

## Berwick 175 Years Old

## EXTENSION OF REMARKS

OF

HON. HERMAN T. SCHNEEBELI

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 20, 1961

Mr. SCHNEEBELI. Mr. Speaker, this Saturday, June 24, will mark the beginning of a celebration of the 175th anni-

versary of the founding of the borough of Berwick, Pa. The pageantry honoring the historic event will extend over a full week and will feature such things as parades, a queen's coronation ball, a giant carnival, fashion and antique shows, and a series of fireworks displays.

Berwick was settled by Evan Owen in 1786 and named for Berwick-on-Tweed, Scotland, former home of its early settlers. Since those early post Revolutionary times, the history of Berwick has paralleled the history and development of the United States.

Berwick has grown into an industrial community of renowned vigor, ambition, and progress—a community whose citizens are representative of many nationality groups which have stood united through peace and through wars to provide each successive generation with a history that is typically American.

It is to mark these achievements that Berwick is celebrating its 175th anniversary with this special observance. In the tradition of true neighborliness, the people of Berwick have issued an open invitation to join them in the celebration.

## HOUSE OF REPRESENTATIVES

WEDNESDAY, JUNE 21, 1961

The House met at 12 o'clock noon. The Chaplain, Rev. Bernard Braskamp, D.D., offered the following prayer:

Isaiah 50: 7: *The Lord God will help me, therefore I shall not be confounded, and I know that I shall not be ashamed.*

O Thou gracious Benefactor, to whose might and mercy there are no limits and whose blessings of love and grace fall upon all alike in impartial benediction, grant that we may be more worthy and appreciative of Thy goodness.

In our darkness Thou art our light, in our weakness Thou art our strength, in our sorrows, Thou art our consolation, and in our restlessness, Thou art our peace.

May we seek and strive eagerly and earnestly for those qualities of character which were regnant in the life of our Master and which Thou wouldst have us achieve.

Inspire us to grow in knowledge of His noble ways of thinking and living and give us a finer perception of those moral and spiritual laws by which we must govern our conduct.

Help us to hasten the dawning of that blessed day when men and nations everywhere shall hunger and thirst after righteousness and enter into the fullness of the more abundant life.

Hear us in Christ's name. Amen.

## THE JOURNAL

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

## MESSAGE FROM THE SENATE

A message from the Senate by Mr. McGown, one of its clerks, announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 7444. An act making appropriations for the Department of Agriculture and related agencies for the fiscal year ending June 30, 1962, and for other purposes.

The message also announced that the Senate insists on its amendments to the foregoing bill, requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. RUSSELL, Mr. HAYDEN, Mr. HILL, Mr. ROBERTSON, Mr. ELLENDER, Mr. YOUNG of North Dakota, Mr. MUNDT, and Mr.

DWORSHAK to be the conferees on the part of the Senate.

The message also announced that the Senate had passed a joint resolution of the following title, in which the concurrence of the House is requested:

S.J. Res. 106. Joint resolution transferring the management of the Senate restaurants to the Architect of the Capitol, and for other purposes.

## BAN CUBAN MOLASSES

Mr. BROOKS of Louisiana. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

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

There was no objection.

Mr. BROOKS of Louisiana. Mr. Speaker, I wish to join with my Louisiana colleagues who already have protested the bringing into this country of 2 million gallons of low-priced blackstrap molasses from Cuba. This molasses has been unloaded at New Orleans in Louisiana and is to be sold in competition with domestic producers of molasses and syrups. This is bad enough, but Mr. Speaker, there is no rhyme or reason for trading with this Communist dictator.

Mr. Speaker, this man Castro rose to power over the dead bodies of his compatriots. He is now the undisputed dictator of the island of Cuba. He came into power on a program of doing justice to the peons and peasants in Cuba. He has now thrown off all constitutional and legal impediments to his action in remaining in power without elections in this island to the south of us.

Mr. Speaker, this dictator has seized more than \$1 billion in American property located in the island without paying for it. He has taken American lives, violated every American idea that he could think of and repeatedly boasted of this action. He takes his orders from Moscow in Russia, is undeniably a puppet of the Russian Communist regime, he seeks to give this Nation all of the trouble which he possibly can give us in Central and South America, stirring up peoples in these areas against us and in favor of communism. He seeks in every possible way to hinder, handicap, and destroy our Government.

## AGAINST FEDERAL AID TO EDUCATION

Mr. DORN. 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 South Carolina?

There was no objection.

Mr. DORN. Mr. Speaker, I polled every newspaper, radio station, and television station in South Carolina regarding Federal aid to education—a total of 180. The response was excellent. Of the 180 mailed, I received a reply from 135; 113 opposed Federal aid to education, 18 were for Federal aid, and 4 were undecided.

Mr. Speaker, I know of no group closer to the grassroots of our country than the newspapers, television stations, and radio stations. They literally live with the people. This is overwhelming opposition to Federal aid in one of the States which would receive the most Federal aid. May I plead with my colleagues who represent States which will lose money under Federal aid? Please do not tax your people to give my people something we are bitterly opposed to receiving.

All basic needs for education are being met at the local and State level at a much faster rate than the advocates of Federal aid say is needed. Then what is the reason for the tremendous propaganda and agitation for Federal aid? It can only be Federal control of education and Federal empire building. The passage of Federal aid itself by this Congress will be dangerous education. It will immediately result in the American people looking more and more to Washington. It will educate the American people to lean here on a powerful central Government rather than to our time-honored institutions—the individual citizen, local and State government which is the foundation of our freedom. It will add hundreds of thousands more of our people indirectly and directly to the Federal payroll.

Mr. Speaker, may I again plead with my colleagues not to turn the clock back to socialism, federalism, national brainwash, and totalitarianism. Socialism and Federal control are old. These isms are decadent and were found wanting in the days of ancient Babylon, Greece, and Rome. Americanism is modern. Americanism is new. Let us continue to move forward with individual, State, and local responsibility which is the essence of refreshing progressive Americanism.

Mr. Speaker, I hope the so-called Federal aid to education bill will stay in the Rules Committee and will never come up.

Mr. MARSHALL. Mr. Speaker, will the gentleman yield?

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

Mr. MARSHALL. I am sorry to disagree with my good friend. I hope that bill comes out so that I can vote against it.

Mr. DORN. I thank the gentleman.

### CROOKED RIVER PROJECT

Mr. ULLMAN. 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 Oregon?

There was no objection.

Mr. ULLMAN. Mr. Speaker, I am introducing today a bill to authorize the Crooked River project extension, which will provide needed additional reclamation facilities in Crook County, Oreg. This extension of the Crooked River project will provide irrigation water to 2,890 acres of land adjacent to the present project. This is largely land which was formerly irrigated but was reverted to dry land due to lack of adequate water supply.

The additional facilities to be authorized by my bill, Mr. Speaker, have always been included in local plans for development and the Congress authorized in 1959 modifications of the central project works to make possible this subsequent extension. New works proposed to be built include pumping plants, canals, laterals, and drains. Construction costs on the extension are estimated at \$995,000, of which part will be repaid by the water users over a 50-year period with the remainder of the reimbursable costs being repaid from surplus power revenues of the Dalles Dam. A portion of the costs will be allocated to fish and wildlife purposes and thus will be non-reimbursable.

Enactment of the measure I have introduced will follow through on the action taken by the previous Congress in authorizing modification of the original Crooked River project. It will make possible the utilization of a part of the excess reservoir capacity being developed in that project. I would like to point out that the proposed extension has a very favorable benefit-to-cost ratio of 2.6 to 1 on the basis of a 100-year life. As in other desirable reclamation projects, authorization and construction of the Crooked River extension will represent another sound investment in our land and water resources. It will provide for greater stability and development of the area's economic base and for the utilization of presently unused land area.

A final report on this important project is under preparation now in the Department of the Interior and I hope that the authorizing legislation I have introduced can be given early and favorable consideration by the Congress.

### WILL AMERICA GO SOCIALISTIC?

Mr. PELLY. 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 Washington?

There was no objection.

Mr. PELLY. Mr. Speaker, some years ago Norman Thomas, six-time candidate for President on the Socialist Party ticket, remarked:

The American people will never knowingly adopt socialism, but under the name of liberalism they will adopt every fragment of the socialistic program until America will one day be a socialistic nation without knowing how it happened.

I am reminded of this quotation when I think of the housing bill which is to come before this body today.

### NICK J. HALL

Mr. CHAMBERLAIN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

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

There was no objection.

Mr. CHAMBERLAIN. Mr. Speaker, I wish to bring to the attention of this body a signal honor bestowed this week on a young Michigan citizen. He is Nick J. Hall, age 17, of Saginaw, Mich., who has been elected Governor of the 24th Annual Wolverine Boys State, sponsored by the American Legion, currently convened at East Lansing, Mich. This is a great achievement for any young person; and it is one well deserved, as Nick has distinguished himself both at Saginaw High School, where is a junior, and in the community as well. He is also presently captain of the Saginaw High School football team. I am pleased to take this opportunity to pay tribute to a young man who has received such a noteworthy distinction and to commend those who chose him for their discernment. I feel certain that this honor will inspire Nick to continue to excel in whatever he undertakes and to be always a credit to his home, his church, his school, his community and his race.

### CALL OF THE HOUSE

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

The SPEAKER. Evidently a quorum is not present.

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

A call of the House was ordered.

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

[Roll No. 90]

Barrett	Hall	Powell
Blitch	Hébert	Rivers, Alaska
Buckley	Hosmer	Roberts
Burke, Ky.	Kearns	Rogers, Tex.
Carey	Kilgore	Roosevelt
Casey	Kirwan	Shelley
Cederberg	Laird	Staggers
Coad	Magnuson	Teague, Tex.
Corbett	May	Thompson, Tex.
Findley	Moulder	Van Pelt
Flynt	Norrell	Wright
Grant	Pfost	Young
Gray	Pilcher	
Green, Oreg.	Poage	

The SPEAKER. On this rollcall 396 Members have answered to their names, a quorum.

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

### RESOLUTION CONTINUING APPROPRIATIONS

Mr. CANNON. Mr. Speaker, I ask unanimous consent that it may be in order any time next week to call up for consideration a joint resolution providing for the continuation of appropriations.

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

Mr. TABER. Mr. Speaker, reserving the right to object, and I shall not, this continuing resolution is the same thing we have had every year, so far as I can remember.

Mr. CANNON. It is the usual stereotype resolution.

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

There was no objection.

### SUBCOMMITTEE ON TRANSPORTATION OF THE COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

Mr. HARRIS. Mr. Speaker, I ask unanimous consent that the Subcommittee on Transportation of the Committee on Interstate and Foreign Commerce may have permission to sit during general debate this afternoon.

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

There was no objection.

### HOUSING ACT OF 1961

Mr. THORNBERRY. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 350 and ask for its immediate consideration.

The Clerk read as follows:

Resolved, That upon the adoption of this resolution, it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 6028) to assist in the provision of housing for moderate- and low-income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes. After general debate, which shall be confined to the bill and continue not to exceed four hours, to be equally divided and controlled by the chairman and the ranking minority member of the Committee on Banking and Currency, the bill shall be read for amendment under the five-minute rule. It shall be in order to consider, without the intervention of any point of order, the substitute amendment recommended by the Committee on Banking and Currency now in the bill, and such substitute for the purpose of amendment shall be considered under the five-minute rule as an original bill. At the conclusion of such consideration the committee shall rise and report the bill to the House with such amendments as may have been adopted and any Member may demand a separate vote in the House on any of the amendments.



adopted in the Committee of the Whole to the bill or committee substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit, with or without instructions. After the passage of the bill, H.R. 6028, it shall be in order in the House to take from the Speaker's table the bill S. 1922 and to move to strike out all after the enacting clause of said Senate bill and to insert in lieu thereof the provisions contained in H.R. 6028 as passed by the House.

Mr. THORNBERRY. Mr. Speaker, I yield 30 minutes to the gentleman from Ohio [Mr. BROWN], and at this time I yield myself such time as I may consume.

Mr. Speaker, House Resolution 350, as was indicated by the reading of it by the Clerk, provides for consideration of the bill (H.R. 6028) a general comprehensive housing bill. The resolution provides for an open rule, waiving points of order, and 4 hours of general debate; also it makes in order taking from the Speaker's table the bill S. 1922, striking out all after the enacting clause and substituting H.R. 6028 in lieu thereof.

As I stated, this is a comprehensive bill which provides for extensive improvements in our existing housing program, including some new approaches.

In accordance with the testimony as furnished the Committee on Rules, this bill is necessary because of a backlog that has developed in a number of programs as a result of the failure of the Congress to enact a general housing bill last year.

The bill will be explained in detail, if this rule is adopted and the House goes into Committee of the Whole, by the distinguished gentleman from Alabama, Mr. RAINS, chairman of the subcommittee which reported this bill. I think it is fair to point out in connection with this discussion that the gentleman from Alabama furnished a very able presentation of this bill before the Committee on Rules, as he always does, and is entitled to great credit for his sponsorship of beneficial housing legislation to the people of this Nation.

The bill has nine titles. Title I contains several new programs recommended by the administration. The first would expand FHA's present section 221 home ownership program. This section was added to the law in 1954 to help families displaced by urban renewal or other government action by allowing them to buy lower priced homes with only \$200 down and maximum terms up to 40 years. The committee bill would make these liberal terms available to buyers of lower priced housing generally.

Title I would also liberalize the FHA section 221 rental housing provision to provide loans with low interest rates.

Title II of the bill includes two separate parts. The first authorizes additional funds for the program of direct loans for housing for the elderly. The second covers the low-rent public housing program and would restore the full dollar authorization for annual Federal contributions provided in the Housing Act of 1949 thereby permitting the construction of approximately 100,000 additional public housing units.

Title III of the bill would add \$2 billion of new authority to the urban re-

newal programs. That program has exhausted its present authority and a backlog of \$400 million in applications has built up. This title also makes a number of other improvements in the urban renewal program.

Title IV provides additional authorization for the college housing loan program—one of the most successful programs from the standpoint of repayment that we have. This program has also recently exhausted its authorization. To meet the backlog that is developing and to carry the program forward, the bill authorizes \$300 million in new loan funds in each of the next 4 years.

