In mid-March six States and two possessions were operating medical assistance for the aged programs—Kentucky, Massachusetts, Michigan, Oklahoma, Washington, West Virginia, Puerto Rico, and the Virgin Islands. New York initiated its program April 1. Of the 45 jurisdictions that do not have medical assistance for the aged programs, 5 have enabling legislation. These States are: Arkansas, Idaho, North Dakota, Tennessee, and Utah. In Georgia enabling legislation was passed but no appropriation made.

In 16 other States, medical assistance for the aged enabling legislation has been introduced. Of course, it is a long haul between the introduction of a bill and its enactment and State legislatures are reaching their dates for adjournment. Only eight States report that they expect to have a program by the end of 1961. In eight other States it is reported that there is a possibility that a medical assistance for the aged measure could be introduced. Maryland is proceeding to implement a medical assistance for the aged program without legislation. New Mexico of course had planned to establish a medical assistance for the aged program without recourse to special authorizing legislation, and had even submitted a plan for approval, but its request for an appropriation to support the plan was not acted on by the State legislature. Thus, only seven States and two possessions actually have medical assistance for the aged programs in operation and only six other States have moved ahead to the point where a medical assistance for the aged program is beginning to take shape. For the great majority of the other 31 jurisdictions, the prospects for a medical assistance for the aged program are not very encouraging.

Among the remaining States, Mississippi is precluded from acting because its legislature does not meet in 1961, although the State is expected to begin vendor payments in the near future under its old-age assistance program. The legislatures of seven States—Arizona, Indiana, Kansas, Montana, Nevada, South Dakota, and Wyoming—have adjourned until January 1963, and that of Colorado until 1962, without enacting enabling legislation. Before their legislatures adjourned, Indiana and South Dakota considered and rejected the medical assistance for the aged approach. Indiana will expand its old-age assistance program and South Dakota will initiate medical care for old-age assistance recipients.

The question whether the medical assistance for the aged legislation is rapidly becoming effective is not just a matter of whether the States have set up programs but also of the scope of the new programs. One of the discouraging features of the medical assistance for the aged plans adopted by some States is that the income and assets limits that may not be exceeded if a person is to be eligible—while more liberal than under the old-age assistance programs—are quite restrictive. Of course, to the extent that the means tests of the medical assistance for the aged programs exclude the medically indigent, the programs fail to meet the problem. The attached table lists the dollar amounts established as income and asset limits, and the scope of the benefits provided, in the jurisdictions—except for New York—which have plans in operation.

When the medical assistance for the aged legislation was enacted, it was estimated that $116 million in vendor payments would be made under the new program in 1961. Experience thus far raises questions as to whether anywhere near this amount will be expended. In February, the latest month for which figures are available, fewer than 19,000 persons had qualified under the five medical assistance for the aged programs, making expenditures in that month and payments amounted to only about $3.8 million. These figures, however, do not even mean that the new law made $3.8 million in medical care available to as many as 19,000 aged persons who could not get needed medical assistance under the States' pre-existing old-age assistance programs. The overwhelming majority of those receiving benefits under medical assistance programs were concentrated in one State, Massachusetts, and practically all of the medical assistance for the aged recipients in that State were former old-age assistance recipients who were transferred to the new medical assistance for the aged program so the State could take advantage of the more favorable Federal grants available under the new law.

A second element in the effectiveness of the existing programs of medical assistance for the aged is the question of how comprehensive the health care benefits are. The American Medical Association article refers only to the authorization in the Federal law for full medical care—really authorization made to provide Federal grants to match State payments for medical care without Federal limitations or requirements. The States decide what benefits will actually be provided.

The States that have enacted programs generally have made provisions which are much less comprehensive than is suggested by the sweeping generalizations in the article. Only Massachusetts, Puerto Rico, and the Virgin Islands have reasonably comprehensive programs of medical care.

In Kentucky, on the other hand, hospital care under the new medical assistance for the aged program is provided only for acute or life-endangering conditions, and not more than 3 days of hospital care may be paid for under this plan. The Oklahoma plan provides hospital care only for sight- or life-endangering conditions, and then only for hospital stays of up to 21 days in most cases. Four States limit payment for physicians' services to emergency or acute conditions. The fifth State, Oklahoma, provides payment for not over two physicians' visits a month. Washington provides payment only for emergency drugs, and West Virginia limits coverage to drugs for acute illnesses and a few specified chronic illnesses; the other three States do not provide for the payment for any drug costs outside the hospital. Three States, Kentucky, Michigan, and Oklahoma, make no payments for the costs of dental care outside the hospital. Washington provides payments for dental costs only where an acute or emergency condition is involved, and West Virginia provides only for the costs of emergency extractions. None of these States provides payments covering the cost of false teeth, the major dental expense of the aged.

The only reasonable conclusion to which one can come about the medical assistance for the aged action thus far is that very generous Federal grants are being lost and the medical needs of many aged are not being met.

Madam President, I ask unanimous consent to have printed at this point in the RECORD a table showing the cash income and liquid assets limits and scope of care provided under medical assistance for the aged programs in operation as of March 1961.

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

Cash income and liquid asset limits and scope of care provided under medical assistance for the aged programs in operation, March 1961

State	Annual cash income limits [1]	Liquid asset limits [1 2]	Scope of coverage provided [3]		
			Inpatient hospital care	Physician care	Drugs outside hospitals
Kentucky	$1,500 1,000	$750 500	Up to 3 days for acute or life-endangering conditions.	Emergency care	None.
Massachusetts	(4)	[5] 3,000 2,000	Part or all of cost	Part or all of cost	Part or all of cost.
Michigan	2,000 1,500	2,000 1,500	As specified in Blue Cross contracts at the levels of Sept. 1, 1960.	As specified in Blue Shield contracts. (No home visits) (As of Sept. 1, 1960.)	None.
Oklahoma	[6] 1,560 [6] 924	1,000 700	Up to 21 days per admission for life or sight-endangering conditions.	No more than 2 home visits per month.	None.
Puerto Rico	(7) 1,500	(8)	Part or all of cost	Part or all of cost	Part or all of cost.
Virgin Islands	2,400 1,200	1,200 1,200	Comprehensive	Comprehensive	Comprehensive.
Washington [9]	(10)	(8)	Comprehensive	Home or office care for "acutely emergent" conditions only.	For "an acute and emergent situation" or to avoid need for hospitalization.
West Virginia	3,000 1,500	7,500 5,000	Up to 30 days annually, generally only for acute illness immediate surgery and diagnosis.	Acute illness	For 5 specified chronic illnesses.

[1] 1st line refers to limit for couples; 2d line refers to individuals.
[2] Definition of liquid assets varies from State to State. Definition and treatment of other types of assets (life insurance, real estate, etc.) also varies with State.
[3] Some States provide additional care of one or more additional types including home nursing, nursing home, ambulances, outpatient therapy, etc.
[4] Excludes from consideration: where applicant is husband or unmarried, $150 per month; where applicant is wife, $225 of combined income per month. Income in excess of these amounts considered in determining need for and amount of MAA.
[5] Applies only where applicant is wife.
[6] For those who own homes. Those who rent homes allowed additional $264 per year.
[7] Means test applied on an individual basis.
[8] No amounts specified but liquid assets considered in determining need.
[9] Program not yet approved by DHEW.
[10] Income in excess of budget determined on individual basis must be applied to medical costs.

ENROLLED BILLS PRESENTED

The Secretary of the Senate reported that on today, April 27, 1961, he presented to the President of the United States the following enrolled bills:

S. 1. An act to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically distressed areas; and

S. 1027. An act to amend title I of the Agricultural Trade Development and Assistance Act of 1954.

ADJOURNMENT TO MONDAY

Mr. ANDERSON. Madam President, unless the acting minority leader [Mr. KUCHEL] wishes to address the Senate at this time, I now move that, under the previous order, the Senate adjourn until Monday next, at 12 o'clock noon.

The motion was agreed to; and (at 5 o'clock and 2 minutes p.m.) the Senate adjourned, under the order previously entered, until Monday, May 1, 1961, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate April 27, 1961:

DIPLOMATIC AND FOREIGN SERVICE

Philip W. Bonsal, of the District of Columbia, a Foreign Service officer of the class of career minister, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Kingdom of Morocco.

U.S. MARSHAL

Wesley H. Petrie, of Hawaii, to be U.S. marshal for the district of Hawaii for a term of 4 years, vice Thomas R. Clark.

U.S. ATTORNEY

Edwin Langley, of Oklahoma, to be U.S. attorney for the eastern district of Oklahoma for the term of 4 years, vice Frank D. McSherry.

U.S. MARSHAL

Cato Ellis, of Tennessee, to be U.S. marshal for the western district of Tennessee for the term of 4 years, vice George C. Harrison.

NATIONAL CAPITAL TRANSPORTATION AGENCY

C. Darwin Stolzenbach, of Maryland, to be Administrator of the National Capital Transportation Agency.

PUBLIC HEALTH SERVICE

The following candidates for personnel action in the Regular Corps of the Public Health Service subject to qualifications therefor as provided by law and regulations:

To be senior assistant surgeons

Paul H. Black
Sherman M. Weissman
Fred Gorstein
Jack Zusman

To be senior assistant dental surgeons

James E. Hamner, III
Sherman L. Cox
Milton E. Schaefer
Loren F. Mills

To be assistant dental surgeons

Robert J. McCune
Philip M. Lightbody
Irwin Blumenthal
David R. Madsen
Steve D. Hunsaker
Richard E. Adams
Bryant G. Speed
James D. Ashman
Darrel D. Lee
James N. Franklin
Lloyd K. Croft
Kenton E. Nesbit
Merwyn C. Crump
Maurice A. Correy
Wayne E. Stroud
David Stevenson
Gerald C. Stanley
Kenneth J. Richter
Robert A. Cialone
Norman L. Clark

To be senior assistant sanitary engineer

William C. Galegar

To be assistant sanitary engineers

James R. Coleman
John N. English
John A. Frierson

To be junior assistant sanitary engineers

G. Lee Christensen
Fred M. Reiff
Max E. Burchett
John K. Carswell
Samuel B. McKee
James H. Eagen
Howard J. Edde
John E. Hagan, III
John M. Leach
Russel H. Wyer
William A. Felsing, Jr
John D. Clem
Louis J. Breimhurst
Robert L. Bolin, Jr.
Robert H. Reeves
James V. Waskiewicz
Stuart F. Somers
Carl H. Johnson

To be senior assistant veterinary officers

Robert P. Botts
Allan C. Pier
Kirby I. Campbell
William A. Priester, Jr.
Philip H. Coleman

To be assistant veterinary officers

John O. Iversen
Billy E. Hooper
Robert G. Scholtens
William B. Henry, Jr.
Wendell E. Johnson

POSTMASTERS

The following named persons to be postmasters:

ALABAMA

William R. Forbus, Alexander City, Ala., in place of W. M. Stewart, retired.

Gilbert W. Melcher, Gulf Shores, Ala., in place of Frank Wenzel, removed.

Frances M. Cruise, Hope Hull, Ala., in place of F. V. Mason, retired.

Ramon N. Days, Sr., Magazine, Ala., in place of Zada Davis, resigned.

Guy T. Traylor, Woodland, Ala., in place of R. T. Yarbrough, retired.

ALASKA

Betty M. Homstod, Platinum, Alaska, in place of N. M. Pichler, resigned.

ARKANSAS

Earl D. Miller, Alexander, Ark., in place of M. A. Gassner, retired.

Rudolph D. Winborn, Alma, Ark., in place of C. F. Mason, transferred.

Nolen E. Renfrow, Charleston, Ark., in place of C. W. Spiller, retired.

Calvin E. Reeves, Hughes, Ark., in place of G. H. Grafton, retired.

William B. Naylor, Pleasant Plains, Ark., in place of J. G. Royer, deceased.

George W. Gardner, Strawberry, Ark., in place of Marvin Taylor, retired.

Vincent M. Flusche, Subiaco, Ark., in place of J. M. Eckart, retired.

William C. Coe, Tuckerman, Ark., in place of M. H. Dowell, retired.

CALIFORNIA

George V. Peetris, Big Bear Lake, Calif., in place of R. F. Smith, resigned.

Audrey C. Hagood, Carlotta, Calif., in place of C. E. Warden, removed.

Walter H. Miller, Chino, Calif., in place of B. L. Phillips, retired.

Lona A. Mitchell, Clarksburg, Calif., in place of J. B. Long, retired.

Joseph T. Collins, Fair Oaks, Calif., in place of L. I. Webb, retired.

Ray E. Wheeland, Hesperia, Calif., in place of R. F. Walters, retired.

Noriyuki Tashima, Livingston, Calif., in place of John Healy, deceased.

M. Craig Friel, Jr., Napa, Calif., in place of E. L. Kincaid, retired.

John R. Riley, Orange Cove, Calif., in place of A. L. Schoepf, deceased.

Rollo L. Van Slyke, Port Hueneme, Calif., in place of A. J. Haycox, retired.

Virginia M. Rowland, Richgrove, Calif., in place of B. R. LeClair, resigned.

Minnie P. Lynn, Rio Oso, Calif., in place of J. E. Butler, resigned.

Margaret M. Kennedy, Twentynine Palms, Calif., in place of R. J. Bloodgood, transferred.

COLORADO

Charles E. Casper, Campo, Colo., in place of B. M. Wells, retired.

Lawrence D. Kuhnke, Hudson, Colo., in place of J. W. Baldwin, retired.

Daniel Sanders, Roggen, Colo., in place of M. C. Dana, retired.

CONNECTICUT

Ernest N. Weir, East Glastonbury, Conn., in place of L. A. Weir, retired.

Joseph R. Kasper, Terryville, Conn., in place of D. P. Hurley, retired.

FLORIDA

George W. Bissett, Saint Augustine, Fla., in place of G. C. G. Hopkins, retired.

Ray T. Graddy, Sebring, Fla., in place of R. N. Durrance, retired.

GEORGIA

Effie R. Rhodes, Aragon, Ga., in place of G. W. Stroupe, retired.

Wanda C. Putman, Brooks, Ga., in place of Hugh Henderson, retired.

Harvell M. Upchurch, Hapeville, Ga., in place of C. M. Sisson, deceased.

Curtis C. Land, Hazelhurst, Ga., in place of A. D. Finley, retired.

Louise W. Murphy, Moreland, Ga., in place of D. L. Murphy, Sr., deceased.

Florence C. Logan, Sautee-Nacoochee, Ga., in place of L. L. Logan, deceased.

Ernest V. Pool, Jr., Winder, Ga., in place of E. V. Harris, retired.

IDAHO

Earl Wright, Jr., Murtaugh, Idaho., in place of Parley Perkins, retired.

Joyce N. Johnston, Peck, Idaho, in place of R. M. Maynard, resigned.

ILLINOIS

Charles E. Resch, Anna, Ill., in place of Frank Keistler, Jr., declined.

Clemit T. Peifer, Beecher City, Ill., in place of V. U. Barr, retired.

William H. Melton, Harrisburg, Ill, in place of A. M. Hetherington, retired.

Tom H. Mason, Marietta, Ill., in place of J. A. McCance, retired.

Donald W. Ferris, Marshall, Ill., in place of Leroy McNary, retired.

Michael C. Mott, Rio, Ill., in place of N. S. Junk, retired.

INDIANA

Edgar Hebner, Jr., Boonville, Ind., in place of Edward Bracher, retired.

Carl E. Livers, Loogootee, Ind., in place of L. M. Cissell, retired.

Charlotte L. Hudson, Spencerville, Ind., in place of M. I. Ward, declined.

Herbert A. Hedges, Universal, Ind., in place of M. E. Lewis, retired.

IOWA

Raymond J. Donovan, Bernard, Iowa, in place of W. F. Dunn, retired.

Joseph F. Whelan, Elberon, Iowa, in place of G. B. Dolezal, retired.

Thomas J. Hamilton, Epworth, Iowa, in place of S. J. Callahan, retired.

Floyd P. Collins, Tracy, Iowa, in place of E. D. Johns, resigned.

Elijah L. Simpson, Wesley, Iowa, in place of H. H. Gerdes, retired.

KANSAS

Henry M. Miller, Galesburg, Kans., in place of I. L. Magner, transferred.

Lorn R. Lahey, Sr., McCune, Kans., in place of C. E. Mansfield, retired.

KENTUCKY

Harold W. Griggs, Calvert City, Ky., in place of E. E. Dees, retired.

Irene P. Mullins, Cromona, Ky., in place of Esther Branham, deceased.

Clara P. Norris, Guthrie, Ky., in place of E. R. Paine, deceased.

Bryant J. Nugent, Jr., Hawesville, Ky., in place of W. T. Miller, retired.

Charles E. Cecil, Hazel Green, Ky., in place of D. C. Rose, retired.

Bert Sallee, Liberty, Ky., in place of C. L. Sharp, retired.

Emery C. Kitchen, Sadieville, Ky., in place of R. F. Gillispie, transferred.

LOUISIANA

Marshall O. Aswell, Eros, La., in place of J. H. Sharp, transferred.

Murat B. Decoux, Jeanerette, La., in place of C. H. McGowen, retired.

Warren A. Hurst, Kentwood, La., in place of J. H. Broyles, deceased.

Alma L. Farrar, Lillie, La., in place of C. C. Barron, transferred.

Lola K. Frusha, Newllano, La., in place of J. H. Smith, transferred.

Cord W. Garrott, Pearl River, La., in place of E. J. Mohr, resigned.

Earl L. Monk, Pitkin, La., in place of C. W. Carson, retired.

Beatrice A. Croft, Pride, La., in place of J. L. Townsend, retired.

MARYLAND

Charles I. Joy, Libertytown, Md., in place of R. W. Curfman, deceased.

George A. Fream, Taneytown, Md., in place of J. F. Burke, deceased.

Maurice E. Murray, Woodsboro, Md., in place of H. W. Barrick, retired.

MASSACHUSETTS

John A. MacIver, Monterey, Mass., in place of A. P. Phillips, removed.

Genevieve V. Harty, South Barre, Mass., in place of M. L. O'Toole, deceased.

Kathryn M. Mango, Woronoco, Mass., in place of E. P. Hatton, retired.

MICHIGAN

Bernice C. Gould, Brant, Mich., in place of Bruce McFall, transferred.

Eugene L. Byrnes, Cassopolis, Mich., in place of O. J. Breece, retired.

Edwin G. Kniss, Delton, Mich., in place of G. W. Leonard, retired.

Robert E. Petersen, Frankfort, Mich., in place of R. E. Peterson, deceased.

William E. Hackelberg, Indian River, Mich., in place of H. B. Martin, retired.

Roland H. Bramer, Nahma, Mich., in place of E. A. Hruska, deceased.

Harold L. West, North Adams, Mich., in place of B. F. Taylor, retired.

William F. Johnson, Quincy, Mich., in place of N. D. Potter, retired.

Kenneth W. Holcomb, Sumner, Mich., in place of A. W. Bond, transferred.

John M. McNamara, Whitmore Lake, Mich., in place of H. G. Weller, resigned.

Ray L. Ogden, Wolverine, Mich., in place of H. A. Marcotte, deceased.

MINNESOTA

Edward J. Noreen, Bayport, Minn., in place of T. J. McGonigal, retired.

Frank J. Kolbinger, Becker, Minn., in place of G. S. Dyson, retired.

Henry S. Blexrud, Caledonia, Minn., in place of E. J. Crotty, retired.

Edward N. Hentges, Eden Valley, Minn., in place of R. G. Westrup, deceased.

Raymond E. Staffanson, Farwell, Minn., in place of J. O. Opheim, retired.

Richard C. Zimmerman, Kent, Minn., in place of L. C. Clark, transferred.

Robert F. Entzion, Knife River, Minn., in place of Grace Congdon, deceased.

Oliver G. Lee, La Salle, Minn., in place of Alfred Sletta, retired.

Donald W. Sand, Russell, Minn., in place of E. M. Swanson, retired.

Lawrence E. Hanson, Santiago, Minn., in place of G. M. Wold, resigned.

Sherman A. Granberg, Scandia, Minn., in place of E. M. Hawkinson, resigned.

Eino R. Latvala, Tamarack, Minn., in place of D. W. Brekke, transferred.

John W. Dugan, Winona, Minn., in place of C. B. Erwin, retired.

MISSOURI

Lawrence E. Hatridge, Belleview, Mo., in place of H. L. Long, retired.

Ida W. Summa, Gentry, Mo., in place of F. L. Summa, deceased.

Byron E. Bird, Graham, Mo., in place of M. M. Fleming, retired.

Calvin V. Jones, Linneus, Mo., in place of R. M. Butterfield, transferred.

Horace C. Taylor, Malta Bend, Mo., in place of E. S. Spencer, deceased.

Kenneth J. Dunlap, Mineral Point, Mo., in place of P. C. Walton, retired.

Monroe D. Wilkison, Puxico, Mo., in place of Roy Cooper, deceased.

MONTANA

Earl S. McLees, Three Forks, Mont., in place of D. H. Andrew, resigned.

NEW HAMPSHIRE

Gerard C. Laperle, Colebrook, N.H., in place of R. A. Hicks, retired.

NEW MEXICO

LaVerne W. Barnes, Thoreau, N. Mex., in place of H. C. Jones, retired.

Tony J. Manzanares, Tierra Amarilla, N. Mex., in place of P. J. Martinez, retired.

NEW YORK

Thomas J. Jamer, Manorville, N.Y., in place of F. M. Moseley, retired.

Olga C. Bennett, Mayfield, N.Y., in place of W. F. Agnew, retired.

Rachel B. Hoose, Mount Vision, N.Y., in place of J. P. Hetzler, deceased.

Francis P. Secor, Otego, N.Y., in place of R. A. Southard, declined.

David M. Losee, Westhampton, N.Y., in place of D. J. Young, deceased.

NORTH CAROLINA

James C. Barnes, Autryville, N.C., in place of B. B. Jaynes, transferred.

Kelly M. Holmes, Bolton, N.C., in place of S. M. Blue, retired.

Jack E. Bolick, Conover, N.C., in place of C. M. Schell, retired.

Ralph R. Palmer, Crossmore, N.C., in place of T. C. Dellinger, retired.

Durham H. Mitchell, Fairmont, N.C., in place of T. S. Teague, retired.

Louis E. Potts, Highlands, N.C., in place of C. C. Potts, retired.

Bonnie L. Mason, Holly Ridge, N.C., in place of C. C. Hines, Jr., deceased.

William T. Whitten, Hot Springs, N.C., in place of H. D. Anderson, transferred.

Lucille K. Parker, Hubert, N.C., in place of J. N. Starling, resigned.

Mabel T. Murray, Moyock, N.C., in place of M. F. Dunston, retired.

Ammie R. Sanderson, Rose Hill, N.C., in place of M. L. Carr, resigned.

John M. Burkett, Warrensville, N.C., in place of A. O. Ashley, retired.

Tom B. Rabon, Winnabow, N.C., in place of J. J. Henry, resigned.

Walker T. Brown, Wrightsville Beach, N.C., in place of T. G. Dickinson, retired.

Lindsay G. Baity, Yadkinville, N.C., in place of W. F. Van Hoy, retired.

NORTH DAKOTA

Wesley D. Kahl, Carrington, N. Dak., in place of H. C. Duntley, deceased.

Richard R. Benson, Fortuna, N. Dak., in place of M. I. Abell, retired.

Reinhart Stradinger, Mercer, N. Dak., in place of B. C. Hjelle, retired.

OHIO

Ernest F. Jones, Belpre, Ohio, in place of R. J. Reese, deceased.

Alfred E. Clinger, Burgoon, Ohio, in place of H. R. Smith, transferred.

Harley J. Kalb, Chatfield, Ohio, in place of E. J. Ostermyer, retired.

Lloyd R. Crawford, Columbiana, Ohio, in place of S. E. Tidd, retired.

Charles R. Cramer, Iberia, Ohio, in place of D. E. Wake, resigned.

Ralph E. Jenkins, Lewistown, Ohio, in place of L. A. Clay, retired.

Orville A. Burkhart, Lewisville, Ohio, in place of C. R. Pollen, removed.

Urban L. Berning, Maria Stein, Ohio, in place of U. B. Menker, deceased.

Floyd Hollberg, Wellston, Ohio, in place of G. W. Rupp, retired.

Bernard A. Bruns, Yorkshire, Ohio, in place of Pearl Guillozet, retired.

OKLAHOMA

Martha C. Cassity, Kaw, Okla., in place of J. H. Kneedler, transferred.

Keith B. Landrum, Lenapah, Okla., in place of C. S. Elliott, retired.

OREGON

John R. Nieland, Canby, Oreg., in place of H. I. Brown, retired.

Jack B. Knight, Jefferson, Oreg., in place of C. C. Miller, retired.

PENNSYLVANIA

Harvey W. Bruner, Jr., Apollo, Pa., in place of N. B. Fiscus, retired.

Walter H. Grier, Sr., Beaver Brook, Pa., in place of J. D. McNelis, retired.

David G. Reynolds, Claysville, Pa., in place of H. O. Campsey, retired.

Edward L. Thomas, Drifton, Pa., in place of N. E. Breslin, retired.

Edward Bell, Farmington, Pa., in place of R. D. Cunningham, resigned.

Michael S. Liptak, Grindstone, Pa., in place of A. W. Kovach, resigned.

Kimber G. Sharrer, Harmony, Pa., in place of J. F. Shaffer, retired.

Frank A. Santone, Jr., Malvern, Pa., in place of C. P. Kennedy, retired.

William E. Thumma, Millersville, Pa., in place of J. M. Hartman, deceased.

Luther D. Clewell, Nazareth, Pa., in place of J. U. Fetherolf, retired.

W. Nevin Martin, Willow Street, Pa., in place of R. E. Sayres, resigned.

SOUTH CAROLINA

Vincent B. Limehouse, Ladson, S.C., in place of L. B. Limehouse, deceased.

TENNESSEE

David F. Ross, Cottagegrove, Tenn., in place of R. B. Cox, transferred.

Helen A. Bowman, Cumberland Gap, Tenn., in place of A. M. Fulton, retired.

Norma L. Clement, Ellendale, Tenn., in place of T. S. Peek, retired.

Robert W. Johnson, Enville, Tenn., in place of L. E. Parker, retired.

Forrest Ferguson, Greenfield, Tenn., in place of G. A. McAdams, deceased.

Edgar D. Freedle, Hartsville, Tenn., in place of J. S. McMurry, deceased.

Leon W. Crews, Hollow Rock, Tenn., in place of W. R. Rice, retired.

Henry F. Richardson, Leoma, Tenn., in place of L. G. Freemon, resigned.

Michael F. Scharbat, Millington, Tenn., in place of M. C. Trobaugh, retired.

Franklin D. Wilson, Nolensville, Tenn., in place of E. S. York, retired.

Herman R. McEwen, Petersburg, Tenn., in place of H. B. Whitaker, retired.

Beatrice W. Norris, Ramer, Tenn., in place of C. L. Majors, retired.

Lillian C. Boyd, Rossville, Tenn., in place of W. J. Frazier, retired.

TEXAS

John L. Rose, Albany, Tex., in place of W. K. Wood, retired.

Arlene H. Burks, Blossom, Tex., in place of L. H. Clark, retired.

James Q. Pennington, Bluegrove, Tex., in place of R. O. Childs, removed.

Arthur C. Johnson, Bogata, Tex., in place of W. G. King, retired.

Esmon D. Rushing, Broaddus, Tex., in place of Oma Wall, retired.

C. Lowell Moore, Cumby, Tex., in place of J. F. Weaver, deceased.

Robert C. Denison, Deport, Tex., in place of C. H. Nobles, retired.

Homer R. Granberry, Douglassville, Tex., in place of E. E. McMillian, Jr., removed.

Howard C. Johnson, Eagle Lake, Tex., in place of Hargrove Smith, resigned.

Herbert J. Popp, Garwood, Tex., in place of W. X. Priesmeyer, transferred.

L. Scott Pickitt, Gilmer, Tex., in place of E. R. Knowles, retired.

Graydon W. Baze, Gorman, Tex., in place of D. M. Moorman, retired.

Jack N. Grady, Hereford, Tex., in place of J. R. Lipscomb, retired.

Waunita A. Lynch, Highlands, Tex., in place of C. L. Hill, retired.

Clara J. Loesch, Industry, Tex., in place of E. A. Raeke, resigned.

Samuel J. Morse, Jr., Linden, Tex., in place of N. L. Stanley, transferred.

George D. Jenkins, Melvin, Tex., in place of Morgan Haynes, transferred.

Joe A. Chapman, Lone Oak, Tex., in place of Charles Smart, retired.

Willie O. Ham, Maryneal, Tex., in place of E. M. Hartgraves, removed.

Virginia B. Taylor, Ponder, Tex., in place of J. L. Riggs, resigned.

Hans J. Runk, Port Lavaca, Tex., in place of G. R. Thayer, transferred.

Louise E. Crump, Saint Jo., Tex., in place of D. L. Boone, transferred.

Thompson T. Garrard, Seagraves, Tex., in place of D. E. Williams, resigned.

Eugene L. Mickey, Sweeny, Tex., in place of H. B. Vezey, retired.

Edwin O. Norwood, Waco, Tex., in place of L. C. Alexander, retired.

Floyd D. Inman, Warren, Tex., in place of L. M. Bradberry, retired.

L. B. Bratten, Wellington, Tex., in place of R. F. Curry, retired.

Delno F. Schultz, Wharton, Tex., in place of R. O. Rockwood, retired.

VIRGINIA

Winfrey W. Grizzard, Amelia Court House, Va., in place of L. O. Scott, deceased.

Henry W. Conner, Appomattox, Va., in place of E. L. Smith, retired.

Carroll D. Harrison, Cartersville, Va., in place of L. A. Baker, retired.

Mary H. Colvin, Catlett, Va., in place of B. M. Guy, retired.

John R. Womble, Cheriton, Va., in place of W. M. Upshur, Jr., deceased.

Osta A. Quillen, Fort Blackmore, Va., in place of E. C. Turner, resigned.

Austin F. Robinson, Great Falls, Va. Office established November 1, 1959.

James W. Keesee, Gretna, Va., in place of B. E. Fitzgerald, retired.

Oscar E. Wooldridge, Huddleston, Va., in place of M. J. Turner, deceased.

Hamilton W. Shoop, Meredithville, Va., in place of R. M. Taylor, removed.

Peter D. Holland, Jr., Moneta, Va., in place of P. D. Holland, deceased.

Kenneth B. Broadwater, Nickelsville, Va., in place of R. L. McConnell, retired.

Reuben N. Falls, Pembroke, Va., in place of P. M. Johnson, resigned.

Brenda S. Holt, Rockville, Va., in place of R. S. Johnson, resigned.

Glenn P. Combs, Stephens City, Va., in place of G. E. Lemley, retired.

John R. Johnson, Suffolk, Va., in place of S. S. Stallings, retired.

Herbert E. Hamric, Sugar Grove, Va., in place of E. M. Calhoun, deceased.

John L. Mitchell, Walkerton, Va., in place of R. S. Sheppard, retired.

James S. Clower, Woodstock, Va., in place of J. W. Bailey, retired.

WASHINGTON

Paul C. Alvestad, Gig Harbor, Wash., in place of T. W. Tait, retired.

Martin A. Pressentin, Rockport, Wash., in place of E. V. Pressentin, retired.

Scotty Rohwer, Rosalia, Wash., in place of H. C. Roberts, retired.

John A. Skok, Valley, Wash., in place of A. J. Diedrich, retired.

WEST VIRGINIA

James G. Skaggs, Ansted, W. Va., in place of M. L. Taylor, retired.

Grover B. Herold, Craigsville, W. Va., in place of S. B. Herold, retired.

Harry H. King, Osage, W. Va., in place of A. J. Nemeth, resigned.

Phelps P. Taylor, Jr., Pennsboro, W. Va., in place of L. C. Foster, retired.

Dillard R. Walker, Stanaford, W. Va., in place of W. L. Warden, resigned.

Victor J. Robinson, Tams, W. Va., in place of R. F. Wildey, resigned.

WISCONSIN

Catherine A. Olson, Footville, Wis., in place of Nellie Drew, retired.

Kenneth J. O'Hern, Forestville, Wis., in place of E. P. Naze, transferred.

Alfred E. Purvis, Knapp, Wis., in place of J. D. Purvis, transferred.

Harold C. Shay, New Richmond, Wis., in place of L. N. Hughes, retired.

Robert A. Holden, Orfordville, Wis., in place of H. V. Holden, retired.

Willard I. Lee, Star Prairie, Wis., in place of J. E. Casey, retired.

WYOMING

Alice L. Hahn, Edgerton, Wyo., in place of H. E. Moore, retired.

Faye T. Sankey, Mills, Wyo., in place of M. E. Nolan, retired.

Alexandria C. Yokel, Wilson, Wyo., in place of Hazel Titus, retired.

Thomas J. Ferguson, Wolf., Wyo., in place of T. B. Butler, retired.

Katheryn M. Clemens, Yoder, Wyo., in place of C. V. Malone, transferred.

CONFIRMATIONS

Executive nominations confirmed by the Senate April 27, 1961:

DEPARTMENT OF STATE

U. Alexis Johnson, of California, a Foreign Service officer of the class of career minister, to be Deputy Under Secretary of State.

AMBASSADORS

John A. Calhoun, of California, a Foreign Service officer of class 2, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Chad.

James K. Penfield, of California, a Foreign Service officer of the class of career minister, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Iceland.

Edward J. Sparks, of New York, a Foreign Service officer of the class of career minister, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Uruguay.

James Wine, of Connecticut, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Luxembourg.

WITHDRAWAL

Executive nomination withdrawn from the Senate April 27, 1961:

H. Holmes Vogel, of the District of Columbia, to be Administrator of the National Capital Transportation Agency, which was sent to the Senate on January 10, 1961.

HOUSE OF REPRESENTATIVES

THURSDAY, APRIL 27, 1961

The House met at 12 o'clock noon.

The Chaplain, Rev. Bernard Braskamp, D.D., offered the following prayer:

I John 5: 4: *This is the victory that overcometh the world, even our faith.*

Almighty God, grant that the citizens of our beloved country, drawn together by a common peril and a common ideal and facing a future that none can foresee, may maintain that unity and continuity of faith in Thy divine Lordship which will never falter and which the tooth of time cannot destroy.

We pray that in humanity's struggle for freedom, our President, our Speaker, and the Members of Congress may be endowed with the dynamic of the Holy Spirit, the living presence of the Christ, directing them in the arduous task of establishing a social order wherein dwelleth righteousness and peace.

Help us to have a larger share in bringing in that day of prophetic vision when mankind shall extinguish the spirit of self-interest and enthrone the spirit of brotherhood and good will.

May we all be more daring and determined in launching out upon those moral and spiritual enterprises which will reshape the world and bring about a finer issue of character and a nobler civilization.

In Christ's name we pray. Amen.

THE JOURNAL

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

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Ratchford, one of his secretaries, who also informed the House that on April 25, 1961, the President approved and signed a bill of the House of the following title:

H.R. 6169. An act to amend section 201 of the National Aeronautics and Space Act of 1958.

ADJOURNMENT TO MONDAY, MAY 1

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet on Monday next.

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

There was no objection.

INTERIM AUTHORITY TO THE SPEAKER

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that, notwithstanding the adjournment of the House until Monday next, the Clerk be authorized to receive messages from the Senate and that the Speaker be authorized to sign any enrolled bills and joint resolutions duly passed by the two Houses and found truly enrolled.