Title V would authorize an expanded and liberalized program of loans for community facilities.

Title VI would make several amendments to the FNMA and FHA programs. A new authorization of \$750 million would be added to the FNMA special assistance fund and in addition FNMA would be permitted to use the balance of the special assistance authorization made in 1958 which amounts to about \$200 million and for 4 years it would be permitted to use repayments it now receives on its portfolio of loans purchased prior to 1954.

Title VII provides for two new programs. The first would authorize the appropriation of \$100 million for partial Federal grants to State and local governments for the acquisition of open land to be held permanently as parks and recreational areas. The second would authorize a new program of FHA mortgage insurance for the acquisition and development of land for residential use.

Title VIII of the bill would extend the present farm housing loan program for 4 years and would provide an additional \$200 million for these loans. Also, the program which is now limited to farm families, would be made available to nonfarm families in rural areas.

The principal provisions of title IX, the last title of the bill, are those benefiting savings and loan associations. These amendments would make it possible for savings and loan associations to provide financing for housing for the elderly and for urban renewal and would facilitate trade-in home financing.

Mr. Speaker, as I stated a moment ago, this is a comprehensive bill. There are varying figures offered as to the amounts contained in the bill, according to the testimony offered by the chairman of the subcommittee. It authorizes \$4.93 billion with approximately \$2.8 billion representing repayable loans.

I think there is one point that needs to be made to the House. I urge the adoption of the rule because I believe this House is capable of discussing and debating and offering amendments wherever it is considered needed to provide a good housing program to meet the needs of this Nation. I can well understand why some persons may disagree with some provisions of the bill, that some provisions cost too much or that in some way there is a better way to meet the needs. But, I cannot understand any opposition to a housing bill based on a lack of faith in the American people who desire to own homes for themselves

and their families. If there is one extinction in this Nation, it is that the people of this Nation have throughout the years been encouraged to purchase and own their own homes for themselves and their families.

I would doubt that anyone serving his Nation well would want to express a lack of faith in the people of this Nation who are anxious to purchase their homes and to pay for them.

I urge the adoption of the rule.

Mr. BROWN. Mr. Speaker, I yield myself 8 minutes.

Mr. Speaker, as the gentleman from Texas [Mr. THORNBERRY] has so ably explained, this rule or resolution makes in order the consideration of this omnibus housing bill with 4 hours of general debate, under an open rule so amendments to any section may be offered.

The gentleman from Texas was very modest when he made the statement this is a comprehensive bill. I can assure the Members of the House that this is undoubtedly the most "comprehensive" housing bill which has ever been presented to this body, or to any other body in the history of parliamentary procedure. Not only is it comprehensive, but I think it is, perhaps, the greatest legislative monstrosity I have ever seen brought before the House for consideration.

This bill is so written that no one can understand it fully, in my opinion. Certainly the members of the legislative committee which considered this bill for many, many weeks, as I understand, disagreed among themselves, and often, too, and, I might add, as to what this bill contains and what it will or will not do. They even disagreed among themselves as to how much the cost of this legislation may be to the people of the United States.

The sponsor of the legislation, and the chairman of the subcommittee, advised the Rules Committee in his testimony that the cost would be just a little under \$5 billion. On the other hand, the minority report shows—signed by some 10 members of the committee—that the overall cost to the American taxpayers of this legislation will be a little over \$9.2 billion.

Presumably, this housing bill would take care of all housing problems and housing legislation for 4 years to come, which would mean that the Congress will more or less abdicate its rights, or at least, perhaps, will not be called upon to enact future housing legislation for 4 years to come.

However, rather strangely, the testimony before the Rules Committee indicated and showed that in title after title of this measure, the funds carried therein and the authorization set forth under those titles, could all be committed, obligated, or even spent, in the first year of the 4-year program. Therefore, it would be entirely possible, and perhaps probable, that in another year the spenders may come back and say "We ran out of those funds you authorized for 4 years, so we want more."

This bill contains a great deal of backdoor spending—some \$8 billion and considerable more—of the funds carried

in this bill, either as direct expenditures, or as loans, would be obtained through that backdoor spending. In fact, 97.2 percent of all the funds carried in this bill, either for grants-in-aid or for loans, would come from backdoor spending, and would not come through appropriations voted, of course, and passed upon, by the Appropriations Committee and this House. Therefore, through the passage of this bill the House itself will be taking away from this body, and taking away from its Appropriations Committee, the right to pass upon the necessity and the validity of 97.2 percent of all the moneys and all the expenditures authorized in this legislation.

There are a number of other technical sections in the bill which I am sure will be debated and discussed fully, first in general debate, and later under the 5-minute rule.

There is a provision in the bill to provide for the granting of 40-year loans on housing without any downpayment whatsoever by the individual borrower. Not only can the individual go out and borrow money on a 40-year basis under this bill, without any downpayment of any kind except \$200 to cover closing costs, but he can actually go out and borrow enough to build four housing units. In other words, he could borrow, without making any downpayment under the provisions of this bill, enough money to build four housing units, live in one, and rent the other three.

Strangely, the testimony before the Rules Committee shows that, while the statement was made that this particular 40-year loan with no-downpayment arrangement was written to take care of the poor, and the folks who could not finance a home otherwise, the group, we were told, in the \$4,000 to \$6,000 income range, there is no wording in this bill which spells out exactly just who should be entitled, and who should not be entitled, to these 40-year loans, nor does the bill anywhere fix the income bracket people must have to come under in order to qualify for these long-term loans.

We were told in the Rules Committee, by members of the House Committee on Banking and Currency in the testimony, that the wealthiest man in America, if he desired to do so, could make one of these 40-year loan mortgage arrangements and borrow money without any downpayment to build these housing units even up to four in number.

The testimony before the Rules Committee shows something else, too, that is rather interesting, when some talk about how they want to help the poor man and the little man.

The testimony shows that if a man should borrow, under the provisions of this bill, \$10,000 to build a home, on which he would have to pay only \$200 in closing costs, with nothing down, that after meeting his payments for interest and principal for 10 long years, at the end of that 10-year period he would have an equity in his \$10,000 house of only \$350, and would still owe \$9,650 on it, based on present interest rates, while the house itself, at present depreciation rates, would be worth only \$7,500, believe it or not. Just how would he be

able to sell that home? Who would want to pay \$9,650 for it so he could come out even, for a used home evaluated at only \$7,500, or perhaps even less? And we say we are doing something for the poor man. We would be selling him down the river.

One other matter the testimony shows which I want to call to your attention: If this same man with the same \$10,000 house, the poor fellow we talk about trying to help, should pay off his loan in 40 years, the cost to him of that \$10,000, that is the principal payment and the interest, would be at least \$25,000, or even more.

I could go on into other sections of this bill.

For instance, the President asked for \$50 million for grants for community facilities. This bill carries \$500 million for community facilities. Certainly already we have a number of laws on the statute books to help communities to get the facilities they need. There are all sorts of Federal legislation on that subject.

I should like to call your attention to this fact, according to the testimony before the Rules Committee, that this gigantic spending measure carries in it about \$1,250 million more than the President of the United States, Mr. Kennedy, requested in his message on housing, and he has not been a bit reluctant, let me add, in his requesting expenditures by the Congress.

Mr. THORNBERRY. Mr. Speaker, I yield 15 minutes to the gentleman from Virginia, the chairman of the Committee on Rules [Mr. SMITH].

Mr. SMITH of Virginia. Mr. Speaker, this is known as the Housing Act of 1961. It is a monumental piece of work and a monumental piece of spending of your taxpayers' money. It is the most liberal housing bill that has ever been before this House. When I say the bill is liberal, I do not mean just one feature of it. If you had the opportunity to study it, you would find that almost every page has some liberal provision that works in favor of the person who is buying the house and works against the interest of the taxpayers you represent.

Now, I do not recommend to you that you try to study this bill because I have been trying during 3 days of hearings, and 2 nights of hard work, to understand it. I do not understand it and I do not think I ever would understand it, and I do not think anybody outside of the committee would ever understand it.

The gentleman from Ohio just spoke of the 40-year, no-downpayment provision of this bill. That is so ridiculous and so absurd that I can hardly think this House would ever pass a bill with that provision in it. I am sure, certainly, we have enough sense of responsibility left to take that out of the bill. That is just one example of the liberality of this bill.

This bill does not even form a foundation for what we ought to be working on in this House because of the extreme provisions in it. This bill is a good example of the story of the fellow who was driving down the road and stopped an old country man and asked him for the

directions to go to a certain city. I imagine you have all heard this story. The old country man said, "You go down this road and then you go down that road—no, that would not do—that would not get you there." Then, the old country man started again and said, "Suppose you go down that road and then you go down another road—no" he said, "that would not get you there." Then he said, "Neighbor, if I was going to that town, I would not start from here."

Now, Mr. Speaker, that is what I say about this bill—we ought not to start from this bill. It is too liberal—it is too confused and it lays too heavy a burden upon our already too burdened taxpayers.

Mr. Speaker, I was in the Committee on Rules until a few minutes ago, when that committee was hearing the application of the Committee on Ways and Means for a rule to increase the debt limit of this Nation by \$13 billion. Here we come down to the floor and proceed immediately to work on this bill, which it is claimed provides for the expenditure of some \$9 billion. Now I have tried to find out what the bill will really spend, but no two people who appeared before the committee could agree on what the bill would spend. I tried to find out from the genial chairman of the committee, the gentleman from Alabama [Mr. RAINS] who sat there already to jump on me when I got through, and I could not get from him any such information because he was so much smarter than I was that he just had a plausible answer for every question that I asked.

Let us take a few of the provisions in this bill, and I will try to run through two or three of them. The other day we passed a bill from the Committee on Public Works which doubled the amount for building sewers in the various cities of the country.

That is one of the many functions this Congress should not be engaging in.

We authorized \$100 million for the committee having jurisdiction of the subject. Do you know what this bill does? This bill aside from housing authorizes five times as much as the Public Works Committee thought was desirable for sewers. Five hundred million dollars is provided in this bill for loans and grants to build sewers, not houses. That is just one of the outstanding things.

We have a lot of bills around here, a lot of committees dealing with parks and public lands. The Banking and Currency Committee has branched out, however, and is now in that field. They provide \$100 million in this bill to buy parks and playgrounds so that these people may not only have the houses to which they would like to be accustomed, but they also want the parks and playgrounds to which they would like to be accustomed; and they are going to be paid for by the taxpayers all over the country under a so-called housing bill. Parks and playgrounds have nothing in the world to do with housing. This is just to buy public lands so they may have open space.

Just a little quirk in this bill on low-cost housing: Instead of having the average rate on long-term bonds on



which we are going to build these houses, the rate of interest is the average rate of interest. But if you figure the average rate of interest on all the Government obligations you will find that many of our obligations now as we cannot float long-term bonds because we are spending so much money that the Government's credit is impaired, so we have to deal in 6-months notes, 3-months notes, and 1-year notes, and they are selling at 2 percent, whereas the average of all our long-term debt is far above that. So there is just another little hidden explosive in there on this housing business.

Remember another thing, in this bill you are providing a 4-year program. All these great liberal things where we are going to let a fellow have a house for 40 years and not pay anything for it—all of them are for 4 years. What is the effect of that? You not only legislate for yourself, for which you are going to have to account to your taxpayers, but you are also legislating and foreclosing the legislative functions of the next Congress, because 4 years will carry you through not only the 87th Congress but the 88th as well. You are preempting the functions of the 88th Congress, because you are tying us to a 4-year program. Do you want to do that?

I just mention a few examples that struck my eye as I waded through this long bill and this longer explanation of it in the report. I never can talk about housing that I do not have to say a few words about public housing. We considered a public housing bill years ago. I am saying this for the benefit of new Members who were not here then. We turned it down in the House year after year, year after year, until it began to come back to us in conference reports from the other body. That is how this camel got its nose under the tent, and each year we have been authorizing more—25,000 units, 30,000 units. But in our attempt to preempt the functions of the 88th Congress we are now providing 100,000 public housing units.

Do you know what that public housing does? There are many new Members here who may not understand it. Those supporting this bill want to take care of people who do not have as good houses as they would like to be accustomed to—a laudable ambition. I do not know if we were paying our own money if we would accustom ourselves to it, but as long as we are paying the taxpayers' money we are not bothered much about what it costs.

But the general idea of that bill is that the Government is going to put them in a good house, with modern conveniences, and the Government is going to pay the difference between the rent they are accustomed to paying and the rent of the new house. It was testified by the chairman of the committee that that subsidy is costing your taxpayers \$500 per house. The ranking Member of the minority says that it is \$600. But whether it is \$500 or \$600, do you know what it will cost this year, and I mean that subsidy? It is going up every year. It costs \$125 million of your taxpayers' money to pay just the subsidy on these houses. Keep in mind that \$125 million.

Do you know what it is going to cost next year? It has already been provided for. It jumps from \$125 million last year to \$165 million this year of your taxpayers' money which in your liberality you are giving to those folks who would like to have such a house.

They are not satisfied with that. Somebody asked, How about these old folks? They ought to have a little better break. So we put in the bill, in addition to all the other subsidies on public housing, that that particular class shall have an additional subsidy of \$120. I do not have time to discuss this bill in detail. I am just bringing your attention to a few of the highlights in this matter.

I want to ask your serious consideration in general debate on this bill, form your own opinion, whether you are doing the right thing in trying to usurp the functions of the next Congress by allowing a 4-year program, whether you are doing the right thing in this matter of sending the present housing situation on a 40-year, no-downpayment proposition when it was testified that if he lived in the house for 10 years all he would accumulate would be an equity of \$350. Do you want to vote for that kind of absurdity? Do you want to vote for the absurdities that are sprinkled all through the bill from page 1 clear to the end of the bill?

I put this question to you seriously, because we are going to bring in here just as soon as consideration of this bill is over, day after tomorrow, a bill to increase the debt limit by \$13 billion.

Are we ever going to stop, look, and listen to the warnings that are ringing around our ears that we are spending this country into bankruptcy, we are spending it into a crash? If you do not pass this next debt limit bill, then on the 1st of July the Treasury will not have the money to pay its obligations.