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

There was no objection.

CALENDAR WEDNESDAY BUSINESS DISPENSED WITH

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that business in order under the Calendar Wednesday rule be dispensed with on Wednesday of next week.

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

There was no objection.

PROGRAM FOR WEEK ON MAY 1

Mr. HALLECK. Mr. Speaker, I ask unanimous consent to proceed for 1 minute to inquire of the acting majority leader as to the program for next week.

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

There was no objection.

Mr. ALBERT. Mr. Speaker, replying to the gentleman's inquiry, Monday is Consent Calendar Day.

Tuesday the Private Calendar will be called and H.R. 5741, the mine safety bill, if a rule is reported.

Wednesday, conference report on H.R. 3935, the Fair Labor Standards Amendments of 1961, and H.R. 6441, Federal Water Pollution Control Act of 1961, if a rule is reported.

On Thursday there will be joint meeting to hear an address by His Excellency the President of the Tunisian Republic. We will also take up the Federal aid highway program of 1961, on Thursday and Friday.

This is subject of course to the usual reservation that conference reports may be brought up at any time, and that any further program may be announced later.

THE "WAMPANOAG" AND THE ATOMIC-POWERED PLANE

Mr. PRICE. 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 Illinois?

There was no objection.

Mr. PRICE. Mr. Speaker, the cancellation of the nuclear-propelled airplane provides us with a unique parallel in history. The story I am about to recount is true. It is taken from the book, "Steam Navy of the United States," by F. M. Bennett, 1896, Bureau of Ordnance Library, U.S. Navy, and was used by my colleague, the gentleman from North Carolina [Mr. BONNER], in a speech before a nuclear ship symposium sponsored by the Atomic Industrial Forum in Philadelphia last year.

This is a story of a Navy ship which was designed as a commerce raider for the Civil War and which could prey effectively on British commerce if Britain joined the Confederacy. Its name was the *Wampanoag—Wam-pan-o-ag.*

Being built as a commerce raider, its chief requirements were light armament and extreme speed. Upon completion—I might add, not on schedule—the *Wampanoag* averaged 17 knots for 38 hours in a North Atlantic storm during her trial run on February 11, 12, and 13, 1868. This was an unprecedented event in that the *City of Paris* and *Ville de Paris* held the blue ribbon at that time for the Atlantic crossing at the maximum speed of 14 knots.

The Navy, confronted with this startling departure from tradition, faced the difficult problem of integrating the *Wampanoag* into the established program. A board of admirals, experts they called themselves, was convened to serve as a panel to decide what should be done with the *Wampanoag*. These experts first agreed that two of the four propeller blades on the ship should be removed. The propeller was a four-bladed one, and the ship then would sail much better because of the great reduction in drag by hiding the remaining two behind the stern post. It was further agreed that four stacks on such a ship made it a disgraceful looking craft and they decided two should be removed. The remaining two, of course, should be telescoped so the ship would look better when it was rigged and under sail. Of course, removing two of the stacks also made it necessary for them to take out half the boilers.

Then, this distinguished panel decided that it was of utmost importance that they be able to step a proper main mast. However, a main mast could not be stepped without the removal of the reduction gears. It was decided that this step should be taken and, of course, by the time the experts had surveyed their own handiwork, they arrived at a decision that really the best thing to do to solve their problem would be to scrap the ship.

That was the end of the *Wampanoag*. The board, in reporting its findings observed "it—the *Wampanoag* experience—nevertheless may serve as a source from which important lessons may be drawn, and among them it impresses the expediency of consulting, instead of ignoring, experienced and intelligent naval minds." It was not until 1889, gentlemen, that the U.S. Navy again had a 17-knot ship.

Mr. Speaker, the story is similar today. The experts in the Pentagon claim the nuclear propelled airplane has no mission and it would have no immediate value.

The Subcommittee on Research and Development of the Joint Committee on Atomic Energy held extensive hearings and heard testimony where we could fly a nuclear propelled airplane by 1963 at a cost of less than $200 million.

After over 10 years and $1 billion the project was scrapped by the Pentagon bureaucrats just when success was in sight. Instead a dedicated and highly skilled technical team is being scattered across the Nation.

It is not too late. There is still time. Can we afford the loss of such a program without obtaining the payoff?

The Russians were first in space, first on the moon, and first with a man in space. Must they be first with a nuclear powered aircraft before we proceed with the program? After years of discussion with scientists and engineers, I am convinced that nuclear powered airplanes are going to be built. The question is, Who is going to build them, and where? Lest we forget the lesson of the *Wampanoag,* the answers are up to America.

RULE BY MINORITY

Mr. ALFORD. 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 Arkansas?

There was no objection.

Mr. ALFORD. Mr. Speaker, my patience has been sapped and I am sick at heart over the strange gyrations taking place under the administration now in power. So, I can no longer hold still my voice. I rise, instead, to warn my colleagues—especially my Democratic colleagues—and to serve notice on them of what they may expect in their dealings with this administration.

Last November, as a loyal Democrat and in the face of considerable opposition, I spoke on a statewide television network in my native Arkansas in behalf of the Democratic ticket. I made it clear that I did not necessarily endorse the Democratic platform, but I did have faith in the integrity and the leadership of the ticket. And we were successful in holding my State in the Democratic column despite a tremendous, well-financed campaign by the opposition.

I still acted in good faith in the integrity and leadership of the administration last February when I received a letter from the Post Office Department asking me to "recommend a highly qualified person for acting postmaster" in my hometown—Little Rock.

I made the strongest possible recommendation for an outstandingly successful Little Rock businessman and lawyer; a man who has served with distinction as city attorney; a man who had served with honor as the State's banking commissioner; a Christian, family man; a loyal Democrat who donated heavily to his party. I was further encouraged when, a few weeks later, this man received a letter from the Post Office Department advising him that he had been cleared for appointment as acting postmaster—acting, mind you—and would take over at the close of business on April 30.

But, alas, I reckoned without the strange power wielded upon this administration by a small minority.

For now—only today—I have been informed by the Postmaster General that this man will not be permitted to take office next week. For now—only today—I have been informed by the Postmaster General that no acting postmaster will be installed on April 30 because of serious complaints raised about this man's community acceptability.

And where, I ask you, did these complaints come from? They came from a small, minority group in Little Rock who opposed the man I recommended merely because he dared to stand up and be counted in the fight against the highly illegal and unconstitutional ruling of the U.S. Supreme Court in the matter of school desegregation.

Is this the reward a loyal Democrat is to expect from the hands of his leaders? Submission to minority rule?

And this is not the first instance in which it has been demonstrated that the minority group has the final say.

Another Arkansas man—one who worked long and tedious hours for the party last fall and one who had the support of our beloved Speaker—was given an appointment to a high postal office in the city of St. Louis. He moved his family to St. Louis and leased a home. And then lightning struck.

He suddenly was removed from this job because the St. Louis chapter of the NAACP objected. Rule by minority? I ask you.

There have been other examples of how effectively the minority holds sway this day and time.

Important seats, even in the Cabinet, have been dictated by this selfsame minority.

Defeated candidates, beaten by the people once, twice and thrice, have suddenly found themselves in positions of high honor, all because of the whim of minorities. Who is the "boss," the NAACP or the Council on Foreign Relations?

This is a shameful stage of affairs, I say, and one which should serve notice on all of us as to what we may expect in the future.

Yes, my patience has been sapped and I am sick at heart. All of you should be, too.

Quo vadis, America?

STANDARDS OF ETHICAL BEHAVIOR—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. 145)

The SPEAKER laid before the House the following message from the President of the United States, which was read, referred to the Committee on the Judiciary, and ordered to be printed:

To the Congress of the United States:

No responsibility of government is more fundamental than the responsibility of maintaining the highest stand-

ards of ethical behavior by those who conduct the public business. There can be no dissent from the principle that all officials must act with unwavering integrity, absolute impartiality and complete devotion to the public interest. This principle must be followed not only in reality but in appearance. For the basis of effective government is public confidence, and that confidence is endangered when ethical standards falter or appear to falter.

I have firm confidence in the integrity and dedication of those who work for our government. Venal conduct by public officials in this country has been comparatively rare—and the few instances of official impropriety that have been uncovered have usually not suggested any widespread departure from high standards of ethics and moral conduct.

Nevertheless, in the past two decades, incidents have occurred to remind us that the laws and regulations governing ethics in government are not adequate to the changed role of the Federal Government, or to the changing conditions of our society. In addition, many of the ethical problems confronting our public servants have become so complex as to defy easy commonsense solutions on the part of men of good will seeking to observe the highest standards of conduct, and solutions have been hindered by lack of general regulatory guidelines. As a result many thoughtful observers have expressed concern about the moral tone of government, and about the need to restate basic principles in their application to contemporary facts.

Of course, public officials are not a group apart. They inevitably reflect the moral tone of the society in which they live. And if that moral tone is injured—by fixed athletic contests or television quiz shows—by widespread business conspiracies to fix prices—by the collusion of businessmen and unions with organized crime—by cheating on expense accounts, by the ignoring of traffic laws, or by petty tax evasion—then the conduct of our Government must be affected. Inevitably, the moral standards of a society influence the conduct of all who live within it—the governed and those who govern.

The ultimate answer to ethical problems in Government is honest people in a good ethical environment. No web of statute or regulation, however intricately conceived, can hope to deal with the myriad possible challenges to a man's integrity or his devotion to the public interest. Nevertheless formal regulation is required—regulation which can lay down clear guidelines of policy, punish venality and doubledealing, and set a general ethical tone for the conduct of public business.

Such regulation—while setting the highest moral standards—must not impair the ability of the Government to recruit personnel of the highest quality and capacity. Today's Government needs men and women with a broad range of experience, knowledge and ability. It needs increasing numbers of people with topflight executive talent. It needs hundreds of occasional and intermittent consultants and part-time experts to help deal with problems of increasing complexity and technical difficulty. In short, we need to draw upon America's entire reservoir of talent and skill to help conduct our generation's most important business—the public business.

This need to tap America's human resources for public purposes has blurred the distinctions between public and private life. It has led to a constant flow of people in and out of business, academic life and Government. It has required us to contract with private institutions and call upon part-time consultants for important public work. It has resulted in a rapid rate of turnover among career Government employees—as high as 20 percent a year. And, as a result, it has gravely multiplied the risk of conflicts of interest while seriously complicating the problem of maintaining ethical standards.

These new difficulties and old problems led me to appoint, immediately after my inauguration, three distinguished lawyers to review our existing conflict-of-interest laws and regulations. This panel was composed of Judge Calvert Magruder, retired chief judge of the First Judicial Circuit; Dean Jefferson B. Fordham of the University of Pennsylvania Law School; and Professor Bayless Manning of the Yale Law School. The proposals put forward in this message are in large measure based upon their work and that of others who have considered the problems in recent years.

The recommendations of this panel were arrived at after careful study and review of the work of other groups, particularly the 1958 staff report of the Antitrust Subcommittee of the House Judiciary Committee under Congressman CELLER; the pioneering study in 1951 by a subcommittee of the Senate Committee on Labor and Public Welfare under Senator DOUGLAS; the recent report of the staff of the Senate Subcommittee on National Policy Machinery of the Committee on Government Operations headed by Senator JACKSON; and valuable appraisals conducted during the last administration by the executive branch, and by the Association of the Bar of the City of New York.

All of these studies have emphasized the seriousness of the problem encountered. All have recommended that our outmoded and hodgepodge collection of statutes and regulations be amended, revised, and strengthened to take account of new problems. If the proposals have varied in their details, all have underscored the need for legislative and executive action in a commonly agreed direction.

I. STATUTORY REFORM

There are seven statutes of general application termed "conflict of interest" statutes. Many others deal with particular offices or very limited categories of employees. These latter usually exempt officials from some or all of the general restrictions. Occasionally they impose additional obligations.

The seven statutes cover four basic problems:

The Government employee who acts on behalf of the Government in a business transaction with an entity in which he has a personal economic stake (18 U.S.C. 434).

The Government employee who acts for an outside interest in certain dealings with the Government (18 U.S.C. 216, 281, 283).

The Government employee who receives compensation from a private source for his Government work (18 U.S.C. 1914).

The former Government employee who acts in a representative capacity in certain transactions with the Government during a 2-year period after the termination of his Government service (18 U.S.C. 284, 5 U.S.C. 99).

Five of these statutes were enacted before 1873. Each was enacted without coordination with any of the others. No two of them use uniform terminology. All but one impose criminal penalties. There is both overlap and inconsistency. Every study of these laws has concluded that, while sound in principle, they are grossly deficient in form and substance.

The fundamental defect of these statutes as presently written is that: On the one hand, they permit an astonishing range of private interests and activities by public officials which are wholly incompatible with the duties of public office; on the other hand, they create wholly unnecessary obstacles to recruiting qualified people for Government service. This latter deficiency is particularly serious in the case of consultants and other temporary employees, and has been repeatedly recognized by Congress in its enactment of special exemption statutes.

Insofar as these statutes lay down the basic law restricting the private economic activities of public officers and employees they constitute a sound and necessary standard of conduct. The principle which they embody in varying form—that a public servant owes undivided loyalty to the Government—is as important today as when the first of these statutes was enacted more than a century ago. However, the statutory execution of this principle in the seven statutes of general application was often directed to specific existing evils which at the time of their enactment were important political issues. As a result large areas of potential conflict of interest were left uncovered.

For example, where some of these conflict-of-interest statutes are restricted to "claims of money and property"—as the courts have said—they do not protect the Government against the use of official position, influence or inside information to aid private individuals or organizations in Government proceedings which involve no claims for money or property. Yet the danger of abuses of Government position exist to an equal if not greater degree in proceedings such as license applications for TV or radio stations, airline routes, electric power sites, and similar requests for Government aid, assistance or approval.

Thus, literally read, it would be a crime punishable by fine or imprisonment under these statutes for a postal clerk to assist his mother in filing a routine claim for a tax refund, but it

would be permissible for a Cabinet officer to seek to influence an independent agency to award a license for a valuable TV station to a business associate in a venture where he shared the profits.

There are many other technical inadequacies and statutory gaps. Section 434 of title 18, born of the Civil War procurement scandals, prohibits a Government official interested in the pecuniary profits of a business entity from acting as an officer or agent of the United States for the transaction of business with that business entity. By limiting its scope to "business entities" the statute does not cover the many other organizations which deal with the Government. In addition, the concept of "transacting business," if narrowly construed—as would be likely in a criminal prosecution—would exclude many dealings with the Government, such as the clearance or rejection of license applications in the executive branch or before an independent agency.

Similar defects exist in the case of Government officials who have left Government service. Clearly such an official should be prohibited from resigning his position and "switching sides" in a matter which was before him in his official capacity. But for technical reasons the statutes aimed at this situation do not always hit the mark. There is nothing in the criminal statutes which would prevent the General Counsel of the Federal Power Commission from resigning to represent an unsuccessful license applicant who is contesting the Commission's decision in the courts (although such conduct might be grounds for disbarment). And, a Commission employee who was not a lawyer could, in the present state of the law, unscrupulously benefit in such a case from his "inside information" without fear of sanctions.

But if the statutes often leave important areas unregulated, they also often serve as a bar to securing important personal services for the Government through excessive regulation when no ethical problem really exists. Fundamentally, this is because the statutes fail to take into account the role in our Government of the part-time or intermittent adviser whose counsel has become essential but who cannot afford to be deprived of private benefits, or reasonably requested to deprive himself, in the way now required by these laws. Wherever the Government seeks the assistance of a highly skilled technician, be he scientist, accountant, lawyer, or economist, such problems are encountered.

In general, these difficulties stem from the fact that even occasional consultants can technically be regarded as either "officers or employees" of the Government, whether or not compensated. If so, they are all within the prohibitions applicable to regular full-time personnel.

A few examples illustrate some of the difficulties:

Section 281 of the Criminal Code forbids public employees from providing services to outsiders for compensation in connection with any matter in which the United States is interested and which is before a department, agency or commission.

This section makes it almost impossible for a practicing lawyer to accept a part-time position with the Government. He would be in violation of section 281 if he continued to receive compensation for cases before Government agencies, or even if his law partnership receives such compensation, though he personally has no connection with any case. It is usually impractical for the law firm to withdraw from all transactions involving the Government. And almost all law firms have some tax matters, for example, as part of their normal business. The same prohibition unfairly affects accountants.

In addition, the two existing post-employment statutes raise serious problems in terms of recruiting noncareer personnel, particularly lawyers. Enacted at different times, they employ different terms and are totally uncoordinated in language or in policy.

The criminal statute (18 U.S.C. 284) forbids a former employee for 2 years after his Government employment ceases to prosecute in a representative capacity any claim against the Government involving a "subject matter" directly connected with his Government job. The civil statute (5 U.S.C. 99) forbids employees of an executive department for 2 years after the end of their Government service from prosecuting in a representative capacity any claim against the United States if the claim was pending before "any department" while he was an employee.

These prohibtions are unnecessarily broad. They should be confined to "switching sides." For example, they now prohibit a lawyer who worked for the Department of Labor from subsequently representing a client in a wholly unrelated tax matter which had been before the Treasury during his Government service.

These restrictions prove an even more formidable barrier to the part-time consultant who works in a partnership since he and his partners would be excluded from participation in many if not all claims against the Government—a severe and unnecessary penalty for contributing to public service. It is possible to cite many other examples of excessive restrictions which serve no ethical purpose, but effectively bar Government from using available talent.

It is true that a large number of statutory exemptions passed at various times over the years have mitigated some of the adverse effects of these statutes upon certain specific individuals and certain categories of employees. However, no uniform standard of exemption has ever been adopted by the Congress in enacting these exemptions. Many of the exemptions are inconsistent. Some exemptions are subject to so many limitations as practically to nullify them. Some statutes unqualifiedly exempt categories of employees from all of the conflict statutes. Others exempt them from some but not all of the restrictions. The resulting hodgepodge of exemptions seriously weakens the integrity of the Government personnel system.

To meet this need for statutory reform, I am transmitting to the Congress a proposed Executive Employees' Standards Act—a comprehensive revision of existing conflict-of-interest statutes. I believe that this bill maintains the highest possible standards of conduct, eliminates the technical deficiencies and anachronisms of existing laws, and makes it possible for the Government to mobilize a wide range of talent and skill.

First, the bill closes gaps in regulation of the type discussed above, and eliminates many of the pointless differences in treatment. For example, no longer will some former Government employees be subject to more severe restrictions simply because they once worked for 1 of the 10 executive departments rather than in an agency which is not technically a department.

Second, the bill overrules existing judicial interpretation that only when a claim for money or property is involved is a former Government employee prohibited from working for a private interest in a matter for which he once had governmental responsibility. The basic issue of integrity is the same if the matter relates to Government regulation rather than to a property or money claim.

Third, the bill establishes special standards for skilled individuals whose primary activity is in private professional or business life, but whose skills are used by the Government on a part-time or advisory basis. By permitting such individuals to carry on private business, even business with the Government, as long as there is no direct conflict between their private and public work, ethical principles are maintained and a wide range of abilities are made available to Government.

Fourth, this bill adds to the traditional criminal sanctions by permitting agency heads to adopt implementing regulation and impose disciplinary measures. Most of the existing laws are criminal statutes. As such they have been strictly construed and, because of their harshness, infrequently invoked. By granting this added flexibility we help to insure more effective enforcement. In addition, the regulations which are adopted will permit more specific adaptation of the general prohibitions tailored to the activities of particular agencies.

Fifth, the bill deals only with employees involved in executive, administrative and regulatory functions. It does not apply to either the judicial or legislative branch of Government. Existing laws relating to the judiciary are deemed adequate. The adequacy and effectiveness of laws regulating the conduct of Members of Congress and congressional employees should be left to strictly congressional determination.

Sixth, the proposed bill covers the District of Columbia and its employees. However, the District—essentially a municipal government—has its own distinctive problems. I will submit legislation dealing with these problems in the near future.

II. EX PARTE CONTACTS WITH OFFICIALS OF INDEPENDENT AGENCIES

Some of the most spectacular examples of official misconduct have involved ex parte communication—undisclosed, informal contact between an agency offi-

cial and a party interested in a matter before that official. Such covert influence on agency action often does basic injury to the fairness of agency proceedings, particularly when those proceedings are judicial in nature.

This problem is one of the most complex in the entire field of Government regulation. It involves the elimination of ex parte contacts when those contacts are unjust to other parties, while preserving the capacity of an agency to avail itself of information necessary to decision. Much of the difficulty stems from the broad range of agency activities—ranging from judicial-type adjudication to wide-ranging regulation of entire industries. This is a problem which can best be resolved in the context of the particular responsibilities and activities of each agency.

I therefore recommend that the Congress enact legislation requiring each agency, within 120 days, to promulgate a code of behavior governing ex parte contacts within the agency specifying the particular standard to be applied in each type of agency proceeding, and containing an absolute prohibition against ex parte contact in all proceedings between private parties in which law or agency regulation requires that a decision be made solely on the record of a formal hearing. Only in this manner can we assure fairness in quasi-judicial proceedings between private parties. The statute should make clear that such codes when approved by Congress will have the force of law, and be subject to appropriate sanctions.

III. EXECUTIVE ORDERS AND PRESIDENTIAL ACTION

There are several problems of ethics in Government which can be dealt with directly by Presidential order, memorandum or other form of action.

First, I intend to prohibit gifts to government personnel whenever (a) the employee has reason to believe that the gift would not have been made except for his official position; or (b) whenever a regular Government employee has reason to believe that the donor's private interests are likely to be affected by actions of the employee or his agency. When it is impossible or inappropriate to refuse the gift it will be turned over to an appropriate public or charitable institution.

Such an order will embody the general principle that any gift which is, or appears to be, designed to influence official conduct is objectionable. Government employees are constantly bothered by offers of favors or gratuities and have been without any general regulation to guide their conduct. This order will attempt to supply such guidelines, while leaving special problems including problems created by gifts from foreign governments, to agency regulation.

Second, I intend to prohibit Government employees from using for private gain official information which is not available to the public. This regulation will be drawn with due regard for the public's right to proper access to public information. A Government employee should not be able to transform official status into private gain, as is done, for example, if a Government employee speculates in the stock market on the basis of advance knowledge of official action.

Third, I am directing that no Government employee shall use the authority of his position to induce another to provide him with anything of economic value whenever the employee has reason to believe that the other person's private interests may be affected by the actions of the employee or his agency.

This regulation is an effort to deal with the subtler forms of extortion; where an employee acquiesces in the gift of an economic benefit, or gives a delicate indication of receptivity. The criminal law deals with outright extortion. Beyond this the problem is too elusive for the criminal law and must be dealt with by administrative regulation, and by the sound judgment of the administrator.

Fourth, I am directing that no Government employee should engage in outside employment which is "incompatible" with his Government employment.

The outside employment of Government employees is one of the most complex and difficult of all ethical problems. It is clear that some forms of employment may have benefits to the Government or society (e.g., teaching in universities); or be beneficial to the employee and not inconsistent with his Government work. On the other hand, some types of outside work may involve exploitation of official position or be incompatible with the best interests of the agency to which the employee owes his first allegiance.

Since "incompatibility" of employment will depend on many varied factors, its definition will be left to agency and department regulation and case-by-case rulings.

Fifth, I will shortly issue an Executive order regulating in more detail the conduct of those officials who are appointed by the President. These high-level officials owe a special responsibility to the Government and to the employees of their departments to set a high standard of ethical and moral behavior. Therefore the Executive order (a) prohibits outside employment or activity of any sort incompatible with the proper discharge of official responsibility; (b) prohibits outside compensation for any activity within the scope of official duty; (c) prohibits the receipt of compensation for any lecture, article, public appearance, and so forth, devoted to the work of the department or based on official information not yet a matter of general knowledge.

Sixth, in carrying out the provisions of law, I will apply Government-wide standards to the continuance of property holdings by appointees to the executive branch. The law prohibits any conflict of the public and private interests of employees of the Government. The Senate, in the exercise of its power of confirmation, has taken the lead in requiring that Presidential appointees sell their property holdings in cases where retention of property might result in such a conflict of interest. The problem of property ownership by Executive appointees is properly a matter of continuing congressional concern, and I welcome the initiative taken by the Jackson Subcommittee on Conflict of Interest. At the same time, the executive branch has an obligation to insure that its appointees live up to the highest standard of behavior. It is to carry out this responsibility that I will apply general standards governing the ownership of property by Presidential appointees—standards which will insure that no conflict of interest can exist. It is my hope that these regulations will aid the Senate in the uniform exercise of its own responsibility.

IV. THE ADMINISTRATION OF ETHICAL STANDARDS

Criminal statutes and Presidential orders, no matter how carefully conceived or meticulously drafted, cannot hope to deal effectively with every problem of ethical behavior of conflict of interest. Problems arise in infinite variation. They often involve subtle and difficult judgments, judgments which are not suited to generalization or Government-wide application. And even the best of statutes or regulations will fail of their purpose if they are not vigorously and wisely administered.

Therefore I am instructing each Cabinet member and agency head to issue regulations designed to maintain high moral and ethical standards within his own department. These regulations will adapt general principles to the particular problems and activity of each agency. To aid in the administration of these regulations each agency will establish an ad hoc committee to serve in an advisory capacity on ethical problems as they arise.

Although such agency regulation is essential, it cannot be allowed to dissolve into a welter of conflicting and haphazard rules and principles throughout the Government. Regulation of ethical conduct must be coordinated in order to insure that all employees are held to the same general standards of conduct.

Therefore I intend to designate, in the Executive Office of the President, a single officer charged with responsibility for coordinating ethics administration and reporting directly to the President. This officer will:

Prepare, for Presidential proclamation, general regulations as needed;

Develop methods of informing Government personnel about ethical standards;

Conduct studies and accumulate experience leading to more effective regulation of ethical conduct, including the formulation of rules in areas which are not yet regulated, such as Government use of outside advisers and the contracting of Government services to private institutions or firms; and

Clear and coordinate agency regulations to assure consistent executive policy.

Such an officer will not only provide central responsibility for coherent regulation, but will be a means through which the influence of the Presidency can be exerted in this vital field.

V. CONCLUSION

Ultimately, high ethical standards can be maintained only if the leaders of Government provide a personal example of dedication to the public service—and exercise their leadership to develop in all

Government employees an increasing sensitivity to the ethical and moral conditions imposed by public service. Their own conduct must be above reproach. And they must go beyond the imposition of general regulations to deal with individual problems as they arise—offering informal advice and personal consideration. It will often be difficult to assess the propriety of particular actions. In such subtle cases honest disclosure will often be the surest solution, for the public will understand good faith efforts to avoid improper use of public office when they are kept informed.

I realize, too, that perhaps the gravest responsibility of all rests upon the office of President. No President can excuse or pardon the slightest deviation from irreproachable standards of behavior on the part of any member of the executive branch. For his firmness and determination is the ultimate source of public confidence in the Government of the United States. And there is no consideration that can justify the undermining of that confidence.

JOHN F. KENNEDY.

THE WHITE HOUSE, *April 27, 1961.*

INVESTIGATE AND STUDY SAFETY OF DESIGN OF MOTOR VEHICLES USED IN INTERSTATE COMMERCE

Mr. LANE. 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. LANE. Mr. Speaker, under leave to extend my remarks, I include a statement made by me before the House Rules Committee, in favor of House Resolution 58, to authorize the Committee on Interstate and Foreign Commerce to investigate and study safety of design of motor vehicles used in interstate commerce, April 27, 1961:

Mr. Chairman and members of the committee, no other development of the 20th century has altered our lives as much as the 60-odd-million automobiles, buses, and trucks in use throughout the United States today.

Frequently one sees more traffic on the streets of our cities than on the sidewalks. The patterns of family life have been revolutionized by the motorcar. Massive surgery is being performed on our larger communities to cure the congestion caused by the automobile and to save these areas from suffocation.

I am puzzled by the general apathy toward a problem that is becoming worse, day by day. The automobile is a vehicle that has brought great personal and economic benefits to the American people, but in the hands of careless people it has killed a million persons and has injured many millions of others within a few decades. Unless someone we know is involved in an automobile accident, or it takes place in our own community, most of us are curiously indifferent to the mounting total of deaths and injuries caused by the automobile.

These accidents are seldom traced to mechanical failures. Human carelessness is the root of the problem. But, in order to protect negligent drivers and their innocent victims from this slaughter, it is imperative that the manufacturers pay less attention to style and beauty and excessive horsepower, and more attention to built-in safety devices for the protection of the general public.

There are standards provided by law to make certain that the manufacturers of ships and trains and planes meet strict construction requirements to guarantee maximum safety, and to protect "those aboard" in the event of an accident. With the automobile manufacturer, however, we leave it largely to his judgment and discretion.

In the highly competitive market of automobile production, it is understandable but not excusable, that no manufacturer will price himself out of business just to provide safety devices in the construction of his cars and as a matter of conscientious concern for the public when his competitors fail to go along with him.

Tests have been made proving that certain changes in design and construction will substantially reduce deaths and injuries caused by collisions and loss of control.

But until we have Federal laws that will require all manufacturers to incorporate such practical safety devices in the design and construction of motor vehicles, hundreds of thousands of Americans will suffer crippling injuries or death, due in part, to the negligence of their own Government.

In order to measure up to our responsibilities regarding this problem, I earnestly request approval of House Resolution 58: "To authorize the Committee on Interstate and Foreign Commerce to investigate and study safety of design of motor vehicles used in interstate commerce."

INVESTIGATION AND STUDY OF DISCRIMINATION IN EMPLOYMENT AGAINST PERSONS 40 OR MORE YEARS OF AGE

Mr. LANE. 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. LANE. Mr. Speaker, under leave to extend my remarks, I wish to include a statement made by me before the House Rules Committee on House Resolution 57, "To provide that the Committee on Education and Labor shall conduct investigation and study of discrimination in employment against persons forty or more years of age," April 27, 1961:

Mr. Chairman, and members of the Rules Committee, there is an invisible barrier to the reemployment of workers over 40 years of age. Employers, in taking on new help, are very careful to avoid any sign that they are in fact, discriminating against applicants because of age. But, during the interview, when the time comes to ask the casual question, "How old are you?" the older job seeker experiences a sinking sensation before he answers. The personnel officer is polite when, at the end of the interview, he says: "Sorry, but we have no opening for a man of your ability and experience. However, we shall place your application on file."

The inactive file.

In all searching discussion of hard-core unemployment, its causes and its possible remedies, there is little mention made of this well-concealed discrimination against the older man who is seeking a job.

That jobs in general have been gradually shrinking in established industries, in spite of our growing population, and in spite of the job opportunities created by the new manufacturing and service industries, is a fact that is beginning to dawn upon our national consciousness.

This is due to automation, or the replacement of workers by automatic labor-saving machinery.

As a result of the survey made by Congressman HOLLAND, of Pennsylvania, at the request of Congressman POWELL, chairman of the Committee on Education and Labor, and inserted in the CONGRESSIONAL RECORD on April 13, 1961, the following displacement of workers as a result of automation was disclosed, among many other examples in that report.

Textiles: One man who used to operate 4 looms, today operates 30 looms. Between 1947–59, production jobs decreased 38 percent; production output increased 5 percent; productivity per man-hour increased almost 70 percent. (Between 1946 and 1957, 717 textile mills in this country were liquidated, and 325,000 people lost their jobs. I know, from direct observation of this decline, that many of the displaced textile workers who were 40 years of age and older, were never able to find jobs in other industries.)

Between 1956–60, sales of General Electric increased by $259.5 million, but 40,000 workers lost their jobs.

In the steel industry, 250,000 workers today are doing the work of 500,000 who were employed 12 years ago.

Four hundred thousand coal miners of 10 years ago have been replaced by machinery, and the remaining 200,000 miners work part time.

In a Ford plant at Cleveland, 1 unit does more than 500 different operations. Within 1 hour it turns out 100 engine blocks.

Between 1955–60, telephone business increased 25 percent, but employment of communication workers decreased by 33,000 jobs.

The U.S. Department of Labor, in its report; "Manpower—Challenge of the 1960's," reaches that section dealing with the place of older workers in our economy, and concludes that the facts point to "the need to eliminate discrimination in hiring on the basis of age."

This is particularly true when a plant where a man has worked for a number of years goes out of business. To get a job in another industry, he needs retraining but there are few facilities for this, and industry does not wish to take on this responsibility. Furthermore, industry has a bias against hiring the older worker, because of company pension and insurance complications.

I claim that this is a self-defeating policy on the part of employers who do discriminate, because they deny to their enterprises the greater skill, experience, and reliability of the older worker who applies for a job.

We have only to look about the world to see that social and economic justice are goals in the organization of human society that cannot be neglected.

Employers are too cautious to say: "Our only purpose is to make a good product, or provide a satisfactory service and to make a profit, and it is not our responsibility to give equal consideration to the hiring of applicants over 40."

But if there is such hidden discrimination, which bars older workers from employment, I believe that it is the responsibility of the Congress to determine the extent and the effect of these practices as a basis for corrective legislation.

I appear in support of House Resolution 57, to authorize the Committee on Education and Labor to conduct a full and complete investigation and study of discrimination in employment and employment opportunities against persons 40 or more years of age.

We are faced with an insidious practice that will exclude more and more people from the opportunity and the right to secure self-supporting employment in the

prime of their working years—unless we get at the facts that will enable us to eliminate or mitigate the effects of job discrimination at 40.

INTERNAL REVENUE CODE

Mr. VANIK. 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 Ohio?

There was no objection.

Mr. VANIK. Mr. Speaker, I have today introduced a bill to amend the Internal Revenue Code to provide that income from stock or stock options issued or granted in whole or in part for services rendered should be treated as ordinary income.

Under the present law, top executives of many corporations in America are enjoying the privilege of reduced taxation because the greater part of their income from employment can be treated as a capital gain instead of ordinary income. Through this device they are able to reap a special advantage in substantial tax free income. This device gives this privileged group an unfair advantage at the expense of the rest of the taxpayers. It should be promptly put to a stop.

INVESTIGATIONS OF TITLE I HOUSING PROGRAM

The SPEAKER pro tempore (Mr. WALTER). Under previous order of the House, the gentleman from New York [Mr. RYAN] is recognized for 60 minutes.

Mr. RYAN. Mr. Speaker, I ask unanimous consent to revise and extend my remarks, and to include extraneous matter.

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

There was no objection.

Mr. RYAN. Mr. Speaker, for more than 10 years the title I housing program has often betrayed the very purposes for which it was established.

Instead of building housing for low- and middle-income families, the billion-dollar title I program has often become a Government-sponsored means to a "fast buck" for windfallers, chiselers, and profiteers. And all too often over the last decade title I has, in fact, hindered rather than helped the American citizens who are so desperately in need of decent low- and middle-income housing in our urban centers.

It is perhaps the saddest of all commentaries that in New York City terms such as "urban renewal" and "urban redevelopment" have become terms of disrepute, and communities throughout the city fear the hour when title I planners cast an eye their way.

After a decade of betrayal, it is time Congress find out first why title I has served profits—not people—and second, whether the title I program can, in fact, meet the needs of our great but aging cities. This investigation must look toward remedial legislation.

Although investigations have been suggested for years, and some specific projects have even been examined, no complete investigation has ever been seriously undertaken. Such an investigation is long overdue.

Therefore, as a Member of Congress from New York City, I am taking the step of introducing the first, as far as I know, House resolution calling for a full, open, and complete investigation of the title I situation. Mr. Speaker, I include the text of my resolution at this point in the RECORD.

Resolution authorizing the Committee on Banking and Currency to conduct an investigation and study of the operation of the slum clearance and urban renewal program in New York City and the other major cities of the United States

Resolved, That the Committee on Banking and Currency, acting as a whole or by subcommittee, is authorized and directed to conduct a full and complete investigation and study of the operation of the slum clearance and urban renewal program under title I of the Housing Act of 1949 in the major cities of the United States. Such investigation and study shall embody a detailed analysis and evaluation of the problems faced by such program in the various cities, the extent to which the benefits contemplated by the program are actually being achieved, and the best methods by which such problems can be overcome and such benefits realized; and shall include consideration of the effect of the program upon small business enterprises and the extent to which such enterprises are being adequately compensated under the program for expenses and losses (including loss of goodwill) resulting from their displacement and relocation. In the conduct of such investigation and study the committee shall give particular attention to the manner in which the slum clearance and urban renewal program is being carried out in New York City, the special problems which it faces there, and the causes and cures of the abuses (such as the construction of luxury dwellings instead of low- and middle-income housing in the redevelopment of cleared areas, the failure of the local authorities to make adequate provision for the relocation of displaced families, and the failure of such authorities to complete the clearing of such areas before placing the land in the hands of redevelopers) which are occurring in the operation of such program in that city.

For the purpose of carrying out this resolution the committee or subcommittee is authorized to sit and act during the present Congress at such times and places within the United States, including any Commonwealth or possession thereof whether the House is in session, has recessed, or has adjourned, to hold such hearings, and to require, by subpena or otherwise, the attendance and testimony of such witnesses and the production of such books, records, correspondence, memorandums, papers, and documents, as it deems necessary; except that neither the committee nor any subcommittee thereof may sit while the House is meeting unless special leave to sit shall have been obtained from the House. Subpenas may be issued under the signature of the chairman of the committee or any member of the committee designated by him, and may be served by any person designated by such chairman or member.

The committee shall report to the House as soon as practicable during the present Congress the results of its investigation and study, together with such recommendations for legislative and other action as it deems advisable. Any such report which is made when the House is not in session shall be filed with the Clerk of the House.

More than a decade has passed since the enactment of the Housing Act of 1949. Yet today one of the major problems facing our cities is the lack of decent safe living accommodations for low- and middle-income families. This is perhaps the major problem facing the city of New York. Testimony before the Congress by mayors, legislators, and others representing many States and cities reveals a similar urban housing problem across the Nation.

In general, we have public housing for low-income groups. We have luxury housing for high-income groups, built by private developers both with and without title I. But we have nothing in between for the middle-income citizen, the average, urban dweller.

Obviously, if we are to keep the heterogeneous neighborhoods which are the essence of vital, prosperous cities, immediate action must be taken to provide true middle-income housing.

As proposed under the Housing Act of 1949, title I urban renewal programs are supposed to provide decent, safe, standard housing in a suitable living environment, for every American family.

The act set forth this congressional declaration of national housing policy:

The Congress hereby declares that the general welfare and security of the Nation and the health and living standards of its people require housing production and related community development sufficient to remedy the serious housing shortage, the elimination of substandard and other inadequate housing through the clearance of slums and blighted areas, and the realization as soon as feasible of the goal of a decent home and a suitable living environment for every American family, thus contributing to the development and redevelopment of communities and to the advancement of the growth, wealth, and the security of the Nation. The Congress further declares that such production is necessary to enable the housing industry to make its full contribution toward an economy of maximum employment, production and purchasing power.

In the hearings on the bill the then Housing and Home Finance Agency Administrator, Raymond M. Foley, testified:

I should like to emphasize the fact that eliminating slum and blighted areas and making the land therein available for redevelopment cannot be separated from the necessity for providing the housing necessary for the families now living in the slums. Any slum clearance program which fails to assure adequate rehousing for these families will be merely aggravating their problems and forcing them into even worse conditions. Such a shortsighted policy would impose unusual hardship on families of minority races who comprise a considerable portion of our slum population and for whom the problems of relocation are particularly difficult.[1]

The report of the House Committee on Banking and Currency states:

Your committee wishes to emphasize that the primary justification for Federal assistance for this purpose is the improvement of housing conditions for urban families. (H. Rept. No. 590, 81st Cong., p. 16).

[1] U.S. Congress. House Committee on Banking and Currency. Housing Act of 1949. Hearings Before the Committee on Banking and Currency, April–May 1949. (81st Cong., 1st sess.), Washington, U.S. Government Printing Office, 1949, p. 46.

The assistance provided localities through land cost writedown was designed to provide a variety of housing, particularly for moderate-income and low-income families. It was not intended for upper-income groups nor was it intended exclusively for low-income families. The Housing Act of 1937 and title II of the act of 1949 sought to provide housing for low-income families.

Title I was intended to provide a means to combine the efforts of private industry and public housing authorities to redevelop slum areas and blighted city neighborhoods. At the same time, it was to provide suitable living accommodations for all American families who could not afford luxury housing.

As originally conceived, title I projects in New York City were supposed to develop predominantly middle-income housing.

This has not been true in practice.

Rental projects subsidized by title I writedown in land costs are renting anywhere from $40 to $246 per room per month. In New York City the mean rent per room for 11 title I projects is $44.77. Such rentals can hardly accommodate middle-income families. According to an exhaustive New York State study, middle-income rentals should range from about $17 to $29 per room per month, not from $40 to nearly $250.

Obviously, when title I is used for such luxury housing, accommodating the displaced, low-income site tenants is completely out of the question. Instead, they are all too often driven to worse slums.

In the northern section of the 20th Congressional District, we have a title I project which is not yet completed after 10 years. It is now known as Park West Village. Originally it was called Manhattantown. The operation of this project was so improper that it became known as the Manhattantown scandal.

The Manhattantown scandal shocked New York City. For years thousands of site tenants lived in untold misery while the sponsors milked the property without even starting to build. Finally, after repeated newspaper exposures and a report by the Senate Banking and Currency Committee, the city forced out the original sponsors and turned the project over to Webb & Knapp headed by William Zeckendorf.

Instead of building middle-income housing Webb & Knapp produced luxury housing. Today rents are $49 per room and up.

The original sponsors, who had already cleared $600,000 were awarded with a half-million dollars a year on the Webb & Knapp profits.

After the Wall Street Journal interviewed Mr. Zeckendorf, it reported that he "also predicts profits of $1.5 million a year from the 2,522 apartments plus shopping center Park West Village, on New York's upper West Side, just off Central Park, after the project is completed in 1960."

"That is equal to all the cash we put in it," said Mr. Zeckendorf.

Let us look at the Washington Square Village development in Greenwich Village. This title I project cost the city and the Federal Government $15 million in subsidies. Apartments rent for up to $246 per room per month, and penthouses for $6,000 each per year.

In a press release, the sponsors advertised that their slum clearance project had facilities "to separate the Rolls-Royces from the Cadillacs."

Title I apparently is not helping to achieve the avowed purpose of the Congress in setting up the program—a decent home for every American family. We must find out why.

Congress must determine what percentage of low- and middle-income site tenant families actually have benefited from title I—and what percentage, despite their theoretical priority on accommodations they cannot possibly afford, have been driven to worse slums.

Congress must determine if title I moneys are, and should continue to be, spent on luxury housing like Washington Square Village and the contemplated Cadman Plaza with its small rooms and high rents, a project that can be built without Federal subsidies.

Now I turn to another area of abuse which has never been adequately explained: the selection and qualification of title I project sponsors.

Time and again in New York City unqualified sponsors of questionable background and experience have been selected to develop vast title I projects.

In the past, slum landlords, windfallers, influence boys, and chiselers infested the program. Again only repeated public disclosures made the city act in 1960 to abolish the mayor's slum clearance committee, which had administered the program.

When billions of dollars in public subsidies are spent, the public has a right to know how the discredited sponsors were selected, who was responsible for their selection, and if they are now sponsoring or in a position to sponsor future projects.

To admit that an associate of gangsters was selected as a title I sponsor, and then not explain who was responsible for this selection, does not answer the question.

To admit that a notorious slum landlord was selected to sponsor a title I project, and then drop him after he is exposed by alert newspapers and citizens, does not answer the question.

We should know how and why windfallers, unqualified people with political influence, and incompetents have made fortunes from human misery on slum clearance sites in New York City. Only after getting such information, can we find ways to make certain such things will not happen again.

Probably the most critical phase of redevelopment is relocation. If urban renewal is to provide decent living accommodations for people living in substandard or slum housing, then relocation is a most important part of the program. Relocation practices and policies impinge directly on the people—both residential and commercial tenants—affected by slum clearance programs.

The importance of relocation was recognized in the House Banking and Currency report which recommended the provisions which were incorporated in the statute (42 U.S.C.A. 1455(c)). The committee report stated:

> In the first place, the bill clearly recognizes that the clearance of slums and the provision of decent housing for families who live in them are inseparable. Any slum clearance which fails to assure adequate housing for the families who presently live in slums would be merely forcing them into worse conditions. This applies with particular force to families of minority races for whom the problems of relocation are particularly difficult.
>
> The slum clearance program, therefore, is set in the context of a bill which has as one of its major purposes the provision of adequate housing for families. There are, in addition, three specific safeguards. First, the extension of Federal financial aid to a local public agency for slum clearance is prohibited unless a feasible method is provided for the temporary relocation of families displaced from project areas and unless permanent housing has been or is being provided for them either in the project areas or elsewhere. The permanent housing must consist of decent, safe, and sanitary dwellings which are located in areas not generally less desirable in regard to public and commercial facilities and which are available at rents and prices within the financial means of displaced families (ibid., p. 16).

Relocation procedure is different in New York City than the rest of the country. In New York City the sponsor of the project has the responsibility for relocation and demolition. Usually in other cities the sponsor does not take possession until after the tenants are moved and the buildings demolished. The municipality has the responsibility for relocation.

The result of leaving relocation to private sponsors has been unsatisfactory, and scores of site tenants have suffered needlessly. People have been forced into worse housing conditions. The uprooted have wandered like nomads from neighborhood to neighborhood, one step ahead of the bulldozer.

In the context of citywide housing needs and rehabilitation plans, there should be a relocation plan which fits the needs of the project area and provides proper housing accommodations for all residents at rents they can afford. Furthermore, the emphasis of urban renewal plans should be on conservation and rehabilitation with a minimum of demolition so that there will be no more mass relocation.

Congress must determine if relocation procedures have been carried out in accordance with the intent and purpose of the law, and what should be done to make sure that they are so carried out in the future.

This brings me to another point: For some unknown reason, the Urban Renewal Administration of the Housing and Home Finance Agency has not released its statistical data on relocation numbers and procedures since its report for the period ending December 1957—more than 3 years ago. These data should be published—it is information which should be available to the public and to the Congress which is responsible for the program. The reason for the veil of secrecy surrounding this lack of disclosure should be investigated. It leads me to believe that the picture has not changed appreciably since the pe-

riod ending December 1957. Let me cite the situation in the United States as reported at that time:

First. There were 138,171 families involved in the relocation program.

Second. Eighty thousand of these families were eligible for public housing. This gives you a picture of the volume of families requiring low-cost relocation housing.

Third. One hundred eight thousand four hundred and eighty-nine units were proposed in the redevelopment programs as of that period. But most of the families were not eligible to relocate back into the areas from which they were displaced. Why? Because most of the housing supply would be too expensive for them to afford.

This was the picture as we entered 1958. At this time, some 894 urban renewal projects have been inaugurated, involving displacements for several thousand families.

We must find out what, if anything, urban renewal has done for the thousands of families displaced, whether they are housed in decent, safe, sanitary housing, or whether they have been forced to overcrowd other areas, thus unwillingly promoting rather than alleviating urban blight.

Another failure of the title I program has been the practice of building projects in a patchwork pattern without overall planning.

Although the law requires a finding before approval that a proposed project "conforms to the master plan," the truth is that in New York City there is no master plan. The result has been a patchwork pattern of urban renewal. The effect of one project is often the deterioration of an adjacent neighborhood caused by the influx and overcrowding of persons displaced by the project.

The function of urban planning should be removed from private sponsors whose principal concern is in maximizing profits. In the past sponsors have decided where it would be advantageous to build a subsidized project and then proceeded to obtain the approval of various city agencies.

Comprehensive master plans are necessary, and they should be based on an evaluation of citywide housing needs after consultation with residents of the communities affected. Where real master plans do not exist, the Housing and Home Finance Agency should no longer indulge in the fiction that they do.

Congress must determine if title I projects have been proposed for areas most in need of urban renewal and if cities actually have master plans, and if not, why not.

Beyond investigating the failures in administering the program—high cost housing, incompetent sponsorship, improper relocation procedures, inadequate city planning—Congress should study whether the title I program is designed to meet the need.

New York City provides a graphic example of how title I has failed to eliminate slums and provide the necessary housing.

New York's housing shortage is today conservatively estimated at more than 400,000 units; the same shortage as was shown by the 1950 census. There is general agreement among officials of the city that an annual construction rate of 45,000 to 50,000 in new accommodations is needed. Yet, an average of only 20,000 to 25,000 units, including title I units, have been constructed each year.

Between 1949 and 1959, a total of 350,000 dwelling units were completed in the city. Between 1954 and 1959, about 135,000 of these units were constructed, but only 20 percent—most of this in public housing—could be considered low- or middle-income housing. Demolitions are largely low-rent; but, as I have pointed out, the new housing, with the exception of public housing, is in the luxury class. Most of the new urban renewal housing in New York City rents for $50 a room or more. Private capital is not building housing for people who need it.

In April 1958, the New York City Planning Commission conducted an analysis of new rental projects, including title I, in the inventory as of that date. The analysis revealed that the rental range of these new projects was $75 to $325 per month for units generally too small for family occupancy. In all of the New York boroughs monthly rents for new rental units ranged between $75 to $175 per month. Only 16 percent of the new private dwelling units completed in Manhattan in the first quarter of 1958 were available at rents below $125 a month, and only 12 percent were available in this price range in the remaining boroughs of the city. This does not provide housing for low-income and middle-income families.

Perhaps at this point it should be noted that there is a considerable variation of opinion as to what constitutes low- and middle-income housing. This is understandable, in view of the diversification of costs and living standards from city to city, and section to section. Nevertheless, within each particular area there is a distinct difference between low-cost housing and luxury-type housing. There is a group of families in every community whose incomes are too high for public housing, but not high enough for the high-priced accommodations which private developers find it most profitable to build.

After an exhaustive study, the New York State Task Force on Middle Income Housing concluded that middle-income housing constitutes the housing with rentals or cooperative housing charges that are above the cost of public housing but below that offered by private enterprise with no Government help.

More specifically, the task force found, it is rental housing with rentals ranging from $17 to $29 a month per rental room, or cooperatives with a $300 to $850 sales price per room and the same $17 to $29 per month room rental carrying charges.

The task force further concluded that unaided private enterprise, despite the best efforts of capable developers and builders, cannot be built at the present at a rental rate of less than $30 to $40 per rental month per room, depending upon the type of construction and central location.

It is clear, therefore, that in New York City, with the high cost of construction and financing, urban renewal private housing at rents ranging up to $325 per month is primarily for upper-income families and does not house those most in need.

Congress must determine if the title I program has added to the total number of housing units available. Has the supply of housing increased in our cities? Are more people being housed or fewer? Is title I helping to solve, or make worse, the whole housing situation?

If the citizens of the United States are to pay the costs of renewing and revitalizing the Nation's urban centers, then the majority of the citizens should reap the benefits—not a minority of high-income families and investors and developers.

Some of the most vocal antagonists of Government aid to housing in the form of low-rent public housing are the very ones who benefit from the aid which makes urban renewal possible. And they are largely responsible for a valid criticism of urban renewal programs—that redeveloped areas house the very poor in public housing and the very rich in luxury apartments.

For more than a decade title I, tax funds, the condemnation powers of Federal, State, and local government have too often served not people, not the poor, not the needy—but those who keep Cadillacs and those who need special space for their Rolls Royce automobiles; and they have too often served not to increase the amount of housing available but to yield million-dollar-a-year profits.

Whether or not a Member of Congress agrees with the concept of Government aid to make available more private housing in the low- and middle-income ranges, every thinking Member of this body must realize that we cannot afford to abandon the cities to the rich and the poor. We must make the cities—the nerve centers of our progress and our life as a nation—desirable places in which to live, work, and play. We cannot do so if we do not redevelop our worn-out neighborhoods to accommodate a cross section of the population.

This urban renewal can do; this is what urban renewal was intended to do; this is what the federally supported program must do. This is what the Congress of the United States must see is done.

FURTHER MESSAGES FROM THE PRESIDENT

Further messages in writing from the President of the United States were communicated to the House by Mr. Ratchford, one of his secretaries.

ESCAPE CLAUSE OF THE TRADE AGREEMENTS ACT

The SPEAKER pro tempore. Under previous order of the House, the gentleman from West Virginia [Mr. BAILEY], is recognized for 60 minutes.

Mr. BAILEY. Mr. Speaker, nearly 2 weeks ago the administration of the escape clause of the Trade Agreements Act came under strong criticism in this House. Some 15 Members expressed

themselves as dissatisfied with the Trade Agreements Act, principally because of the failure of the escape clause to carry out the purpose for which it was enacted by Congress in 1951.

Last week about 70 Members called attention to the plight of the textile and other industries in the face of relentless low-cost import competition. The escape clause has failed to come to the rescue of the many industries that have come under heavy pressure from imports.

Little wonder that the tide of opposition to the trade agreements program is rising. The continuing failure of the remedy to provide relief, such as has been promised many times, will turn this tide of opposition into a torrent that may sweep the whole program away.

Mr. Speaker, the treatment of the escape clause by its administrators completely escapes my understanding. The purpose of the clause is certainly clear and simple enough. It is nothing more nor less than that of providing added protection by way of a tariff increase or an import quota if an industry or a segment of it is seriously injured or threatened by increased imports resulting in part from a previous tariff reduction. This simply means that a mistake was made when the tariff was cut, either by cutting it at all or by cutting too deeply; or that developments unforeseen at the time led to heavier imports than anticipated; and that to correct such error or effects of the unforeseen developments, relief should be extended to domestic producers suffering from the increased imports.

This relief could take the form of withdrawing the concession so that the previous duty would be restored; or modifying the concession by restoring a part of the duty cut. The relief could also take the form of an import quota, or a tariff quota, under which a higher rate would apply to all imports in excess of a stated quantity.

The whole question revolves around the fact of serious injury or threat of such injury. The remedy for such injury or threat, will then be a question of what it would take to bring relief.

The law lays down certain criteria to be considered by the Tariff Commission, which is the agency set up by Congress to give it assistance in carrying out its responsibility for regulating foreign commerce and making the tariff.

The intent of the law is clear. The very purpose of an escape clause in a trade agreement is to provide a way out when unintended results occur after an agreement is made.

May I ad lib at this point to say that I happen to be the author of the escape cluase written into the Trade Agreements Act in 1951. It seeks to undo an injustice or an inequity. This purpose has been supported by the executive branch itself in numerous statements.

The countries that are parties to our trade agreements also fully understand the purpose of the escape clause.

What then is the difficulty?

Mr. Speaker, I think this will be found to be twofold. The worst bottleneck, or call it the worst stumbling block, has been the White House. From the results of the escape clause cases it would be reasonable to conclude that the White House has not been in sympathy with it in spite of the successive Presidential statements. These have been made repeatedly in the past 27 years to the effect that the trade agreements program was not to jeopardize or seriously injure American industry.

This means that something has been interposing itself between Presidential promises and Presidential performance. I do not think we have very far to look to find the culprit. The State Department makes a recommendation on every escape clause recommendation that goes to the White House from the Tariff Commission. That is where the Presidential promises to the American public and to the Congress are scuttled. Let the State Department deny it if they can.

The result has been an overwhelming rejection of Tariff Commission recommendations at the White House. Since 1950 the President has turned down two cases out of every three sent to him by the Commission. This does not represent compliance with the promises and assurances given over the years.

I said that the difficulty is twofold. I should say that in the past 2 years the difficulty has been double-barreled; because the majority of the Tariff Commission has accepted the State Department view. Since January 1959, or in more than 2 years, only two recommendations have come out of the Tariff Commission; and of these two, one was an equally split decision. The other one, accepted by the President, was on a minor item of commerce—cotton typewriter ribbon cloth. During that same period the Commission failed to find injury in 22 cases; 16 of these negative decisions were unanimous.

The net outcome under the escape clause in the past 27 months stands as follows:

Number of cases	24
No injury found by Tariff Commission (16 unanimous)	22
Injury found	2
Accepted by President	1
Rejected by President	1

In the 2 cases in which injury was found by the Commission one was unanimous; the other was a 2–2 decision.

Of the total of 24 cases processed by the Commission in the past 27 months injury was indeed found by two members in 7 cases and by four members in one case, for a total of 8 cases. In 6 of these 8 cases the vote was, however, 4–2 in the negative. A finding of injury must be by a majority or a tie vote if the case is to go to the President.

In summary, the majority of the Commission found no injury in 22 out of 24 cases since January 1959.

This represents an almost complete plugging of the escape clause.

The question arises, Why do we bother to legislate? Is Congress to be taken so lightly that its intent can be nullified by legalisms and hair-splitting interpretations that make a mockery of the clear intent and spirit of the law?

In the most recent case, one having to do with tennis rackets and frames, the majority of the Commission voted to dismiss the case. The vote was 4 to 2.

It is desirable that the Congress look into what is happening to its law, the escape clause. Something is happening that makes of Congress a mere bystander rather than the regulator of our foreign commerce.

Let me quote from the minority finding in the tennis rackets case. This will throw some needed light on the trouble with the escape clause:

> Between 1956 and 1960 imports of tennis rackets and frames increased 127 percent whereas domestic production declined 21 percent and sales of domestic rackets fell 14 percent. In 1960 imports were equivalent to 204 percent of domestic production, compared with 71 percent of domestic output in 1956. In 1960 domestic producers supplied only 33 percent of total U.S. consumption compared with 57 percent in 1956. Producers' year-end inventories in both 1959 and 1960 were substantially higher than in other recent years. The number of production workers at domestic plants was 38 percent less in 1960 than in 1956; over the same period man-hours declined 30 percent and total wages decreased 19 percent.

In the face of these facts, the majority of the Commission still was unable to find that the industry had been seriously injured.

The majority report of the Commission, on the other hand, said:

> The investigation was dismissed because of the failure of domestic producers to furnish adequate financial data in respect of their operations involving the production of tennis rackets and frames.

Mr. Speaker, the escape clause does not confine the occurrence of serious injury to the financial conditions of the manufacturers but adds others, some of them more important than the profit-and-loss statements. One of the most important of the criteria of injury is reduction in employment and production. Another important criterion is a decline in the proportion of the domestic market supplied by domestic producers; and there are others.

These elements were ignored by the majority of the Commission, presumably because it was unable to obtain the financial data it sought. In this way the workers are made to pay the penalty for the sins, if any, of the companies.

The criteria in the escape clause are independent of one another. They do not all have to be satisfied. If the financial condition of the operations cannot be ascertained there still remain other criteria that, if satisfied, reflect serious injury.

I should also call attention to the light that this case throws on the difference in treatment of domestic industry when a peril point finding is made, on the one hand, and when an escape clause investigation is made, on the other.

Under the peril point finding, which is made before a trade agreement is entered into, no financial data are called for from the industry. This is done only under the escape clause. The peril point finding is to determine whether a tariff can be cut and how much, without causing serious injury. The escape clause is for the purpose of granting a remedy

if the duty had been cut too deeply. It is much more difficult to make a case under the escape clause than under the peril point.

This is not the fault of the law. It is a matter of administration. It should actually take more time to find the peril point, because there are no guidelines. Under the escape clause there are not only criteria but a history of experience. After a tariff reduction, for example, certain things will have happened. Imports will perhaps have increased. Domestic production may have declined; employment may have suffered. These things are usually a matter of record and can be weighed. Under the peril point on the other hand, a forecast is made, subject to testing by facts in the future. There is no record of performance. Can the tariff be cut some specified amount without causing serious injury? That is the question and it is a difficult one; but under the administration of the law the peril point investigation is not much more than a formality. Tariff items are run through like cattle through a chute.

The escape clause is there to correct the errors committed by this slipshod method of finding the peril point. Last summer the Tariff Commission gave about 3 months to the hearings on peril points on more than 2,000 items.

Should all of these items come back for an escape clause investigation, item by item, it would take from 15 to 20 years to make the necessary findings by the Tariff Commission.

This is perhaps in part the fault of the law, since criteria are not spelled out under the peril point. In greater part the difference, however, comes from attitude toward tariff cutting as compared with attitude toward granting relief from injury. The freetraders strain at the leash to cut tariff but are reluctant dragons when it comes to providing a remedy under the escape clause.

Mr. Speaker, there is no doubt in my mind that the escape clause has been virtually sabotaged by its administration. It has been twisted almost beyond recognition. Its purpose, which is to give relief when a tariff reduction backfires, seems to be forgotten or ignored. Congress has legislated to no avail. We should take a long look before we again entrust the executive with so much power; and we should also pay more attention to the treatment given the laws we pass here by the agencies set up by us to administer them, especially if the executive branch is not in sympathy with the objective of the particular law.

When we give the appointive power to the President in a case of this kind we weaken the continued hold of the Congress in a field where we should be supreme under the Constitution, as in the regulation of our foreign trade. This is all the more reason why we should be concerned when the White House overrules the Tariff Commission.

From the record it looks as if the Commission were a creature of the Presidency rather than of the Congress. They seem to be guided much more, so far as the Commission majority is concerned, by the power that makes the appointments than by the power that created the Commission itself.

This is not a satisfactory state of affairs; and serious thought should be given to changing it.

Mr. BRAY. Mr. Speaker, will the gentleman yield?

Mr. BAILEY. I yield to the gentleman from Indiana.

Mr. BRAY. Mr. Speaker, I want to compliment the gentleman from West Virginia and join with him in his attempt to aid American labor and business from unfair foreign competition. I want especially to call attention to the fact that very little has been said about the part played by imports in the present recession. The deep-thinking economists of this country ignore imports almost completely.

They succeed in this by deserting their position of a few years ago when they said that foreign trade was very important. Now they suddenly minimize the importance of imports. Exports, of course, are still important, or must be made to appear so.

How is this effect accomplished?

Mr. Speaker, the economists' hand is quicker than the public's eye. His skill at manipulation is not to be laughed at. Busy people are rather easily fooled because they do not have time to examine the so-called facts and figures that come to them in newspapers or over the air.

When the economist is bent on minimizing imports he looks for something big to compare them with; not something sensible. He will not say that the imports of tennis rackets have captured two-thirds of our market; or that imports of watches have reduced the number of our manufacturers to a total of three or four; our sewing machine manufacturers down to one; or that in one industry after another from 10 percent to a half of the domestic market has been swallowed by imports. That would be too shocking. That would hit too close for comfort.

No. When they want to reduce something to insignificance they look for something gigantic by which to measure.

In the case of imports they hit on the gross national product. This is around $500 billion and includes anything that you can think of.

Imports were roughly $15 billion in 1960. This is a respectable figure by any measure. It is twice as high as our Federal budget 25 years ago; but if you compare it with the distance to the stars it pales into insignificance. Therefore, by all means, compare it with something big if you want to minimize it. So it is now the custom to compare our imports with the gross national product. Imports of $15 billion are then only 3 percent. Now 3 percent is even less than savings banks pay on savings deposits and that is pretty small.

If we are to compare what looks like peanuts we would do better to compare peanuts with peanuts rather than with elephants. That would be more honest and would put things into better perspective.

This stratagem of shrinking imports in order to minimize their impact may go on at the same time that exports are given the opposite treatment. This is done in one of two ways. One is to say that in 1960 our exports piled up a surplus of $5 billion over imports. The other is to say that in 1959 we exported 40 percent of our wheat, 42 percent of our rice, 41 percent of our raw cotton, and so forth.

Both devices make exports look important and healthy. At the same time they make no mention of the fact that in order to sell wheat abroad our Government subsidizes exports about 65 cents per bushel, or that raw cotton exports are subsidized about 25 percent of their value, or about 8 cents per pound. They do not add that between cotton and wheat exports the U.S. Treasury coughed up over $500 million in 1960. That would not look good; so the economist who believes in free trade, says nothing about it. He hopes that the busy public will not have time to check his facts.

Now let us look a little more closely at this comparison of imports with the gross national product.

So that we will not be comparing peanuts with elephants, the first thing we should do would be to remove from the gross national product, usually called the GNP, the fat that is present in it but not present in the import figures.

Import values are wholesale values at the foreign point of exportation. They include none of the middlemen's markups, such as wholesalers, jobbers, and retailers. The prices are therefore rockbottom.

The gross national product, as already noted, contains many items beside labor, materials, and overhead that make up the cost of manufactured products.

For example our gross national product of $503 billion in 1960 included $69.7 billion that was taken in by wholesale and retail distributors; $45.1 billion in indirect business taxes; $50.2 billion in payment for services, professional and commercial; $43.6 billion of depreciation; and other items such as Government enterprises. The grand total amounted to $366.3 billion.

If these items are taken out we are left with $143.4 billion as representing the value of our manufactures of durable and nondurable goods, agricultural production, forestry, mining, and fishery products.

If we compare imports with that figure they come to more than 10 percent.

Since some of our production experiences very little import competition, such as wheat, raw cotton—because of strict import quotas—and until recent years, automobiles, steel, and other heavy items, import competition with other products was necessarily much heavier than 10 percent; for that was the average.

This is not the full story yet, Mr. Speaker.

The $15 billion import figure does not tell the whole story of the competitive impact delivered by the physical volume of goods represented by the $15 billion.

As already noted, this $15 billion represents the price of imports at the point of origin, not in the United States. We know that generally foreign prices are

distinctly below ours. The $15 billion figure would grow considerably if the goods it represented were valued on the American basis. It would jump possibly to $25 or $30 billion.

Let me give an example of this.

In 1960 the U.S. imports of shirts were valued at approximately $14 million.

Now, in this country the factory cost of a shirt would be in the neighborhood of $2.

From this figure it might be calculated that the $14 million in imports in 1960 would have represented only 7 million shirts. That would have been the case if the Japanese shirts had cost as much to produce as American shirts.

How far this calculation would have been wide of the mark can be appreciated when I tell you that the import figures show that the $14 million of imported shirts paid for 2 million dozen shirts or 24 million shirts instead of 7 million shirts.

To put it another way, if these 24 million shirts had been made in this country their factory value would have been $48 million, whereas the imports were valued at only $14 million.

If the 24 million imported shirts displaced that many American shirts the loss to our shirt manufacturers was $48 million and not $14 million, which was the value of imported shirts.

It goes without saying that not all imports are as low priced as are the imports of shirts; but many of them are, particularly if they come from the Far East.

If our total imports of $15 billion were as low priced as the shirts this figure would jump to $50 billion in terms of domestic goods displaced.

This is unquestionably an exaggeration. Some of our imports are composed of products that are not produced in this country, such as coffee, tea, tin, and so forth. Nevertheless that the figure of $15 billion would swell to $25 billion in terms of American goods displaced would not seem too far out of the range of probability.

This would more than swallow the $4 to $5 billion in the nominal dollar surplus of our exports in 1960.

If we look on our exports in terms of import values we would have to shrink our total export figure. In the case of shirts, if we had exported $14 million worth, the quantity would have been about 7 million shirts compared with imports of 24 million shirts for the same price.

Yet, our economists persist without sound sense in assuming that if we have exports of $15 billion and imports of $15 billion, our foreign trade is in balance. In terms of man-hours worked the imports would, if produced in this country, far outrun the man-hours required to produce the $15 billion in exports.

Mr. Speaker, I fully appreciate what the gentleman from West Virginia [Mr. BAILEY] has said about the escape clause. It has been a full-blown farce so far as carrying out the intent of Congress is concerned; and it is unrecognizable as the instrument that has so frequently been referred to by Secretaries of State as a remedy against serious injury.

I was not aware that the record of the Tariff Commission over the past 2 years was as nearly a complete denial of relief as the gentleman from West Virginia [Mr. BAILEY] has stated. Only two cases sent to the President out of 24 is either a miserable record and completely unjustified, or American industry has been badly misled into believing that it is seriously injured when it is in fact in good shape.

Mr. Speaker, I do not believe that our industries are so anxious to have their pleas rejected by the Tariff Commission that they keep coming on for more sure rebuffs if they do not in all sincerity believe that they have a good case.

I cannot avoid the conclusion that something is badly out of kilter and crying for correction when the record of performance under the escape clause so badly flouts the assurances of our several Presidents and more numerous Secretaries, Under Secretaries and Assistant Secretaries of State, and other Cabinet officials during the past quarter century, to the effect that no industry was to be seriously hurt by the trade agreements program. If unfortunate experiences did arise, they said the escape clause would offer a sure remedy.

The horrible record of performance is not yet widely known. Somehow it seems impossible to get it before the American people. Much the same difficulty is experienced here as with the import-export figures. Just as we keep hearing that we are enjoying a surplus in our export of goods, without qualifying explanations, we continue to read that the Trade Act has safeguards to prevent the destruction of our industries.

All that I can say is that Congress has legislated to this end but that the will of Congress has been flouted. I say it is time that we insist on both the execution of the law and also that import-export figures be given out in their true makeup and meaning.

Mr. HARDING. Mr. Speaker, will the gentleman yield?

Mr. BAILEY. I yield.

Mr. HARDING. I am happy to hear my distinguished and dedicated friend, the gentleman from West Virginia, mention the fate of the coal miners. We know how tirelessly he has labored in the Congress of the United States in their behalf. I was wondering if he was aware of the fact many of the electrical companies that have formerly used coal in generating electricity are now using oil and gas? I am aware of one large electrical company in my area that formerly used hundreds of thousands of tons of coal, and have switched over completely to the use of gas and pitch.

Does my good friend from West Virginia know if any of this gas and pitch is being imported?

Mr. BAILEY. I would like to say to the gentleman he is raising a question here that must be settled by this Congress and should be settled in this session of the Congress. If the gentleman will bear with me I will take 1 minute to explain what the situation is. Some 10 or 12 years ago American capital went into Canada in four Provinces of the Dominion of Canada, Alberta, Saskatchewan, Manitoba, and British Columbia. They were in search of reserves of natural gas. They spent several million dollars surveying the area and came up with a report that they had located 6 trillion cubic feet of natural gas reserves. They had no market for this gas, so they could not begin development of their reserves in Canada until they could find a market. What happened? They used the same method that the oil companies of Venezuela used to raid the coal markets of my State of West Virginia, by importing cheap residual oil.

What did these Canadian gas people do? These Canadian corporations applied to our United States Federal Power Commission for a certificate of convenience to enable them to build an 18-inch gas line from the Canadian border to Butte, Mont. For 40 years West Virginia coal has fueled the Anaconda Copper Co. at Butte. Today that plant is being fueled by cheap Canadian gas coming in from Manitoba, and it is on the free list.

Let me remind the young gentleman that he is new in Congress. Three years ago when they got that certificate of convenience from the lousy Power Commission—and I say that advisedly—when they got that they were not satisfied and they have gone back to that same Power Commission and have secured six more grants, four of them for gas to come in from Canada on the free list, and two more grants for Mexican gas to come into the United States on the free list.