I wish you could have been up there this morning and heard the eloquent statement of the chairman of the Committee on Ways and Means, the statement of the ranking member of the Committee on Ways and Means, and the statement of the next ranking member of the Committee on Ways and Means. You would have shuddered for the future of your country.

Mr. BROWN. Mr. Speaker, I yield 5 minutes to the gentleman from California [Mr. SMITH].

Mr. SMITH of California. Mr. Speaker, in my opinion there are a number of bad features in this particular bill, but the one I would like to confine my remarks to at this time is title I, which provides for the 40-year, no-downpayment proposition. The gentleman from Texas, in his very able explanation of the rule on this particular bill, mentioned that one of the things that we as Americans take pride in is the owning of your own home, being a person in a community where the people own their own homes.

When I was a young boy I can remember my parents saying, "We want you to remember this, keep your family together, work as a unit, and protect one another." Furthermore, when you are able to do so, buy a home and get it

paid off, get the mortgage or the paper or the plaster paid off and get it free and clear as fast as you can so that you will have an interest in the community and pride in your particular home and can take your responsibility as an American. I have followed that advice. I paid as many extra dollars as I could each month until eventually I got it free and clear. I told my boys the same thing and raised them along the same line. So, I feel I have some pride in the community.

My oldest son is married. Now he wants to buy a home, I was informed a couple of months ago when I was out there. We discussed the matter. We looked at some property. He finally decided he did not have enough of a downpayment to start and still carry on his other expenses, to keep up the home as he wished to do; in other words, he looked forward to having a home in the community and taking pride in the community and participating in local affairs, getting it clear, having some incentive in saving a little, which I feel is part of the American way of life and the way I was raised and the way I feel he should do.

Now, here in title I, I cannot help but feel that we are completely reversing the thoughts that I had along that line and that my parents instilled in me and that I have tried to instill in my own children, because here we are allowing homes to be obtained with no downpayment. Of course, the statement will be made that they will have to pay the closing charges, which will be about \$200. The Senate bill does provide for \$500 downpayment, and this bill, if passed, and to conference could not be more than \$500.

It is said that this applies to people of modest income. What is a modest income? They say people making between \$4,000 and \$6,000 a year. But, from testimony appearing in the committee hearings and the definition of "modest income" before the Committee on Rules, in my opinion it can mean anybody. I think any one of us can qualify; any Member of the Congress could actually qualify and obtain a 40-year loan with no downpayment under this particular bill. So, if we follow that particular theory and allow an individual to buy a \$15,000 home—and the builders will build plenty of them now with 100 percent guaranteed loan here, and they will be out to get everybody to sign up on Sunday saying "Sign here and you will have a house with no downpayment, with a 40-year loan; the rental will only be about \$40 a month, and that will be less than you are paying now," he will pay, if he lives long enough, over these 40 years, and if the house is still standing at the end of that time, about \$38,000, including principal and interest, on that particular home. Now, if he only obtains after some 10 or 20 years an equity of \$300 in that house, why would he have any desire, with the house depreciating in value, to keep up the loan to keep the flowers planted, keep it painted, the roof repaired, and do all of those things? No particular reason why. After all, if the house is not what

he likes, he can let it go; live in there as long as he wants to and then give it back to the loan company, and the Government will pay 100 percent on foreclosure and the Government will be in the real estate business in the next 10 years owning a tremendous amount of property in the United States of America.

So, again I ask you this, Will the purchaser of such a house feel that he is a responsible property owner in the community in which ownership is at least a partial measure of citizenship and concern for the state of the Union? I personally feel that he will not. I feel that the owner of such a house as this will consider that he is simply a renter; that he will not have the desire to pay off the property. It will provide loans for almost anybody. It will harm the financial institutions. In my opinion it is entirely wrong.

With this important thought which I believe is part of America, of owning your own home and becoming a part of the total community, paying off the home and having some incentive, I think if we allow title I of this bill to pass as it is now written, we will do irreparable damage to our children, our grandchildren, and all people in the future, in our efforts to help preserve the United States of America.

Mr. BROWN. Mr. Speaker, I yield 5 minutes to the gentleman from Kansas [Mr. AVERY], a member of the Committee on Rules.

Mr. AVERY. Mr. Speaker, as far as I am concerned I feel we are making legislative history today. Certainly that is true in my case, and I think it is true in the case of many Members on the floor this afternoon. The reason I think we are making legislative history is this: I think this is the worst bill that has come to the floor of the House since I have been a Member of it, and I am now in my fourth term. I recognize that this bill probably is a reflection of an honest difference in philosophies, on both sides of the aisle. The lines do not divide quite that way, but I think basically that is true.

Mr. Speaker, I would agree with the gentleman from Texas [Mr. THORNBERRY] that the gentleman from Alabama, the chairman of the subcommittee [Mr. RAINS], made a most eloquent statement to the Committee on Rules. However, I did not feel that Mr. RAINS' presentation, exhaustive as it was—it occupied 2 whole days—in any way offered a justification for the broad, new authorizations that are contained in this bill we are considering here this afternoon. It is a bit presumptuous, as has been suggested, for the members of the Committee on Rules who hear 4 days of testimony on a bill to appear before the House and in an hour's time talk as experts on a bill that takes up almost 200 pages. Notwithstanding the fact that we recognize that we are not altogether expert, I believe we are qualified because of the nearly 4 days we had on this bill to point out what we consider to be some very obvious inequities and weaknesses in the proposed legislation before us.

The 40-year mortgage, no-downpayment plan, I think, has not been altogether exhausted—most certainly we could talk on that alone all afternoon, but I think the pertinent points have been made. But I would like to supplement what has been said in one respect. It has been pointed out, I think, by the gentleman from Virginia [Mr. SMITH] and the gentleman from California [Mr. SMITH] that at the end of 40 years a \$10,000 house could cost \$35,000, or some figure in that general area, in principal and interest.

I want to remind the House that that does not take into consideration the discount practice that we have to recognize in all the money markets. The members of the Committee on Banking and Currency were a little reluctant to talk about this discount practice, when they came before the Committee on Rules. But not talking about it is not going to make it go away. It is there, it is going to be there, and when you consider the cost of the 40-year house to the buyer, it is necessary to take into account that there is a discount practice in the money market. It will increase the cost of the house to the buyer. It will also, in my opinion, provide an incentive for the lender to make submarginal loans.

He has nothing to lose. He can collect the prevailing interest on the loan as long as it is paid. If it goes into default, he can collect the full amount of the mortgage that he did not loan from the Federal National Mortgage Association. So I feel that there is economic imbalance in the program in addition to the excessive cost to the buyer of the house.

In respect to public housing, the Committee on Banking and Currency, I believe, told the Committee on Rules that this actually would not authorize additional public housing units; it would just remove some roadblocks from units that had been authorized some 10 years ago. Whether or not that is the technical situation, it is not important. The important considerations are that, as pointed out by the gentleman from Virginia [Mr. SMITH], this year we are going to pay about \$165 million subsidy for the public housing units that are now occupied. This figure will go up about \$78 million a year. Eventually, if all the public housing units are built that are implemented in this bill and that are now in this bill, the annual cost will be about \$336 million a year to the taxpayers.

If that is the philosophy to which you subscribe, there is no reason why you should not support this bill.

Moving rapidly to two other areas, I hope the Committee on Banking and Currency during general debate this afternoon will explain to the House why in a housing bill we should have an authority to make grants to suburban areas and metropolitan communities to acquire land under what we describe as an open-space program. Certainly there was very little evidence given to the Committee on Rules as to why that should be included in this bill. On reviewing the hearings, there is practi-

cally no support for that title of the bill. I hope that will be developed.

As I understood the unanimous-consent request by the gentleman from New York [Mr. MULTER], he was introducing this afternoon legislation that he called a transportation program.

Mr. THORNBERRY. Mr. Speaker, I yield such time as he may desire to the gentleman from Alabama [Mr. ELLIOTT].

Mr. ELLIOTT. Mr. Speaker, I support the rule on the housing bill and urge its adoption.

I believe this is the best housing bill we have had since the Housing Act of 1949. It is a testimonial to the monumental labors of the gentleman from Alabama [Mr. RAINS] and his staff. I support it.

I support long-term housing loans for low-income families. The attempt to help these people own homes is imaginative; it steps into an area where, otherwise, public housing might eventually spread.

Also, I am thoroughly in accord with \$10,000 loans for home improvement. The millions of American homes which can be repaired and renovated for another generation of efficient use challenges us to do what we can to bring that about.

I support the \$100 million of additional loan funds to finance houses for the elderly.

I support the provisions which would increase the Federal share of urban renewal cost for the smaller communities.

I support the \$1.2 billion for college housing. The University of Alabama and other colleges in Alabama have applications pending for this housing. These applications cannot be approved unless this money is authorized.

I support the section which provides \$500 million for public facility loans. Towns in my area are faced with serious water, sewage, and other public facility problems and needs. This section will greatly help.

I favor the additional \$200 million for farm housing.

I support the title which provides for 100,000 additional units of public housing.

All in all, this is a good bill. It will provide much help to the people of America where help is greatly needed.

The arguments against this rule, and against this bill, are by and large the same arguments we heard against the Housing Act of 1949. I helped to pass the Housing Act of 1949. I supplied one of the very small majority of votes in favor of the public housing provisions of that bill. Now, 12 years later, I am proud to say that my district has built 30 projects of public housing. The communities are proud of the housing. It is being put to good use. The total need has not yet, in my judgment, been more than half met.

As I have stated, I am proud to support this fine bill, which the gentleman from Alabama, Congressman RAINS, brings to the floor this afternoon.

The rule provides for 4 hours of general debate.



Mr. BROWN. Mr. Speaker, I yield the remainder of the time on this side to the gentleman from New York [Mrs. ST. GEORGE], a member of the Committee on Rules.

Mrs. ST. GEORGE. Mr. Speaker, this bill comes before us this afternoon under a rule allowing 4 hours of general debate. It is an open rule. I am glad that it is an open rule because I think this bill is certainly subject to many amendments.

As has been well said by those who have spoken before me, this is a tremendous bill. It covers a great deal of territory. It is almost impossible for a Member who just listens on the floor of the House or even who has listened to the testimony before the Committee on Rules to understand entirely what is in this bill.

One thing, however, comes out which is worth repeating although it has been already said, that this bill comprises larger appropriations, in other words, more money than was asked by the administration.

Next to that, it has been very difficult in questioning members of the committee to find out exactly what this bill is going to cost. I am one of those who feel that as a representative of my people I should be able to go home to them and not start saying, "Well, it is going to cost nearly \$5 billion, but of course that does not include public housing; public housing should not be included," and so forth. I think I should be able to go back to them and explain to them in clear language exactly what this bill is going to cost because, after all, they are the ones who are going to have to pay for it.

On looking over the minority report, I find this question answered very succinctly and very correctly, and here it is:

The other program fund authorizations which are to be provided through the regular appropriations process amount to only \$248.5 million. These include \$100 million for elderly housing loans; \$10 million for planning advances for public works; \$100 million of grants for acquisition of open-space land; \$1 million for farm research grants; \$7.5 million for hospital grants; and \$30 million for urban planning grants. The total budget expenditures, including both back-door and regular appropriations process financing, come to \$9.05 billion, and of that huge total 97.2 percent is back-door financing.

Now I know that back-door spending is a very unpopular name for this kind of financing, but nevertheless it is well understood. I am using it, and I am using it with my own people because when I use it, I know they will know what I am talking about.

Another thing about this bill is that it unquestionably will be a bonanza for fly-by-night builders. There is no question about that. The part that allows for a four-unit holding by one individual, of course, does nothing else and I trust that that will be corrected before we get through with our deliberations here.

Then, why the 4 years? Why are we going out time after time in these various bills and in all this legislation trying to talk ourselves out of a job and trying to

prove to the people back home that we are not needed—oh, dear, no—let George or the administration do it—the two are synonymous. Give them the power. Let them run the country for 4 years. Why do you and I come back? Why should we pull down a salary to represent people when we are not representing them?

Finally, I would like to say this. I heartily agree with the very stirring words that were said by my colleague, the gentleman from Texas, when he said that, above all, he had faith in the people of the United States. I yield to no one in my faith in the people of this Nation, and for that reason I oppose this bill because I believe the people themselves can do better for themselves than by what is included in this bill.

This bill is aimed at helping towns, in the loan program for development of community facilities that have less than 10,000 population. However, in the first 3 months of this year, 305 towns with less than 10,000 population floated 305 issues of general obligation at interest rates lower than 4 percent. They did that for themselves. This bill, that is, the public housing aspect of it, is aimed at giving a helping hand to big cities. I can present to you a list, and I have that list here before me, of over 93 towns that have already turned down provisions similar to the provisions contained in this bill. That list includes big towns and cities like Los Angeles, Milwaukee, Flynt, Tucson, and so forth.

Mr. Speaker, it is said that this bill is aimed at helping the farmers, and yet the American Farm Bureau and its 4½ million members have consistently opposed this type of legislation. Yes, these are the people I have faith in. These are the people my colleague from California mentioned, the people who believe in paying their bills and saving for their homes, in taking care of their old people—these are the Americans that we neglect to represent because they are not organized in little pressure groups who are constantly coming to our offices and threatening us with their votes.

Let us remember them. Let us have faith in the American people, let us have faith in our country, and let us vote down the monstrosity that is coming before us this afternoon.

Mr. THORNBERRY. Mr. Speaker, I yield 5 minutes to the distinguished gentleman from Indiana [Mr. MADDEN].

Mr. MADDEN. Mr. Speaker, the rule now under consideration brings before the House the long delayed and much needed legislation to provide suitable and adequate low priced housing for small income groups throughout the Nation. This legislation, among other things, will eventually eliminate a great deal of the unspeakable slums existing in cities and industrial communities throughout our Nation. We do not have any problem with housing in our urban areas which sell for 20, 30 or 40 thousand dollars and up, but we do have a critical situation in providing homes for families in slum areas when a program is inaugurated to tear down these dilapidated buildings for modern housing or future development. I fully realize that a number of

Members of Congress come from rural areas where there is no highly concentrated industry and the housing problem is not as serious. A few years ago a survey over the Nation found that over 1 million families in the \$4,000–\$6,000 annual income group lived in housing which lacked necessary plumbing facilities, adequate bedrooms for members of the family, and over 300,000 people lived in buildings which were condemned or completely dilapidated. This survey also showed that 1,500,000 families in this low income group were living in substandard homes.