Today we have authorized through this Federal Power Commission 1,257 million cubic feet of natural gas to come daily into the United States legally, and every cubic foot of it is on the free list.

The next day after the Tariff Commission ruled in 1957 in favor of granting this certificate of convenience to build this gas line I tossed into the hopper of the House of Representatives a bill declaring natural gas a liquid fuel subject to an import duty of 5 cents on every thousand cubic feet coming into the United States, but I have not been able to secure a hearing before the Ways and Means Committee. I have introduced a bill each year, and each year I have been turned down flatly.

What is the situation? The State Department immediately notified the Ways and Means Committee: You cannot have this kind of legislation that the Congressman from West Virginia is proposing; you are going to violate an international trade agreement.

We went further at Geneva in 1947 and entered into a trade agreement with the Dominion of Canada by which we put gas on the free list because there were no imports of gas. That is true, there was not any import of gas in 1934, but gas is being imported today. They were so anxious to protect this international trade agreement with Canada, they were not honest with the American people. As a result of this trade agreement we are forced to pay 50 cents a ton import duty before we can offer a ton of West Virginia coal for sale in the Dominion of Canada. If you think the

Congressman from the Third District of West Virginia is going to keep quiet over such rank discrimination you just do not know the Congressman from the Third West Virginia District.

What allows that discrimination to continue? The failure of the representatives of the coal-producing States to get a hearing before the Ways and Means Committee. I wonder, Mr. Speaker, if we did not liberalize the wrong committee when we opened this session. Maybe we should have worked on the Ways and Means Committee instead of the Rules Committee.

Mr. CONTE. Mr. Speaker, will the gentleman yield?

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

Mr. CONTE. I dislike to disagree with the distinguished Congressman from West Virginia who has been most conscientious and thorough in his study of this subject matter but I must disagree with him and with my colleague from Idaho in regard to the importation of residual oil.

During the Eisenhower administration he issued a mandatory restriction on the amount of residual oil that could be imported into the United States. About 90 percent of this residual oil comes from the country of Venezuela. About 80 percent of the residual oil that is imported into the United States is used in New England. President Eisenhower placed a mandatory restriction on the residual oil that could be imported under the guise that this was in the interest of national security, that by cutting down on foreign residual oil it would spur production of domestic residual oil. This order has been in effect since March of 1959 and today's statistics show that the production of domestic residual oil has declined.

At the same time, the President's order has cut down the amount of residual oil coming into the country. Therefore the demand exceeds the supply and we are caught in a price bind. What is happening is that we are finding in New England that the price of residual oil has gone up considerably. This has hurt our industries, and we are in the same plight as the coal industry in West Virginia.

Mr. BAILEY. If the gentleman will stop talking a minute, I will educate him on that situation, if he will listen to me.

Mr. CONTE. We had a hearing, as the gentleman knows, in the Department of the Interior. I strongly feel that some of the coal producers and some of the domestic oil industry formed a coalition to put through this mandatory restriction on crude and residual oil to the detriment of industry, the hospitals, the big apartment houses, and the people of New England. If we were to cut out all of the import of residual oil into New England tomorrow it would increase the production of coal about 2 percent. It would not put one man back to work in either West Virginia or Pennsylvania.

Mr. BAILEY. The mandatory quota put on by President Eisenhower was put on there at the request of the people who are being injured by the importation of residual oil, not crude oil.

Let me explain to the gentleman that where they produce all of this oil down in Venezuela they have a cracking system, sort of a quasi-refinery, by which they take out the potential gasoline qualities, they take out the lubricating oil potentialities, and what is left is a residue called residual oil. The quota applied to that type of oil. It is taking away the soft coal markets. The markets that soft coal had with industries making electricity and big manufacturing plants. The Representatives from Massachusetts, including your two Senators, stated to the effect that it was hurting the domestic users of oil in New England and costing more to operate your school systems, but that is not the type of oil we are talking about.

Mr. CONTE. It certainly is.

Mr. BAILEY. None of that is used in homes. It is not a good enough type of oil. You fooled Mr. Udall into giving you an increased import of residual oil to benefit the big oil companies that are taking the markets away from soft coal. It is not the kind of fuel the gentleman is talking about.

Mr. CONTE. I am sorry to disagree with the gentleman. That is not so. This residual oil we are importing from Venezuela is used by our big electrical plants; it is used by our hospitals.

Mr. BAILEY. It would not be fit to use in hospitals, and do not create that impression on the floor of the House. That is not true.

Mr. CONTE. It is used in our hospitals, it is used in our apartment houses.

Mr. BAILEY. The gentleman is talking about fuel oil, not about residual oil.

Mr. CONTE. I am talking about residual oil imported from Venezuela which is too costly to produce here in the United States. Your real enemy is not the producers of residual oil, your real enemy is natural gas. If our industrial plants, hospitals, apartments stop using residual oil they will convert to natural gas. You are not going to get them to convert to soft coal. It would be impracticable to revert to coal.

Mr. BAILEY. The gentleman is sold on that idea, and there are no facts I could present to convince him differently.

Mr. CONTE. We can back up our facts with figures. I will be glad to show the gentleman after this debate, in my office, where this residual oil that is imported from Venezuela is used in our industries, our apartment houses, and hospitals in New England.

Mr. BAILEY. I am insisting, may I say to the gentleman from Massachusetts, that that is not the type of oil you use for that purpose and I will take the trouble to prove it to the gentleman.

I have a few more remarks of my own to make. If the gentleman wants to debate this matter on the floor of the House, I will be glad to accommodate him, but not today.

I regret very much to say that last week when the textile people, approximately 70 Members of the Congress, were attacking the Reciprocal Trade Agreements Act, I was unable to be present because I had not asked time previous to the start of the 2-hour special order. I would have liked very much to have joined in the effort of those textile people to remind you that when we renewed this reciprocal trade agreement in 1958 we gave President Eisenhower, over my protest and over my vote and the vote of a lot of the Members of this House, authority to further reduce the American import duty by 20 percent. Nothing has been done up to the present time, but right now we have 666 employees of the State Department and the Commerce Department over in the city of Geneva trying to work out with the Common Market countries, six of them, in western Europe some kind of an adjustment of our trade agreement so that we will be permitted to continue to send $3 billion of exports into those six countries. They are now also dealing with the seven-country group in Europe represented by England.

Now, what is the State Department proposing to do over there? They have taken with them to Geneva 2,052 other American articles that are now not on the foreign competition list enough to set up a case of injury. If any appreciable number of them is applied to the textile industry, you are going to keep closed not only the one-third that are now closed, but you will probably close another one-third of the mills, because they have 14 textile items over in Geneva to trade in, and that means that you are going to have on more than half of your textile items manufactured in this country a reduction in tariffs.

I am mentioning this, Mr. Speaker, because I want to recall to the House that on the opening day of this session I introduced House Concurrent Resolution 4 declaring it to be the sense of the Congress that there be no further reduction made in any American import duty during the life of the present trade agreement which expires on June 30, 1962. If we can pass that concurrent resolution, we can tell the State Department to wire the boys over at Geneva to come home; that we are not going to do anything about further messing up our trade agreements until we write a new reciprocal trade agreement in the next session of the Congress.

Now, let me give you a little history of House Concurrent Resolution 4. I was told when I introduced it, as I was told when I introduced a similar resolution last year, that I could not get a hearing before the Committee on Ways and Means. This year the chairman of the committee said, "If you get 100 cosponsors we will hear you." Today I have 73 cosponsors of House Concurrent Resolution 4. I should like to get you gentlemen to join me in getting the 100 and, if he would like, to go with me and wait on the Committee on Ways and Means so that we can get something done.

REORGANIZATION PLAN NO. 1, 1961—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. 146)

The SPEAKER pro tempore laid before the House the following message from the President of the United States; which was read and, together with the

accompanying papers, referred to the Committee on Government Operations and ordered to be printed:

To the Congress of the United States:

I transmit herewith Reorganization Plan No. 1 of 1961, prepared in accordance with the Reorganization Act of 1949, as amended, and providing for reorganization in the Securities and Exchange Commission.

This Reorganization Plan No. 1 of 1961 follows upon my message of April 13, 1961, to the Congress of the United States. It is believed that the taking effect of the reorganizations included in this plan will provide for greater efficiency in the dispatch of the business of the Securities and Exchange Commission.

The plan provides for greater flexibility in the handling of the business before the Commission, permitting its disposition at different levels so as better to promote its efficient dispatch. Thus matters both of an adjudicatory and regulatory nature may, depending upon their importance and their complexity, be finally consummated by divisions of the Commission, individual Commissioners, hearing examiners, and, subject to the provisions of section 7(a) of the Administrative Procedure Act of 1946 (60 Stat. 241), by other employees. This will relieve the Commissioners from the necessity of dealing with many matters of lesser importance and thus conserve their time for the consideration of major matters of policy and planning. There is, however, reserved to the Commission as a whole the right to review any such decision, report or certification either upon its own initiative or upon the petition of a party or intervenor demonstrating to the satisfaction of the Commission the desirability of having the matter reviewed at the top level.

Provision is also made, in order to maintain the fundamental bipartisan concept explicit in the basic statute creating the Commission, for mandatory review of any such decision, report, or certification upon the vote of a majority of the Commissioners less one member.

Inasmuch as the assignment of delegated functions in particular cases and with reference to particular problems to divisions of the Commission, to Commissioners, to hearing examiners, to employees and boards of employees must require continuous and flexible handling, depending both upon the amount and nature of the business, that function is placed in the Chairman by section 2 of the plan.

By providing sound organizational arrangements, the taking effect of the reorganizations included in the accompanying reorganization plan will make possible more economical and expeditious administration of the affected functions. It is, however, impracticable to itemize at this time the reductions of expenditures which it is probable will be brought about by such taking effect.

After investigation, I have found and hereby declare that each reorganization included in the reorganization plan transmitted herewith is necessary to accomplish one or more of the purposes set forth in section 2(a) of the Reorganization Act of 1949, as amended.

I recommend that the Congress allow the reorganization plan to become effective.

JOHN F. KENNEDY.

THE WHITE HOUSE, *April 27, 1961.*

REORGANIZATION PLAN NO. 2, 1961—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. 147)

The SPEAKER pro tempore laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, referred to the Committee on Government Operations and ordered to be printed:

To the Congress of the United States:

I transmit herewith Reorganization Plan No. 2 of 1961, prepared in accordance with the Reorganization Act of 1949, as amended, and providing for reorganization in the Federal Communications Commission.

This Reorganization Plan No. 2 of 1961 follows upon my message of April 13, 1961, to the Congress of the United States. It is believed that the taking effect of the reorganizations included in this plan will provide for greater efficiency in the dispatch of the business of the Federal Communications Commission.

The plan provides for greater flexibility in the handling of the business before the Commission, permitting its disposition at different levels so as better to promote its efficient dispatch. Thus matters both of an adjudicatory and regulatory nature may, depending upon their importance and their complexity, be finally consummated by divisions of the Commission, individual Commissioners, hearing examiners, and, subject to the provisions of section 7(a) of the Administrative Procedure Act of 1946 (60 Stat. 241), by other employees. This will relieve the Commissioners from the necessity of dealing with many matters of lesser importance and thus conserve their time for the consideration of major matters of policy and planning. There is, however, reserved to the Commission as a whole the right to review any such decision, report, or certification either upon its own initiative or upon the petition of a party or intervenor demonstrating to the satisfaction of the Commission the desirability of having the matter reviewed at the top level.

Provision is also made, in order to maintain the fundamental bipartisan concept explicit in the basic statute creating the Commission, for mandatory review of any such decision, report, or certification upon the vote of a majority of the Commissioners less one member. In order to substitute this principle of discretionary review for the principle of mandatory review pursuant to exceptions that may be taken by a party, functions of the Commission calling for the hearing of oral arguments on such exceptions under subsection (b) of section 409 of the Communications Act of 1934 (66 Stat. 721), as amended, are abolished.

Inasmuch as the assignment of delegated functions in particular cases and with reference to particular problems to divisions of the Commission, to Commissioners, to hearing examiners, to employees and boards of employees must require continuous and flexible handling, depending both upon the amount and nature of the business, that function is placed in the Chairman by section 2 of the plan.

Section 3 of the plan also abolishes the "review staff" together with the functions established by section 5(c) of the Communications Act of 1934 (66 Stat. 712), as amended. They can be better performed by the Commissioners themselves, with such assistance as they may desire from persons they deem appropriately qualified.

By providing sound organizational arrangements, the taking effect of the reorganizations included in the accompanying reorganization plan will make possible more economical and expeditious administration of the affected functions. It is, however, impracticable to itemize at this time the reductions of expenditures which it is probable will be brought about by such taking effect.

After investigation, I have found and hereby declare that each reorganization included in the reorganization plan transmitted herewith is necessary to accomplish one or more of the purposes set forth in section 2(a) of the Reorganization Act of 1949, as amended.

I recommend that the Congress allow the reorganization plan to become effective.

JOHN F. KENNEDY.

THE WHITE HOUSE, *April 27, 1961.*

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. McGown, one of its clerks, 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. 4884) entitled "An act to amend title IV of the Social Security Act to authorize Federal financial participation in aid to dependent children of unemployed parents, and for other purposes."

COUNTEROFFENSIVE AGAINST THE COMMUNIST WORLD

The SPEAKER pro tempore. Under previous order of the House, the gentleman from Illinois [Mr. DERWINSKI], is recognized for 30 minutes.

Mr. DERWINSKI. Mr. Speaker, I ask unanimous consent to revise and extend my remarks, and to include extraneous matter.

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

There was no objection.

Mr. DERWINSKI. Mr. Speaker, the Cuban crisis, the suppression by Castro's Communist government of the revolution should, among other things, have driven home to all of us the worldwide nature of Communist activity. Cuba, Laos, South Vietnam, Berlin, the Congo, Iraq,

and many other nations are subject to Moscow-directed Communist manipulations, posing a severe threat to the free world.

It is noteworthy that former President Eisenhower, former Vice President Nixon, and Governor Rockefeller of New York express the determination of the present minority party to cooperate with the administration to present a united front against Communist aggression.

However, it is rather apparent that our State Department is unable or unwilling to develop an effective counteroffensive against communism. When I speak of this counteroffensive, I am referring to an information counteroffensive, in which we as a nation, leaders of the free world, could call attention to the basic weaknesses of the Soviet empire, its economic, social, and political failures. We should call attention to the economic, social, and political slavery that people behind the Iron Curtain and for that matter, any Communist or fellow traveler, must serve under in this structure of Red dictatorship.

We, in the House of Representatives, must aid our President, we must bolster our State Department, and provide a most effective vehicle for a counteroffensive against the Communist world by adopting one of the resolutions to establish a special House Committee on Captive Nations.

Through the hearings, studies, reports, and recommendations of this type of committee, we could expose to the world the imperialism and totalitarianism with which the Communists rule the Soviet Union and the satellite countries.

Mr. Speaker, at this point, under permission already granted, I insert an article entitled "Soviet Russian Colonialism" prepared by the Conference of Americans of Central and Eastern European Descent:

SOVIET RUSSIAN COLONIALISM

During the XVth Session of the United Nations General Assembly, the representative of the Soviet Union, Nikita S. Khrushchev, Chairman of the Council of Ministers of the U.S.S.R. proposed on September 23, 1960, that all colonial dependencies, trusteeship territories and other non-self-governing areas be given "complete independence and freedom in the building up of their national states in conformity with the freely expressed will and desire of their peoples."

We regret to say that the representatives of the great powers of the West either could not or would not take advantage of the opportunity that was presented by Khrushchev's proposal. Thereby a rare occasion was missed to turn the tables against this arrogant ruler by bringing up for discussion the vast Russian Communist colonial empire. Yet it was against the great powers of the West that the biting venom and vindictiveness of Khrushchev were directed, the very powers that are the only major obstacles in his way toward the establishment of a global Soviet state under the control of Moscow.

It was the smaller nations that valiantly rose to the occasion. With an admirable courage they strongly condemned Soviet Russian colonialism and imperialism. Among them were the representatives of such countries as Australia, Canada, Chile, Nationalist China and the Philippines, who denounced Russian imperialism and colonialism and let Khrushchev know that the best demonstration of his "policy of liberation" in Africa and Asia would be its application to the captive nations held in slavery by Moscow.

The second part of the XVth Session of the United Nations General Assembly resumed on March 7, 1961, does not contain on its agenda any discussion of colonialism. Nevertheless, it is imperative for the entire free world to be wholly familiar with the latest data and information on Russian colonialism so as to be fully prepared to cope with any and all attacks by the Soviet Union and its satellites against the free countries of the world. The occasion may well present itself, inasmuch as there is now a concerted drive among members of the United Nations to drop discussion of two important items on the agenda, namely, the question of Tibet and the question of Hungary. Both are considered by Moscow as "cold war" issues rather than violations of the Charter of the United Nations.

It is with these thoughts in mind that this memorandum is being submitted. Above all, we firmly believe that the issue of Soviet colonialism resulting in the enslavement of many nations of Europe and Asia is as important to world peace and security as the issue of colonialism in Africa and Asia.

I. RUSSIAN COLONIALISM IN COMMUNIST GUISE

While expanding its own colonial empire, the Soviet Union has succeeded in posing as a "champion of liberation" of the peoples of Asia and Africa. This was possible chiefly because Moscow succeeded in persuading a great number of statesmen throughout the world that Russian colonialism had disappeared with czarism, leaving the Soviet Union as a matchless collection of "happy peoples and nations" that are developing in freedom and economic prosperity under the benign care and protection of the "Big Russian Brother."

To discuss rationally the present-day Soviet Russian colonial empire, we must first realize the true nature of its composition. We must face the fact that the Soviet Union constitutes the largest, the most oppressive and ruthless colonial empire in history. Contrary to a popular superficial conception, it is not only the captive nations of Central and Eastern Europe that suffer from this "new type of colonialism." Inside the Soviet Union, the enslaved non-Russian nations, which for centuries have lived on the shores of the Baltic, in the Caucasus, on the Black Sea, in the Urals and Central Asia, are suffering under the heel of the same oppressor.

Immediately upon the establishment of the Soviet power, the Russian bolsheviks began expanding their areas of control. They adopted the despotic measures and techniques of the czars and improved them. The first victims of Russian bolshevik imperialism were the Ukrainians, Georgians, Armenians, Azerbaijanis, Byelorussians, and the Moslem peoples of Turkestan. These peoples had proclaimed their independence following the 1917 revolution in Russia. By 1921 they were incorporated by force into the Soviet Union, where to this day they have remained nominally independent members of the U.S.S.R. All theoretically possess a constitutional right to secede from the U.S.S.R. Actually, however, they constitute virtual colonies of the Soviet Union, which exploits their economic wealth, manpower resources and cultural riches for the benefit and expansion of its imperial domain.

By their treacherous agreement with Hitler the Russians occupied and annexed the Baltic States of Lithuania, Latvia, and Estonia in 1940, in spite of treaties of nonaggression, and in complete disregard of the Atlantic Charter reincorporated them at the end of the war. They have become colonies by the same token as are all constituent Republics of the U.S.S.R.

After World War II, Poland, Czechoslovakia, Hungary, Rumania, and Bulgaria came under Communist rule through forcible intervention of the Soviet Army and by internal violence and subversion directed and supported with armed pressure by the Soviet Union. This was done in flagrant violation of international treaties and agreements, signed by the U.S.S.R. with these states and with the Western Powers, guaranteeing their independence and their right to live under freely elected governments of their own choosing.

Oppressive Communist regimes were imposed by the Soviet Union in Outer Mongolia, East Germany, North Korea, and in North Vietnam.

It is immaterial whether the colonial status of a non-Russian captive nation was hidden behind the label of "people's democracy" or whether the land and the people were simply incorporated into the U.S.S.R. as a "Soviet Republic." The overriding fact is that all these peoples lost their independence and freedom, and that their military, administrative, economic, and spiritual wealth and resources in their entirety disappeared in the maw of Russian colonial expansion and territorial aggrandizement.

In all these captive nations the Russian Communists are directly or, through subservient puppets indirectly, exercising a supreme and unchallenged power that is ravishing the natural resources and spiritual values of these countries.

Ever since its conquest of these once-free and independent nations, Soviet rule has been characterized by the following features:

(1) Systematic genocidal destruction of the conquered peoples through mass executions, deportations, and forcible resettlement to Kazakhstan, Siberia, and other areas.

(2) Relentless Russification through the forcible imposition of the Russian language and the persecution of the non-Russian cultures, and through the liquidation of the non-Russian intellectuals and the true churches.

(3) Imposition of the Soviet economic system on the captive countries for the purpose of exploiting all national resources for the benefit of the U.S.S.R.

Some 10 years ago, the Honorable Dean Acheson, then Secretary of State, testifying before the House Foreign Relations Committee on June 26, 1951, made the following penetrating observation on Russian Communist imperialism:

"Historically, the Russian state has three great drives—to the west in Europe, to the south into the Middle East, and to the east into Asia. * * * The Politburo has acted in the same way. It carried on and built on the imperialist tradition. What it has added consists mainly of new weapons and new tactics. * * * The ruling power in Moscow has long been the imperial power and now rules over a greatly extended empire. * * * It is clear that this process of encroachment by which Russia has grown in the last 500 years from the Duchy of Moscow to a vast empire has got to be stopped."

It should also be recalled that in July 1959 the U.S. Congress passed by unanimous vote the "Captive Nations Week Resolution," which subsequently was signed by President Eisenhower and became Public Law 80-96. This resolution provoked violent protests on the part of Khrushchev and the entire Communist bloc, because the resolution correctly labeled the Soviet Union as an imperialistic power, which keeps some 22 non-Russian nations in subjugation and slavery.

President John F. Kennedy made known his views on the matter of the captive nations in his message to the Ukrainian Congress Committee of America, on November 4, 1960:

"I deplore the monolithic term often used by the Republican administration in Washington, 'Soviet nation' or 'Soviet people.'

In essence, it is contrary to the Captive Nations Weeks Resolution enacted last year. Its use implies that we condone the status quo of the Communist take-over of all the captive nations behind the Iron Curtain. I stated then, and I do now, that I adhere to the statement as contained in the Democratic Platform: 'we will never surrender positions which are essential to the defense of freedom nor will be abandon people who are now behind the Iron Curtain through any formal approval of the status quo.'"

It is regrettable that the Afro-Asian resolution on colonialism adopted before the close of the first part of the current XVth Session of the U.S. General Assembly was not broad enough to include also Soviet colonialism. If the United Nations, as Khrushchev proposed, is to be united in opposition to colonialism, it is then its solemn duty to combat Soviet Russian colonialism, the scourge of our time and our civilization as well.

II. U.N. INVESTIGATION OF RUSSIAN COLONIALISM

Upon instructions from Khrushchev, the Soviet delegation has been persistently attacking the West on the problems of the Congo, Laos and Cuba. These attacks are obviously intended to serve as a cover for Russian Communist machinations in the various parts of the globe, especially in the strife-torn Congo, which has been selected by Moscow as the foothold of Russian colonialism in Africa. The same policy of Moscow is being relentlessly pursued in Cuba, where Moscow has been gradually entrenching itself under the pretext of helping a deluded revolutionary in his alleged struggle against "American imperialism."

Recently G. Mennen Williams, Assistant Secretary of State for African Affairs, made a simple but profound statement to the effect that "Africa is for the Africans." Although it was denounced and criticized in certain European quarters, it was praised and promptly endorsed by President Kennedy. It is disheartening to note that in the West there is a double-standard operating with respect to the liberation of colonial and subjugated peoples. While the U.N. is almost unanimous in promoting the freedom and emancipation of the colonial peoples of Africa and Asia, it distressingly shies away from any tangible support of the captive and enslaved nations held in bondage in the Soviet totalitarian empire. Surely there should be no discrimination as far as the Communist-enslaved nations of Europe are concerned. Any policy which tends to negate or neglect the plight of these heroic peoples can only benefit Communist Russia, the enemy of all mankind, and dooms the newly emerged nations as well.

In view of the persistent attempts of the Soviet bloc in the United Nations to investigate so-called Western colonialism, we respectfully urge you and appeal to you, to propose at the United Nations General Assembly the following:

(1) That the United Nations should forthwith institute a full-scale investigation into the Russian Communist aggression in Albania, Bulgaria, Czechoslovakia, Estonia, Hungary, Latvia, Lithuania, Poland, Rumania, and Ukraine, as well as in all other captive non-Russian nations now held in bondage both within and outside the Soviet Russian Communist empire proper;

(2) Free and unfettered elections under United Nations supervision in all the captive nations which would give the opportunity to the enslaved peoples in these countries to make their choice between freedom, self-determination, and independence, on the one hand, and Russian Communist subjugation and colonial exploitation, on the other;

(3) That the United Nations General Assembly adopt a resolution calling for the withdrawal of Soviet occupation troops and secret police from all the captive countries and to return all the political deportees and exiles whom the Russians have deported to Siberia, and to allow them to resume their normal lives under freedom and democratic government, elected by the free people of these countries;

(4) Recognition of the fact that the Soviet Union is the most ruthless and oppressive totalitarian empire of our day, and that no peace and stability in the world is possible unless the Russian Communist threat is eliminated forever. This will be possible only after the liberation of all the captive nations held in slavery by the Soviet Union.

All humanity is now against colonialism of all types, shapes, and origins. A colony is a colony whether it is acquired as the result of oversea expansion or of overland aggrandizement. Soviet Russian colonialism, which proceeds by both covert and overt means, constitutes a unique menace to mankind.

The Western nations, on the other hand, have been gradually relinquishing their hold on the colonial peoples of Asia and Africa, and in doing so they are upholding the principles of the U.N. Charter. It is the sacred duty and the imperative task of the United Nations to go farther. It must exert a supreme effort to see that the principles of the U.N. Charter are applied everywhere. This course alone will achieve our ultimate objective: a durable peace, with free men living in dignity everywhere.

We witnessed in the observance of Captive Nations Week in 1959 and 1960, the extreme irritation which this caused the Soviet Government. We can, through this committee, rally the support of the free world in presenting, developing, and exploring the possibilities by which the peoples of Poland, Hungary, Lithuania, Ukraine, Czechoslovakia, Latvia, Estonia, White Ruthenia, Rumania, East Germany, Bulgaria, Yugoslavia, mainland China, Armenia, Azerbaijan, Georgia, North Korea, Albania, Idel-Ural, Tibet, Cossackia, Turkestan, North Vietnam, and other subjugated nations will once again enjoy free government in conformance with their historic desire, traditional cultural and religious convictions.

In these turbulent hours in international events, the House of Representatives must reaffirm its position of leadership and through the vehicle of this committee maintain the vigorous counteroffensive which is needed to roll back the tide of communism.

Communism enslaves everyone it touches. Its propaganda, however, utilizing such phrases as "people's democracy, peace-loving nations," and so forth, gives the delusion that they aid the downtrodden people, that they improve their standards of living, that they develop political, economic, and social freedoms. Communist propaganda has skillfully and successfully promoted this false notion.

Certainly we realize that a nation such as ours with its free enterprise system provides its people with the highest standard of living and truly free economic, political, and social conditions. In many parts of the Soviet Union, people are living under conditions as bad as primitive nations in other parts of the world.

Obviously, then, communism is a failure in an economic sense as well as failing to maintain any resemblance to freedom. Communism shackles the human mind, attempts to pervert man's respect and appreciation for his Creator. Communism rejects all religion and moral principles.

We in the free world have achieved the greatest economic, political, and social development man has ever known. We must, however, show the correctness, truth, and soundness of our position in contrast to the hypocrisy, brutality, and lack of progress which exists under communism. Therefore, this public relations counteroffensive is absolutely necessary. In what more effective way could we in the House assert ourselves than through the approval and effective operation of a committee on captive nations?

Incidentally, we can also display to the world through this committee the contribution that immigrants from nations presently enslaved by communism have made in developing the greatness of our Nation and other lands to which they have migrated. The United States, as a melting pot of all peoples, stands in contrast to the Soviet Union where national and religious groups are persecuted by central government. We can draw vast amounts of information and irrefutable facts from American citizens fully familiar with the tragedy of Eastern European nations and the captive peoples within the Soviet Union proper. Again, with these forces to support us, a special committee on captive nations has all the potential for complete success in this objective.

My appeal is entirely nonpartisan since these resolutions have been introduced and supported by dozens of members of both parties who have understanding of this fact—that the House of Representatives of the United States, through the special committee on captive nations, can contribute a most vocal force in tearing down the false image that Communist propaganda has created throughout the world.

Mr. PIRNIE. Mr. Speaker, will the gentleman yield?

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

Mr. PIRNIE. I should like to commend the gentleman for bringing before the House this subject which is so clearly in the mind of every Member at this particular time. I particularly refer to that portion of his remarks in which he indicated that there was a public relations aspect in international affairs. I am sure that we appreciate that the word "propaganda" has an unpleasant connotation. All we wish the people of the world to understand is the true facts with respect to the purposes of this Nation and our genuine concern for freedom throughout the world.

I assume that the gentleman feels that perhaps some of our ineffectiveness in the field of foreign affairs stems from our inability to send people to these nations to engage in activities and to share responsibilities who are capable of expressing our purposes in the language of the nations to which they go. I wonder if the gentleman does not feel that this body and this Nation should give greater attention to that need to see if we cannot have representatives capable of

getting closer to the individuals within these countries so as to move freely among the people expressing our aims and our purposes in their own language.

May I commend the gentleman for whatever he may do to stress that need and to bring before this body its responsibility.

Mr. HALEY. Mr. Speaker, will the gentleman yield?

Mr. DERWINSKI. I yield to the gentleman from Florida.

Mr. HALEY. I want to commend the gentleman for the statement he has made. He has clearly indicated, I think, that whenever a foreign policy has been established in this Nation, regardless of who may be in the White House, it behooves every loyal American to move in behind the Chief Executive of this Nation and back him. I think any difference of opinion we might have ought to cease at the water's edge of the United States.

I do want to call the gentleman's attention to this: I hope that in the future when a decision is made as to what the foreign policy is going to be and what we are going to do, all phases of operations and matters will be taken under serious consideration. I think one of the situations that has been very, very bad in this Nation for a good many years has been that the foreign policy of this Nation has not clearly been defined.

Mr. HALEY. In my opinion, many people in the Latin American countries today do not know what the foreign policy of the U.S. Government is. We should adopt a firm foreign policy and say—here is where we stand. Here is what we believe. Here is what our Government says is the policy. Let us stand behind that because one of the things, I think, that has weakened us in this Nation today and which has probably caused more concern in the other nations throughout the world is our failing to protect our own nationals wherever they may be. As I said on the floor of the House the other day, I think we ought to adopt a firm policy now and say to the people of the world that when our American servicemen, whatever may be their rank or status, travel abroad with official orders, or when our American citizens with official U.S. passports, having the official recognition of a foreign nation visit in that foreign nation, then the might of the United States will follow them. We should say to all of the nations on the face of the earth that we will protect our American citizens wherever they may go.

When we get back to that philosophy that made us a strong and powerful nation, then we will command the respect of the other peoples of the world. We have too long, I think, tried to buy the confidence and respect of the people of the world with American dollars. I say that you will never succeed in doing that. People either want freedom and will fight for it or they do not want it. Mercenary soldiers have never won a war or created a great nation, and they never will. I thank my colleague for yielding.

Mr. DERWINSKI. May I thank the gentleman from Florida and may I wrap up the comment of the gentleman from New York and the gentleman from Florida with the comments I just made by pointing out we are all agreeing on one basic point. We must, first of all, extol our virtues. We have to carry our message to foreign countries. In doing so, of course, we have one other obvious opportunity, and that is at the same time we extol our virtues, as we have every right to do, we should point to the basic defects in the Soviet Union and point to the people being enslaved and to the millions of people living in misery under Soviet control. That is the purpose of the special House committee which I am advocating, and because it is advocated by Members on both sides of the aisle, it will be an obviously nonpartisan and extremely effective committee.

With all due respect to our human nature and our occasional lapses into political controversy, I think in this area, since we agree in the development of a good, sound American offensive on the part of our Department of State, we, in the Congress, could provide leadership, in this way in a most effective fashion. I am firmly of the opinion that once we seize the initiative, we will have the rulers in the Kremlin so upset that they will have to cease many of their manipulations in parts of the free world in order to mend their own fences.

Mr. HALEY. That is what I am talking about—establishing a firm foreign policy. I think that we, that is the American Government, are more responsible for Castro being in Cuba than anybody else. And I may say in this recent attempt down there, had it been successful, so far as the people who were engaged in that attempt, or at least some of them are concerned—it would have been a case of six of one and a half dozen of the other. In other words, people in my district who knew the Cuban situation told me that they would be out of the frying pan and into the fire because the people that our Government is now backing in this attempt—if we did back them—would be no better for the Cuban people than the man they have down there right now.

Our policy destroyed the Batista government—and it was a ruthless government and well known to be ruthless—but, after all, the Communists never got a foot on the island of Cuba as long as he was down there. Our own people put Castro in there. Castro's having a foothold in Cuba today is by the backing of this Government. So I say to the gentleman from Illinois that we ought to know whom we back and we should find out before we move who is our friend, because in this kind of situation where we are fighting for our very survival we cannot make many mistakes and exist.

Mr. BRUCE. Mr. Speaker, will the gentleman yield?

Mr. DERWINSKI. I yield to the gentleman from Indiana.

Mr. BRUCE. Mr. Speaker, I would like to commend the gentleman for his presentation on behalf of the Captive Nations Committee. Certainly we recognize that what has happened in Cuba is merely an extension of what happened earlier in the captured states of Europe, including the Soviet Union.

I think it is significant that there is not one Communist state in the world that, as far as the people are concerned, has embraced communism. The Communists have seized power by treachery and imposed their rule upon the people.

I think it is past due while we are watching Castro in Cuba, another boil on the skin of the world scene, that we concentrate upon the captive nations of Europe, that we state clearly and forcefully that we shall never recognize as final the international Communist conspiracy's domination of new nations and that we continue with a thorough study of the rape of thousands and millions of people throughout the world; that we, through the example we see of terror being implemented in the captive states of Europe including the Soviet Union, constantly take the initiative and put the spotlight on the methods used by the Communists. At the same time that we look at what has happened in the captive states we should also study what is happening in other areas of the world and determine what we can do to help them escape the fate of the captive nations and of Cuba.

Speaking of the proposed Captive Nations Committee, I urge strongly that this committee be activated, that it be dedicated not to idle discussion back and forth but in the spirit of the committee to investigate un-American activities under the chairmanship of the gentleman who now occupies the Speaker's chair, study the methods that are followed and how to develop a policy designed to rid an area of Communist influence and how to restore freedom to these tyrannized lands in Europe and elsewhere.

Mr. DERWINSKI. May I thank the gentleman from Indiana and may I point out that the reason I am bringing this matter to the attention of the House today is that the House Rules Committee will study the various resolutions pertaining to the Captive Nations Committee at an early moment. Certainly, the support of Speaker RAYBURN and the majority leadership is needed for approval. I have the assurance of my minority leader [Mr. HALLECK], that he gives his complete personal support to these resolutions, and pledges the complete nonpartisan cooperation of the Republicans in the House to its cause.

Mr. SCRANTON. Mr. Speaker, will the gentleman yield?

Mr. DERWINSKI. I yield to the gentleman from Pennsylvania.