This legislation will provide for more liberal FHA insured lowered loans for sales housing and low interest rate financing for rental type housing for modest income families. Home construction has dropped off sharply over the past several years while unemployment has risen substantially. This fact makes it almost impossible for a low-income homeowner to make substantial downpayments, pay high interest and monthly payments on a building to provide shelter for his family. Today approximately 5 million American men and women are out of work and something needs to be done before this economy regains full employment. The value of homebuilding is an outstanding economic stimulant which was abundantly approved during the 1957–58 recession. I am also glad to know that this legislation calls for a reduction of interest rates generally for the home buyer. This legislation also recommends a new program for liberal home improvement financing. It also provides assistance for smaller communities to meet their sewer, water, and public facilities needs. It has ample provisions to meet most of the problems concerning our urban groups. Our suburban areas have grown and expanded rapidly during the last 10 years.

One of the outstanding provisions of this legislation provides that parks and recreation areas must be constructed as community assets for the recreation of our American youth living in these communities. A couple of years ago, J. Edgar Hoover, head of the FBI, stated that juvenile delinquency is costing the American taxpayer between \$3 and \$4 billion per year. Proper parks, recreation areas and buildings will contribute greatly to eliminate this cost on the American taxpayer.

The problem of providing adequate homes for low-income groups will become more serious as the years pass.

In this week's issue of the Saturday Evening Post, on page 40, is a full-page advertisement inserted by the Caterpillar Tractor Co. The title of this advertisement says: "By 1975, 30 million people could be living in slums or substandard homes—added to our low-income housing problem and slum areas." I think it would be well to set out verbatim the message which this advertisement conveys to the readers of that magazine and I quote several paragraphs from the same:

One need not travel far in most American cities to find desperately overcrowded slums,

where misery, squalor, and danger are as common as well-kept lawns in suburbia. True, in many of these same cities the journey is also short to well-planned, low-income housing projects, where hope and dignity are attainable.

But, unfortunately, the long and difficult fight against urban blight was not begun in most metropolitan areas until physical and social decay reached staggering proportions. A successful holding action has been started—but the real battle is ahead. And time is short. By 1975, our population will have increased by 55 million. Unless the pace of urban renewal is increased, 30 million of us will live in slums. The means of improving our cities are readily available. There are competent and enthusiastic citizens' groups, city planners, architects, and builders. There is substantial financial support from the Federal Government. But it takes even more. It takes your own pride in your city—your enthusiasm—your awareness of the problem—and your vote. Remember, by rebuilding our cities today, we'll avoid the need to rehabilitate people tomorrow.

And the advertisement further states that within the next 15 years we will need 25 million new homes; rehabilitation of many metropolitan areas; over a 50-percent increase in our present supply of water; double the number of our present hospital beds; in 15 years we must have 60 percent more classroom facilities; more than double our electric power; 30 percent more lumber and 50 percent more pulpwood; over 100 million additional farm acres under soil conservation; 50 percent more mineral ores; and twice our present oil supply.

The above factual information from a statistical standpoint for the next 15 years does not come from a Member of Congress or any political group, but from surveys made by some of the thinking of the board of directors of the Caterpillar Tractor Co., of Peoria, Ill.

Separate and aside from the necessity of providing opportunities to purchase reasonably priced homes for millions in the low income bracket, this building project will provide employment for millions of people among the families of carpenters, painters, bricklayers, and all construction crafts. Also, as the Caterpillar Co. advertisement sets out, it will call for the manufacture of thousands of tractors, diesel engines, motor graders, earth removing equipment, mechanical tools, and other machinery that will bring employment back to the steel mills, lumber camps, and dozens of other mills and factories throughout the Nation. Legislation of this type is what President Kennedy was speaking about last fall which is one of the real requirements for the 1960's and also additional years in the distant future.

This bill is made up of 171 pages, and during the last couple of days Congressman RAINS and other members of the Banking and Currency Committee, very ably and in detail, explained the provisions of this legislation. I do hope all Members will stay on the floor of the House and listen to Congressman RAINS and the other Members when they outline the details of this bill.

It is my hope that this low income housing legislation is enacted into law

without any serious crippling amendments.

Mr. THORNBERRY. Mr. Speaker, I move the previous question.

#### CALL OF THE HOUSE

Mr. RHODES of Arizona. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently no quorum is present.

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

A call of the House was ordered.

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

#### [Roll No. 91]

Baring	Gray	Rivers, Alaska
Barrett	Green, Oreg.	Roberts
Blitch	Halleck	Rogers, Tex.
Boykin	Hosmer	Roosevelt
Buckley	Kearns	Shelley
Burke, Ky.	Kilgore	Staggers
Casey	Kirwan	Teague, Tex.
Cederberg	Laird	Thompson, Tex.
Coad	Machrowicz	Van Pelt
Findley	Magnuson	Wright
Flynt	May	Young
Forrester	Moulder	Zablocki
Granahan	Norrell	
Grant	Poage	

The SPEAKER. On this rollcall, 393 Members have answered to their names, a quorum.

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

#### HOUSING ACT OF 1961

The SPEAKER. The question is on agreeing to the resolution.

The resolution was agreed to.

#### INCREASING PUBLIC DEBT LIMIT SET FORTH IN SECTION 21 OF SECOND LIBERTY BOND ACT

Mr. THORNBERRY, from the Committee on Rules, reported the following privileged resolution (H. Res. 351, Rept. No. 555), which was referred to the House Calendar and ordered to be printed:

*Resolved*, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 7677) to increase for a one-year period the public debt limit set forth in section 21 of the Second Liberty Bond Act, and all points of order against said bill are hereby waived. After general debate, which shall be confined to the bill, and continue not to exceed four hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means, the bill shall be considered as having been read for amendment. No amendment shall be in order to said bill except amendments offered by direction of the Committee on Ways and Means. Amendments offered by direction of the Committee on Ways and Means may be offered to the bill at the conclusion of the general debate, but said amendments shall not be subject to amendment. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous ques-

tion shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

#### AMENDING GENERAL BRIDGE ACT OF 1946

Mr. THORNBERRY, from the Committee on Rules, reported the following privileged resolution (H. Res. 352, Rept. No. 556), which was referred to the House Calendar and ordered to be printed:

*Resolved*, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 5963) to amend the General Bridge Act of 1946 with respect to the vertical clearance of bridges to be constructed across the Mississippi River. After general debate, which shall be confined to the bill, and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Public Works, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

#### HOUSING ACT OF 1961

Mr. RAINS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 6028) to assist in the provision of housing for moderate and low income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes.

The motion was agreed to.

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 6028, with Mr. Boggs in the chair.

The Clerk read the title of the bill.

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

The CHAIRMAN. Under the rule, the gentleman from Alabama [Mr. RAINS] will be recognized for 2 hours, and the gentleman from California [Mr. McDONOUGH] will be recognized for 2 hours.

The Chair recognizes the gentleman from Alabama [Mr. RAINS].

Mr. RAINS. Mr. Chairman, I yield myself such time as I may require.

Mr. Chairman, this is the housing bill of 1961. This is one of the most important pieces of domestic legislation that will come before this Congress. It is with a feeling of pride and a little gladness that I rise to discuss the bill, and, I must confess, some apprehension. The pride I have in the bill represents many long months of arduous toil on the part of myself and the distinguished members of our subcommittee and the members of the Committee on Banking and Currency on both sides of the aisle.



I want to express my deep appreciation to my colleagues on the committee, especially those on the subcommittee, because on both sides of the aisle whether they agreed with the bill or not, they were good workers and they toiled hard—that I know.

The feeling of apprehension that I have arises from the fact that this is a complex bill and I can already see it has, in a great many instances, been misunderstood. I have no doubt in my own mind that if every Member of the House understands the bill fully and thoroughly, many more would vote for it than might as of now.

So I would like for the Members on our side of the aisle to get from their respective page's desk at the back of the Chamber a green sheet that is furnished by the committee so that you will be able to follow and to interrogate about specifics in the bill.

I want to say this in all sincerity: This is a complex bill, because the housing problems of our country are many, and varied, and complex. There is no doubt about it. This is the first time in 10 years, since 1949, that we have been able to review our housing laws and the housing needs of the Nation without the impending threat of a veto hanging over us. We have been able to draw on the experience and knowledge of all our committee members, on the thoughtful advice of our administration, and I want to emphasize at this point that this is the administration bill. This bill is basically the bill H.R. 6028, sent to us by the President. It has also, in my judgment, been made a better bill by improvements which we added in the committee.

The bill has two or three different aspects. The first one is that it will in large measure help us to meet the needs of people for housing. The second is the boost it would give to employment. In my judgment we cannot be complacent about the present state of the economy. It is true that we have passed the low point, no doubt, of the recession of 1960, but we still have nearly 5 million people out of jobs in this country, to say nothing about the number of June graduates who are soon going to be flooding the job market.

I think in considering this bill we should first consider as to whether or not it helps to meet the needs of our people for housing; and secondly, we should consider whether or not it will be of value in bolstering the economy in which we find ourselves today.

In 1958 in 30 minutes' time this House passed a billion-dollar emergency housing bill. Even those who oppose all types of housing have told me time after time that that housing bill was the one great aid that did the most to pull us out of the 1958 depression. Yet last year when we passed a billion-dollar housing bill on the floor of the House it was allowed to die in the Senate under the impending threat of a Presidential veto. So I make the statement that had we enacted the housing bill which this House in its wisdom passed, we would not have 5 million people out of jobs

and we would not be seeing the housing market of this country dragging near the bottom. I want to compliment the House for what I call wisdom, because every single witness that looked at the picture squarely knew that we needed it then.

I want to commend the present administration—and I believe all of you will agree regardless of which side of the aisle you are on—for the vigorous action the administration has taken to reinvigorate the housing market by lowering the interest rate wherever it is possible, because that has been the real drag on homebuilding in this country—high discounts and unreasonably high interest rates bouncing against the usury ceiling of many of the States of the Union. It is widely recognized that the 8-year continual climb in interest rates on housing has been the strangling feature that has helped to keep housing down. However, there is no way I know of that you can legislate to tell a man what he can charge for the use of his money. The only thing you can do is to make possible lending at reasonable rates in the hope that the competition will bring about what ought to be a reasonable supply of mortgage credit for housing.

Some people have said that many of the ideas contained in this bill are new. The truth is the new items in the bill are only about one or two. Most of the items in the bill have long been written into law by this House and the Congress or have been studied by your Subcommittee on Housing for as long as 5 years back in some instances. Therefore, with few exceptions, there are no completely new or untried programs in this housing bill.

It is true that this bill involves substantial sums of loan and grant money, but you must remember this bill is in the main a 4-year bill. It is not a 1-year bill. Some of the programs which we are activating for a period of 4 years have already run out of money because we did not pass a housing bill last year. So, naturally, the overall figure of loans and grants in this bill is somewhat higher than it would be otherwise. Here are the figures and the reasons.

This bill is some \$60 million less than the bill which the President sent up here. How anybody can say differently is an amazing thing to me. The record does not speak differently. It is under the budget figure which the President sent up here and it is under the Senate figure; it is not above the figure which the President sent up here in the administration bill, as I heard stated on the floor today.

The dollar amounts in this bill are in the main loans which are fully payable to the Federal Government. The large figures in this bill that are grants are in the continuing program of urban renewal which is going on in hundreds of cities of this country. Unless this money is provided the urban renewal program will grind to an absolute stop.

Another large figure in the bill, that for college housing loans—\$1.2 billion. It is a 4-year program at a rate of \$300 million a year. This is a program that

has been in effect now for about 10 years, and the Federal Government has not had one single default. It is a program that is generally accepted throughout the Nation as the best way to meet what seems to be the never-ending problem of finding houses for our kids in college. This amount in the bill is fully repayable, and does not involve a subsidized interest rate.

Nearly \$2.8 billion of the \$4.9 billion represented in this bill is for loan or mortgage purchases of various kinds. The loans and mortgages, as I have stated, will be fully repaid.

Mr. Chairman, I would like to take up, item by item, certain sections of the bill.

In the first place, may I say that I have been somewhat amazed at the press and at Members who have asked me question after question about the 40-year, no-downpayment provision. May I say I do not regard that as the important section of the bill at all. In the second place, I think that Members and other people fail to remember that on a 40-year loan you have to borrow the money from a bank or savings and loan association at 6 percent interest.

I am sure you know about how much of it he would loan for 40 years. You have to buy that single house of \$15,000 under FHA credit reports just like you buy it today, and yet I have heard statements around here that a soda jerker could just walk in and borrow \$15,000. I would like to see him get it from a banker. And that is why I say I was amazed at the amount of heat that has been generated because of the debate in the other body and because of certain newspaper headlines; I have been a little amazed at the intense heat on the particular section. If the bill itself hinged around that section only, it could not begin to meet the needs of the people.

I will say this: We have had 40-year loans, no downpayment, in the housing bills for some 8 or 10 years. It is in it now; has been all the time. I will say further that over the 30-year programs that we had with no downpayments with the GI's in this country after the war, we had a fantastic repayment record and the Government did not lose any money. I will say further that on every 40-year loan that we have had for cooperatives and some of the others the Government has not lost any money. It is a mistaken idea that this is to be a Government loan. This is to be strictly a private-enterprise loan.

Just in order to ease the pain of some of my colleagues, I have no real objection to cutting it down to 35 years and putting in a 3-percent downpayment. So, at the proper time I intend to offer a substitute to make it 35 years with a 3-percent downpayment. This should end the matter. I never understood quite all the sweat about it. If it was going to be a Government loan handout to everybody, there might be something to it.

Furthermore I will say this: In the congressional district of every Member of this House the two greatest unmet needs for housing today are for the people who make between \$4,000 and \$6,000

a year. The intent and purpose of this longtime loan—even though I do not believe it would solve all the problems—is to get at the root of the problem of the very people who today are not getting the houses they ought to have. In 1950 some 50 percent of all the loans made under FHA were in the bracket of people making between \$4,000 and \$6,500 a year. Today, 10 years later, only 25 percent of the FHA loans are in that bracket, and the number of people who have moved into that particular income group has risen sharply. So, let us not make any mistake about that. So, unless we are able to extend terms with reasonable rates and to provide aid and assistance to those people to whom even \$5 or \$10 a month in income is most important when it is paid out in housing, we are not meeting the housing needs of the people of this country, and this bill seeks to do it under the private enterprise system and not by Government loans.

Now, there are some people who say you never have an equity even in a 30-year or 35-year housing loan. I have often said to myself, as I have watched these people buy these houses with no downpayment, and I saw them fix up their yards and build a picket fence and a barbecue pit in their backyard, strain to make the payments which they did, that in my judgment there are two things that the people of America will pay for if they can get the money at all. One is a home, and the other is an automobile. I have often said, and I believe it sincerely, that one of the best things you can do to a man is to give him a deed to a little piece of this good earth with a house on it even though he does have a mortgage on it. It is better—10 times better—than 35 or 40 years later to have that same man wind up with a dresser bureau drawer full of rent receipts and no equity in anything.

If you will go back and look at the figures of homeownership in 1929 and look at the high percentage of homeownership today, you will be pleased and happy with the progress we have made in this country. It does not mean that we have done all we could, nor all we should, so long as it is not costing the Government any money. I have heard pessimistic people say: "Yes; but we have not gone through the wringer yet. Yes, but we have never been through a depression like the days of the thirties." I can only say to you—and most of you, like myself, lived through it—that God forbid that we ever have to go through another one of that kind. I do remember one story which came out of the depression, and that is a fantastic story. I remember when the hammer was falling on farm, houses and homes all across the land, and I remember in the days long before I came here the wise men and women in this House who passed what was called the HOLC. It was my privilege as a member of the Committee on Banking and Currency in recent years to help and assist in winding up the affairs of the HOLC which saved the homes of countless Americans. Do you know what

happened? The Federal Government made a profit of \$30 million on that program.

So I am going to tell you this: If the time ever comes that my pessimistic friends fear when everybody is going to fail to meet their FHA payments, surely we will not foreclose the homes in America; and if that time ever comes, those of us here today will see to it that somehow or other the people will retain their homes.

The truth is that under FHA and all of the kindred programs which will be talked about here today as if they represent some kind of dragon aimed at the taxpayers, this Government of ours has already reaped nearly \$1 billion in profit from these programs that we are talking about. I sometimes wonder if that is fair. I think the profit ought to be cut and given back to the people. But in addition to that—and I sincerely believe this, and this is true in my district; I do not know what the situation is in other districts—the best citizen in my district is the man who owns his home.

I was quite impressed with one of my beloved and distinguished friends on the Rules Committee who told us a story about a certain city in Mississippi in which some people had cheap houses and as long as the Government owned them, they were going to seed. But one day they bought them, and when they did flowers grew up and the grass grew green, and the fences were painted, and awnings were put up. It is the same story whether it is Mississippi, Alabama, Connecticut, or New York, where people own their homes.

Of course, I am one who wishes that all of us could walk up to a banker and say: "I want to buy this house, and here is the cash for it." But how many people would own their homes in America? I do not know how many men like you and I, even, would have owned our first home if we had been compelled to walk down and lay the cash on the barrelhead. Not too many. A great many of us do not have our mortgages paid up today, but we have pride in the fact that we own our home and we are building an equity in it.

Mr. Chairman, the second part of section 101 is designed to help moderate-income families who want and need good rental housing within their means. This would be provided by expanding the present section 221 rental housing provisions to permit lower interest rates. Under the terms of the bill, the FHA Commissioner would be authorized to establish the rate, and the bill contains a formula setting a lower limit. That formula, which is based on the actual current yield of outstanding Treasury debt, works out to 3½ percent at present. It is not a subsidy rate because it could not go lower than the current cost of money to the Treasury, and yet it would be less than could otherwise be obtained in the mortgage market. Also the FHA Commissioner would have discretion to eliminate or reduce the mortgage insurance premium. Under this authority rents could be reduced by as

much as \$20 a month per unit, and perhaps even more if as is apparently contemplated maturities up to 50 years will be permitted. This is a substantial saving to families of modest income and for many of them will make the difference between living in decent, safe, and sanitary housing or being confined to slums.

These loans could be made only to private nonprofit or limited dividend corporations, cooperatives, and public bodies other than low-rent public housing authorities. These restrictions on types of borrowers will prevent profiteering and assure that rents will be kept to a minimum. A further restriction in the committee bill limits initial occupancy to families and individuals whose income excludes them from acceptable housing in the private market.

Since private lenders will not be interested in these below-market interest rate loans, the bill provides additional FNMA special assistance authority to finance them.

If the administration were to decide to use the bulk of the \$750 million in new authority provided to FNMA for this program—and there are indications that this may be their intention—about 50,000 units could be built. Because of the experimental nature of this program the committee bill would limit it to a period of 2 years.

Mr. Chairman, this is one of the provisions which I am particularly pleased to see in the administration proposals. It is very similar to a plan included in last year's housing bill (H.R. 12603). It is not a new idea to those of us on the committee or to others concerned with our housing problems. The need for such help has been clearly established and the approach containing this provision has been carefully thought through. It will fill a gap in our present housing programs and meet a long neglected need.

Title I of the bill provides another important innovation to help us improve our housing conditions. Substantially liberalized FHA loan insurance for property improvement financing is sorely needed to protect the value of our existing stock of good housing and restore those homes which have begun to deteriorate, but which can still be saved. New construction can never meet all of our housing needs. Even at the height of a homebuilding boom only about four new homes are added for every existing 100 homes and much of this relatively small addition must go simply to accommodate population growth. If we are to make progress in improving housing conditions we must undertake a bold effort to help property owners maintain and improve the more than 50 million homes now in existence. A relatively modest amount of assistance, if extended in time, can forestall the spread of blight which would create slum conditions and cause a drain on local and Federal finances.

To achieve this purpose the bill would authorize FHA mortgage insurance on property improvement loans in amounts up to \$10,000 per dwelling unit and with terms running as long as 20 years. This



will make it possible to finance major renovations and, because of the long term involved, at monthly costs which can more easily be borne by the average family budget.

These loans could be in addition to any existing financing on the property to avoid the necessity of complete refinancing which often involves raising the interest rate on the entire loan, as well as sizable closing costs. The FHA Commissioner would have discretion in the type of security he would require. In the case of smaller loans this could be simply a personal note as is now done under the existing FHA title I home improvement loan program. For larger loans, or longer terms, he could require a second mortgage.

This liberal financing would avoid the evils often associated with second mortgage financing. These would be fully amortized loans which would not involve the dangers of the balloon-payment type. By providing for an extended term, monthly payments would be kept within reason. Also, total indebtedness relating to the property would be kept within the amount which would apply if FHA were insuring a regular mortgage for the purpose and rehabilitation of the property.

Interest rates on these loans would be limited to not more than 6 percent. This is less than is usually obtainable on this kind of financing and is far less than the existing FHA title I program under which the interest rate works out to about 9½ percent.

Special incentives are provided for the use of these home improvement loans in urban renewal areas by two provisions. First, FNMA would be authorized to purchase them under a special assistance function. Second, the FHA Commissioner could authorize cash payments in case of default as is now done under the title I program. These loans could also be used outside urban renewal areas though without FNMA assistance and with payment in the form of a 10-year debenture in case of default.

Mr. Chairman, I would like once more to call attention to the fact that this is not a novel idea. Back in 1956, my Subcommittee on Housing made a field investigation of needed improvements in housing legislation and this was one of the measures which we recommended. Unfortunately, it has taken some time for the need to be generally recognized but now, at last, we will have the opportunity to see this approach tried out in actual practice.

Another provision of title I is designed to bring about a reduction in housing costs and improvements in housing design and technology. This would be done by authorizing FHA mortgage insurance on new homes built through cost-saving methods or with new experimental materials.

#### TITLE II. HOUSING FOR THE ELDERLY AND LOW-INCOME FAMILIES

Title II of the bill covers two separate programs. The first deals with the program of direct Federal loans authorized in the Housing Act of 1959 to provide

housing for our older citizens. Although this program had the strongest possible support in the Congress, it was opposed at that time by the administration. As a result, when it finally became law, it was hedged in with restrictions and delays. The new administration, however, is well aware of the tremendous need for this assistance to our rapidly growing number of older citizens whose incomes are well below the average of the population as a whole. Now that the program is being operated more sympathetically, there has been a rapid increase in applications. At present, applications received approximately equal the \$50 million originally authorized for these loans. To continue this valuable program, the committee bill would authorize the appropriation of an additional \$100 million. Also, the 2 percent equity requirement would be eliminated so that the loans could cover the full amount of development cost. And finally, these loans which are now confined to private non-profit corporations would be made available to cooperatives as well.

The second part of title II deals with the low-rent public housing program for our lowest income families. This program in recent years has been faced with every obstacle its opponents could throw in its way. It has been starved for authorizations and it has been examined and reexamined with the sole purpose of delay and destruction. As a result, the intent of the Housing Act of 1949 has been continually frustrated. At the same time, however, the need for such housing has continued and even increased. Expanded activity under the urban renewal program and under the highway program and other construction activities have displaced thousands of families whose only hope for decent housing has been through the low-rent program. It is estimated that about 45,000 low-income families eligible for public housing will be displaced in 1961 alone.

Urban renewal and low-rent public housing are inseparable parts of the same effort. We cannot, in good conscience, uproot families from their present homes, however, inadequate they may be, unless some provision is made for providing them with places to live. Such activity, moreover, would be shortsighted and self-defeating—they would simply create overcrowding and slum conditions elsewhere. If our efforts to rebuild our cities through urban renewal and other construction activities are to succeed, we must provide adequately for the rehousing of displaced families.

To meet this need, as well as the urgent need for housing other low income families, particularly the elderly, the bill would restore the unused balance of the 1949 authorization thereby permitting the construction of about 100,000 additional low-rent units. This authorization will take care of applications now on hand and carry the program for perhaps 3 or 4 years.

Another provision in this title would help to meet the problem created by the extremely low incomes of many of our older citizens. Experience has shown

that elderly persons often have incomes so low that they cannot pay the rents required to meet the operating expenses of low-rent projects. Therefore the bill provides that where this factor threatens the solvency of a project, an additional Federal payment of up to \$120 a year could be made for elderly families.

Finally, the bill would reduce the income gap requirement in certain cases. The law requires that there be a gap of at least 20 percent between the maximum income for admission to public housing and the minimum income necessary to afford decent housing in the private market. This income gap need be only 5 percent in the case of families displaced by urban renewal or other Government action. Because of our special obligation to displaced families, the bill would eliminate this 5 percent requirement for them. Also, the gap requirement would be eliminated for elderly families. All others would still be limited by the present 20 percent requirement.

#### TITLE III. URBAN RENEWAL AND PLANNING

The slum clearance and urban renewal program, begun by the Housing Act of 1949, has proven to be of tremendous benefit to our towns and cities. It has made possible a direct attack on the slums which blight nearly every community of any size in the country. Its success has won support in every quarter, including business and civic groups and local government officials. Many of the sore spots of our cities are being converted into healthy and attractive assets to the community. A special side benefit of these efforts has been the improvement in local financial resources. Slums place a heavy burden on local government because they require far more in health, police, fire, and other municipal services than they return in taxes. By replacing them with new and rehabilitated construction, the urban renewal program has increased tax rates manifold and thereby enabled local government to meet the many other demands for municipal services.

The existing authorization for Federal and urban renewal grants is now exhausted. To meet this need and to carry the program for an estimated 4 years, the bill would authorize an additional \$2 billion. In my judgment, this amount is an absolute minimum. It is less than the mayors of our Nation have requested. They have long urged a program of \$600 million a year for 10 years. However, balancing the needs of this program against our other requirements, the committee felt that this amount should be adequate to carry the program at a high level over the next 4 years.

Mr. Chairman, the bill also contains a provision which would give more equitable treatment to small communities, and to some depressed areas, to encourage them to obtain the benefits of the urban renewal program. It would do this by raising the Federal share of net project cost from two-thirds to three-fourths for communities up to 50,000 population and depressed areas up to 150,000 population.

This aid to small towns is needed to offset the special advantage which larger

cities have. Present law provides that the Federal share of urban renewal costs can be met either in cash or through noncash grants-in-aid such as donation of land or construction of roads, schools, or other public works necessary to the project. Experience has shown that large cities are better able to meet their share of cost though this noncash assistance than are small communities. To offset this advantage, the bill authorizes a moderate increase in the Federal contribution.

Another important provision would provide help to small business firms displaced by urban renewal. The need for relief in this area is generally recognized and a similar provision was recommended by the Banking Committee last year. Two benefits are provided. First, the Federal Government would be authorized to pay the full amount of moving costs for displaced business firms. Existing law limits this to \$3,000 and while this is more than adequate in most cases, it is not enough for firms with heavy equipment. Thus, such firms suffer a net loss through no fault of their own. The committee bill would correct this unfair burden.

In addition, displaced business firms would be made eligible for loans on liberal terms through the Small Business Administration to provide financing to get them back on their feet. These loans presently carry an interest rate of 3 percent and a maximum term of 20 years, and are the same as those available to business firms uprooted by storm, flood, or other natural disaster. It is only fair that a store or other business which has been forced to move by a Government program should be given some assistance to help it get started again.

Mr. Chairman, I am sure my colleagues will agree with me the support of a business community is essential to the success of our efforts to rebuild our cities. We must not do less than provide fair treatment and help them to continue in business if urban renewal is to succeed in its purpose.

Another provision of the bill would extend to private nonprofit and public hospitals the same advantage under the urban renewal program now available to universities. In many cases our downtown hospitals are faced with the same problems as our downtown universities. They are often located in older parts of the city and have come to be surrounded by blighted areas. Because of the special importance of hospitals we must not abandon them to slum neighborhoods.

The bill would encourage urban renewal projects around these hospitals by recognizing certain hospital expenditures as part of the local share of cost and by waiving the "predominantly residential" requirement of the law just as is now provided for universities.