Mr. SCRANTON. Mr. Speaker, I commend the gentleman for his purposeful statement today and particularly his last statement. After all, the formation of the Captive Nations Committee can and should do three things of major importance. First of all, it can encourage the natural human desire for freedom which is inherent in a great many of the people who still remain behind the Iron Curtain. Second, it can implement and coordinate the desires and efforts of many people in this country who are so prominently interested in this effort in this particular part of the world.

Third, and perhaps the most important, it can be used as a fundamental tool

in our relations with the Communist bloc. By that I mean this: It is, as all of us know, the intention of the Communists to take over the world in whatever manner and way it can. One of the particular methods that they use is the matter of division, a great and important premise in Lenin's own principles. They are employing that tactic at the present time in this hemisphere, as we have seen; likewise, they have used a connotation of imperialism and colonialism to do the same sort of thing in Latin America and Africa and with our allies.

Mr. Churchill once stated, as we all know: "The point of Europe to watch is the soft underbelly."

It seems to me very clear that the soft underbelly, the vulnerable point, in the Communist bloc lies in these captive nations. There is no reason to disbelieve this in view of the results that happened when we passed a year or so ago a resolution. What happened then? Mr. Khrushchev did nothing but talk to Mr. Nixon in Russia about this matter. He kept talking about enslaved people. It hit a high and very vulnerable point in their analyses.

This is important to keep uppermost in the mind of our Nation and of the people who live in these areas and in the world as a whole.

Last but by no means least, it is probably at the present time our greatest and most potential psychopolitical weapon. I hope that the House of Representatives will take into its jurisdiction the establishment of such a committee to do these three very purposeful things, and I commend the gentleman for bringing this to our attention.

Mr. DERWINSKI. I am especially appreciative of the remarks of the gentleman from Pennsylvania, since I am aware of the fact that in the district he represents he has a number of citizens who would wish to contribute to the information that this congressional committee might receive on the status of captive nations. The gentleman will agree that without too much expense, with a minimum of expense, with a minimum of effort, we have a vast amount of material at our disposal. We will take this entire matter and turn it into the most effective counteroffensive weapon the Congress could possibly have. I am sure, as the gentleman has indicated, Mr. Khrushchev would be upset by it to the *n*th degree.

Mr. SCRANTON. I thank the gentleman. I know there is an equal number, if not more, in the gentleman's district who are just as interested in this. We can use a great many people who are tremendously interested in this project all over this Nation and want to be used to give the information that is so necessary to have at hand.

I once more wish to commend the gentleman on what he is doing.

Mr. CONTE. Mr. Speaker, will the gentleman yield?

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

Mr. CONTE. Mr. Speaker, I would like to join the gentleman from Illinois in his move to have the House Rules Committee release this resolution, and I want to commend him for his excellent presentation here in bringing this matter to the attention of the House and to the attention of the American public.

Mr. Speaker, I feel a compulsion to give the best of myself in support of favorable action on House Resolution 216, a compulsion based in the feeling that this Government has waited long enough in taking concrete and positive action on the human disgrace of the captive nations. There is no need for me to call to your attention the ramifications of the history of the capture of these nations or of their present plight. It is sufficient to note that the high crime of tyranny over the minds of men who desire to be free is being committed daily by Soviet Russia in some twenty nations of Eastern Europe and Asia, and even more compelling, in a nation 90 miles from our own shores. No question can be raised concerning the vitality of this situation to the moral, political, economic, and military national interest of the United States of America.

It is most pertinent, though, to ask what this proposed special committee can accomplish within the framework of its suggested functions. Obviously, with immediate and continuing impact, we will, by the origination of such a committee, inherently create extensive publicity concerning the problem, directed not only to the people of America, but also to the peoples of the captive nations and the new, emerging nations of the world. The mere fact that this House directs a slight portion of its attention to these matters, in the establishment of this proposed committee, will open new vistas of hope for the peoples of the captive nations and will make the peoples of the newly emerging nations further aware of the dangers of domination from Moscow. Americans, evidence tells us, are themselves somewhat hazy, not about the danger to the world of any extension of this kind of domination, but about the more intricate nature of the domination. It is colonialism, pure and simple, and a direct result of the expressed imperialistic goals of Soviet Russia. Neither America, nor any other nation, can afford to forget this.

I think that we can expect, after these initial valuable results, a worldwide focus on the committee's proposed function of investigation into the status of Red totalitarianism—a focus that will serve not only our national interest, but also the interest of clarifying world opinion and furthering knowledge and truth. Without interfering with any power delegated to the executive branch of our Government, the information brought to light by the committee will be of antipropaganda value. This, I feel, will be the greatest service rendered by the committee. In turn, this service is so greatly needed immediately, that if this were the only product, I should support this measure with almost equal vigor. When we see the political hay made by Mr. Khrushchev throughout the world by tirades against alleged Western colonialism, it is absolutely mandatory that we fight fire with fire, especially when we have such fuel as his captive nations. When we see how upset Mr. Khrushchev was by our all too meager efforts at commemoration of Captive Nations Week in 1959 and 1960, what will a further shedding of light on the facts bring? When the probing effort of an offensive action shows grounds for success, does the offensive stop? By all logic, it is pressed on. We have the ammunition; let us undertake the offensive. Both political parties promised continued and new defenses against Soviet Russia's cold war in the 1960 presidential campaign. This is the time and the place, and most important, the means, for action.

Too often, in a war for mens' minds, the agencies established to carry the battle are accused of flagrant propagandizing. A committee of the nature of the proposed, devoted to the discovery of the truth through sworn testimony, investigation, and legal procedure—though we may be sure it will be accused of propagandizing—will be invulnerable to discredit. This factor is significant for its effect on our relations with the new Nations of the world; for they seek only the truth and the facts—not advice and opinion.

Essentially, then, this measure represents a point of real beginning for action on the Captive Nations Week resolution of 1959, and responds to former President Eisenhower's call for study by the people of the United States of the plight of the captive nations. The value of the proposal to all the peoples of the world is great. Its goals are unquestionably in the American tradition.

Mr. DERWINSKI. I thank the gentleman from Massachusetts for his contribution.

Together, not as Democrats or Republicans, but as Members of a freely elected legislative body, through the vehicle of this Special Committee on Captive Nations, we can step to the forefront to battle communism, and in coordination with our executive department and corresponding leaders of the free world, we will stem the Red tide, develop this great counteroffensive, and eventually restore to all peoples, including the poor downtrodden Russian people themselves, freedom in the true sense.

Mr. BRUCE. Mr. Speaker, will the gentleman yield?

Mr. DERWINSKI. I yield to the gentleman from Indiana.

Mr. BRUCE. I think in advance it may be well to try to answer a bit of the criticism that will be hurled at a move such as this. It seems to me that there has been a constant pressure to keep the United States from seizing the initiative anywhere in this global struggle. We have been willing to negotiate about non-Soviet, non-Communist controlled territory endlessly. We go into meetings at Geneva and listen and discuss about what we are going to do with Laos, Indochina, and Tunisia, countries outside of the so-called Iron Curtain. I think it is about time that we recognize, as the gentleman has just stated, the imperialism of the Soviet Union; the countries that they have enslaved; the agreements that they have already made for free elec-

tions in these captive states; agreements that they have ignored, laughed at, and torn up. Certainly, if we are ever going to take the initiative anywhere in this battle for survival, it must come on this issue of the captive states. We must roll this Iron Curtain back. Our spokesmen must constantly point out, instead of rebutting by saying we are not imperialists, where imperialism really lies. The map is there; the blood is there; the history is there. It seems to me that the time has more than passed when these captive nations must become the focal point of not only psychological warfare but as to whether freemen are to survive any place on the face of the earth.

Mr. DERWINSKI. I thank the gentleman for his contribution.

I wish in closing to point out that the purpose of this committee is to provide the executive branch of our Government, our State Department, and our members who serve in the United Nations with the information by which they could expose through every possible medium the complete hypocrisy in the position of the Soviet Union. I imagine that we, in the special House committee—and I hope I am not being optimistic in assuming the House will give its approval—could provide our State Department and our Ambassador to the United Nations with sufficient information to expose forever to the world the true nature of the Soviet Union, to strip them of their propaganda facade that they have built up. I visualize this as being as effective a committee as the Congress has ever had in operation.

CORRECTION OF VOTE IN THE SEVENTH DISTRICT OF ILLINOIS

Mr. LIBONATI. Mr. Speaker, I ask unanimous consent to address the House for 1 minute, and to include extraneous matter.

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

There was no objection.

Mr. LIBONATI. Mr. Speaker, I shall include a letter from Mr. John P. Daly, commissioner, Board of Election Commissioners of Chicago, correcting the vote cast in the November 8 election for Representative in Congress in the 7th District of Illinois.

This letter shows that the actual vote for myself should have been 98,494 instead of 28,494, and I should also like to have this correction made in the Congressional Directory.

I include as part of my remarks the letter referred to, as well as a document from the county court of Cook County, as follows:

BOARD OF ELECTION COMMISSIONERS,
Chicago, Ill., April 25, 1961.

Hon. ROLAND V. LIBONATI,
Representative in Congress,
House Office Building,
Washington, D.C.

DEAR CONGRESSMAN: I have enclosed certified copy of an order presented in the county court of Cook County today, correcting vote cast for you in the November 8 election for Representative in Congress in the Seventh District of Illinois.

This order shows that the actual vote for the Honorable ROLAND V. LIBONATI should have been 98,494 instead of 28,494.

Very truly yours,

JOHN P. DALY,
Commissioner.

STATE OF ILLINOIS,
County of Cook, ss:

IN THE COUNTY COURT OF COOK COUNTY IN RE APPLICATION TO CORRECT THE RECORD OF RESULTS OF THE ELECTION HELD ON THE 8TH DAY OF NOVEMBER 1960, IN THE SEVENTH CONGRESSIONAL DISTRICT OF ILLINOIS

ORDER

This matter coming on to be heard upon the petition of John P. Daly, a member of the board of election commissioners of the city of Chicago and ex officio a member of the canvassing board to canvass the election returns for the Seventh Congressional District of Illinois for the election held on November 8, 1960, and the court having read the petition, heard the representations of the petitioner and being fully advised in the premises, finds:

That an abstract of the results of the said election was filed of record in the county court on November 23, 1960, and that the said abstract shows the following votes for candidates for the office of Representative in Congress for the Seventh Congressional District of Illinois: ROLAND V. LIBONATI, 28,494; and Lawrence J. Blasi, 23,840.

The court further finds that in transferring the figures from the canvass sheets of the Seventh Congressional District of Illinois to the abstracts the typist made a typographical error and recorded the vote on the abstract as follows: ROLAND V. LIBONATI, 28,494; and Lawrence J. Blasi, 23,840.

Whereas the correct vote as evidenced by the official canvass should be ROLAND V. LIBONATI, 98,494; and Lawrence J. Blasi, 23,840.

It is, therefore, ordered that the abstract of the canvassing board as filed in this court on November 23, 1961, recording the vote cast for the office of Representative in Congress for the Seventh Congressional District of Illinois be amended to read as follows: ROLAND V. LIBONATI, 98,494; and Lawrence J. Blasi, 23,840.

THADDEUS V. ADESKO,
Judge of the County Court of Cook County.

SOCIAL SECURITY BILL

The SPEAKER pro tempore. Under previous order of the House, the gentleman from New Jersey [Mr. DANIELS], is recognized for 5 minutes.

Mr. DANIELS. Mr. Speaker, during the debate on the social security bill, I stated that the one important omission in that bill was its failure to do something about the income limitations which prevent social security beneficiaries from supplementing their pensions without risking their monthly benefits. These limitations are unfair, discriminatory, and unrealistic.

They are unfair, because they make it impossible for most pensioners to obtain an income which today's soaring living costs require. Even under the bill which the House approved last week, minimum benefits will only be $40 a month. Under the present law, a man can earn only another $100 each month without sacrificing some portion of his benefit. No one can contend that this even approaches an adequate income. If we are unable to increase social security benefits, we should certainly allow recipients to do what they can to supplement these meager pensions.

Income limitations are discriminatory because they penalize only the wage earner. Those who were fortunate or farsighted enough to accumulate investment income can receive all they desire from this source without losing any claim to their monthly benefit. Only the man who wants to go out and get a part-time job is affected. If the social security system were based on need, I could understand the reason for imposing limitations on the amount of outside income he can obtain. But this is clearly not the case.

Finally, I do not believe the income restrictions are consistent with other policies which we pursue with regard to our senior citizens. Governmental agencies and community groups spend considerable sums of money each year in order to encourage older people to find some useful way of participating in the community. At the same time, the social security laws continue to prevent those who are willing and able to continue their employment from doing so.

Ideally, I should like to see the income limitations removed entirely. Realistically, however, I must content myself with the provisions of the bill which I have introduced today. This measure will raise the income allowance from $100 a month to $200 a month—or $2,400 a year. The liberalizing amendments passed by the House last year, whereby pensioners will lose only a part of their monthly benefit if they surpass this limit, would remain intact.

Over a hundred Members of Congress introduced legislation of this nature in the last Congress, and a large number have already done so in the current session. I urge that this overwhelming sentiment in behalf of more liberal income limitations be given the kind of consideration it deserves.

ELECTIONS SUBCOMMITTEE, COMMITTEE ON HOUSE ADMINISTRATION

Mr. PETERSON. Mr. Speaker, I ask unanimous consent that the Elections Subcommittee of the Committee on House Administration have permission to sit during general debate on Monday next.

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

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. STAFFORD (at the request of Mr. HALLECK), for Monday, May 1, 1961, and Tuesday, May 2, 1961, 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. DERWINSKI (at the request of Mr. PIRNIE) for 30 minutes, today.

Mr. DANIELS for 5 minutes, today, and to revise and extend his remarks.

Mr. VANIK for 15 minutes, today.

Mr. PUCINSKI for 60 minutes, on May 3, 1961.

EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the CONGRESSIONAL RECORD, or to revise and extend remarks, was granted to:

Mr. WALTER and to include extraneous matter.

Mr. CELLER.

Mr. PELLY.

Mr. COLLIER.

Mr. ANDERSON of Illinois.

The following Members (at the request of Mr. PIRNIE) and to include extraneous matter:)

Mr. HOSMER.

Mr. SHORT.

Mr. ALGER.

(The following Members (at the request of Mr. PETERSON) and to include extraneous matter:)

Mr. ZABLOCKI.

Mr. TUCK.

Mr. BURKE of Kentucky.

Mr. BONNER.

Mr. MULTER.

Mr. KOWALSKI.

ENROLLED BILL 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. 4884. An act to amend title IV of the Social Security Act to authorize Federal financial participation in aid to dependent children of unemployed parents, and for other purposes.

SENATE ENROLLED BILLS SIGNED

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 1. An act to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically distressed areas; and

S. 1027. An act to amend title I of the Agricultural Trade Development and Assistance Act of 1954.

ADJOURNMENT

Mr. PETERSON. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 1 o'clock and 50 minutes p.m.), under its previous order, the House adjourned until Monday, May 1, 1961, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

843. A letter from the Secretary of the Army, transmitting a letter from the Chief of Engineers, Department of the Army, dated December 23, 1960, submitting a report, together with accompanying papers and illustrations, on a survey of River Rouge, Mich., authorized by the Flood Control Act approved June 30, 1948 (H. Doc. No. 148); to the Committee on Public Works and ordered to be printed with six illustrations.

844. A letter from the Administrator, Foreign Agricultural Service, U.S. Department of Agriculture, transmitting a report concerning agreements concluded during March 1961 under title I of the Agricultural Trade Development and Assistance Act of 1954 (Public Law 480, 83d Cong.) as amended, pursuant to Public Law 85-128; to the Committee on Agriculture.

845. A letter from the Director, Office of Civil and Defense Mobilization, Executive Office of the President, transmitting the quarterly report of Federal contributions for the quarter ending March 31, 1961, pursuant to the Federal Civil Defense Act of 1950, as amended; to the Committee on Armed Services.

846. A letter from the Assistant Secretary of the Interior, transmitting a draft of a proposed bill entitled "A bill to give to the Walker River Paiute Tribe the reserved minerals underlying its reservation"; to the Committee on Interior and Insular Affairs.

847. A letter from the Attorney General transmitting a draft of a proposed bill entitled "A bill to repeal 18 U.S.C. 791 so as to extend the application of chapter 37 of title 18, relating to espionage and censorship"; to the Committee on the Judiciary.

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. LANE: Committee on the Judiciary. S. 1097. An act for the relief of A. E. Waterstradt; without amendment (Rept. No. 314). Referred to the Committee of the Whole House.

Mr. LIBONATI: Committee on the Judiciary. H.R. 1531. A bill for the relief of Wallace R. Rice and Nora J. Price; with amendment (Rept. No. 315). Referred to the Committee of the Whole House.

Mr. TOLL: Committee on the Judiciary. H.R. 1687. A bill for the relief of World Games, Inc.; without amendment (Rept. No. 316). Referred to the Committee of the Whole House.

Mr. MACGREGOR: Committee on the Judiciary. H.R. 4636. A bill for the relief of Ralph B. Cleveland; with amendment (Rept. No. 317). Referred to the Committee of the Whole House.

Mr. PETERSON: Committee on the Judiciary. H.R. 4796. A bill for the relief of Richard A. Hartman; without amendment (Rept. No. 318). Referred to the Committee of the Whole House.

Mr. LANE: Committee on the Judiciary. H.R. 6013. A bill for the relief of the Houston Belt & Terminal Railway Co.; without amendment (Rept. No. 319). Referred to the Committee of the Whole House.

Mr. LANE: Committee on the Judiciary. H.R. 6224. A bill for the relief of Miss Elsie Robey; without amendment (Rept. No. 320). 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. ABERNETHY (by request):

H.R. 6686. A bill to amend the Code of Law for the District of Columbia to provide for dower in husband and wife in real estate of each owned during coverture and for other purposes; to the Committee on the District of Columbia.

By Mr. AVERY:

H.R. 6687. A bill to amend the Tariff Act of 1930 to place horsemeat on the free list; to the Committee on Ways and Means.

By Mr. BRAY:

H.R. 6688. A bill to regulate the foreign commerce of the United States by providing for fair competition between domestic industries operating under the Fair Labor Standards Act and foreign industries that supply articles imported into the United States, and for other purposes; to the Committee on Ways and Means.

By Mr. CELLER:

H.R. 6689. A bill to authorize the Attorney General to compel the production of documentary evidence required in civil investigations for the enforcement of the antitrust laws, and for other purposes; to the Committee on the Judiciary.

H.R. 6690. A bill to amend section 332 of title 28, United States Code, in order to provide for the inclusion of a district judge or judges on the judicial council of each circuit; to the Committee on the Judiciary.

H.R. 6691. A bill to amend title 18, United States Code, sections 871 and 3056, to provide penalties for threats against the successors to the Presidency, to authorize their protection by the Secret Service, and for other purposes; to the Committee on the Judiciary.

By Mr. DAGUE:

H.R. 6692. A bill to provide for the temporary suspension of the duty on cork stoppers; to the Committee on Ways and Means.

By Mr. DANIELS:

H.R. 6693. A bill to amend title II of the Social Security Act to increase the amount of outside earnings permitted each year without deductions from benefits thereunder; to the Committee on Ways and Means.

By Mr. JAMES C. DAVIS:

H.R. 6694. A bill to amend the Federal Employees Group Life Insurance Act of 1954 to permit employees retiring with immediate annuities to retain the full amounts of insurance at time of retirement with premiums deducted from their annuities; to the Committee on Post Office and Civil Service.

H.R. 6695. A bill to amend title 39 of the United States Code with respect to the transportation of mail by highway post office service, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. EVINS:

H.R. 6696. A bill to amend the Small Business Investment Act of 1958, and for other purposes; to the Committee on Banking and Currency.

H.R. 6697. A bill to amend the Federal Trade Commission Act to provide for the issuance of temporary cease and desist orders to prevent certain acts and practices pending completion of Federal Trade Commission proceedings; to the Committee on Interstate and Foreign Commerce.

H.R. 6698. A bill to amend the Clayton Act, as amended, by requiring prior notification of corporate mergers and acquisitions, and for other purposes; to the Committee on the Judiciary.

H.R. 6699. A bill to amend the Internal Revenue Code of 1954 with respect to the income tax treatment of small business investment companies; to the Committee on Ways and Means.

By Mr. WILLIS:

H.R. 6700. A bill to revise, codify, and enact into law, title 37 of the United States Code, entitled "Pay and Allowances of the Uniformed Services"; to the Committee on the Judiciary.

By Mr. BRAY:

H.R. 6701. A bill to strengthen State governments, to provide financial assistance to States for educational purposes by returning a portion of the Federal taxes collected

therein, and for other purposes; to the Committee on Education and Labor.

By Mr. MATHIAS:

H.R. 6702. A bill to amend the Federal Property and Administrative Services Act of 1949 to permit the donation and other disposal of property to tax-supported public recreation or park agencies; to the Committee on Government Operations.

By Mr. PERKINS:

H.R. 6703. A bill to provide for a program of civil works in economically distressed areas; to the Committee on Public Works.

By Mr. ROGERS of Florida:

H.R. 6704. A bill to amend title V of the Housing Act of 1949 to assist in the provision of housing for domestic farm labor through a new program of Federal insurance for farm housing loans; to the Committee on Banking and Currency.

By Mr. SIBAL:

H.R. 6705. A bill to grant the consent of Congress to the States of Connecticut and New York, and other affected States, to enter into a compact relating to the taking of action to bring about improvement in commuter and other passenger service of the New York, New Haven & Hartford Railroad; to the Committee on the Judiciary.

By Mr. SISK:

H.R. 6706. A bill to provide employment opportunities through establishment of a program administered by the Secretary of Labor enabling individuals to engage in certain agricultural employment; to the Committee on Education and Labor.

By Mr. SHORT:

H.R. 6707. A bill for the establishment of a Commission on Federal Taxation; to the Committee on Ways and Means.

By Mr. VANIK:

H.R. 6708. A bill to amend the Internal Revenue Code of 1954 to provide that, in the case of stock or stock options issued or granted in whole or in part for services rendered, the gain therefrom shall be treated as ordinary income, and for other purposes; to the Committee on Ways and Means.

By Mr. GARLAND:

H.J. Res. 395. Joint resolution proposing an amendment to the Constitution of the United States relative to equal rights for men and women; to the Committee on the Judiciary.

By Mr. SCHERER:

H.J. Res. 396. Joint resolution designating November 19, the anniversary of Lincoln's Gettysburg Address, as Dedication Day; to the Committee on the Judiciary.

By Mr. DANIELS:

H. Res. 268. Resolution expressing the sense of the House of Representatives that the President should call a White House Conference on Narcotics; to the Committee on the Judiciary.

By Mr. GALLAGHER:

H. Res. 269. Resolution to express the sense of the House on a White House Conference on Narcotics; to the Committee on the Judiciary.

By Mr. RYAN:

H. Res. 270. Resolution to authorize the Committee on Banking and Currency to conduct an investigation and study of the operation of the slum clearance and urban renewal program in New York City and the other major cities of the United States; to the Committee on Rules.

MEMORIALS

Under clause 4 of rule XII,

The SPEAKER presented a memorial of the Legislature of the State of Hawaii, memorializing the President and the Congress of the United States to amend the Agricultural Adjustment Act of 1938, as amended, to include coffee under the subsidy payment program, which was referred to the Committee on Agriculture.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BUCKLEY:

H.R. 6709. A bill for the relief of Dr. and Mrs. Abel Gorfain; to the Committee on the Judiciary.

By Mr. FARBSTEIN:

H.R. 6710. A bill for the relief of Gin Mon Woo; to the Committee on the Judiciary.

By Mr. KING of California:

H.R. 6711. A bill for the relief of Mrs. Bing Yee Soo Lou; to the Committee on the Judiciary.

By Mr. MONAGAN:

H.R. 6712. A bill for the relief of Mrs. Rita M. Bravi; to the Committee on the Judiciary.

By Mr. RILEY:

H.J. Res. 397. Joint resolution to provide that the Secretary of the Army shall furnish an appropriate memorial marker for the grave of James L. Hanberry, a participant in the yellow fever investigations in Cuba; to the Committee on Armed Services.

EXTENSIONS OF REMARKS

Praise for President's Message to Congress on Ethics

EXTENSION OF REMARKS

OF

HON. THOMAS M. PELLY

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 27, 1961

Mr. PELLY. Mr. Speaker, I want to say that I applaud the President for his special message to the Congress of the United States on conflicts of interest. I have long taken the position that people must have confidence in their Government and a review of conflict-of-interest statutes convinces me that an up-to-date law covering ethics of all persons in public service is long overdue.

My only comment at this time, Mr. Speaker, is that regulations covering a standard of ethics and moral conduct should not be limited to those in the executive branch of Government. Congress should examine into the need for reform in our legislative branch of Government.

I was particularly gratified that the President should recognize the fact that you cannot legislate in every detail regarding the behavior of Federal officials and employees. I favor his establishing by Executive order a set of standards for those in Government service. The conclusion of the President that these standards can be maintained best by personal example of those in leadership appeals to me. Many Members of Congress, including myself, have introduced bills to improve the conduct of those in the legislative and executive branches. Now I trust we will get some action.

Israel's 13th Birthday

EXTENSION OF REMARKS

OF

HON. EMANUEL CELLER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 27, 1961

Mr. CELLER. Mr. Speaker, April 20 marked the 13th anniversary of the birth of the State of Israel. The 13th year is highly significant in the tradition of the Hebrew people. It is on that birthday that a young lad enters on the threshold of maturity with concomitant charges of responsibility.

The growth of Israel toward this kind of symbolic maturity is reflected in the basic facts of Israel's economic life. Whereas in 1948 Israel had a population of 790,000, in 1960 its population was 2,128,000; industrial production hardly existed but in 1960 the figure was $1,070 million. So it is with exports, imports, agricultural production, irrigation, afforestation, water usage, and so forth. More specifically, exports in 1948 amounted to $29,680,000 and in 1960 amounted to $265 million; in 1948 there were only 412,000 acres of cultivated area and in 1960 there were 1,100-000 acres. Today Israel has a fleet of 53 ships which carries 445,000 tons of cargo as compared with the 4 ships she had in 1948, which carried a total of 14,000 tons. The number of Israeli teachers has quadrupled in the same period and its elementary school education has increased almost six times.

We must keep in mind that Israel's infancy was a cruel and troubled time. The barren soil, the absence of industry, the influx of immigrants, the war with the Arabs and the continued hostility of its neighbors were the heaviest of burdens to place in the path of a newborn. But the determination was there and the most important of all resources, men and women, whose daily lives were dedicated to the rearing of this infant without counting the cost of the individual's deprivations and sufferings.

It is little wonder then, that the little country of Israel has been watched with consuming interest by economists, social scientists and educators throughout the world. At its very beginnings there were few who believed that Israel would survive. There are now many who are studying to find the why of its survival.

Israel has become a factor in the rising nations of Africa. By that I mean not the mere establishment of trade relations but the serving of these nations by teaching them the use of methods and tools which have profited Israel herself. This has been done quietly and effectively and in the best tradition of international relations. And this has all been done within the framework of a

working democracy. It is understandable then that the world, both hostile and friendly to Israel, marvels at the achievements of this nation only 13 years of age.

Statement of Senator Clifford P. Case, of New Jersey, on the 26th Annual Convention of the Catholic War Veterans of the United States of America

EXTENSION OF REMARKS

OF

HON. CLIFFORD P. CASE

OF NEW JERSEY

IN THE SENATE OF THE UNITED STATES

Thursday, April 27, 1961

Mr. CASE of New Jersey. Mr. President, I am delighted to report that the Catholic War Veterans of the United States of America, one of our Nation's outstanding veterans' organizations, will be holding its national convention this year in Atlantic City, N.J. I can assure each of its members who are planning to attend a warm and sincere welcome from our Garden State.

In this connection, I ask unanimous consent that there be printed in the CONGRESSIONAL RECORD a statement outlining the plans for this, their 26th annual convention at Atlantic City, N.J. Various sessions of the convention have been marked to be held in various parts of the city, culminating Saturday evening in a gala convention banquet and ball at the Ambassador Hotel, Atlantic City, N.J.

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

STATEMENT BY SENATOR CLIFFORD P. CASE OF NEW JERSEY, ON THE 26TH ANNUAL CONVENTION OF THE CATHOLIC WAR VETERANS OF THE UNITED STATES OF AMERICA

The 26th annual convention of the Catholic War Veterans of the United States of America will have many serious aspects; varied and interesting recreational events have been arranged for the members of the organization, their wives and families. On Tuesday preceding the convention there will be a visit to the Atlantic City races with a fashion show for the auxiliary members and friends. On Tuesday evening there will be a Catholic War Veterans night at the Atlantic City Steel Pier. On the evening of the following day there will be an informal social night which will be held at the Ambassador Hotel, Atlantic City, N.J., for all Catholic War Veteran members and families.

Throughout the week there will be other interesting activities and ceremonies including a Catholic War Veterans night at Convention Hall, Atlantic City, N.J., at the 22d showing of the Ice Capades on Thursday evening. On Saturday morning a parade will take place on the boardwalk from the convention headquarters to the Convention Hall where a Pontifical High Mass will be celebrated by His Excellency Celestine J. Damiano, Archbishop of Camden, N.J. The closing event of the weeklong gathering will be the convention ball and banquet on Saturday evening with special Catholic War Veterans candelight ceremonies and rituals.

The convention will see reports of progress made by this national veterans' group in the fields of Americanism, Catholic action, leadership, membership, veterans' affairs, and youth welfare.

At various times throughout the convention, prominent Americans are scheduled to address joint sessions of the Catholic War Veterans and its auxiliaries. These men, all outstanding in their particular field, will bring to the Catholic War Veterans and through them to all veterans and Americans messages on "National Security," "Veterans' Affairs," "International Relations," and other vital subjects.

The Catholic War Veterans of the United States came into existence in the year 1935 when it was founded by a former Army chaplain, the Right Reverend Monsignor Edward J. Higgins, LL. D., of Astoria, Long Island, N.Y. Recognizing a need for a militant veterans organization composed of Catholic men and women who served their country in time of war, Monsignor Higgins founded an organization that has grown throughout the years and now has posts in more than 40 States and in the words of its own constitution:

"To promote zeal and devotion for God, for country, and for home:

"(a) For God: to promote through aggressive organized Catholic action a greater love, honor, and service to God; an understanding and application of the teachings of Christ in our everyday life; recognizing the wisdom of the church in all matters of faith and morals.

"(b) For country: through a more vivid understanding of the Constitution of the United States of America and through active participation in the promotion of its ideals of life, liberty, and the pursuit of happiness, develop a more zealous citizenship; to encourage morality in government, labor, management, economic, social, fraternal, and all other phases of American life; to combat aggressively the forces which tend to impair the efficiency and permanency of our free institutions.

"(c) For home: To promote the realization that the family is the basic unit of society; to aid in the development of an enlightened patriotic American youth; to assist all veterans and widows and dependents of deceased veterans.

"(d) These objectives are encouraged without regard to race, creed, or color."

Throughout its existence the Catholic War Veterans has been part of the fierce war of ideologies seeking to capture the minds of men. This organization has spotted and fought totalitarian and brutalitarian philosophies of both the right and left, and stood firm on the solid stand of freedom of the individual and personal independence of its citizens, under the law.

The Catholic War Veterans creed from the now-famous speech, "Catholicism and Americanism," of the late Archbishop John Ireland, of St. Paul, Minn., states:

"My religious faith is that of the Catholic Church—catholicism, integral and unalloyed—catholicism, unswerving and soul swaying, the catholicism taught by the supreme chieftain of the Catholic Church, the Pope, the Bishop of Rome.

"My civil and political faith is that of the Republic of the United States of America—Americanism, purest and brightest, yielding in strength and loyalty to the Americanism of none other American, surpassed in spirit of obedience and sacrifice by that of none other citizens, none other soldier, sworn to uphold in peace and in war America's Star-Spangled Banner."

The Catholic War Veterans of the United States of America have received many commendations from agencies in government, in business, in welfare and hospital work, in rehabilitation, in child guidance, in patriotic, fraternal, veteran, and religious spheres. It has the approbation of the present Pope, John XXIII, and all Popes from the date of the founding of the organization. It is recognized by the Veterans' Administration in the handling of cases before it.

It has been commended by every U.S. President in office since its inception and received accolades of a great many American statesmen.

Programs have included summer camps for youngsters, informative material exposing fascism, nazism, and the cancerous core of Communist propaganda, broadcasts and information bulletins on veteran benefits, support of youth groups, establishment of scholarships, fight for veterans' rights, and the spiritual comfort of our comrades, proper burial for veterans and care for their widows and dependents, exposure of intolerance, bigotry, and disloyalty, promotion of activities which tend to strengthen the moral fiber of the Nation and its people, and build a "greater spirit of faith and patriotism."

The current program of the Catholic War Veterans of the United States of America is strictly positive. The Catholic War Veterans of the United States of America are not anti anything; they are protagonists of right, truth, and justice. Their whole philosophy is based on the recognition of man's dignity and rendering "to God the things that are God's." They insist on the recognition of the moral basis, underlying all political, economic, and social themes.

Their emphasis lies in action. "It is better to light one candle than to curse the darkness." They feel that no program, no matter how magnificent, can be effective unless it is acted upon.

The less than three decades of Catholic War Veterans' existence have proved fruitful for our freedom. And the future of America is safe, when public-spirited, patriotic citizens who have fought for their Nation in war, continue to serve in peace.

The Catholic War Veterans is organized to serve the individual and the Nation. Size is not the measure of its service, its reputation, its loyalty, its faith or its spirit of fellowship.

As they celebrate that 26th anniversary milestone of their history, Catholic War Veterans take pride in their past—are confident of their future.

Transportation in Interstate Commerce of Alcoholic Beverage Advertising

EXTENSION OF REMARKS

OF

HON. HERBERT C. BONNER

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 27, 1961

Mr. BONNER. Mr. Speaker, I have been advised and encouraged by the Carolina Christian Union, Jesse Seaver, president, to enter for the RECORD their stand in support of H.R. 2221.

This bill has been introduced by the Honorable EUGENE SILER, of Kentucky. The purpose of the bill is "to prohibit the transportation in interstate commerce of advertisements of alcoholic beverages, and for other purposes."

I have personally received a list of 284 genuine signatures, all of which endorse the Siler bill. Most of the signers are of my constituency in the First Congressional District of North Carolina.

I take this opportunity to make known the stand of the Carolina Christian Union officially for the RECORD.

National Brotherhood Award of the National Conference of Christians and Jews to Barry Bingham, of Louisville, Ky.

EXTENSION OF REMARKS

OF

HON. FRANK W. BURKE

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 27, 1961

Mr. BURKE of Kentucky. Mr. Speaker, during the recent observance of National Brotherhood Week, the National Conference of Christians and Jews conferred upon a distinguished Kentuckian, Mr. Barry Bingham, president and editor-in-chief of the Courier-Journal and the Louisville Times, its National Brotherhood Award as a tribute to his outstanding public and community service and the unparalleled contribution which he and Mrs. Bingham have made to a better understanding among people of all races and religions. I have had the privilege of knowing Barry Bingham for many years during which I have seen how well he exemplifies those admirable traits which the National Conference of Christians and Jews seeks to bring out in all men of whatever ethnic and religious backgrounds.