The need for city planning has increased with the sharp population growth in recent years—a growth which there is every reason to expect will continue. To encourage this, the bill authorizes the appropriation of an additional \$30 million urban planning grants

and increases the Federal share from one-half to two-thirds.

#### TITLE IV. COLLEGE HOUSING

Title IV of the committee bill would provide additional funds for the college housing loan program. This has been one of the most successful programs that the Federal Government has ever undertaken. In its 10 years of operation it has helped to provide housing for nearly 400,000 students in over 1,500 different projects—and it has done this without ever experiencing a single default.

Because of the tremendous need for these loans the existing authorization has been entirely used up and a backlog is developing. Moreover, college enrollments are expected to rise sharply in the years just ahead which will place even greater pressure on dormitory facilities. To continue this important program of aid to our universities the bill would authorize additional loan funds of \$300 million in each of the next 4 years, a total of \$1.2 billion.

#### TITLE V. COMMUNITY FACILITIES

One of our most pressing needs is an increase in our investment in local community facilities, particularly water and sewer works. The past years of neglect and of rapid population growth have resulted in a heavy backlog of need for these projects. In recent years many communities have had to forego investment, no matter how greatly needed, because they simply could not meet the heavy financing charges required in the private money market.

I am very pleased to see that some reduction in interest rates has been made in recent months. One of the first steps taken by the new administration this year was to cut a quarter of 1 percent off the interest rate charged under the public facility loan program. However, I am in wholehearted agreement with President Kennedy's statement that interest rates are still too high and are blocking many worthwhile projects, particularly in smaller communities. Therefore, the committee bill would expand the loan authorization of the existing public facility loan program by \$500 million. These loans would be available to smaller towns of less than 50,000 population and depressed areas up to 150,000 population.

Mr. Chairman, the additional loan funds in the committee bill amount to \$450 million more than the amount requested by the administration. This change was made to improve the balance of the bill and treat the problems of small towns more adequately. To keep within the total dollar amount of the administration's recommendations, we offset this increase by reducing the amount provided for outright grants under the urban renewal program from \$2.5 billion to \$2 billion. The urban renewal program is of primary benefit to our larger cities while the public facility loan program is, in a sense, the urban renewal program for small towns.

The bill also would liberalize the existing public facility loan program by reducing interest rates. In spite of the administration cut, the cost of money

under this program is still above 4 percent. This is well above the level at which most larger cities can raise funds by issuing tax exempt securities to private lenders. In order to provide more equitable treatment for these small communities, the committee bill would set the interest rate on these loans under the same formula now used for the college housing loan program. For the present fiscal year, this produces a rate of 3½ percent.

#### TITLE VI. AMENDMENTS TO NATIONAL HOUSING ACT

Title VI of the bill contains a number of basic amendments to the present programs under FNMA and FHA.

There are two principal provisions affecting the Federal National Mortgage Association. The first would increase its special assistance authority by adding \$750 million in new funds. In addition, it would give the President discretionary authority to use \$200 million which remains unused from the Emergency Housing Act of 1958. These funds are now carried on the FNMA's books as available for the purchase of FHA and VA mortgages for the purposes of the Emergency Act which was to stimulate the economy generally. Under the terms of the bill the President could also use these funds for other designated special assistance purposes, such as low-cost sales housing under section 221, urban renewal housing, housing for the elderly, and cooperatives. In addition, the bill would permit FNMA to use the funds it is now receiving as repayments on mortgages purchased prior to 1954. In that year, the Housing Act set up a new classification in FNMA's bookkeeping called the management and liquidation fund and put all of the portfolio existing at that time in this fund. Currently FNMA receives about \$150 million a year in repayments on the mortgages purchased under these earlier authorizations. The bill would allow these funds to be used for other special assistance programs for a period of 4 years.

Mr. Chairman, FNMA's special assistance is vital to the success of many of our most important housing programs. It will be the sole source of financing for the new low-interest rate section 221 rental housing loans. It is likely that the bulk of the \$750 million in new authorization will be set aside for that one program. In order to make financing available for other needed programs, such as the expanded homeownership program under FHA section 221, it is important that the agency be permitted to use other funds which it received under previous congressional authorization. This will be particularly important if these programs are to receive adequate financing in areas such as the South and Southwest where mortgage money is normally in short supply.

The second amendment affecting FNMA is one which has long been sought by the homebuilding industry. At present the Agency is limited to outright purchase of home mortgages. This denies its resources to a mortgageholder who has only a short-term need for



money. For example, a builder who takes back FHA and VA mortgages for his houses may not be able to sell them immediately on favorable terms. To avoid tying up his capital and forcing a curtailment of his homebuilding operation, he needs interim financing until he can dispose of the loans. Therefore, the bill would permit FNMA to make short-term loans on security of pledged FHA and VA mortgages. These loans would be limited to 12 months' maturity and 80 percent of the value of pledged mortgages.

The FHA, which has been one of the most successful programs ever undertaken by the Federal Government, has in the past been faced with the problem of recurring exhaustion of its mortgage insuring authority. Just a few weeks ago, FHA came dangerously close to the ceiling on its power to insure and it was necessary to rush a resolution through the Congress authorizing additional authority. Even this added amount is expected to be exhausted before the middle of next month.

Mr. Chairman, it is important that the Congress set a limitation on the FHA program to insure periodic review of its operations. At the same time, it is also important that the Agency be able to operate with the necessary freedom and that homebuilders and mortgage lenders be able to plan ahead with confidence. To accomplish both objectives, the committee bill would remove the dollar limitation on FHA's insuring authority altogether and instead set a cutoff date of 4 years. At that time the ceiling on FHA insuring authority would become the amount of insurance and commitments then outstanding unless the Congress took further action.

Another important provision of the committee bill would liberalize FHA's basic homeownership program under section 203 of the National Housing Act. This program has long since proven its value in expending homeownership and encouraging home production. It has been successively liberalized over the years and its record has amply justified the confidence of its supporters. Only one-half of 1 percent of loans insured under this program have ever gone into foreclosure and the program has not only never cost the taxpayer a cent but has built up substantial reserves against future losses. The committee bill would authorize a modest reduction in the downpayment requirements by giving the FHA Commissioner discretion to require only a 3-percent downpayment on the first \$15,000 of value, 10 percent on the next \$5,000, and 25 percent of any amount above \$20,000. The maximum mortgage which would be insured on a single-family home would be set at \$27,500—presently it is \$22,500. In comparison, existing law requires 3 percent down on the first \$13,500, 10 percent of the next \$4,500, and 30 percent of any amount over \$18,000, with a maximum mortgage of \$22,500. To permit lower monthly payments, the maximum maturity would be increased from 30 to 40 years. These changes will permit lower downpayments above the \$13,500 level,

enabling families to obtain homes more adequate for their needs, and at the same time increase housing demand and stimulate our sagging homebuilding industry.

Other provisions of this title would give the FHA Commissioner discretionary authority to reduce the FHA insurance premium to as low as one-fourth of 1 percent. Presently the charge is one-half of 1 percent, the minimum set by law. Also, the loan-to-value ratio of FHA insured mortgages on nursing homes would be increased from 75 to 90 percent. Finally, the section 810 program for off-base defense housing would be amended to encourage construction activity and a \$25 million special assistance fund would be set up in FNMA to assure the availability of financing.

#### TITLE VII. OPEN SPACE AND LAND DEVELOPMENT

The first part of this title authorizes partial Federal grants to State and local government units to help them acquire land for parks and recreational uses. As our cities have grown under the impact of rapidly rising population, we have seen vast areas built up entirely for housing, shopping centers, and other purposes. Often one must go miles to find a park of any size. Under the tremendous pressure of the postwar housing shortage little thought was given to this problem. The need at that time was simply to get housing and more housing. I think everyone will agree that a neighborhood is far better if it has ready access to a nearby park or playground. They are essential to the health and sound development of our children. To meet this need the bill authorizes the appropriation of \$100 million for the acquisition of open land for these purposes. Partial grants could equal 20 percent of the acquisition cost for a community acting alone, or it could be up to 30 percent where the land would serve the needs of more than one community thereby encouraging comprehensive area-wide planning. This aid could not be used for the acquisition of land outside the given urban area.

The second part of this title would authorize a new program of FHA mortgage insurance for the acquisition and development of land for housing projects. The need for such aid has long been evident and a similar proposal was recommended by the Banking Committee in last year's housing bill.

No component of housing cost has risen more rapidly than land. There is a pressing need for financial assistance to enable builders to develop land more efficiently and at lower cost. To help meet this need the bill would permit FHA to insure loans to builders and developers in amounts up to 75 percent of the value of the land and improvements. The maximum interest rate would be set at 6 percent and the maximum term of the loans would be 5 years. To prevent any possibility that these loans would be used for land speculation, the FHA Commissioner would be required to enter into an agreement with the builder or developer assuring that construction would begin within a reasonable period after the land is developed. Because

this program is experimental in nature, it would be limited to a 2-year period to give the Congress a clear opportunity to review it carefully.

#### TITLE VIII. FARM HOUSING

The farm housing loan program established by the Housing Act of 1949 has been of tremendous benefit to our farm population by making financing available for them to improve their homes. In order to continue this worthwhile assistance, the bill would extend the program for 4 additional years. Also, a new authorization of \$200 million would be provided which, added to the \$207 million of remaining authority, will be enough to carry the program for this period.

An important improvement in the program—one strongly urged by such groups as the National Grange, the National Farmers Union, and the National Rural Electric Cooperative Association—would be the extension of eligibility to nonfarm families living in rural areas. These families are faced with much the same difficulty in obtaining financing as is our farm population and yet to date they have been excluded from the benefits of the program.

Another provision of title VIII would authorize a new program of loan insurance to provide housing for farm laborers. Such loans would be limited to not more than \$25 million a year.

#### TITLE IX. MISCELLANEOUS

Title IX, the last title of the bill, would provide three important provisions affecting Federal savings and loan associations. Financing for housing for the elderly would be encouraged by a provision permitting savings and loans to invest up to 5 percent of their assets in such loans with a maximum term of 30 years and a loan-to-value ratio of up to 90 percent. Second, trade-in home financing would be aided by permitting loans of up to 80 percent of value on a nonamortized basis with terms up to 18 months. Third, savings and loans would be permitted to invest up to 5 percent of their assets in certificates of urban renewal trusts, thus permitting a number of associations to pool their resources to finance urban renewal housing.

Another provision of title IX would extend for 4 years the voluntary home mortgage credit program which otherwise would expire in October. This program helps to make FHA and VA financing available in small towns and rural communities which do not normally have access to the large money centers.

Mr. Chairman, this completes the review of the major provisions of H.R. 6028. I realize that this is a large and a complex bill, but that is because our housing problems are equally large and complex. While I have not taken the time to touch on every detail in the legislation, I assure you that the members of the Banking Committee and our Subcommittee on Housing, as well as the experts of the housing agencies and outside groups interested in the legislation, have considered every point carefully. We have made every effort to bring forth

a well-balanced bill and, in my judgment, we have succeeded. We have not given in to those who argue that any one program is all-important and should have a disproportionate share of our available resources. Nor have we given in to those who bear a grudge against particular programs and want to see them cut out entirely. I believe that this bill will mark an important forward step in our housing legislation and will enable the country to embark on an intensive 4-year program to improve housing conditions in every part of our country and for all of our people.

I am hopeful that the Members of the House will recognize the broad range of needs which this bill will meet and approve it as recommended by the committee by an overwhelming margin.

Mr. Chairman, I have only hit the high spots, because I am going to yield the floor in a few minutes. The review I have made only touches these highlights. In my judgment it is the best housing bill that has ever come to the House since I have been connected with the Committee on Housing. It uses to best advantage private enterprise. If you want to be completely opposed to private enterprise, oppose all sections of the bill, because this bill is the American way to get a good job done for people who need housing throughout the length and breadth of the land.

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

Mr. RAINS. I yield to the gentleman from Texas.

Mr. THOMAS. Mr. Chairman, I want to commend our very able, as well as genial, friend for perhaps one of the most analytical statements I have heard made on this floor in many, many years. May I respectfully request of our able chairman that sometime during debate, certainly in the revision of his remarks, he go through this bill section by section and put the dollar mark cost on it. The reason I make that request is there are too many Members who think this bill is going to cost far more money to the taxpayer than it is. Take for instance FHA.

FHA has not cost the taxpayers of this country 1 penny, and this is the 29th year it has been in existence. Instead of that it has a \$1.4 billion surplus that it has made.

Mr. RAINS. That is correct.

Mr. THOMAS. College housing has not cost anything, and your elderly housing provision, even though it has a limited market—and I use that word advisedly—your housing for the old folks should not cost one penny, even with the subsidy you have in there. That is going to be a big help, and perhaps if the bill is administered correctly for your first \$50 million to \$100 million, it should not cost the taxpayers one red cent. FNMA has not cost the taxpayers any money; it has made money.

Now let us get onto one thing that is troubling the taxpayers, and that is the 40-year no downpayment. It is not a loan now, if I understand the gentleman correctly; it is an insurance problem.

Mr. RAINS. That is correct.

Mr. THOMAS. Please do not make the mistake of getting your interest rate at 6 percent. It is too high.

Mr. RAINS. I will say to the gentleman that I heartily agree.

Mr. THOMAS. Now listen. Herein lies the seed. Mark my words, if there is an answer to public housing, here it is. Take your pencil and paper: Build a unit under this new program, take the cost of a unit under the public housing program for 40 years—that is what your public housing program is—it is my judgment that this new program will cost the taxpayers less per unit. But listen now. You cannot make it work on a 6-percent interest basis, so I do hope the gentleman will consider a committee amendment to put that interest rate down on an average rate that the Government pays and make it lower. You will save money. I am going to support your program. I think you have done a good job generally but I hope you will do something about back-door spending. I want to vote for the housing program but I do not want to vote for back-door spending and I reserve the right to vote against back-door spending.

Mr. RAINS. I will say to the gentleman when I saw him get up and heard him with that delightful approach I was a little bit afraid, but I am so happy that we are together. I think everything is going to be fine.

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

Mr. RAINS. I yield to the gentleman from New Jersey.

Mr. WIDNALL. One of our colleagues said that this bill would cost, I believe, \$328 million as far as the 1962 budget impact was concerned. How do you figure that when there is \$2 billion for urban renewal in the bill that can be committed within the first week after this bill goes into effect?

Mr. RAINS. Not a single dollar on urban renewal in this particular bill—and that is a point we so often fail to remember—can be expended during 1962. Urban renewal is a long-range, long-time contract program, and that is why we have to legislate in advance for the program.

Mr. WIDNALL. When can the \$3 million in your program be expended for urban renewal?

Mr. RAINS. The \$2 billion will be committed over the next 3 or 4 years but actual payouts by the Treasury will not really begin until 1963 and the bulk of the expenditures in even later years.

Mr. WIDNALL. In the community facilities program where the committee upped the President's request from \$50 million to \$500 million—and that is immediately available—why is that \$500 million not included in the budgetary impact for 1962?

Mr. RAINS. As a matter of fact, a part of it may be included, but as of now we are unable to tell what part, because you are unable to tell whether any of the program presently before us will come into existence this year or not. First, the Federal Government signs a loan commitment so that the community can go ahead and start a project. The actual payment of the loan funds—and

the budget impact—does not come until later. There is no definite statement that you can make.

I would like to know this. If you are going to charge everything the Government has loaned against the budget of the United States, then you had better dig up those billions that we lent through the Export-Import Bank, the Inter-American Bank, and so forth; if you are going to charge to the budget what we lend to the little cities in America for sewers and water systems, let us charge all these other items that came rolling through. That is a loan, and not a grant.

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

Mr. RAINS. Yes.

Mr. WIDNALL. In order to be able to lend that money to the cities of the United States the Government has to borrow money, which is paid for by the taxpayers of the United States. It seems to me, if this is enacted, if I understand what is in the housing report on page 57, the committee felt it was necessary to raise the amount from \$50 million to \$500 million for this purpose, and the committee said this:

The administration bill requested an increase of \$50 million in this authorization. The committee boosted the increase tenfold to \$500 million to provide for the enlarged demands that would be made on the program because of changes proposed in the basic character of the program. These include (1) placing the program on a subsidized, submarket interest rate basis, (2) introducing a new nonmarketable type of municipal security under which interest payments could be postponed for 10 years, (3) permitting a \$10 million loan limit per project, with (4) setting up a new business department to stimulate activity with the customers.

The \$500 million will be committed in the first week, and the gentleman knows it.

Mr. RAINS. I will say to the gentleman that he should go back and study the bill further. The gentleman was asking me the reason why the loans are not charged to the budget. I answered a moment ago that these are loans instead of grants. That has been the system always.

Mr. WIDNALL. As I understand it, they are charged to the budget. I should like to ask the gentleman another question, if he will yield further.

Mr. RAINS. I yield.

Mr. WIDNALL. The gentleman just made the statement, I believe, that public housing would be used mainly for displaced people from urban renewal and Federal highway programs. Does this mean that you are killing the housing for the elderly and the veterans priorities that exist in public housing today? And if it is going to be mainly for the displaced and relocated people, why are we including in this \$120 per year additional per unit for the elderly, thinking that this is going to be used almost entirely for housing for the elderly?

Mr. RAINS. I am sure I did not say that it was limited only to those who were displaced. I said that most of it is needed to rehouse those who were being uprooted. And I point out to the gentleman that that would include uprooted



and dislocated elderly people as well as others.

Mr. WIDNALL. I believe the gentleman said that would be used mainly to relocate displaced people.

Mr. RAINS. It would be, in my judgment.

Mr. WIDNALL. At the same time, it is being held out to the country that this would be housing for the elderly and that it would enlarge the program and help that program.

Mr. RAINS. There has been no holding out on my part except to say that there are 100,000 units in the bill; and it is my understanding that some portion would be used for housing for the elderly.

Mr. WIDNALL. I thank the gentleman.

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

Mr. RAINS. I yield to the gentleman.

Mr. WHITENER. Mr. Chairman, I would like to call the gentleman's attention to the home improvement loan insurance program provided for in this legislation. My observation has been that title I perhaps has been the most abused feature of all the housing programs in this country, and more people have been victimized in my section of the country by unscrupulous operators in that field than any other that I know. In casually looking through the hearings, the only place I observed any reference to any protection for these homeowners is on page 107 of the hearings in a statement of the Housing and Home Finance Administrator, where he says:

Under the bill the basis would be the sum of (i) the estimated cost of the repair and rehabilitation and (ii) the Commissioner's estimate of the value of the property before repair and rehabilitation.

Then on page 13 of the report I notice that it is said:

A service charge and appraisal, inspection and design fees could be included in the amount of the loan.

Mr. RAINS. Of course, the program about which the gentleman is speaking is not the title I program at all. It is one that has every safeguard around it, which title I never had and maybe ought to have.

Mr. WHITENER. This is the point I want to make here and get the gentleman to put in the RECORD, because certainly the gentleman is the leading expert in this field. Is it contemplated that notwithstanding the language in the bill now being discussed adequate safeguards will be provided to see that before the improvement is done there has been a commitment from the FHA or some supervision so as to assist in guaranteeing to the homeowners that they will not be victimized by these siding and roofing shysters and others who pretend to be home improvement people but who are actually carrying on a skin game in which they are taking money off the needy people, such as we have in our country?

Mr. RAINS. The section that has \$10,000 and 20 years has every safeguard around it that any FHA loan ever had. It is not title I, which is only a repair

loan; this section is a rehabilitation loan for an old house. The title I loan is only for \$3,500 and only for 3 years, and carries about a 9½-percent interest rate.

When we come to saying, "We are going to write restrictions around the \$3,500 loan for 3 years," the banker says, "If you do that, I do not want to make the loan anyway." So I welcome the gentleman's assistance on this. I am talking about the \$3,500 repair loan, which is not this provision of the bill. If the gentleman could suggest to us the means whereby we could keep these suede-shoe boys out, I would be glad to have it.

Mr. WHITENER. I would be happy to assist in every way possible in seeing to it that there will be an inspection and all the safeguards we can put around these people, who are probably going to be involved in this for \$10,000.

Mr. RAINS. They cannot get it in this one. I want to emphasize that. There is no way for the suede-shoe boys to get into this program. It is only in the ones where you do not have the inspection. Here you have the FHA inspection, appraisal, and everything.

Mr. WHITENER. I hope the gentleman will have the regulations changed to keep the suede-shoe boys from taking us one-gallus boys for a ride.

Mr. RAINS. We will try to do that.

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

Mr. KILBURN. Mr. Chairman, I have been here a little over 20 years, but I have never been and never wanted to be on the housing subcommittee, so I do not profess to know all the details. It is a very complicated subject, of course. I have seen quite a few housing bills before this House. Many of them have been beaten in the House. But in my judgment this bill is at least five times worse than any housing bill that has ever been defeated in this House. I hope I may have the attention of the distinguished gentleman from Alabama. The gentleman from Alabama is a close friend of mine—whom I call a real friend, and he is, and I admire him greatly. But one morning when we were in the committee room, he was reading a newspaper. I said to him, "How do you get that newspaper?" He said, "I have it sent to Alabama." It was the Wall Street Journal. He said, "I think it is the greatest newspaper in the country." So I would like to read to the Committee here the lead editorial from the Wall Street Journal. It is dated June 15. The title is "House Without Foundation." It goes like this:

#### HOUSE WITHOUT FOUNDATION

So many things are wrong with the housing bill in Congress that it would be impossible to catalog them here. But if there is a word that sums up these proposals, it is irresponsibility.

The version passed by the Senate this week, incorporating most of President Kennedy's requests, would cost more than \$6.1 billion, which a debt and deficit-ridden Government obviously cannot afford. In some respects the bill reported by the House Banking and Currency Committee, with its 40-odd amendments, is even more reckless.

One of these amendments would more than double, to over \$1.5 billion, the administration's request for the Federal National Mortgage Association special assistance fund. Another amendment would boost from \$50 million to \$650 million the administration's request for "community facilities." The House committee's minority report calls this provision, among other things, a needless federalization of municipal finance.

But the provision which seems to us to set the tone of the bill as a whole is the key one concerning housing for families of modest incomes; that is, in the \$4,000 to \$6,000 a year range. The White House asked Federal Housing Administration insurance of 40-year mortgages, with no down payment on homes costing up to \$15,000. The Senate finally stuck in a token downpayment requirement, but even this small sop to responsibility may well disappear before the bill becomes law.

Certainly a case can be made that the community should try to provide tolerable housing for the truly indigent, despite the considerable abuses associated with public housing in practice. But when it comes to this sort of assistance for people of moderate incomes, we are leaving the standards of prudence far behind.

By definition, people of moderate incomes do not need public assistance. What the Government is in effect saying with this proposal is that if such a family does not have exactly the house of its heart's desire, it is the duty of Government to help provide that house. That is a concept of Government which has no place in any system short of socialism.

Consider, moreover, the demoralizing implications of the aid. One of the soundest principles of home ownership is that the buyer have an equity in his property; this is abandoned in the administration proposal. The authorization of 40-year mortgages is no less flagrant a departure from prudent lending procedures; on that basis, to mention just one objection, it has been estimated that the \$15,000 home would cost the borrower something like \$38,000 before he owned it, if it or he lasted that long.

To call such proposals by the name of assistance is to debase the language; they are nothing but an invitation to folly. Unfortunately that approach is typical of the whole bill.

For what is the broad housing problem this bill is supposed to remedy? Certainly this country is not up against a general housing shortage requiring the slambang measures of desperation in this catchall bill. There is increasing evidence that housing is catching up with demand; in some places, plain evidence of overbuilding and excessive speculation. Into this market the Government proposes to pour new billions for everything from public housing to farm and college housing. The one clearly discernible effect would be massive new inflation of a market in no need of stimulus.

And what is the fiscal background against which these huge new expenditures must be viewed? It is that of a Government increasing its spending for all conceivable domestic, military, and foreign programs, of a Government plunging ever deeper into deficits and debt. Even if the housing bill were otherwise desirable, it would not do in such circumstances. As the House committee minority puts it, the "overriding issue in this housing bill . . . is the issue of fiscal responsibility. The bill contains excessive budget spending authorizations. The bill contains unsound and unnecessary provisions."

We are not sure it is still possible to hope that some wisdom will be instilled into this measure. But, as it is, the country ought to know that the administration and Congress are heedlessly slapping together a house without foundation.

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

Mr. KILBURN. I yield.

Mr. MULTER. The gentleman from New York is always very fair, and I am sure he would not want an unfair implication in the RECORD from what he said with reference to a statement made by the gentleman from Alabama. I am sure that what the gentleman from Alabama was referring to in that conversation was the news items of the Wall Street Journal. At the same time the gentleman from Alabama also said that he wished its editorial policy was as good as its news-gathering facilities.

Mr. KILBURN. I think they are better.

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

The CHAIRMAN. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. JOELSON. Mr. Chairman, I rise in support of H.R. 6028, and to speak particularly in favor of that portion of the bill dealing with urban development and renewal.

The new frontiers in America lie not in the open prairies, but in the centers of our teeming and deteriorating cities.

If we are to preserve much that is great in our American democracy, we must now declare war on our festering slums. We have several weeks ago extended a Federal highway program costing billions of dollars, but what profit is there in building shining highways from slum to sordid slum.

Go through the heart of almost any large American city, and you will find appalling slums and choked streets. You will see habitations which breed despair and lawlessness in their inhabitants. You will see vacant stores and antiquated factory buildings. In short, you will see conditions which give aid and comfort to our enemies who would bury us.

For our national hope, pride, health, crime prevention, commerce, and for the continuation of our faith in our democracy to solve its own problems, I implore upon you the passage of this vitally needed legislation.

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

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. GILBERT. Mr. Chairman, I appreciate the opportunity to speak in favor of the administration housing bill of 1961—H.R. 6028—and to urge its passage. I agree with President Kennedy that it is our responsibility to remold our cities, to improve our patterns of community development, and to provide for the housing needs of all segments of our population.

The housing shortage remains acute, and is one of the most crucial problems requiring our attention—14 million American families currently live in substandard dwellings; we are told that another 39 million families must be protected from the encroachment of blight

and slums. These millions look to us for rescue from their sad plight; everyone is entitled to decent housing.

I represent the 23d District of New York, the Bronx, and I receive many requests, daily, from my constituents, who describe the intolerable housing conditions under which they exist and ask my help in securing decent housing. The unfreezing of the 100,000 units of public housing left in the original 1949 housing authorization would provide a substantial stimulant for the low-rent program which has been sadly neglected during these past years. Such construction must proceed to enable us to go forward with slum-clearance operations and to rehouse those displaced by such operations.

Although we have tried to meet the needs of the ill-housed among our low-income families, we have seriously neglected another segment of our population—those in the moderate-income bracket who earn too much to entitle them to public housing and yet cannot afford privately built, nonassisted housing. I am, therefore, pleased with the broadened FHA section 221 program which provides for 40-year, no-down-payment mortgages for housing for low- and moderate-income and displaced families. Although it has been termed a "2-year experiment" so far as others than displaced families are concerned, it is a new and important approach to the housing problem of the moderate-income group. This group is comprised mainly of young factory and white-collar workers who are entitled to have homes of their own and suitable places in which to rear their families. Although it is contemplated that this new approach will be revised and adjusted as experience is gathered, it is certainly worth trying and it is hoped that the experiment will prove successful.

The new program of low-interest FHA-insured loans for rental and cooperative housing projects will be a great boon to those now forced by circumstances into substandard housing and declining neighborhoods.

The provisions of the bill which would help the elderly with their housing problems are sorely needed; there is a great shortage of suitable housing for our older citizens and they look to us for this assistance.

It has been emphasized that a workable program of rehabilitation is vitally important if cities are to deal effectively with the spread of blight. The assistance provided in this bill is a step forward in this direction.

Other important provisions of the bill provide for a 4-year \$2.5 billion authorization of funds of slum clearance and urban renewal. Other factors, as well as bad housing, must be considered; a long-range program is the most necessary and satisfactory. Under this bill, cities can look forward to receiving funds over a period of years and proceed with their renewal programs on an effective basis.