Mr. Speaker, I would like to share with my colleagues the inspired message of the President set forth in his letter to the President of the National Conference of Christians and Jews endorsing the observance of National Brotherhood Week and the President's remarks in a film shown at the national brotherhood dinner this year. In addition I urge my colleagues to read the following letter written by the President to Mr. Bingham and the addresses given at the National Brotherhood Award dinner in Louisville, Ky., on February 23, 1961, by the Honorable Charles W. Morris and Senator Thruston B. Morton:

THE WHITE HOUSE,
Washington, D.C., February 14, 1961.

Dr. LEWIS WEBSTER JONES,
President, National Conference of Christians and Jews, New York, N.Y.

DEAR DR. JONES: I heartily endorse the suggestion of the National Conference of Christians and Jews that a period of time again be set aside for the observance of Brotherhood Week. In celebrating National Brotherhood Week we honor the human values upon which our country was established. As long as men fear or distrust one another because of race, religion, or ethnic origins, as long as any of the gates of opportunity are closed to the deserving, as long as there is unreasoning bigotry, instead of understanding and tolerance, our Nation will fall short of its full power and greatness.

Across the world new nations are struggling for survival and progress. These nations, composed of men of all colors and faiths, are looking for leadership and guidance in their effort to construct new societies. Only if we demonstrate that the freedom which we advocate is available to all our citizens will these new nations look to us for this guidance. Yet on the choices of these new nations hinge our own ultimate survival.

Thus brotherhood is not just a goal. It is a condition on which our way of life depends. The question for our time is not whether all men are brothers. That question has been answered by the God who placed us on this earth together. The question is whether we have the strength and the will to make brotherhood of man the guiding principle of our daily lives.

I therefore urge all Americans to join a nationwide observance of Brotherhood Week from February 19 to February 26, 1961.

Sincerely,

JOHN F. KENNEDY,
President.

TEXT OF PRESIDENT KENNEDY'S FILMED MESSAGE

I have on many occasions taken part actively in dinners such as the one in which you are participating this evening and it is therefore a great pleasure to speak to you from the White House and to express my strong support for the work in which you are engaged.

These dinners are held and have been held for many years in order to place before us a goal to which this Nation has been dedicated since its earliest beginnings—the goal of men and women of different creeds, different races, different origins living together harmoniously and in brotherhood.

I know that there is a constant feeling that we fail to achieve our goals and in spite of the work of this organization and on the part of dedicated men and women across our country, that we still stand a good distance from the standard which was raised in the earliest days by our Founding Fathers and which has been the national goal ever since. I hope that no one in this room feels that disappointment. National progress has been made on a whole variety of fronts.

I want to congratulate, therefore, all of you on the work that has been done in other years. But I also want to suggest that we still have a good deal of distance to go, that the work in which we are engaged is more important than it ever was, not merely to us as individuals and as fellow Americans but as leaders of the free world and as strong believers in the future of our country and the things for which it stands.

We seek to lead the free world against an alien system but we cannot do so unless we ourselves match our actions to our words. We look for support and brotherhood to millions, hundreds of millions, of Americans of different creeds, of different colors, who share our aspirations but sometimes are not convinced that we believe strongly in the doctrines that we preach. I believe we do. I believe as a nation we must be committed to these goals. I believe as a nation increasingly we will be, and I believe that when we eventually reach these goals it will have been due to the work of organizations such as yours.

I want to thank you on behalf of our country for the effort in which you are engaged. It is an effort to which all of us give, I hope, not only lipservice but also commitment. The brotherhood of man under the fatherhood of God is a basic principle which has directed this Nation through many years and I am confident will direct it with increasing vigor in the years to come.

FEBRUARY 21, 1961.

Hon. BARRY BINGHAM,
The Louisville Courier-Journal,
Louisville, Ky.

DEAR BARRY: I am delighted to learn that on Thursday you will receive the National Brotherhood Award of the National Conference of Christians and Jews.

Your public and community service as well as your distinguished editorial career surely merit this recognition. I hope you will extend to all your friends and to your family my warmest wishes on this occasion.

With all best wishes,

Sincerely,

JOHN KENNEDY.

ADDRESS BY HON. CHARLES W. MORRIS

Mr. Chairman, distinguished guests, ladies and gentlemen, it is my proud and pleasant privilege tonight to represent the National Conference of Christians and Jews in bestowing an honor long postponed and richly deserved.

As we all know, the American vocabulary is growing like Topsy. Words that Shakespeare never imagined—that Einstein never dreamed of—constantly crop up in the language—words like framework, finalize, in terms of, project, expertize, and now it has become increasingly popular, especially among psychiatrists, advertising men, educators and columnists to employ the word, "image." We read about the "father image," the "son image," et cetera, et cetera. Indeed, Senator MORTON, I seem to recall having read recently in the papers that a distinguished Kentuckian spoke about the Republican image. Now I'm not sure just what these learned people have in mind, but I am convinced that if there is one "image" around these parts that prevail over all others—if there is one name which—like that of Browning's Abou Ben Adhem—leads all the rest, then that image and that name is Barry Bingham.

It has been his prerogative and, at the same time, his burden to exercise a greater influence upon the minds and hearts of his fellow citizens, in Louisville and in Kentucky, than any other man I know. There are occasions, of course, when almost everyone who reads the Courier-Journal or the Times, or who listens to or watches WHAS, may find himself in disagreement with some official position, some editorial, some headline or comic strip or some other feature of the compound of communication which yet another Barry (Mike, by name, the erudite editor of the Kentucky Irish-American) likes to call "the monopoly press" (I confess to a compulsive aversion to Dick Tracy and David Lawrence). But this much we know—our man is forthright: he is not afraid to take a stand—often an originally unpopular stand—and stick by it (as Marse Henry Watterson was wont to say) in spite of hell and high water.

Behind this attitude there is simplicity, courage, and a profound and often prophetic understanding of human rights—a devotion to the kind of community, local, State and National, which symbolizes the dreams of our Founding Fathers—a community where every citizen, Christian or Jew, white or black, rich or poor, shall have a chance to make use, without let or hindrance, of the opportunities with which he has been endowed by his Creator, for life, liberty, and the pursuit of happiness—and to use these endowments, if you please, with dignity and self-respect.

Embellishing these qualities are modesty, humility, and that rarest of gifts—a real sense of humor.

It is significant that this meeting should be held the day after the birthday of George Washington—who declared that our Government gives to bigotry no sanction (and) to persecution no assistance.

Barry Bingham typifies the highest and truest ideals of the organization which honors him this evening; and it is fitting and felicitous that he should receive this tribute.

Will Rogers used to say that all he knew was what he read in the papers. I think that applies to most of us here tonight—and most of us are impressed by the consistent dedication of the Bingham press to those rights which are guaranteed to all citizens

by the first amendment: freedom of religion, freedom of speech, freedom of the press, and the right of peaceful assembly and petition. If the news is occasionally a little oblique, thank God it is directed toward the attainment of these constitutional guarantees. Now add to this dedication a generous and sympathetic devotion to all good causes and a mature, even-tempered day-by-day crusade for a decent and progressive community—and you will understand why we pay this tribute to our guest of honor.

I would be both ungrateful and ungracious were I to fail to pay another tribute—a tribute to the lovely and brilliant lady who sits at his side. Mary Caperton Bingham became Protestant cochairman of the Louisville Chapter of the Conference of Christians and Jews when the chapter was in its formative stage. She—more than any other single individual—is responsible for its remarkable growth and success. She is a true aristocrat—because she has a profound sense of noblesse oblige—an understanding that social eminence, good fortune, wit, and charm involve a grateful recognition of other people's rights.

And may I say to our honored guest that though providence has chosen you as an instrument for brotherhood and for good, and crowned you with rare and precious gifts—influence, a certain power, good looks, good health, a fine family, comfort, yes, affluence—your richest gift and your rarest possession is your gracious and charming wife.

And so, Barry Bingham, we tender to you this citation—you have deserved and received so many, from schools and colleges and foreign nations, from your country and your fellow publishers, your city and your State, that you may find no place to display it upon your walls or on your desk, but each of us here finds an immense gratification in taking part in this ceremony and vicariously your recognition will speed each of us on to greater dedication. The liberty of no nation can rise higher than its source—and that source is and must be the individual dignity and the general liberty of man.

ADDRESS BY SENATOR THRUSTON B. MORTON

During the national observance of Brotherhood Week, it is a high honor for me to speak at this dinner honoring one of Kentucky's most famous sons—a man well deserving of his national award from the National Conference of Christians and Jews.

As editor in chief of our great Louisville newspapers, Barry Bingham long has been a tower in the encouragement of the ideals for which the National Conference works: enlightened tolerance—the application of reason and understanding to human conflicts which arise from the pits of prejudice and misguided emotions.

Barry has not limited his dedicated lifetime of public service to the editorial pages of his newspapers, either. In countless other activities, both here in Kentucky and on the national scene, he has pressed his basic goals with untiring dedication.

In politics, Barry and I sometimes have been on the same side of the fence—sometimes on opposite sides.

But even when we were on opposite sides, I do not believe that any basic conflict was created—it was simply a matter of us choosing a different means for the progress that we both want.

Unfortunately, this is not the situation with all people in America on opposite sides of a fence.

In many instances, both in individual and group situations, being on opposite sides of a fence—a racial fence, say, or a religious fence—has created sharp conflicts that leave deep scars unless they are mediated by the forces of moral and religious leadership.

Barry has been one of the country's leaders in mobilizing public support of these tempering forces, and it is for this work that he is being given the Brotherhood Award tonight.

But while our specific purpose tonight is to honor Barry, we really are saluting a great cause—of which he is one shining exponent.

This great cause is one to which this organization has devoted its creative energies since 1928, and for which Barry has done so much in our area and in the Nation.

The cause will end most of the world's troubles when it is achieved in full. It is understanding and tolerance, applied to bring about community unity.

The National Conference of Christians and Jews has worked long, hard, and successfully to alleviate the tensions that arise from religious and ethnic misundertandings. And these conflicts must be eliminated, for they are dangerous as well as morally wrong.

At home and abroad, Americans in the exciting decade of the 1960's face unprecedented dangers and unprecedented opportunities—both at the same time.

Americans are challenged in the 1960's to avoid the dangers while reaping the opportunities.

To do this we must face the challenges united—united in moral principle and united in moral purpose, no matter what different edifices or ceremonies we individually attend in our personal worship of God.

Nothing can defeat a morally united America—but a morally disunited America can never fulfill our historic promise of greatness. It is to this crucial unity that the work of the national conference is dedicated.

To a U.S. Senator, this is a somewhat unusual organization. It has no legislative goals. It does not lobby. It does not file lawsuits nor does it pressure legislators to enact special-interest laws.

This national conference is more of an educational group—though many concrete advances have been made.

The conference proceeds by mobilizing religious principles and bringing them to bear on problems which divide Americans.

One theme of President Kennedy's inaugural address seems to apply to the national conference's approach. While he was referring to foreign policy, a paraphrase of his thought is appropriate.

Let us concentrate, the President advised, on the things that unite us rather than the differences that divide us.

That's what the national conference does as it proceeds to rally religious principles that will spur civic actions solving community problems.

Our three great religious groups—Protestants, Catholics, and Jews—differ in philosophy and procedure, of course. But through all of them run common strands of moral conviction that can, and do in the national conference, combine into a mighty educational force that is greater in power than the sum of the three.

While countrywide in its organizational structure, the national conference to my mind essentially is local in character. While it has general national and international goals, its most dramatic advances and its most penetrating work have been done on the local level—and this is one reason Barry should take much pride in his award tonight.

To share in the work of the national conference, a person is not asked to leave his home and community and strive elsewhere for one specific national goal. He is asked to enlist for the duration in the war against prejudice, intolerance, and divisive misunderstanding in his own community.

In a phrase, a participant in this great organization is summoned basically to follow the political advice Theodore Roosevelt gave excited partisans who wanted to help his cause but could not discern what to do.

TR's sound instruction was: "Do what you can, with what you have, where you are."

Here in Kentucky, this wise dictate was being followed when the local chapters rallied public opinion against religious and racial bigotry in elections; when you organized many human relations programs at our high schools and universities, and when you promoted National Brotherhood Week observances among schools and civic groups.

From such advances in Kentucky and in all the other States, the national conference is a dynamic part of America's effort to create a broad, national climate of moral unity from the Atlantic coast to Hawaii and Alaska.

And this we will need as we move into the challenges that lie ahead.

America, and indeed the entire free world, face from atheistic communism a dangerous challenge of monolithic thrust.

Divided in any basic way, we will not be able to muster the national response necessary to overcome this awesome challenge.

Divided in any basic way, we will not be able to develop at home that national consensus under which we can minimize political and economic differences and take bold, constructive action to make America even more solidly prosperous than in the past.

Divided in any basic way, America cannot agree on action to rid itself of those prejudices that sap the potential strength of the Nation.

Toward all of these goals, the national conference strives.

But in this organization the work is definitely not aimed at some compromises of expediency—in which social conflicts are merely swept under the rug with a "let's don't talk about it" policy.

More effectively than I can state, the deeper aim of the national conference was stated 2 years ago by your eminent president, Dr. Lewis Webster Jones.

Dr. Jones said this:

"Adjustment by itself is not an adequate social ideal. It can be barren and self-defeating. The religious view of man, on which the work of the NCCJ is based, assumes that man is responsible, as a free moral agent, for his own acts, and for the ethical climate of his own society. Something is required of him by adjustment. Conformity to corrupt practices, however general they may be or however successful, is simply wrong. Unless we recognize this fact, American civilization will not fulfill its promise. It will not even survive, nor deserve to survive."

If all of us, regardless of whether or not we are members of the national conference, can summon this spirit—when we are faced on a personal level with a situation of social conflict—such conflicts largely will pass out of our lives.

And when this happens, the reality for everyone will be those words in the salute to the flag which appear as a keynote phrase in so much of the national conference's literature:

"One Nation, under God, indivisible, with liberty and justice for all."

That's what we're working for and the national conference, with such distinguished and energetic leaders as Barry Bingham, is in the forefront of the struggle.

I endorse your program. I praise your progress. I congratulate you for having the mature judgment to see the need for such enlightened work.

The Ad Hoc Committee on Cuba

EXTENSION OF REMARKS

OF

HON. CLEMENT J. ZABLOCKI

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 27, 1961

Mr. ZABLOCKI. Mr. Speaker, on February 2, under leave to extend my remarks, I included in the RECORD an exchange of correspondence with the ad hoc committee, composed of Milwaukee, Wis., residents, who were critical of our Federal Government for its alleged failure to take any steps to seek peace in Laos.

The other day, I received another open letter from the ad hoc committee. In this letter, the committee has in effect urged the Government to give the Communists a free hand in Cuba.

Under leave to extend my remarks, I would like to place in the RECORD the text of the ad hoc committee's letter, as well as my reply to them. The two letters follow:

AN OPEN LETTER

To President John F. Kennedy, Secretary of State Dean Rusk, Ambassador Adlai Stevenson, Senators Alexander Wiley, William Proxmire, Congressmen Henry Reuss, Clement Zablocki, Robert Kastenmeier, editors of the Milwaukee Journal, and the Milwaukee Sentinel:

We strongly support the declaration of President John Kennedy at his news conference on April 12, 1961:

"There will not under any conditions be an intervention in Cuba by U.S. Armed Forces. This Government will do everything it possibly can, and I think it can meet its responsibilities, to make sure that there are no Americans involved in any action inside Cuba. I wish to make clear also, that we would be opposed to the use of our territory for mounting an offensive against any foreign government."

We affirm this stand because:

1. We see in armed intervention the risk of world war III.

2. We do not wish to adopt the methods of the Soviet action in Hungary or the British-French action in Suez.

3. We have faith that there can be negotiated solutions to international disputes.

4. We believe that intervention would forfeit the confidence and friendship of the Central and South American Nations.

While many of us may look upon the Castro regime with disfavor, puzzlement, and disappointment, we are no less concerned with the folly of our Cuban policy which now causes the American people so much anguish. Now is the time for open discussion. It is our conviction that an informed public opinion will make its influence felt upon those who are in positions of leadership.

There are questions deserving serious and immediate attention. For example: (1) What are the minimum conditions for reestablishment of diplomatic relations with Cuba? (2) What should be our attitude toward social and economic upheavals in Central and South America? (3) In what specific ways does the social revolution in Cuba threaten the fundamental interests of the American people as a whole? (4) Is there anything in American policy toward Cuba which has contributed to her dependence on the Soviet bloc? (5) What are our obligations under the Charter of the Organization of American States?

We think that James Reston, political analyst of the New York Times, has clearly stated the principle involved:

"Everywhere in the world the United States is trying to defend or establish a simple overriding principle: That force shall not be used, directly or indirectly, to achieve political ends, and that all international disputes shall be settled by negotiation. This is the principle we are trying to sustain in Laos, where we are arguing against the shipment of Soviet arms for use against a government we support. This is the principle we supported even against the British and French in the Suez war. This is the principle we are trying to defend in the Congo, in Indonesia, in the Middle East, in Algeria, and in Berlin.

Surely that same principle applies in our relations with Cuba and the other Central and South American nations.

People striving for economic betterment, political freedom, and national independence, sometimes use methods we abhor or go to extremes we deem unwise. Even in such cases we must uphold the principle of nonintervention. Our claim to moral leadership demands it. Intervention points to disaster.

Sincerely yours,

The ad hoc committee: Rev. Roy Agte, W. Robert Brazelton, Louis Becker, Dr. Neal Billings, William Brown, Dr. Gladys Calbick, Dr. Martin Cohnstaedt, Wilma Ehrlich, Jack Eisendrath, Rev. Roger Eldridge, Dr. Hugo Engleman, Donald Esker, Mrs. Maxine Franz, Richard Franz, Wayne Gourley, Dr. Alan Grossberg, Mrs. Ruth Grossberg, Mrs. Leon M. Hamlet, Dr. Dorothea Harvey, Rev. Herbert J. Huebschmann, Edward Jamosky, Harvey Kitzman, Dr. David Luce, Dr. Willie Mae Gillis, Mrs. Virginia Parkman, Mrs. Louise W. Peck, Dr. Sidney M. Peck, Mrs. Annette Roberts, Mort Ryweck, Dr. Gordon Shipman, Dr. James W. Skelton, Rev. Kenneth L. Smith, Max Taglin, Mrs. Thelma Taglin, Corneff Taylor, Arthur Thrall, Nick Topping, Frieda Voigt, Rev. Lucius Walker, Theodore Warshafsky, Jack Weiner, John Werner, Rev. Herbert Zebarth, Leonard Zubrensky.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., April 26, 1961.

Dr. S. M. PECK,
Milwaukee, Wis.

DEAR DR. PECK: This will acknowledge your open letter of April 25, outlining your ad hoc committee's views on the situation in Cuba.

I have noted your views and I wish to reassure you that, as in the past, I will continue to support efforts made by our Government to resolve international problems through peaceful negotiation. However, we can only expect constructive results from such negotiations if we negotiate from a position of strength, not of weakness.

I must add that I am amazed at your committee's apparently unshakable faith in the peaceful intentions of the commies and their willingness to reach negotiated settlements. It would seem to me that your belief in the sincerity of Communist statements and pledges should be wearing thin. What do you find in the record of the past 15 years—and in the record of recent developments in Cuba, Laos, Vietnam, and other areas—to sustain your faith? I would be interested in receiving your reply.

There is one last comment that I would like to make: Apparently history has failed to persuade you about the true nature and the real objectives of communism. You are, of course, puzzled and disappointed with Castro; according to your letter, many members of your committee even look upon him with disfavor. But the last paragraph of your letter indicates to me that you still consider Mr. Castro, and others in his category as basically well-meaning agrarian reformers, social reformers, or political reformers who—on occasion—may go to extremes which you consider unwise. Your advice in those instances is that we should sit tight and do nothing.

I do not believe that we should try to run the affairs of any nation other than our own, or attempt to rule the world. At the same time, we should not sit back and watch the Communists swallow up the free world bit by bit until they accomplish their objective—world domination. As a free nation, as a responsible world power, and as leader in the free world, the United States has a responsibility to its neighbors which goes beyond sitting back and engaging in intellectually stimulating discussions, or in passing resolutions, or in composing open letters. I am confident that the vast majority of the American people are conscious of that responsibility and are determined to live up to it.

Yours sincerely,

CLEMENT J. ZABLOCKI,
Congressman, Fourth District.

GSA Plans To Place a Customhouse in Sargasso Sea of Traffic

EXTENSION OF REMARKS

OF

HON. CRAIG HOSMER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 27, 1961

Mr. HOSMER. Mr. Speaker, more than two-thirds of the total land area of central Los Angeles is either roadway or parking lots. This is necessary—indeed, it is not enough—because of the dependence of Los Angeles on auto transportation. But many people believe the saturation point has just about been reached. Charles Luckman, the eminent architect, has suggested in a study that central Los Angeles may eventually strangle in its own traffic, with cars locked bumper to bumper and unable to move. Right now, during rush hours, this is not so far from reality.

Yet, the GSA has proposed to build a new customhouse and Federal office building, which would be the largest office building in Los Angeles, without making a provision for one single off-street parking space for private automobiles of employees or persons doing business in the building. The Southern California Architects Association has protested the building because of this lack of provision for parking. As a matter of fact, the new Federal building would not only add to parking congestion without contributing new facilities, it would actually subtract from parking facilities now in existence. The

new Federal building is scheduled to occupy two blocks just off the Santa Ana Freeway. The entire area of one of those city blocks is now a parking lot. The importance of parking to central Los Angeles was underscored by S. S. Taylor, general manager of the Los Angeles Traffic Department, who recently declared:

Unless an integrated transportation system operates inside the loop of freeways that will surround downtown Los Angeles in 1962, the freeways will destroy the city they were meant to serve. The traffic capacity of the freeways is dependent upon the accessibility and capacity of streets and parking spaces in the terminal areas. A freeway system without parking is like a railroad without a station. It is clogging at the entrances and exits that threaten these great arteries.

Yet the GSA proposes to build a customhouse in the Los Angeles Civic Center that has not merely inadequate, but no provision for offstreet parking. Further, the customs service proposes to operate trucks in and out of this building with the further congestion they will cause on access roadways and on the freeways themselves.

There is a sensible solution. Build the Federal office building if it is really necessary, but separate customs headquarters from the building. Put the customs facilities in the harbor where they belong anyway. Use the space saved for parking.

Lessons and Danger

EXTENSION OF REMARKS

OF

HON. BRUCE ALGER

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 27, 1961

Mr. ALGER. Mr. Speaker, there are many dangers and lessons in the article here presented—Human Events, April 21, 1961:

GERMANY IGNORED ECONOMIST HELLER, AND PROSPERED

Imposing evidence has only recently come to light to show that leading New Deal economists, including Prof. Walter W. Heller, are capable of giving some mighty bad advice. This is important because Mr. Heller is now Chairman of President Kennedy's Council of Economic Advisers.

The State Department has declassified a 1951 report in which Mr. Heller, Prof. Alvin Hansen, and several others solemnly warned that the German economy could not possibly improve without a thorough immersion in Keynesian-New Deal philosophy (reported in Human Events, Mar. 17, 1961). Events have proved that the forecast was silly.

The professors were members of a Marshall plan team whose mission was to tell the new German Government how to manage its economy. Their 400-page report, said to be largely the work of Mr. Heller, expressed the opinion that the German economy was bogged down on a sort of plateau and that proper measures must be taken if the possibilities [of further progress] are to be realized.

Fortunately for Germany, the Bonn government disregarded the report. In every important matter it kept on doing precisely what Mr. Heller and his colleagues said it should stop doing, and Germany has wound up better off than the report considered possible even if its recommendations had been followed.

The report said Germany would never achieve the necessary rate of industrial expansion if it continued to worry about inflation; that it should not confuse wartime inflation with the normal operations of peacetime credit; that it had an excessive concern for price stability; and that it was overly timid in allowing the creation of new credit.

Germany has continued to guard against inflation (as successfully, in fact, as any industrial country) and has kept a tight rein on the expansion of credit.

The report called for easy money and said that a rate of interest high enough to stimulate any large volume of personal savings would seriously curtail investment.

Germany has kept a high rate of interest.

The report said that tax concessions granted to industry, such as depreciation allowances, were being abused and that in any case they represented only an expenditure of tax funds which would otherwise have been collected by the Government. Accordingly, the report said, a compulsory investment program would be more effective. Under the recommended program, all industries were to be assessed for the fund and the Government was to distribute the money to industries where there was a crying need for expansion.

The Government did nothing of the kind.

The key bottleneck in German industrial expansion, the report said, was an inadequate supply of coal. It recommended vast Government programs for stimulating the production of coal.

Little was done along this line. Coal has become a drug on the market and the problem has been how to dispose of the surplus.

The report proclaimed that "the nostalgic hopes * * * looking toward a revival of the 19th century role of the capital market are doomed to disappointment. The capital market plays no such role in any modern country and there is no prospect that it will."

The capital market is still functioning much as it always did, here as in Germany, in spite of persistent attempts to dislodge it.

Finally, the report drew a distinction between Germany, squeezed between too great a demand for imports and not enough exports, and the United States, "where there has never been any fear of a squeeze or an external drain."

Today, having disregarded all of Mr. Heller's recommendations, Germany has turned the tables on us. It has built up an enormous trade surplus, accumulated nearly $8 billion in reserves, and the squeeze is on the United States—to such an extent, indeed, that we are begging Germany to help us out.

What actually happened just couldn't happen, according to Mr. Heller and others. They go on pretending that the United States must take the same medicine they prescribed for Germany even though Germany recovered precisely because it poured the nasty stuff down the drain.

Now, what are the dangers and lessons?

First. Danger: Security classification by the State Department which withholds information from our people.

Lesson: Public knowledge and discussion will show up the fallacies of regimented bureaucratic thinking, foreign to a free enterprise constitutional Government society.

Second. Danger: The gentleman whose views are so thoroughly discredited, Mr. Heller, is now the top economic adviser to the President.

Lesson: A President can surround himself with fuzzy thinkers.

Third. Danger: While Germany disregarded these fallacious economic theories, of no need to worry over inflation, easy money, Government aid to industry, misunderstanding the capital market, the United States is obviously following them, witness recent Presidential messages and legislation—the tax recommendations, area redevelopment bill, the housing message, and the like.

Lesson: Government regimentation, Federal bureaucratic planning, taxing, and control is no match for free private enterprise and people left alone by Government.

When will our people wake up to the dangers which our Nation faces and remember the lessons learned by our leaving the Old World, our Revolution, and formulation of our form of limited constitutional Government?

Lockheed Repudiates Erroneous Press Report Regarding Its Showing of the Film "Operation Abolition"

EXTENSION OF REMARKS

OF

HON. FRANCIS E. WALTER

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 27, 1961

Mr. WALTER. Mr. Speaker, on April 13, 1961, there was inserted in the CONGRESSIONAL RECORD an article from the Los Angeles Mirror of March 3, 1961, "relating why Lockheed missiles and space division has stopped showing the film 'Operation Abolition.'"

Under unanimous consent I insert in the RECORD two letters: the first dated March 27, 1961, which I addressed to Mr. Robert E. Gross, chief executive officer of the Lockheed Aircraft Corp., asking confirmation of the above-mentioned press release; the second letter, dated April 5, 1961, received in reply from Mr. John E. Canaday, vice president of the company, in which he repudiates the "erroneous press report" regarding Lockheed's halting its showing of the film:

MARCH 27, 1961.

Mr. ROBERT E. GROSS,
Chief Executive Officer, Lockheed Aircraft Corp., Burbank, Calif.

DEAR MR. GROSS: I was somewhat surprised to read in the press that the raging controversy over "Operation Abolition" had caused Lockheed Missiles and Space Division to halt its showing of the film. I am somewhat at a loss to understand this, and am quite sure the release was, perhaps, unauthorized or at least garbled.

I am sure you are aware of the report made to our committee by Hon. J. Edgar Hoover, Director of the Federal Bureau of Investigation, on the subject of the riots in San Francisco and the fact that our committee made a report to the House concerning the legislative purpose for the production of the film. Both of these publications are enclosed for your information.

I would very much appreciate hearing from you as to whether or not the present comments are indeed accurate.

With very best regards, I am,

Sincerely yours,

FRANCIS E. WALTER,
Chairman.

LOCKHEED AIRCRAFT CORP.,
Burbank, Calif., April 5, 1961.

Hon. FRANCIS E. WALTER,
House of Representatives, House Office Building, Washington, D.C.

DEAR CONGRESSMAN WALTER: Mr. Robert E. Gross has asked that I investigate and reply to your March 27 letter. Evidently there has been a misunderstanding about Lockheed's position in regard to the film "Operation Abolition." We have no overall policy against its showing.

Lockheed acquired one print of the film for internal purposes. We have shown it to some of our security coordinators and others. It has been shown to the management clubs at two of our divisions. On a few occasions our print has been shown to outside groups. And we shall continue to lend our single print to such groups when the dates can be worked into the rather tight internal schedule.

I have recently seen the film and feel that it is an excellent documentary-type record of tactics used by the Communists and their supporters. We believe everyone should see it, especially parents who may not be aware of the dangerous influences their sons and daughters may encounter on college campus.

Occasions for showing the film either among our employees or to outside groups with our assistance are limited, however, both by propriety and the regulations and practices characteristic of large industrial firms and Government defense contractors. It would be inappropriate and contrary to longstanding practices, for example, to show the film to employees on the job. And it would be inappropriate for industrial firms like Lockheed to serve as a film distributing agency. Outside groups will have no difficulty in obtaining a print from the commercial film company that produced it and is distributing it.

It was a misimpression that grew out of one or two such occasions that led to the erroneous press report that we would no longer allow the film to be shown.

Sincerely yours,

JOHN E. CANADAY,
Vice President.

A Realistic Approach to Our Educational Problems

EXTENSION OF REMARKS
OF

HON. HAROLD R. COLLIER

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 27, 1961

Mr. COLLIER. Mr. Speaker, a joint resolution adopted by the 72d General Assembly of the State of Illinois might be of keen interest to the Members of the House deliberating on the proposed Federal aid-to-education legislation. It is interesting to note that the resolution was originally offered by 29 members of the Illinois Legislature who are closest to the problems in education in my State.

I submit that this resolution, as placed in the CONGRESSIONAL RECORD of April 17 by Congressman ROLAND LIBONATI, is a realistic approach to the real problem which faces the parents and taxpayers, not only in Illinois, but across the other 49 States.

Proposed Regulations for Ads of Investment Advisers

EXTENSION OF REMARKS
OF

HON. ABRAHAM J. MULTER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 27, 1961

Mr. MULTER. Mr. Speaker, I commend to the attention of our colleagues the following article from the Wall Street Journal of April 5, 1961, and the correspondence following it.

It is heartening to observe this activity on the part of the Securities and Exchange Commission and I think they are to be commended for promulgating the proposed rules. It is my sincere hope that after the serious consideration of my suggestions they also will be incorporated in the new regulations.

[From the Wall Street Journal, Apr. 5, 1961]

SEC WOULD BAR CERTAIN ADS ON INVESTMENT ADVICE—IT SEEKS TO HALT TESTIMONIALS, REFERENCE TO PAST ADVICE, ADS FOR GRAPHS, FORMULAS—COVERS ADVISERS, COUNSELORS

WASHINGTON.—The Securities and Exchange Commission proposed new rules to curb alleged fraudulent and deceptive advertising by companies and individuals who sell or collect a fee for investment advice.

The new rules apply to advertising by an estimated 1,600 so-called investment advisers registered with the SEC, and to anyone, whether registered or not, who collects a fee for counseling investors about when to buy and sell what securities.

Thus, the SEC crackdown would also affect individuals and concerns that call themselves investment "counselors," broker-dealers that collect special fees for investment advice when the advice is not incidental to the purchase or sale of securities, and stock market chartists advertising charts, graphs, formulas, or other statistical devices as aids to securities buying or selling.

The agency listed some examples of ads it thinks ought to be illegal. One recently in a New York newspaper promoted an "extraordinary special situation report on an overlooked industry group" in which "we expect stock prices to double and triple." A direct-mail ad said, "If you had acted on our advice not too many months ago you could have turned $1,000 into $2,137 in just 68 days." A newspaper ad said there were "opportunities in warants" for investors "interested in making $1 do the work of $100 or $1,000 in a rising market."

The SEC proposed rules to define certain investment adviser ads as fraudulent, deceptive, or manipulative. It would prohibit advertising testimonials and would forbid calling attention to past recommendations. Such ads "are misleading by their very nature," the SEC said, because they emphasize only the recommendations that turned out well.

Advisers couldn't run ads offering to sell any graph, formula, or other device that tells an investor when to buy or sell stocks. They could not describe a report, analysis, or other service as free "unless it is in fact entirely free and subject to no conditions or obligations." A final catchall rule makes unlawful any ad that "contains any untrue statement of a material fact or is otherwise false or misleading."

The Commission set May 15 as the deadline for investment advisers and anyone else interested to file comments; all regulatory agencies are required by Congress to follow that procedure in adopting new rules. After the comments are in, the SEC may make changes and then probably will fix an effective date.

The rules would implement an amendment Congress passed last September to the 1940 Investment Advisers Act. That act made it unlawful for investment advisers to engage in fraudulent or deceptive practices. But the SEC has never brought action against an adviser for advertising his own abilities falsely, because the law was too vague.

Last year's amendment expanded the SEC's regulatory authority, including the power to define wrongful advertising in its rules, and gave the agency a range of enforcement tools; it can suspend or revoke an erring adviser's registration, probably putting him out of business, or it can go to court for an injunction or to prosecute. Maximum penalties a court can give an adviser guilty of violating SEC rules: A $10,000 fine or 2 years in jail or both.

The SEC said the advertising rules are only the first step in its campaign to tighten up the regulation of investment advisers. Another rule under study would state what books and records an adviser must keep. The 1960 amendment gives the Commission the power to inspect such books and records.

An SEC official said the rules were not proposed until now, even though the amendment was passed last September, because the Commission "has too many other things to do and not enough staff help to do them. We're simply taking first things first."

APRIL 15, 1961.

Hon. ORVAL L. DUBOIS,
Secretary, Securities and Exchange Commission, Washington, D.C.

DEAR MR. SECRETARY: I was indeed pleased to note the publicity attendant upon the activity of your agency to regulate the advertisements of financial consultants and advisers.

I will be pleased to receive a copy of your proposed new rules.

It has occurred to me that there should be a rule requiring all persons giving this kind of advice, and particularly brokers who are buying and selling securities, to furnish in writing full information concerning those securities which they own whenever they give any advice with reference to the purchase or sale thereof. I think that in every such instance they should be required to state the details as to the date of acquisition, quantity and price paid, and then also be required to give advance notice of their intention to dispose of such securities whenever they have given advice as to the purchase thereof.

If your proposed new rules do not cover these items, I would appreciate having your reaction as to the advisability thereof.

Sincerely yours,

ABRAHAM J. MULTER.

SECURITIES AND EXCHANGE COMMISSION,
Washington, D.C., April 24, 1961.

The Honorable ABRAHAM J. MULTER,
The House of Representatives,
The Congress of the United States,
Washington, D.C.

DEAR CONGRESSMAN MULTER: Your letter of April 15, 1961 to Mr. Orval DuBois, has been referred to me for reply. Pursuant to your request I am happy to enclose a copy of Investment Advisers Act Release No. 113 announcing the Commission's proposal to adopt rule 206(4)(1) to prohibit certain advertisements by investment advisers as fraudulent, deceptive, or manipulative within the meaning of the Investment Advisers Act.

You suggest that there should be a rule requiring all persons giving investment advice to furnish written information concerning their own transactions in the securities they recommend. You propose that when they give advice as to the purchase of particular securities they be required to state the date of their own acquisitions, the amount purchased, and the price paid; and that they should also be required to give advance notice of their intention to dispose of such securities.

As release No. 113 points out, the Commission has accelerated its regulatory program since the amendment of the Investment Advisers Act in September 1960, and one important phase of this program involves a study of the acts and practices of investment advisers which may be considered to be fraudulent, deceptive, or manipulative, with a view to adopting rules and regulations designed to prevent such acts and practices.

The problem to which you refer is one of those being studied. Certainly a person who has the obligations of a fiduciary should not be permitted to engage in activities which may conflict with his obligation of undivided loyalty to his customer or client; and where he has any position in a security being recommended, or has engaged in any activities which might affect the price or bear upon the objectivity of his recommendation, all material facts with respect thereto should have to be disclosed. The problem is a complex one, however, and just what conditions should be made applicable in these particular situations must be given careful thought.

Your suggestion is greatly appreciated. You may be sure it will be given serious consideration.

Sincerely yours,

PHILIP A. LOOMIS, Jr.,
Director.

SECURITIES AND EXCHANGE COMMISSION,
Washington, D.C.

(Investment Advisers Act of 1940, release No. 113)

NOTICE OF PROPOSED RULE TO PROHIBIT CERTAIN ADVERTISEMENTS BY INVESTMENT ADVISERS AS FRADULENT, DECEPTIVE OR MANIPULATIVE UDER THE INVESTMENT ADVISERS ACT OF 1940

Notice is hereby given that the Securities and Exchange Commission has under consideration a proposal to adopt rule 206(4)(1) defining certain advertisements by investment advisers to be fraudulent, deceptive or manipulative activities within the meaning of section 206(4) of the Investment Advisers Act of 1940.

Since the adoption of the Investment Advisers Act of 1940, section 206 of the act has made it unlawful for registered investment advisers to engage in fraudulent or deceptive activities. The effectiveness of these provisions were limited, however, because the Commission did not have the power to define specific activities to be fraudulent or deceptive.

In September 1960 the act was amended in many important respects. Section 206 was made applicable to all investment advisers whether registered or not. In addition, a new subsection (4) of section 206 prohibits any investment adviser from engaging in any act, practice or course of business which is fraudulent, deceptive, or manipulative and gives the Commission the power, by rules and regulations, to decline and to prescribe means reasonably designed to prevent such acts, practices and courses of business.

Since the amendment of the act the Commission has accelerated its regulatory program with respect to investment advisers. One important phase of this program involves a study of the acts and practices of investment advisers which may be considered to be fraudulent, deceptive, or manipulative, with a view to adopting rules and regulations designed to prevent such acts and practices. The present proposal is the first step in implementing this phase of the program.

The proposed rule 206(4)(1) would prohibit an investment adviser from publishing or circulating; or from causing any other person to publish or circulate, any advertisement which the rule defines to be fraudulent, deceptive, or manipulative.

In considering the specific provisions of the rule several important considerations should be borne in mind. Investment advisers are generally required to adhere to a stricter standard of conduct than that applicable to ordinary merchants, securities are intricate merchandise, and clients or prospective clients of investment advisers are frequently unskilled and unsophisticated in investment matters. Since it is to such persons that a substantial amount of investment advisory advertising is directed, the proposed rule is intended to implement the statutory mandate by foreclosing the use of practices which have a tendency to mislead or deceive such persons.

The first subparagraph of the proposed rule would prohibit advertisements containing testimonials of any kind concerning the investment adviser or any advise, analysis, report or other service rendered by the investment adviser. Subparagraph (2) would prohibit the use of advertisements which call attention to past recommendations of the investment adviser which were or would have been profitable to any person. Such advertisements are misleading because by their very nature they emphasize the comments and activities favorable to the investment adviser and ignore those which are unfavorable.

Subparagraph (3) would prohibit an investment adviser from using an advertisement which represents, directly or indirectly, that any graph, chart, formula, method, system or other device being offered can in and of itself be used to determine which securities to buy or sell, or when to buy or sell them. This same subparagraph would also prohibit an advertisement which represents that any such graph, chart, etc., being offered will enable or assist any person to make his own decisions as to which securities to buy or sell or when to buy or sell them without fully disclosing the limitations and difficulties with respect to its use.

Subparagraph (4) of the rule would prohibit an advertisement from representing that any report, analysis, or other service will be obtained free or without charge unless it is in fact entirely free and subject to no conditions or obligations.

Subparagraph (5) contains a more general provision to make it unlawful for an investment adviser to use any advertisement if it contains any untrue statement of a material fact, or is otherwise false or misleading.

It has been suggested that there are many other areas in which it may be appropriate to adopt rules defining certain practices to be fraudulent, deceptive or manipulative. As pointed out above, the Commission has power not only to define such acts or practices, but also to adopt rules designed to prevent them.

Section 204 of the act, as amended, gives the Commission the power to require investment advisers subject to registration to maintain books and records prescribed by the Commission and to inspect such books and records. The Commission has published, in Investment Advisers Act Release No. 111, its proposed rule to prescribe the books and records to be maintained. Its inspection program should furnish valuable information indicating some areas which might be the subject of regulation to prevent fraudulent, deceptive or manipulative practices. However, the Commission would like to have the suggestions of all informed persons (including those engaged in business as investment advisers, and those who have employed the services of such advisers in any capacity) concerning other rules and regulations which might be adopted to prevent such practices.

The text of proposed rule 206(4)(1) discussed above, defining certain advertisements as fraudulent, deceptive, or manipulative, is as follows:

PROPOSED RULE 206(4)(1)

(a) It shall constitute a fraudulent, deceptive, or manipulative act, practice or course of business within the meaning of section 206(4) of the act, for any investment adviser, directly or indirectly, to publish, circulate, or distribute any advertisement—

1. which refers, directly or indirectly, to any testimonial of any kind concerning the investment adviser or concerning any advice, analysis, report, or other service rendered by such investment adviser; or

2. which refers, directly or indirectly, to past recommendations of such investment adviser which were or would have been profitable to any person; or

3. which represents, directly or indirectly, that any graph, chart, formula, method, system, or other device being offered can in and of itself be used to determine which securities to buy or sell, or when to buy or sell them; or which represents, directly or indirectly, that any graph, chart, formula, method, system, or other device being offered will enable or assist any person to make his own decisions as to which securities to buy or sell, or when to buy or sell them, without fully disclosing, in close juxtaposition and with equal prominence, the limitations and difficulties with respect to its use; or

4. which contains any statement to the effect that any report, analysis, or other service will be furnished free or without charge, unless such report, analysis or other service actually is or will be furnished entirely free and without any condition or obligation, directly or indirectly; or

5. which contains any untrue statement of a material fact, or which is otherwise false or misleading.

(b) For the purposes of this rule the term "advertisement" shall include any notice, circular, letter or other communication, written or oral, which offers (1) any analysis, report, or publication, or (2) any graph, chart, formula, method, system or other device intended to be used in connection with

making any determination as to when to buy or sell any security, or which security to buy to sell, or (3) any other investment advisory service.

All interested persons are invited to submit their views and comments on proposed rule 206(4)(1) and their suggestions with respect to other rules which should be adopted to prevent fraudulent, deceptive or manipulative acts or practices, on or before May 15, 1961. All such communications will be available for public inspection.

By the Commission:

ORVAL L. DUBOIS, *Secretary*.

A Bill To Establish a Federal Commission on Taxation

EXTENSION OF REMARKS

OF

HON. DON L. SHORT

OF NORTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 27, 1961

Mr. SHORT. Mr. Speaker, I am introducing today a bill on establishing a Federal Commission on Taxation, for the purpose of making a thorough study of our whole Federal tax structure with the view of effecting necessary reforms.

I would like to insert in the CONGRESSIONAL RECORD my statement of reasons for introducing this measure:

THE HONORABLE DON L. SHORT, CONGRESSMAN FROM NORTH DAKOTA, URGES STATES BE GIVEN BACK THEIR TAXING PRIVILEGES—INTRODUCES BILL TO SET UP COMMISSION ON FEDERAL TAXATION TO STUDY NECESSARY TAX REFORMS

WASHINGTON, D.C.—In introducing legislation today which would provide for the establishment of a Commission on Federal Taxation, Congressman SHORT commented: "While I don't hold with setting up commissions for everything under the sun, here is a case where there is a definite need for one. Many of the Members of Congress find themselves in a situation where it is impossible to give adequate time and study to important tax reforms which are long overdue." SHORT stated it was his contention that "the creation of a Commission to go into all aspects of tax reforms and adjustments which would have a stimulating effect on our economy seems to me a most sensible approach, and would prove an assist to the hard-working Ways and Means Committee members, who have before it many important measures which are time consuming in themselves."

Congressman SHORT reiterated his belief that the Federal Government has assumed many of the prerogatives in the taxation field which would ordinarily fall to the States. "If our benevolent Uncle Sam will only give back to the people what is rightfully theirs, we can save a lot of this money that is lost in the shuffle back and forth between the States and the Federal Government. Our paternal Federal Government has in effect been patting the States on the heads as one would a child and saying, "Now if you will just leave everything to me, life will be much easier. Whoever thinks that is just kidding themselves."

"One of the first reforms that could be instituted is to eliminate the Federal excise taxes," SHORT suggested. "Here there is a field that the Federal Government has invaded. These wartime emergency taxes should and can be removed. It would stimulate our economy at a time when it is needed. Later, if the States find they need to avail themselves of this prerogative in order to furnish the services and privileges the public demands, then they have this area available for their use, and do not lose half of the dollars in transit." Congressman SHORT further asserted, "With the taxing reins back in the hands of the States, we can stay in the driver's seat insofar as aid to education, medical care to the aged, etc., are concerned. Control can stay where it should be—at home. It's part and parcel of local responsibilities."

Congressman SHORT went on to point out that "President Kennedy has indicated his belief that there is a need for tax revision, which, after all, is a legislative responsibility, in his tax message which has just come before the Congress. If he is sincere in this expressed belief, let him join in this move to set up this Commission, which should be bipartisan in nature, and urge a thorough, analytical study which can come up with recommendations for reforms; reforms which will permit our American businesses to flourish and grow—reforms which will stimulate and encourage the growth of our economy which seems to be in need of confidence right now—reforms which will allow us to hew to the line established by our Founding Fathers in a Constitution which has weathered the test of time and experience, a system based on the principle of freedom of opportunity which has made our country what it is today—the place on this earth where the individual, regardless of race or color or social or economic position, has the greatest opportunity to exercise his ability and ingenuity and energy for the benefit of himself and his family, his fellow citizens and his country.

The Inter-American Appropriation Bill

EXTENSION OF REMARKS

OF

HON. JOHN B. ANDERSON

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 27, 1961

Mr. ANDERSON of Illinois. Mr. Chairman, the House on last Tuesday passed and sent to the Senate H.R. 6518, the inter-American appropriation bill. I deeply regret that I could not give my support to that proposal.

I fully realize the seriousness of the present international situation and that it provides the backdrop for the administration's desire that H.R. 6518 pass without delay.

Nevertheless, I am unable to support this program because I do not believe that the solution to our present difficulties lies simply in the appropriating of large sums of money.

It seems to have become a tradition in our Federal Government to attempt to alleviate every international crisis with more Federal aid. Some have said that if the House failed to pass this inter-American appropriation bill the result would be a serious blow to our relations with Latin America. I understand that some Latin American countries, in looking forward to this newest bounty, have referred to it as "the Castro bonus."

It has been said by supporters of this program, that its passage would help achieve greater political solidarity within the Western Hemisphere. The fallacy of this argument has already been amply demonstrated. For in spite of the anticipated approval by the Congress of the full $600 million requested by the administration in H.R. 6518, only seven Latin American countries were sufficiently grateful to vote in the United Nations General Assembly recently in favor of the extremely moderate request that the Organization of American States bring about a peaceful settlement of the United States-Cuban difficulties. Thus even at this early stage in its development, it appears that this program, like all of our earlier efforts in Latin America, will fail to buy the United States any additional friends in the Western Hemisphere.

There is considerable doubt in my mind, as I am sure that there is in the minds of many of my colleagues, that the fruits of our generosity in projects like this are actually enjoyed by the people of the countries involved.

With the background of waste, misuse, and poor administration of funds that has been so prevalent in our foreign aid programs, you would have thought that the administration would have come before the Congress with a detailed set of plans for the expenditures to be utilized under this appropriation. However, instead the measure was railroaded through in the most slipshod manner conceivable. The remarks of the ranking minority member of the Appropriations Committee during the general debate certainly support this conclusion. If for no other reason than this, I could not have supported this bill.

I understand that many Members felt that the present critical international situation required that they act quickly. I am sure that every Member of this House wants to do whatever is possible to assist the President in alleviating the present crisis. However, I must warn you, my colleagues, that certain dangers, perhaps even more serious than the present ones, will arise if the House of Representatives continues the course of action it initiated on Tuesday when it approved an appropriation bill, involving $600 million, without even requiring that the administration present the Congress with specific plans for the employment of the funds involved.

Never before has the Congress so readily relinquished its fundamental right to demand from the Executive justifications for the amount appropriated. The House, by acting to present the administration with a blank check, as it did in this instance, opened the door for an untold number of future programs, whereby the Congress will again be asked to abdicate its responsibility for fiscal prudence.

For these reasons, Mr. Chairman, I find it impossible to support the administration's program as stated in H.R. 6518, and I sincerely hope that the Senate will pay far greater heed to its responsibility than did the House on last

Tuesday and refuse to reduce the appropriating process to a meaningless formality.

Address by Hon. Gordon Scherer, of Ohio, at the Seventh Annual National Military-Industrial and Educational Conference

EXTENSION OF REMARKS

OF

HON. WILLIAM M. TUCK

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 27, 1961

Mr. TUCK. Mr. Speaker, under leave to extend my remarks in the CONGRESSIONAL RECORD, I include an address by the Honorable GORDON SCHERER, of Ohio, delivered on April 12, 1961, at the Seventh Annual National Military-Industrial and Educational Conference, Sherman Hotel, Chicago, Ill.:

I feel certain that all of you were impressed by the film which you have just seen, "The Spy Next Door." It has given you, as well as the millions of Americans who have viewed it on television, a better understanding of the enemy we face: his flexible and deadly purpose, his cunning efficiency, the diabolical thoroughness of his spy apparatus, and his utter inhumanity and cruelty. The film has something important to tell all of us about how dangerous an enemy we face and how much we must do if we are to remain free.

"The Spy Next Door" ties in with the theme of this conference because it demonstrates how vital it is for all Americans to know their enemy better, to have a true grasp of the nature of the conspiracy behind the activities the film portrays—a conspiracy which has created the largest and possibly the most efficient espionage network the world has ever known; which maintains the largest standing army on the globe and, at the same time, the largest corps of political propagandists and agitators known to history—along with a fifth column in every free nation.

As you know, an attempt was made to censor this film. A nationwide protest forced its showing and defeated the effort to suppress the truth it conveys. I am sure that all of you, as believers in academic freedom and freedom of information generally, are glad that the suppression effort was defeated.

Because it was defeated the film, today, is still serving the American people. The Armstrong Cork Co. has made it available not only to this gathering but to many others—and will continue to do so as long as it is not used for commercial purposes. The State Department, the Atomic Energy Commission and the National War College have already used it to assist in the education and training of certain of their personnel.

One thing about the film which is not known, except to a few persons, is that this film is based to a considerable extent on information developed by the Committee on Un-American Activities. Six months before the film was shown, Jerry Ross, who wrote the script knew little about Soviet espionage. As part of his preparation for writing it, he visited the committee, and also the Senate Internal Security Subcommittee, talked with its counsel, and was given various committee hearings and reports on the subject. As he has told the committee, "an appreciable amount" of his background material came from these publications. Those of you who have read all committee releases of the last few years undoubtedly saw in the film many familiar items, situations and techniques.

There is material for many more documentaries such as "The Spy Next Door" in the hearings and reports of the committee—material on Communist directives and techniques for infiltrating our basic industries, our schools, churches, and professions—on Communist wrecking-of-freedom strategy and tactics in all walks of life.

The overwhelming majority of you, I am sure, do not believe that an agency which gives such information to the people, and is charged by the Congress with doing so, should be destroyed and vital data on Soviet espionage and many other aspects of communism thereby suppressed, any more than you believe "The Spy Next Door" should have been suppressed.

Yet, I must regretfully say that certain elements of a group in our society which is represented at this gathering has played, and is still playing, an unduly large role in the effort to suppress such information by bringing about the abolition of the Committee on Un-American Activities.

Earlier this year large ads were published in the Washington Post and the New York Times, ads which made false charges against the committee and urged its abolition. Of the 327 persons who signed this ad, more than one-third, well over 100, were educators.

Last month the American Civil Liberties Union issued a statement signed by 250 professors from 79 colleges and universities, urging that the committee be abolished. Recently, a similar statement came out of Cornell University, signed by 52 professors. In January, 87 Brown University professors signed another statement to the same effect.

The committee's hearings in San Francisco last May were protested by several hundred professors from colleges in the vicinity of that city, even though the purpose of the hearings was to develop information on the leadership, activities, the strategy and tactics, of the important Northern California District of the Communist Party.

I may be old fashioned, but I believe that educators have a duty and an obligation to maintain, defend and strengthen any society, culture and government that gives them the freedom and the opportunity to search for truth, to teach, and entrusts to their care the education of its youth. Certainly, they have no right to use their position and their freedom to mislead youth and to assist in the destruction of that society, culture and government at the hands of a criminal international conspiracy which is a dedicated enemy of political, academic and intellectual freedom. For them to do so knowingly is intolerable. That some do it unwittingly is deplorable.

Just what are these professors up to? What are they trying to bring about?

I will tell you what will have been accomplished, with their help, if the committee is abolished.

They have charged over and over again that the committee has no useful purpose, that it has not fulfilled its primary function of recommending legislation in the area of its jurisdiction, that it has not even tried to live up to this obligation, but has merely sought to expose as un-American innocent persons whose ideas it does not like.

What is the truth?

Independent studies made by the Legislative Reference Service of the Library of Congress reveal that the committee has an impressive legislative record. They reveal that in the years 1941 to 1960 it made 96 separate and distinct legislative recommendations to the Congress, and that 35 of these recommendations have been adopted and are now a part of the body of law of this land which is designed to protect you and the Nation, along with the professors, from the subversive forces of communism.

These studies also reveal that 52 bills and 1 House resolution embodying recommendations made by the committee were pending at the close of the last Congress, the 86th, and that 8 of these bills had been passed by the House although the Senate did not act on them.

Again, these studies reveal that the executive branch of our Government has adopted 13 recommendations of the committee which covered policy matters rather than legislation.

As early as this is in the new Congress, the committee already has before it legislation on more than 30 separate matters.

Many people fail to understand that much legislation in the field of internal security which comes out of other committees is actually based on the work of the Committee on Un-American Activities. Many such bills are recommended by various other committees in every session of the Congress.

The Voorhies Act, or Foreign Agents Registration Act of 1940, has proved to be one of the most effective laws in protecting our country against Communist subversion. That law came out of the Judiciary Committee, yet it was based completely on the investigations and hearings of the Committee on Un-American Activities.

During the last few years the Communists have received a tremendous pseudolegal assist in their propaganda and agitation campaign to undermine all efforts to uncover and curb their activities. This has been made possible by the fact that, over and over again, the Supreme Court has granted certiorari in contempt cases, even though no substantial new principle of law was at issue in any one of them. Each time a decision has been handed down in these cases, Justices Black and Douglas have delivered minority, dissenting opinions which are in no way valid or binding. But they have been seized upon by the Communist Party and its fronts and also by some non-Communist newspapers and individuals, and have been repeated and publicized over and over again to create the false and dangerous belief in the minds of many persons that any investigation of communism is unconstitutional, a violation of the Bill of Rights.

To remedy this situation, the chairman of the committee, Mr. WALTER, recently introduced a bill which would require that five members of the Supreme Court must agree before the Court can grant certiorari in such cases. This bill, of course, has been referred to the Judiciary Committee, but it is based on the work and experience of the Committee on Un-American Activities.

Let us go back now to the question asked a moment ago. What will they accomplish?

They will have achieved the destruction of the legislative agency that has done more than any other in the history of this country to protect our national security. This is a basic fact and truth that no amount of high-flown words uttered by them can conceal.

There is another thing they will have accomplished. Congressional committees have a vital informing function, associated with but not identical to, their legislative function. This is their duty to shed light, to bring out as much information as possible, on matters of vital national concern.

Without question, communism is such a matter or we would not be gathered here as we are today. I will not attempt to cover in detail the committee's record in this field, but over the years it has published many

thousands of pages of hearings, reports, and scholarly works on this subject. I can say without fear of contradiction that there is no agency of Government that has given the Congress, the executive branch, and the people as much authoritative information on communism as has the Committee on Un-American Activities.

A few minutes ago, I mentioned the film "The Spy Next Door" and its writer, Mr. Jerry Ross. One of the committee publications he was given when he visited our offices was a report entitled "Patterns of Communist Espionage," published by the committee in January 1959 and ignored by some newspapers and treated snidely by others. But the State Department, the British and West German Governments, and the Military Assistance Institute, which trains our military attachés for service abroad, have all secured this report in quantity to use it in the training of their foreign service personnel. This is just one example of the service performed by the committee in carrying out its informing functions.

When the committee's enemies are not spreading falsehoods about its legislative record, they talk about its "methods." This is a timeworn tale, but still good for a ride in liberal journals and organizations.

What is the truth about the committee's methods?

Over 15 years ago, in 1945, the committee requested the Brookings Institute in Washington to prepare for it suggested standards for determining un-American activities, in conformity with the Constitution and the committee's enabling resolution. That study was prepared and the recommendations in it have been followed by the committee since that time.

The Committee on Un-American Activities was the first committee in the House to have published rules of procedure. In addition, it abided by those rules for a number of years before they were put in print.

In the 84th Congress, when the House Rules Committee was considering the authorization of one-man subcommittees, the counsel for the Committee on Un-American Activities appeared before that committee and argued against this step so strongly, and effectively, that the idea was dropped.

Educators are supposed to search for truth. Have they done so in matters pertaining to the committee? Could they have done so and, at the same time, spread so many falsehoods about its legislative record and "methods"? I think the answer to the question is apparent.

Although polls reveal that the committee is overwhelmingly supported by the people in the grassroots of America, a considerable portion of the public is nevertheless misinformed about the committee on these issues. If this were not so, the type of criticism of the committee so frequently made in the press and on public platforms could not, and would not, be made half as often as it is. It is my belief that educators have a responsibility to get the truth across to the public in this area, instead of promoting the false and irresponsible criticisms that so many of them have.

When the American Bar Association urged, not long ago, that the techniques and objectives of communism be taught in our schools, it pointed out that such a program will be "beset with many obstacles."

Some of you may wonder why this should be so. Certainly, you say, we must know our enemy. The greater the number of people who truly understand communism, the greater the chance that freedom will be preserved and communism destroyed—just as, the more we teach about cancer and heart trouble and the more research we do on diseases, the greater the chance there will be of eliminating them.

I think I can safely say that the Committee on Un-American Activities gets more mail from people in all walks of life and in all parts of the country than any other committee on the Hill. For this reason, I have a pretty good idea of what many Americans are thinking on this and other subjects and can vouch for the soundness of the American Bar Association's observation.

Among those who really know communism and could be qualified as experts or authorities on the subject, there is a fear that many teachers just don't know enough about communism to give a realistic course on it and that much work must first be done teaching the teachers. They believe that there has been a failure here on the part of our educators, who are not now ready to do a job they should be able to do.

Some parents are afraid of the idea because they do not understand that what its advocates urge is, as Allen Dulles has said, the "realistic teaching of the history and policies of communism," with emphasis on the realistic. We certainly do not have in mind what could be called a pro-course on communism. We do not advocate the teaching of the noble-sounding claims of Communist propagandists, but rather the truth about Communist practices, its designs for world conquest, its strategy, tactics, crimes, complete immorality, hatred of freedom and other harsh realities about this tremendous power complex which threatens the world.

Among those who understand the type of course contemplated, a good number are wary of those who will do the teaching. They fear what will happen to their sons and daughters if they take a course in communism under certain professors. As the American Bar Association said: "There will be those who fear that a well-meaning program may itself become infiltrated or perverted."

This is not merely because of the statistics I gave earlier about the hundreds of professors who have urged that the Committee on Un-American Activities be abolished, though it is partly for that reason. Rather, it is primarily because it is unfortunately true that a check of the letterheads of the major Communist fronts of today and recent years reveals all too often that educators comprise one of the largest groups—and sometimes the largest group—supporting these organizations. The same is true of the numerous party-line and Soviet-serving statements released during the past two decades. Consistently, educators have been among the largest groups giving support to such documents.

In the spring and summer of 1959, the Committee on Un-American Activities planned hearings in California. Approximately 100 persons were subpenaed to testify in these hearings. Every one was a teacher or employee of an educational system. Eventually, the hearings were called off at the request of the California Teachers' Association, and the information developed by the committee was turned over to the local boards of education for action, also at the request of the teachers' association.

I do not have a complete record of what has happened since then, but I do know that some of the teachers concerned have resigned their positions rather than face an inquiry by their school boards; that others have been dismissed after a fair inquiry.

Last summer, at its annual convention, the American Federation of Teachers adopted a resolution urging the committee's abolition and making unfounded charges against it.

Mr. WALTER, the chairman of the Committee on Un-American Activities, immediately sent a telegram to the federation stating that facts in the hands of the committee contradicted the charges it had made. He invited, and challenged, the federation to present, under oath, evidence of the charges it had made against the committee.

Eight months have gone by since that telegram was sent. To date, no reply has been received. When challenged to substantiate its charges, the teacher group backed down, hoping, apparently, that the committee and everyone else would forget the matter. But the committee has not forgotten it, and I don't believe the American public has either.

What do you suppose the average American parent thinks of facts such as these? Do you wonder that, though they see the logic of teaching the truth about communism and even the need for it, they are wary of the implementation of such a program?

Isn't it natural that they see, and fear, the damage that can be done with the wrong teachers giving such a course?

Those of you in the teaching field may think I am being unduly critical of your profession. I am afraid, however, that many educators have too often been guilty of a rather cavalier attitude toward the people of this country and fuzzy about communism and the welfare of the Nation itself. If this were not so, could there be such strong and widespread feeling in our high school and college faculties against the committee?—which actually means against revealing the truth about homegrown treason, for that is what communism is. The contrast between the "teacher attitude" toward the committee and the attitude of the overwhelming majority of the American people, is one example of how completely out of tune with the public too many educators have been on some vital issues. I am convinced, too, that the fault is not the public's, but rather that of the educators.

Perhaps, for a change, some of our educators should give a little more thought to looking at the mote in their own eye. If they did so, I believe they would see quite a change in the public's attitude toward them.

In closing, I would like to say this: It has not been pleasant for me to say many of the things I have said today about a group that plays so vital a role in our national life and the survival of freedom. But, though I wish the things I have spoken of did not exist, the fact is that they are all too real and I felt that I should speak of them.

Moreover, I choose this occasion to do so, because I thought it best that they be mentioned before those who are representative of the most responsible and informed element in the educational field, you teachers, professors, and administrators who are here today.

Like most Americans, I have complete faith in the great majority of educators in this country. Like other professions, however, yours is plagued by a vocal, irresponsible minority, which creates a very real public relations problem for all educators.

I think there is only one way you can solve this problem, by being equally vocal and by encouraging many more of your colleagues to be the same way. You must make it clear to the people of this country that this minority is not truly representative of the educational profession—by drowning out its voice with a much larger one.

I realize that, to most of you, teaching is your major interest. You are not anxious to become public agitators, to publicize your names on letterheads, in newspaper ads, and so on. But when Communists, fellow travelers and your irresponsible minority use these

legitimate weapons to help to destroy freedom, why should you hesitate to use them to preserve freedom, to defend your country and its institutions?

Of late, the term "the silent generation" has frequently been applied to our youth. I am afraid that for too long, our educators, or at least the best and most responsible element among them, have been silent on too many vital issues, leaving the field of public policy, communism and security wide open to those within your ranks who are actually your enemies and the enemies of your profession.

Again, I urge you to speak up and to get as many of your colleagues as possible to do the same.

Other speakers at this conference have undoubtedly told you that it is very late in the game. They are certainly right. Nevertheless, it is most encouraging that this meeting is taking place, that so many educators who realize their responsibilities are attending it, and steps are being taken to give to the students of America the knowledge they need to preserve the freedoms their forefathers have handed down to them.

I would like to congratulate the sponsors of this conference and all those attending it. A few minutes ago, we saw one kind of "Spy Next Door." We must not forget that in many countries of the world where the people did not wake up until it was too late, there is for every single citizen a "Spy Next Door"— a spy to report his activities and words to "big brother," the totalitarian destroyer of academic freedom and all the freedoms we hold dear. This is a thought we must keep uppermost in our minds and make a guide to our actions—so that communism, the agency which creates such spies, will never dominate the American scene.

One-Hundredth Anniversary of Watertown, N.Y., Times

EXTENSION OF REMARKS

OF

HON. JACOB K. JAVITS

OF NEW YORK

IN THE SENATE OF THE UNITED STATES

Thursday, April 27, 1961

Mr. JAVITS. Mr. President, on April 22, the Watertown Daily Times celebrated its 100th anniversary. The Times, which is the largest daily newspaper published in northern New York, has a national reputation as one of the outstanding newspapers in the country. That reputation is richly deserved. Its vigorous international and progressive viewpoint, enlightened approach to journalism, and long record of public service and leadership have made the Watertown Times indispensable to our New York State life. Its editorials have often been brilliant and statesmanlike documents of our times. I am happy to say also that the Times has an outstanding representative in Washington in Alan S. Emory, who has been its correspondent since 1951.

In bringing to the attention of the Senate the 100th birthday of the Watertown Times, I ask unanimous consent to have printed in the CONGRESSIONAL RECORD an editorial from the Times' anniversary edition, as well as letters from President Kennedy, Vice President Johnson, and Governor Rockefeller.

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

ONE HUNDRED YEARS OF THE TIMES

When the first daily newspaper, the Daily Reformer, was printed in Watertown on April 22, 1861, it editorially commented that, "We have reluctantly embarked in the enterprise of publishing a morning daily." That first editorial likened the paper to a merchant who must serve the customers what they desire. It further reasoned that, "Now in this time of national peril the people want the news hourly and will have it, if procurable, two or three times a day." Perhaps this was a somewhat hesitant launching of a new enterprise. Certainly that first day was not inaugurated in anything like the manner that new business is launched today. In fact, even the celebration of this newspaper's 100th birthday probably would not be understood by those who celebrated the first day of publication so quietly and perhaps without much enthusiasm.

The Reformer was almost 10 years old as a weekly before it became a daily. It continued for almost 10 years, known as the Reformer, before it became the Times, its name for the past 90 years. The reluctance to make a complete break with the past is demonstrated by the fact that even when the Reformer and Times continued as a daily, the Weekly Reformer was still printed for many years as an adjunct.

The news which the public was described as wanting hourly was that of the Civil War. a certain amount of emphasis to that word Looking backward, one cannot help but give "procurable," for the business of procuring the news in that day was principally that of a close reading of the mail and a reprinting of what other newspapers far away were printing as their news stories. The only original information and writing was in the editorial column, and even on occasion the editor found that he either lacked the time or the inspiration to write every day. That, however, was not a weakness of the first daily newspaper in Watertown. It was characteristic of all papers of the time. Just as perhaps today's characteristics are that there be the fullest kind of comment and the broadest kind of news coverage.

In that first editorial there was clearly a pledge "to respond faithfully to the high-toned demands of an intelligent public for news and wholesome reading." That is the key to the 100-year longevity of this newspaper. For regardless of the editors, of which there have been quite a few, each tried to meet the demands of an intelligent public for news and wholesome reading.

This kind of ideal, together with the individual editor's interpretation, made this newspaper succeed. Its greatest success probably occurred between 1900 and 1930. For that was the period in which it competed with another daily, the Watertown Standard, a struggle that lasted through those prosperous decades. Most significantly the competition ended not in the depression of the thirties but in those months just before the Nation's economy began to falter. This was a newspaper battle that had gone on with bitterness and vindictiveness to the point that one adversary made his decision to sell out. This is not to recount the battles of that day, but there are at least three inheritances in 1961 from that period.

The first inheritance is city manager government for the city of Watertown, an issue that the Times fought for against the opposing newspaper. There is a municipal street lighting plant for Watertown, similarly the materialization of an issue that was fought and won by the Times. Finally, the third inheritance is the Times itself, and some of the material assets that this newspaper has added to this community.

Make no mistake about it, if that battle had not been won in August of 1929 by the Watertown Times, this newspaper probably would not be in existence today. It had no substantial resources as a result of the national prosperity that encompassed the country up to 1930. It possessed, however, a fierce desire for political and economic improvements for Watertown and northern New York. It did not possess economic connections. So had the depression begun with two newspapers in Watertown locked in harsh combat, the winner might well have been the Standard that did have access to financial resources. It had lost money, but the losses were made up for many years in an effort to beat the Times; editorially to contest the liberal political attitudes, whether in municipal affairs or State affairs.

Every so often there have been examples in history of idealism triumphing over economic realities. The moment sometimes is a fleeting one which must be prepared for and capitalized upon quickly and irrevocably. That moment did occur in the case of this newspaper's history when suddenly the financial backer of the Standard decided that further losses in a struggle against the Times were wasteful and unrealistic.

So this newspaper, 2 months before the official signal of world depression, became the sole daily newspaper in Watertown. But the responsibilities upon the Times in this new role were even greater in the eyes of its editor than the desirability of a restrictive consolidation. The Times immediately opened up its news columns. The editor concluded that the Times should meet all the newspaper needs of this community. Readers had to have the satisfaction that the Times was striving to be a better paper than the two that it succeeded.

Thus throughout the 1930's, in spite of the depression, the Times became a bigger and more complete paper with wider and wider circulation. It grew in the 1930's and that growth continued in the 1940's and the 1950's.

Part of the expansion was in radio, both here and in Massena; then came television, the Times owning the three stations. The culmination of 100 years is this new building with the printing press which just has been opened. That printing press is the first brand new printing press ever owned by this newspaper. And there is more to come in the construction of a second new building which will lead to the abandonment of the 100-year-old property on Arcade Street.

Today all these things have been possible through the vigor of this newspaper and the transfer of some of this vigor to its other enterprises. Yet the common ingredient throughout the growth and expansion of 100 years has been news which has been written and edited in an effort toward faithful response to the intelligent public.

This proper handling of news has resulted in the success of today. Future success will only depend upon the continuance of a faithful news response to the demands of an intelligent public.

OFFICE OF THE VICE PRESIDENT,
Washington, March 11, 1961.

Mr. JOHN B. JOHNSON,
Editor and Publisher, Watertown Daily Times, Watertown, N.Y.

DEAR MR. JOHNSON: I understand that on April 22 the Watertown Daily Times will celebrate its centennial. I certainly want to add my greetings and to express my congratulations.

The Watertown Daily Times has long been recognized as an outstanding journal

throughout our Nation. I know it must give you a great sense of satisfaction to look back upon so many years of achievement and service to the community and to the country.

Sincerely yours,

LYNDON B. JOHNSON.

STATE OF NEW YORK, EXECUTIVE CHAMBER,
Albany, April 17, 1961.

Mr. JOHN B. JOHNSON,
Editor and Publisher, Watertown Daily Times, Watertown, N.Y.

DEAR JOHN: The 100th anniversary of the Watertown Daily Times, one of the outstanding newspapers of New York State is decidedly an event for enthusiastic celebration. One would like to have known Beman Brockway, who was already an editor of distinction and a State legislator when he went to Watertown in 1860 to join Lotus Ingalls and L. N. Stowell in the publication of the New York Weekly Reformer.

It took a lot of nerve to turn the Reformer into a daily paper at that time in the country's affairs, especially as Watertown, though starting to grow, had a population of but 6,000. One cannot resist a feeling of nostalgia over the fact that it was started with a capital of $700, $500 of which was borrowed.

The same qualities, with the 20th century complexion, were present when Harold B. Johnson of Gouverneur joined the staff of the Watertown Daily Times in 1904 after journalistic experience in Oregon and Montana. When he joined the staff, the circulation was little more than 5,000. By the end of his regime it had risen to more than 40,000.

Today, under your able leadership as editor and publisher, the Times is forging steadily ahead to meet the increasing challenges and complexities of the sixties.

I am happy to join with your associates and colleagues in Watertown in saluting you and your able staff, and I hope and am confident that the Watertown Daily Times will score even greater successes in the second century of its history.

Sincerely,

NELSON A. ROCKEFELLER.

THE WHITE HOUSE,
Washington, April 4, 1961.

Mr. JOHN B. JOHNSON,
Editor and Publisher,
Watertown Daily Times,
Watertown, N.Y.

DEAR MR. JOHNSON: I am delighted to learn that the Watertown Daily Times will celebrate its centennial on April 22.

The Watertown Daily Times has set an enviable record of community service throughout the years. It has taken a vigorous role in the clarification of both local and international issues, and it has earned a wide reputation not only in northern New York but throughout the country.

I want to extend to you and to all the members of the staff my warmest greetings on this occasion.

With all good wishes,

Sincerely,

JOHN F. KENNEDY.

Human Relations Goes to Washington

EXTENSION OF REMARKS

OF

HON. JOSEPH S. CLARK

OF PENNSYLVANIA

IN THE SENATE OF THE UNITED STATES

Thursday, April 27, 1961

Mr. CLARK. Madam President, I ask unanimous consent to have printed in the CONGRESSIONAL RECORD an article written by my colleague from Michigan [Mr. HART] for the March issue of the Committee Reporter, a publication of the American Jewish Committee. This article, entitled "Human Relations Goes to Washington," will be especially pertinent in the months ahead, as we work toward the development of a new Department of Urban Affairs and Housing. Senator HART points out that there is need to plan for constructive programs of community relations designed to improve intergroup relations in our urban centers. As we attempt to improve the physical environment in our cities, which will contribute to greater family stability, to better health, to more effective education, then we also have the opportunity to improve the respect which all groups must all have for one another in order to build true communities.

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

HUMAN RELATIONS GOES TO WASHINGTON

(By Senator PHILIP A. HART, of Michigan)

Along with usual political promises, presidential campaigns have a way of generating an occasional new commitment to a new idea. This last campaign was no exception. The concept of a Department of Urban Affairs was just such an idea and there is good reason to believe it will soon come into being.

The almost fantastic accumulation of problems facing our cities is not, however, simply a matter of physical decay and technological change. These are enormous problems to be sure: housing, highways, schools, water, transportation, and the like. But continuing population growth, on the one hand, and population movement, on the other, have added a social dimension of equal significance.

Consider, for example, that we have become a nation predominantly of big cities; about 108 million or 60 percent of our citizens living in 168 standard metropolitan areas. This is a city-dwelling population larger than the national total in 1920. Not only has our farm population been dwindling from about 32 million to around 20 million during the period, but perhaps the most striking feature of this population shift has been the movement of more than two and a half million Negroes from the Old South to the urban North and West in the decade between 1940 and 1950. This shift has continued into the sixties. Coupled with it is movement in the East of nearly a million Puerto Ricans from the island to the mainland, and in the West the movement of an estimated 2½ million more Spanish-speaking people from Mexico into the States.

Movements of these dimensions had their counterpart earlier in this century, of course, with the immigration waves from central and southern Europe. It was these masses, agrarian in background, limited in education, with their distinctive cultural language and religious differences, who had become the first victims of the urban slum. It was, in fact, by their strong backs, and with their calloused hands that our cities were built. The heightened intergroup tension before and after World War I, the spread of the Ku Klux Klan into the cities culminating in the mass parade of costumed marchers in broad daylight down Pennsylvania Avenue in the Nation's Capital, the intensity of religious hatred in the Al Smith campaign had characterized the problems of urban adjustment being experienced by the immigrant. In similar fashion, new problems arising out of race were to emerge in the cities as World War II got underway.

Problems growing out of religious differences have perhaps disappeared less than they have changed. The metamorphosis from street fights, rock throwing and vandalism, which characterized the economic fears and competitions between groups, to political factionalism and contests for power in the big-city political machines now has moved on to the suburban ramparts of the country club and the industrial or financial board of directors. Thus the problem of attaining full political participation, equal economic status and true social acceptance remains a continuing challenge to this day's city dweller of the second half of the 20th century, of whatever background, old and new alike.

While the facts demonstrated that there is no inherent relationship between poverty and group background, between illiteracy or dependency or crime and such identity, in making this point we have often failed to appreciate that group identity is a concomitant of such problems. We always make the point that racial or religious discriminations often have created a vicious circle forcing continued limitation on the minority group member who, because of lack of education or status, is forced to remain dependent. But we have failed to emphasize and add that no attack on poverty or crime or slum housing or urban renewal can hope to be very effective without taking into account the factors of racial, religious, and ethnic group interests which are tied into them.

Fortunately, from experience during the past two decades, we know that both skills and knowledge can be developed to deal precisely with those aspects of urban life which have historically been the most explosive—the problems, tensions, and misunderstandings growing out of group differences. In these 20 years some 70 cities have created official committees or commissions on intergroup or human relations. Some 25 States have established such agencies and have organized informally under the Governors' committee on civil rights. Collectively, these units of government now appropriate approximately $5 million for advisory and regulatory services to assist these communities in dealing with these problems. If growth is a measure of success, then this idea is working. It has even found roots in the South with more and more communities setting up interracial study committees in the face of increasing pressure from the new student sit-in movement.

With the creation of a Federal Department of Urban Affairs, happily now at hand, perhaps at long last it will be possible to establish within it a Federal Intergroup Relations Service. Such a unit could function as a national service bureau for local, State, and regional intergroup relations agencies and could work with smaller communities not having their own intergroup relations committees. Perhaps this is what then-Senator Lyndon B. Johnson was reaching for as a concept when he proposed his Federal Community Relations Service. Such a Federal Intergroup Relations Service is consistent with the objectives contained in the Douglas bill for technical assistance in meeting the school desegregation crisis. It simply extends this idea into other issues and other areas. Such a unit could serve as an information clearinghouse for both public and voluntary intergroup relations agencies; it could provide badly needed consultative services. It could engage in fact gathering and stimulate research as well as providing help in establishing training programs for professional and volunteers in the field, including the sponsorship of pilot projects.

Federal concern with intergroup relations problems is not entirely a new concept. Appropriately, there are intergroup relations officers in the Housing and Home Finance Agency (HHFA), the agency most likely to become the nucleus for the new Urban Affairs Department. There are similar specialists in the Office of Education, the Post Office, the Defense Department, the Department of Labor. What is now needed, additionally, is a service that is directed toward the community.

Because of its strategic location within a Department of Urban Affairs, a National Intergroup Relations Service would be able to cut across various functional areas all of which are manifest in urban problems. Such a service provides a challenging opportunity to bring to bear all the knowledge we have painfully obtained, all the experience and skills we have gained as part of our total attack on the problems of our cities. To fail to see this, to look upon the urban problem as physical and industrial and financial without some realization of this additional and critical aspect, the cities social existence would be shortsighted indeed. If ever there was an illustration of what is meant by a "New Frontier" here is one and the opportunity for action is at hand.

NOTE.—Senator PHILIP A. HART, Democrat of Michigan, was elected to the U. S. Senate in 1959 following 4 years as Lieutenant Governor of Michigan. He is a member of the Senate Subcommittee to Investigate Juvenile Delinquency as well as the Subcommittee on Administrative Practice and Procedure.

The Nation's Stake in Atomic Power—Address by Representative Holifield

EXTENSION OF REMARKS

OF

HON. RALPH W. YARBOROUGH

OF TEXAS

IN THE SENATE OF THE UNITED STATES

Thursday, April 27, 1961

Mr. YARBOROUGH. Mr. President, on Tuesday of this week, it was my privilege to hear, at San Antonio, Tex., an informed and stimulating address before the 18th annual convention of the American Public Power Association, by the able, diligent, dedicated CHET HOLIFIELD, Congressman from California, and chairman of the U.S. Congress Joint Committee on Atomic Energy.

Believing that the facts, information, and thoughts of Congressman HOLIFIELD worthy of wide dissemination over the country, and before the Congress and the Government, I ask unanimous consent to have printed in the CONGRESSIONAL RECORD today, his address of April 25, 1961, before the 1961 annual convention of the American Public Power Association, under the title "The Nation's Stake in Atomic Power."

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

THE NATION'S STAKE IN ATOMIC POWER

(Remarks by Congressman CHET HOLIFIELD, of California)

I am sure that you gentlemen are aware that the subject on which I speak to you today is not as fashionable as it used to be. Atomic power has lost some of its glamour, and there may have been a corresponding decrease in general public interest.

My principal purpose in speaking to you today is to emphasize that the development of atomic power is no less important now than it was a few years ago, when the Sunday supplements were predicting an atomic powerplant in every home and an atomic-powered automobile in every garage. These were fantasies born of ignorance, and it is well that they now are recognized as such.

However, I do foresee a time when many homes will be heated and mass transportation will be powered indirectly by atomic energy—not by individual atomic reactors, of course, but by electricity generated in huge nuclear power stations of several million kilowatts capacity and transmitted over great high-voltage regional grids for distribution to homes, farms and industrial establishments.

Just when this may occur and just what types of nuclear powerplants will have been developed by that time, I would not venture to predict. But I am confident that this day will come.

The theme of my talk with you today is that we should hasten this day to the extent that we can by initiating a positive and effective program to develop atomic powerplants that are safe, reliable, and economic. This program must include a strong public development effort because this is the only way, as I see it, that the public interest in this new source of energy can be protected.

Right now the importance of protecting the public interest in atomic power may not be too obvious. We generate most of our power from the fossil fuels—coal, oil, and gas—and the U.S. and the world reserves of these seem to be very large. However, this condition will not last forever.

There will come a day when we will foresee the end of our fossil fuel reserves if we do not start soon to tap additional sources of energy. In a careful study made last year, the Atomic Energy Commission concluded that within 40 years the world would be burning up annually above five times as much coal, oil, and gas as in 1958, and the people of the United States four times as much. The study predicted that if no other sources of energy were tapped, we would exhaust our fossil fuel reserves in about 90 years.[1]

Obviously, we cannot let this happen, nor should we allow this point even to be approached. Our fossil fuels will become increasingly valuable as sources of chemical raw materials, and the time may come when people will wonder why we were so wasteful as to burn them up.

The development of atomic power also can bring into our economy a new source of low-cost energy and help to restrain the steady upward march of the prices of the conventional fuels. We all know how the price of natural gas has been rising, despite reported large reserves. Our supplies of coal are far larger, yet I am told that coal prices have shown an upward trend averaging almost 1.5 percent per year compounded.

Low-cost atomic power, developed without delay, can help restrain this upward drift. If atomic power held back the average cost of fuel for powerplants by as much as one-twentieth of a cent per kilowatt-hour—one-half mill—the savings to the American consumers as of 1980 would amount to between $1½ and $2 billion per year, and the amount would increase each year thereafter.

[1] It is recognized that estimates this far in the future in themselves involve major problems.

Atomic energy will not have to supply a large percentage of our total power needs in order to be a restraining influence on fuel and energy. As a matter of fact the threat of atomic energy is already having an effect. As I understand it, the conventional fuel price situation in certain parts of Florida and California have been stabilized or lowered, as a result of proposals to build large-scale atomic powerplants in those areas.

But conventional fuel producers should have no fear that atomic power will supplant coal and oil and gas in the foreseeable future. All of you are familiar with the rapid growth in the consumption of electricity in this country. It doubles every 9 to 10 years. In 1958, power production in the United States was about six times what it was in 1935. If we continue the same rate of growth, total U.S. power production by 1980 will be five or six times what it was in 1958.

Even a small percentage of this large a power industry would be a great number of kilowatts. For example, if only 10 percent of our total generating capacity in 1980 were from atomic powerplants, our atomic power capacity would probably equal or exceed the total generating capacity which the United States had in 1950—more than 80 million kilowatts.

This fantastic growth rate in the electric power industry, sustained for more than 50 years, and the fact that our reserves of coal, oil, and gas are not inexhaustible, make it clear that the vigorous development of atomic power will be of great importance to the American consumer.

However, this is a most difficult and complex undertaking. We have made progress in civilian atomic power development, but knotty problems remain to be overcome. There are such technical problems as the development of new metals and ceramics which will not fail under the unusual heat and radiation conditions in a reactor, and designing fuel elements which are both cheap and reliable. There is the problem of how to store large quantities of extremely radioactive waste materials for literally indefinite periods of time.

There are also stringent safety requirements to be met. The nature of the nuclear technology and the magnitude of the hazards require a much greater degree of technical competence and a far higher level of public responsibility by both Government and industry than have earlier industrial technologies. In the past, we have permitted industry to pollute our atmosphere and streams to a considerable extent, but any similar attitude is completely intolerable in the atomic energy industry.

The Atomic Energy Commission has maintained a good safety record, although it was unfortunately marred in January of this year by the fatal reactor accident in Idaho. It will be essential to maintain a good record as the industrial uses of atomic energy spread. This will require substantial research and training, and a sufficiently deliberate approach to widespread industrial utilization, to assure the needed competence and control.

In conjunction with unique technical and safety problems, the development of atomic power presents stubborn economic obstacles. Many utility and industry people said in 1954 that if private enterprise were unleashed by amending the Atomic Energy Act, it would rapidly develop economic atomic power.

However, economic atomic power has not been achieved. The first large private industry plant has been shut down for repairs most of the time since its startup last year. These repairs incidentally arise primarily from causes which are nonnuclear in their

origin. Another large plant, the Consolidated Edison plant at Indian Point, N.Y., is estimated to cost more than twice as much as originally estimated. This can result in increased power costs to the consumers of the area of one sort or another.

The costs for the Shippingport pressurized water reactor—the only large Federal power reactor in operation—also are indicative. The capacity of this reactor is to be increased from 60,000 to 150,000 kilowatts equivalent by installation of a new and improved core. This will reduce fuel costs to one-third their present level. Even so, the new fuel cost will still be much too high to be economic.

The lack of achievement of economic atomic power should not discourage us. The problems are not more difficult now than they were in fact in 1954. And we have learned a great deal from our mistakes and successes since then.

Our slow progress, in my opinion, has been primarily due to the adoption by the Atomic Energy Commission in 1954 and 1955 of an ineffective approach to solving these complex technical and economic problems.

As you will recall, the former administration rushed through legislation in 1954 to place primary responsibility on private industry to develop atomic power. At the same time, this same administration proclaimed a grandiose international program of atoms for peace, whereby the peaceful atom was going to replace stockpiles of atomic weapons.

The chosen instrument to achieve economic power in the United States, and to promote atoms for peace abroad, was the so-called partnership approach. This method emphasized U.S. Federal financial participation, without any corresponding U.S. leadership or direction of the programs.

It became evident quite early in the period following the 1954 amendments that we needed greater U.S. leadership if the domestic and international atomic development programs were going to succeed. Together with Senator GORE, I sponsored a bill in 1955 and 1956, to initiate a Federal program of building developmental atomic powerplants.

Following introduction of these bills, and particularly during their consideration by the Joint Committee in public hearings and executive sessions in the spring of 1956, various improvements were made in the bills. Thus, under Chairman ANDERSON'S leadership, the bills authorized both large and small atomic reactors which would be prototype plants for experimental and demonstration purposes. The electric power produced would be absorbed at AEC installations, and thereby hopefully avoid the alleged public power issue.

These bills, as revised, were reported out unanimously by the Joint Committee on Atomic Energy. However, they still were not palatable to some important interests. Our proposals were denounced by Atomic Energy Commission Chairman Lewis Strauss, the private power companies, and others for advocating a wasteful crash program, aimed at nothing more than building a lot of uneconomic atomic power capacity. We were accused of proposing a useless kilowatt race with Russia and the United Kingdom, and of trying to socialize the power industry.

The fact is, of course, that we had no such purposes in mind. The bill was passed by the Senate and defeated in the House by only 12 votes despite the fact that the entire weight of the executive branch was thrown against us. Obviously, a good many other Members of Congress and people elsewhere thought the bill was well advised.

I review this history not for partisan reasons, but because of the effect on the atomic power program of the defeat of the Gore-Holifield bill. We in the Joint Committee sponsored that bill because we knew that the development of economic and safe atomic powerplants was going to be a long, hard, and expensive job. We knew that the costs of development were far beyond the capacity of private industry, particularly since there were no prospects of early profits on investments. The bill therefore aimed at establishing a positive Federal construction program of developmental plants.

With the defeat of the Gore-Holifield bill, the so-called partnership approach became the dominant pattern for the construction of atomic powerplants. In my opinion, the decision to rely almost entirely upon the approach has delayed the development of atomic power and allowed the privately owned utilities to dominate a program largely financed with public funds.

It has taken at least 5 years to complete the first large plant under the partnership approach. This is the project sponsored by the Yankee Atomic Electric Co. The Dresden plant, sponsored by the Commonwealth Edison Co. was built outside the partnership program.

A number of other projects are underway and several are nearing completion, as you know. Four of these are under construction in partnership with local public power agencies and rural co-ops but not one is yet in operation. Even in these cases, where the Federal Government has financed the reactor, the rate of progress has been halting and uncertain.

The program has been equally slow in respect to the plants proposed by the private utility groups, where Federal funds are provided for research and development and fuel subsidies. A number have been canceled and others are seriously behind schedule.

Back in 1958, I tried to make some sense out of the partnership approach by advocating AEC leadership and technical direction of the program. This more aggressive approach was spelled out in a report prepared by the Joint Committee staff in August 1958, with the advice of a distinguished panel of consultants. The Joint Committee, as you know, sponsored several projects, including the Oak Ridge gas-cooled project and the Puerto Rico superheat project under this more aggressive approach. However, AEC has not followed through aggressively to carry out its other authorizations.

The partnership approach seems to have run its course, at least as the main vehicle for developmental plant construction. The last three projects have apparently been duds. AEC received no proposals at all from the private power companies on the 50-megawatt organic reactor. But it apparently won't build the project itself, as authorized in the 1961 law. On two water reactor projects offered to public power and co-op systems, AEC received proposals but was unable to conclude mutually satisfactory arrangements. One of the three projects has been canceled and the other two are in a state of suspense. Congress authorized all three for construction in 1959.

Although some worthwhile plants have been started and there has been technical progress in the past 6 years, the partnership approach has proved to be clumsy and cumbersome. As a supplement to a strong Federal program, it might have some merit.

It seems to me high time that the Atomic Energy Commission move ahead with the development, construction, and operation of a sequence of developmental projects aimed at achieving clearly defined technical objectives according to a reasonable definite schedule. As the first sign of a new and bolder spirit in the executive branch, President Kennedy's recent recommendation to convert the new production reactor at Hanford to a dual-purpose plant is extremely encouraging. A converted NPR would use the heat from the reactor, which otherwise would be wasted, to produce 650,000 to 750,000 kilowatts of electric power. It will be by far the world's largest power-producing reactor. This step makes me hopeful that the new leadership in AEC will move ahead with a positive Federal program.

Once we get the NPR generating facilities authorized, and ascertain which of AEC's currently authorized projects should go forward, I believe that AEC and the Joint Committee should have a little get-together to see where we go from here. The private power people, the co-ops, and yourselves, as well as the industrial equipment companies have a stake in the development of a more aggressive program. So do consumers everywhere.

I certainly would not preclude the construction of additional plants by the privately owned utilities which they believe are financially justified in undertaking, but the U.S. program should not be primarily dependent on such projects.

As for the municipal and rural co-op utilities, there may be opportunities for additional "second round" projects. However, the costs and economic uncertainties involved probably mean that a relatively limited number of your utilities can or should participate directly in these developmental plants.

During this developmental period, I suggest that you prepare for the future use of atomic power by planning now for interconnection of your public and co-op systems. The economics of atomic power favor large plants even more strongly than those of conventional plants, and it appears that nuclear plants usually will need to be outside the city limits. While you should remain interested in the development of small plants, there is no assurance that economic reactors of less than, perhaps, 50,000 kilowatts can be developed in the foreseeable future. The best way, it seems to me, to prepare for the use of atomic powerplants is to interconnect your public systems so that you can use larger generating units located away from population centers.

In my opinion, it is in your interest also to continue your support of a strong Federal atomic power program. Experience has taught that the most effective way to protect the interests of all consumers is to maintain a strong publicly owned segment in the power industry. Your utilities have been the historical "yardsticks," in many cases in conjunction with the Federal power systems. To continue to provide such a yardstick is one of your important public responsibilities.

In the case of atomic power, during this developmental period it seems to me the Federal Government must carry the main burden of assuring strong public agency participation because of the unusual costs and economic risks involved.

I believe that we do need an effective public effort in atomic power development in order to protect the public interest in this new source of energy. If the Federal role were confined mainly to providing subsidies and research funds, effective control over the rate of atomic power development and its price to the public would come to rest largely in the hands of the privately owned utilities and the large equipment manufacturers. Now I bear no hostility toward either. Both industries are essential and are performing most important functions, on the whole with a high degree of competence.

The fact is, however, that the private utilities are State-franchised monopolies which are becoming ever larger and more

powerful through mergers and combinations. Their past history is spotted with major instances of consumer exploitation, public progaganda, and the abuse of the great political power they wield as well-financed monopolies. State and Federal regulation have been only partially effective at best in restraining them.

A further factor affected by the lag in the atomic development program is the situation of our private atomic equipment companies. We have had a fairly healthy competitive situation with at least seven major equipment companies in the field of atomic power development. Because of the general overoptimism in the early days, and AEC's exhortations, these companies have tended to overcapitalize on private facilities in the atomic field. Now that the pickings are not so good, it is only Government contracts once again, which are primarily responsible for keeping this industry alive.

Moreover, unless a well-planned Federal directed and administrated program is established we can be sure that only the bigger and entrenched companies can remain in the atomic power development business. Various consolidations and dropouts have been taking place.

I would regret to see atomic equipment development end up with only one or two giants in the business.

We have had a vivid example of what happens when two corporate giants dominate the electrical equipment manufacturing and distributing industry. I speak of the shocking facts which were revealed in the recent indictments of 29 electrical equipment companies and the 45 individuals involved.

I was aware of some of these corporate price-fixing and collusive bidding practices as early as July 20, 1959, when I spoke in the House of Representatives on the TVA-Los Angeles Water and Power Department's purchase of large generating equipment from Swiss and English manufacturers. Westinghouse and the General Electric Co. raised such a hue and cry against these foreign companies which outbid them, that I decided to investigate the facts which were involved.

I proved that their failure to obtain the TVA and Los Angeles Water and Power business was based on managed prices and collusive bidding practices. As you know, my contention was proven by the Department of Justice in their antitrust suits. These suits were decided in the Federal courts and resulted in some very prominent corporation officials taking an enforced vacation in what is sometimes referred to as the "pokey."

Federal Judge Ganey fined the 45 individuals involved in the price-fixing conspiracy a total of $1,924,000. The judge labeled the case as "a shocking indictment of a vast section of our economy." The Justice Department called this case of massive conspiracy the biggest in antitrust history. Judge Ganey also vigorously denounced the conspirators by stating that their actions "flagrantly mocked the image of the economic system of free enterprise which we profess to the country, and destroyed the model which we offer today as a free-world alternative to state control and eventual dictatorship."

I mention this case to emphasize the need for continuous objective evaluation of our so-called free enterprise system. It is only one example of our retreat from the principle of competition. Other great segments of business have, for all practical purposes, deserted the principle of real competition. We can point to similar situations in steel, rubber, chemicals, petroleum products, finance, and labor.

We have been told throughout the complete development of our economy that our progress has been based on the incentives of reward under competitive effort in a free enterprise system. But throughout the length and breadth of our land, we can see a pattern of monopoly, managed prices, regional distribution agreements, collusive agreements between great labor unions and their employers, and rigged collusive bidding, gradually taking the place of competitive practices and procedures.

Profits no longer are based primarily on efficiency of production and distribution between real competitors. Profits depend too often upon the elimination of competition through various devices which I have described.

I am deeply concerned with this erosion of the competitive principles. If our system of competitive free enterprise is a valid one, and if it is to succeed in the world struggle against the Communist system of production, it must be allowed to function without crippling distortion. We will not be able to compete successfully with the Soviet system through operating a system that denies the transmission of its benefits to the consumer.

I say we cannot deny to our people the advantages and improvements in the productive and distributive processes of a free society which operates under the competitive principle and which is inevitably stifled when monopoly takes over.

We are in a desperate cold-war struggle with the Soviets, not only for the minds, but for the markets and technologies of free and neutral nations. If we are to be crippled with the deadweight of monopoly, managed prices, limited production, and unjustified profits, we cannot win. We are doomed to failure.

In the field of atomic development, the problem therefore is not merely one of maintaining a competitive domestic atomic equipment industry, or of someday achieving economic atomic power on a business-as-usual basis. In many ways the world technological leadership of the United States is at stake. We cannot depend upon the controlled pace of monopolistic groups, dictated by their own limited interests, to maintain this technological leadership. We must provide for the leadership of the Federal Government in the current state of the development of this new energy resource, and insure the full participation of private, co-op, and public organizations in the atomic program for which the Federal taxpayer has contributed billions of dollars.

Another Try at Cuba

EXTENSION OF REMARKS

OF

HON. FRANK KOWALSKI

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 27, 1961

Mr. KOWALSKI. Mr. Speaker, I applaud the leaders of the Democratic and Republican Parties for supporting President Kennedy's foreign policy at this crucial time. There can be only one foreign policy of the United States, and the President is solely responsible for its execution. Certainly history has shown that once a decision is made the people of this great democracy have never flinched from the consequences of that decision.

Past events, however, have also demonstrated that the American people do not have closed minds. They seek information and even welcome debate. They are eager to explore alternatives. They have faced up to war, but overwhelmingly they desire peace.

Because we are an intelligent people, I believe, Mr. Speaker, there is room and indeed a need for an objective appraisal of the Cuban situation.

The invasion of Cuba was a horrible fiasco. The American people join with those who grieve for the young Cubans, so uselessly sacrificed on the beaches of their beloved land. Furthermore, it is no secret that many Americans have lost confidence in those who conceived and led this unfortunate invasion. Most significantly, the American people are deeply disturbed by the terrible blow which the invasion debacle has dealt the prestige of the United States.

It matters little whether the United States did or did not finance, organize, and arm the invasion forces. The cold fact is that the world believes we did. And so, Mr. Speaker, we cannot escape the indictment that the failure of the anti-Castro counterrevolution was an American failure.

But why did the invasion fail?

As a military action, it was doomed to failure from the beginning because the invasion force was militarily inadequate. It was no match for the defending forces available to Castro.

The invasion failed also because it was ill conceived, poorly planned, and lacked necessary military capability. It is difficult to believe that the Pentagon was very pleased with the operations. I am inclined to think that our military leaders were skeptical onlookers, thoroughly amazed at the ineptness of amateurs playing at war. It would appear that on the American side, the invasion was encouraged essentially by a group of enthusiasts who really believed that Cubans by the thousands would leap to arms in support of the counterrevolution. They were wrong and our position must be reoriented.

But most important, the counterrevolution failed because it had no roots in the people of Cuba. It failed because it had no appeal for the farmer and the worker. It failed because it appealed mainly to the dispossessed—those who had and lost. Unfortunately, there were many, many more of those who had nothing and were promised much.

There is strong evidence today that the recent invasion of Cuba was only a probing action, that there will be other invasions of Cuba, supported and encouraged presumably by the United States.

Before we support other invasions of Cuba, let me caution the sponsors of future invasions to read carefully the lessons on revolution written by Che Guevara in his manual on guerrilla fighting in the Castro uprising. Whatever Americans may think of Castro, he is nonetheless a living example of a suc-

cessful revolutionist. He understood and still thoroughly understands the Cuban farmer and worker. He won in Cuba, because he fanned the burning desire of the peons for land and reform. He has maintained himself in Cuba, because he fans the great pride of Cubans in Cuba and in themselves. Unless the architects of future invasions ignite a similar spark in the hearts of the Cuban farmers and workers or crush them outright with overwhelming military power, it is doubtful that these recent guerrilla fighters will desert the Castro revolution.

So much for the invasion which failed.

We have also failed to starve Castro into submission. The sugar embargo has failed and so have our efforts to isolate Cuba. As a matter of fact, these efforts have aroused sympathies for the Cubans throughout South America and in many parts of the world. The great Yankee democracy is pictured as a heartless colossus crushing the little people of Cuba.

But why are we so overwrought about Cuba?

Historically, the United States has always feared the presence of an alien force on Cuba. In the Castro regime we have a hostile government which has accepted foreign military and economic assistance of great potential danger to the United States. Cuba is being built up not only as a hostile military base, but a stepping stone for international communism—a friendly door inviting Soviet penetration into this hemisphere. This we cannot permit. What frustrates us in Cuba is that we are unable to come to grips with the real culprit, the Soviet Union.

The United States has every right, under international law and under the inter-American treaty arrangements, to defend itself and the hemisphere from external attack, direct or indirect, whenever such an attack has occurred or is being prepared. It has no right, however, under international or domestic law, and no moral justification for taking action but pretending that it is not doing so.

Moreover, as long as the pretense exists, any such action must be covert, ineffective, and doomed to failure. We thereby compound cynicism with defeat.

Before we took action in Cuba or supported others, in so doing we should have ascertained whether we had full legal and moral justification for what we did. Our experts in international law know that frequently there is a legitimate conflict of legal principles which creates doubt as to our legal rights. However, we have the right and duty to apply those principles which sanction actions essential to protect ourselves and to oppose aggression if such a threat in fact exists. If the facts did not justify such action, we had no course but to withhold action.

We have always stood before the world as the defenders of international law. We therefore cannot afford to be vulnerable to a charge of violating it.

Nevertheless, the conclusion seems to be that we must destroy Castro and his regime. We could crush him with our military power like an elephant might crush a mouse, but we dare not. And so we have decided to sympathize with, support, and encourage a counterrevolution in Cuba.

In the light of this decision, other invasions of Cuba are coming. Who will be the invaders? Reliable sources have suggested that they will be Social Democrats. Each one of us will have his own views of what is a Social Democrat, but it is reasonable to assume that the United States will support Cuban patriots with liberal views. The invaders can be expected to support progressive social and land reform programs. The fundamental political objective of the invaders will be to reestablish freedom and democracy in Cuba.

The last invasion failed to communicate its objectives to the people of Cuba; and future invasions, I regret to observe, will have the same difficulties. For in a popularity contest in Cuba, Castro is the hero. It was Castro who seized the sugar lands. It was Castro who seized the banks and factories from foreigners and wealthy Cubans. It has been Castro who has seized the imagination of the Cuban people.

As Americans, we hope patriots will find a way to ignite the spark of desire for freedom which could destroy Castro, but I doubt that the peons and the bearded ones can really understand the noble intricacies of a social democratic counterrevolution. I must reluctantly conclude that in any future invasion as in the past one, they will remain loyal to Castro.

It has been reported that during the last invasion, great masses of people were armed and ready to fight off the invaders. Accordingly, if an invasion of Cuba by "Social Democrats" or any other group is to succeed, it seems quite certain that U.S. military forces will have to play a determining role. The invaders must be strong enough militarily to destroy sizable Castro forces on the beaches and in the interior. This will require the recruitment, training, and equipping of major rebel invasion units. It will require naval and air support. Bluntly, it will require at least limited military intervention by the United States. This course will lead us to horrible bloodshed and slaughter.

We might get some other South or Central American country or countries to do the recruiting, training, and equipping for us, but this is a doubtful expedient. It would certainly entail the possibility of the inherent danger that the countries of South America might choose up sides.

Is there then an alternative, or must we take the calculated risk of supporting with military power a counterrevolution against Cuba? There must be an alternative.

If negotiations, cease-fire, and a neutralist government are preferable to war in Laos; if endless meetings and discussions on control of nuclear weapons are more acceptable than unilateral nuclear testing; if insults and abuse can be endured better in the United Nations than a clash in the Congo, then surely reason dictates, even though emotions cry otherwise, that the United States is big enough to talk to Cuba.

"It's too late for that now," the cry echoes every time negotiations are suggested.

Yet, if this is a sincere statement, then one ventures hopefully that there might have been a time in the past when the United States might have negotiated with Castro. And, if we could have negotiated in the past, then why not now? How will we know whether some acceptable rapprochement is not possible unless we try?

I am inclined to think that this country might well exercise a little restraint and patience with Cuba. Governments and regimes have come and gone in Central and South America. We have weathered storms before. Castro may be an unpleasant irritant, a thorn in our side, but I certainly hope no one believes Cuba is a serious challenge to the United States.

I suggest that:

First. The American people can accept the land reform program and the social and economic changes inaugurated in Cuba, providing the Government of Cuba will undertake to reimburse the original owners for the properties taken from them.

Second. The American people are ready to consider the reestablishment of normal trade and commercial relations between our two countries, and even to offer economic aid to Cuba providing the Government of Cuba will cease its buildup of Soviet armaments in this hemisphere; and

Third. The American people are eager to extend the helping hand of a good neighbor and accept the Cuban people as full partners in the inter-American society of nations, providing the Government of Cuba will stop to serve as a base for Soviet penetration into this hemisphere.

I am suggesting that there is room for exploration of alternative accommodations. I am not suggesting, however, that this Nation can stand quietly by while Cuba builds up a base hostile to our way of life and dedicated to support Soviet Union penetration into this hemisphere. What I am saying is that we should give Castro one more opportunity to demonstrate to the world and to the United States that he is not a tool of Soviet subversion. If he is willing to do this, he has nothing to fear from the United States.

President Kennedy, in his inspirational inaugural address, addressed himself most eloquently to the problem which faces us today. He said:

> Finally, to those nations who would make themselves our adversary, we offer not a pledge but a request: that both sides begin anew the quest for peace, before the dark powers of destruction unleashed by science engulf all humanity in planned or accidental self-destruction.

The question then is, Should we make one more try to find an acceptable rapprochement with Cuba? If we succeed in this try, we will have demonstrated to the world our own greatness and a leadership truly worthy of the New Frontier. If we fail, then we will have shown the world that Castro is, in fact, a madman condemned to his own destruction.

Mr. Speaker, before we support another invasion of Cuba, an invasion which ultimately can be expected to involve our own military forces, let us pause to ponder the words of our great President:

So let us begin anew—remembering on both sides that civility is not a sign of weakness, and sincerity is always subject to proof. Let us never negotiate out of fear. But let us never fear to negotiate.