The larger cities of our country are particularly in need of help to combat increasing problems of blight and growth. Although real progress has been made in recent years, there is much evidence to indicate that new slums are

growing even faster than old ones are being eliminated. To outdistance the spread of blight and to carry out an effective program of urban renewal and economic growth, our cities must have Federal assistance; they cannot manage to carry out comprehensive proposals regarding renewal projects without adequate Federal funds.

As the President pointed out, we must continue to clear and redevelop slum areas only where suitable housing is elsewhere available for occupants of these areas who can be humanely and fairly relocated.

Also, small businessmen in clearance areas deserve more consideration than they have had in the past. The provision which would permit payment of full moving expenses for business firms displaced by urban renewal and which makes such firms eligible for liberal loans through the Small Business Administration would assure the small businessmen the help they need.

All the provisions of the bill covering assistance in the categories specified therein, merit our favorable consideration and are important to the well-being of our people.

Positive action must be taken in all areas to help cities recover their economic stability, improve transportation systems, attract middle and upper income residents and business. We can look for great improvement with the help provided by this bill.

Tremendous benefits will accrue to our important construction industry and to related industries and services, as programs provided by this bill are carried out. There will be a great increase in employment of construction workers and others whose services are required by the housing industry. All this will, in turn, act as a stimulant to our Nation's economy.

I am pleased to support this bill which provides so many long-needed benefits; which will help our poorly housed people, and which will rescue our cities from permanent deterioration and give them incentive and help along the positive approaches of urban renewal, rehabilitation, and renewed economic growth.

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

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. VANIK. Mr. Chairman, I take this time to commend the chairman of the Subcommittee on Housing, the distinguished gentleman from Alabama [Mr. RAINS] on his excellent and thorough analysis of the bill which is before us today. His comprehensive and concise explanation reveals his deep understanding of America's housing problems. I was privileged to attend many hearings of the Subcommittee on Housing and appreciate the care with which the subcommittee studied every item in this bill.

The \$2 billion in urban renewal grant funds to be spent in a period of over 4 years is urgently needed to carry out a rebuilding of our cities which has just commenced. In my city of Cleveland as



well as in the other large cities of America, it would be tragic to see urban renewal suspended at the very moment results are beginning to be apparent. Unless these programs can be carried through to ultimate completion, our cities will face the tragic circumstances of a half cure for the fatal urban cancers of slum and blight.

By increasing the Federal national mortgage assistance authorization, this legislation seeks to create an adequate secondary market for mortgages thereby causing a downward pressure on interest rates to the advantage of every homebuyer.

The sections reducing downpayments to 3 percent and extending repayment on a 35-year basis for moderate income families should enable countless thousands to enjoy homeownership. The offering of adequate housing to this important segment should indeed reduce the demands for public housing facilities. The housing of moderate income families in their own homes is the superior way to meet this need. These provisions also serve to meet the tremendous housing needs of America's minority groups. These groups constitute a tremendous underdeveloped market for better and more adequate housing. It is my hope that every community will contribute by reserving adequate and suitable land areas for such housing development.

The success of the college housing program is self-evident. Federal participation in this area is approved without challenge. Almost every college campus in America boasts housing facilities built under this program. If we are to adequately prepare for the growth in the college population which is expected to double and total 8 million young people by 1970, this program needs every dollar authorized by this bill and more.

The Housing Act of 1961, in every respect, constitutes a proud step forward in fulfilling the housing needs of America. In the housing of its people and in helping its citizens house themselves, America dramatically leads the entire world. We must not yield or relax in our effort to continue our leadership and superiority. We must not relax until every American family can claim a chance at decent shelter.

Mr. RAINS. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. MULTER].

Mr. MULTER. Mr. Chairman, after the very able and brilliant analysis of the bill made by our distinguished colleague from Alabama, the chairman of the subcommittee [Mr. RAINS] I doubt that I can add very much to what has already been said in explanation of the bill.

My service on the Banking and Currency Committee began in 1947. During that time I have seen many housing bills presented—some by Republicans, some by Democrats—I cannot recall a bill that was as carefully considered in subcommittee and in full committee or that could be expected to do as fine a job as we hope this bill will do. In at least one part of the program that is presented, we are venturing into some new fields, but only by venturing into

these new fields and experimenting in them can we make progress in this very important field of shelter for the American people.

I think there is no program that has done more to save this country from socialism and communism than the housing programs in which we have engaged over the course of the years past. Nothing has done more to bring us progress and prosperity and keep it here than the housing programs.

Housing is by all means the backbone of the American economy, because in this country we look upon the four walls that make a house as a home only after it is completed, furnished, and moved into by its American occupants. Housing touches every sphere of our economy.

A house without the furniture and furnishings that go into it cannot be a home. Thus we stimulate not only the housing industry but every field of industry in the country.

When the housing industry prospers the whole country prospers.

It has been said time and time again on the floor of this House that unless we build at least 1,400,000 new family units each year we cannot possibly catch up with the requirements of the people of the country for decent living as we know it and as we demand in accordance with American standards. Yet for many years now we have been building many less than that number. Some years we have hardly reached 1,200,000 new units per year. Under this program we hope we can begin to catch up, and if we can reach that annual figure of 1,400,000 family units a year maybe in 10 years every American will have a decent home in which to live, whether it be a rented house or one that he can afford to buy.

Under the provisions of this bill, as I said, there will be an experimental housing program. If it does not work out, we will backtrack and be the first to admit it is not working. We can stop it before it goes too far, and go back to the old tried and traditional methods, following along that path until we can find a better way.

It has already been emphasized that the so-called 40-year program is only a loan guarantee program. All we are going to do is insure the loan. Under this bill the borrower will still have to find a willing lender. Nothing under this bill requires any lender or lending institution, bank, savings and loan, pension fund, or investment company to lend a single dollar on that or any other program that is insured under FHA or under any of the Housing and Home Finance Agency programs. The willing lender must first approve the project, approve the borrower, approve the builder, and all of the specifications, then the loan is made. If it meets the specifications of this bill as it will be enacted, then only do they get the insurance. Only after default will there be any requirement on the part of the U.S. Government to make good under the insurance program.

If we may judge from past experience, we know that the premiums which will be paid for the insurance to be obtained under these programs will be sufficient

to build up a fund that will be more than big enough, more than large enough to meet any and all losses that may be sustained. The amounts received thus far under all of these programs, as has already been indicated to you, are far in excess of any losses that we have been called upon to pay. So far as you can figure these things actuarially, every economist, every investment banker, every banker who has ever looked at the program, will tell you we are building up and have built up a fund large enough to make good any possible defaults.

I might offer this information for the benefit of those who were not on the floor earlier. In the bill as it passed the other body there is a provision for mass transportation. There is none in this bill. There is none because the committee heard no evidence on the subject, and no amendments to effect that purpose were offered either in the subcommittee or in the full committee.

However, the administration bill has been introduced today. It is H.R. 7787. Hearings have been set to begin next Tuesday and hearings on the mass transportation bills will start that day and continue daily thereafter, Tuesday, Wednesday, Thursday of next week. If we cannot finish the hearings in those 3 days they will continue the following week until completed. We then hope to bring to the House a mass transportation bill that will at least get us started with this important program. Without it all of our efforts and all of the work we are doing in the urban areas of the country will come to naught so far as housing is concerned. Without an overall plan that takes into account not only the housing needs but the transportation needs of each community we are not going to do the full job that needs doing so badly.

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

Mr. MULTER. I yield to the gentleman from Kansas.

Mr. AVERY. I was just about to get to that point in my remarks during the debate on the rule, but my time ran out. I wanted to ask the gentleman, can we interpret that there will be no effort to amend this bill to include the transportation provision?

Mr. MULTER. I would express the hope that there will be none. I cannot prevent any Member from doing it, but I urge every Member please not to do it until we have completed these hearings. There is a provision calling for mass transportation lending and grants in the bill passed by the other body. The House committees have not yet considered that matter. We have had no hearings on it as yet, and we would be unable to properly legislate on the floor of this House on so important a problem. I hope the amendment will not be offered until the hearings that deal with the subject are closed, or at least until they are well underway and we have the story presented in part if not completely. Of course, we will be all through with this housing bill before those hearings are closed. If we can, as the result of those hearings, come up with some constructive legislation, I would prefer to see it

come to the floor of the House after the hearings have been concluded.

Mr. MEADER. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. [After counting.] One hundred and three Members are present, a quorum.

Mr. McDONOUGH. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman and Members of the Committee, I do not want to repeat what the chairman of the committee has had to say concerning this bill, but I do want to observe that he has softened his attitude concerning the bill considerably by proposing to amend title I to provide for 35 years instead of 40 and for a 3-percent downpayment instead of no downpayment. Now, this must have occurred since the subcommittee adjourned, because during the subcommittee's deliberations an amendment was offered and it was voted down very vigorously by the Democrat members of the committee. The efforts that my colleague, the gentleman from Alabama [Mr. RAINS] made to convince you that there was very little spending in this bill were very extensive, and every attempt was made to convince you that it was an economic measure. Now, you heard the gentleman from Virginia [Mr. SMITH] this morning comment on the bill. And, he has been around here a long time and he does not juggle figures. He said he could not decide how much money was involved in the bill before the Committee on Rules.

But he did conclude that it was certainly more than the amount that the chairman of the committee [Mr. RAINS] offered, some \$4.6 billion, and the figures I have before me show that there are grants amounting to \$5,284 million and loans amounting to \$3,676 million, making a total of \$9.51 billion. This includes the obligation which the Federal Government will assume in annual payments to the proposed 100,000 public housing units that are in the bill over a 40-year period.

The most serious objection I have to this bill is that we do not need a housing bill for 4 years. We have never heretofore passed legislation of this kind for a period of 4 years. We are committing subsequent Congresses to abide by the terms of this bill unless, of course, and they have the authority to amend, but we would be obligating them at least, and we would be giving the agencies that make certain commitments under the terms of this bill an opportunity to exercise those commitments and obligate the Government in less than 4 years' time. We are also removing the responsibility of the Congress from acting on the housing legislation for another 4 years, and we are gradually developing a pattern here, or we are moving into the action very rapidly, that the Congress is no longer necessary; that all we have to do is act upon long-term legislation.

We have a proposal before us coming up on a long-term foreign aid program. We have heard in this last week that there are efforts to be made to give the President of the United States the right

to adjust the tax rates of the Nation on income tax. Here we have a housing bill for 4 years, and we have bills coming in from the Agriculture Committee that will give long-term authority to the Secretary of Agriculture.

My principal objection is to the length of time, and I want it thoroughly understood insofar as my activity on the housing bill and my knowledge of the needs which stimulate the economy of this country, is that if we need any stimulant to the housing industry of this country we should keep our finger on it rather than giving authority extending over a period of 4 years.

I have previously opposed the public housing section of the bill and I oppose this one for the same reason. I am not alone in my opposition in that insofar as Members of the House are concerned, as well as mayors of the various cities and city councils, as well as the people of the various cities of the United States, it is becoming very unpopular to the extent that some 90 cities have passed referendums to prevent public housing units to be built in their areas. So, to take care of the unpopularity of public housing, along comes a proposal in this bill for low-interest rate, 40-year mortgages for multiple housing, for low rent for people who would ordinarily occupy public housing units.

Some of the programs which this bill authorizes are these:

The public housing units of 100,000 are one-sixth as many units as we have authorized in the previous 24 years that public housing has been in effect.

The urban renewal authorization of \$2 billion is as much as has been authorized in the previous 12 years under the urban renewal program.

The college housing section, which provides for \$1,200 million, is 70 percent of the total authorized in the previous 11 years.

I notice that the other day the gentleman from Alabama [Mr. RAINS] inserted in the RECORD a statement indicating the various colleges in the United States that have asked for aid in college housing. The total was \$42 million this year. This bill is asking for \$1,200 million.

The community facilities authorization of \$500 million is 10 times the amount the administration asked for in the bill that came to the Congress, and it is more than 3 times the amount authorized in the previous 5 years of this program.

The elderly housing of \$100 million is double the amount allowed in 1959.

The grants for land purchases, which is a totally new program for parks, recreation areas, and greenbelts, or buffer areas to prevent urban sprawl, as the bill designates it, is \$100 million. It is an area into which we have not yet ventured. There are a lot of complications as to whether or not this could be implemented because of the laws of the various States, counties, and cities that may attempt to use this, because this would proceed on the basis of condemnation, it would put land into an indefinite use for an indefinite period of time. Nobody could use that land without the authority of the Housing Administration, and

if an area is used, the city must find a way to replace the amount of land that is taken out of the greenbelt and make a permanent greenbelt around the area.

Insofar as parks and recreation areas are concerned, the bill provides for parks and recreation areas in urban renewal areas. I maintain that if cities and counties find it necessary to annex areas for recreation purposes, they should do it on their own responsibility, and that this \$100 million is only a beginning of the billions of dollars that we can use to promote this kind of development.

The gentleman from Alabama [Mr. RAINS] says there is a great demand for housing for the low-income group, with incomes of \$4,000 to \$6,000, that that market must be provided for such people to buy houses. I read here from the U.S. News & World Report of June 26, containing a survey of the principal areas of the United States as to the demand for home buying. In Dallas they say there is no hurry to buy there, that they had quite a time working off the surplus houses that were built. Reports from Boston, Chicago, San Francisco, Atlanta, and Kansas City, Kans., tell of a sluggish market. A builder in Kansas City said it is very disappointing. He thought he could dispose of 100 houses this year and says he will do well to get rid of 70 houses.

I have another statement that came to my desk last week from the Administrator of Federal Housing, Mr. Hardy. He tells about the vacancy factor in FHA-insured housing units throughout the country. The average is 5.4, but the startling thing is that in cities such as Jacksonville, Fla., Tampa, Fla., and Springfield, Ill., the percentage is over 15 percent of vacancies; in Grand Rapids, Mich., it is 13.2; in Cincinnati, 17.9; in Little Rock, Ark., 12.6; and in New Orleans, La., 28.5—vacancies in FHA-insured rental units.

Those are vacancies in FHA insured rental units. This means that if those vacancies continue, we are going to have these mortgages on our hands. Now where is this demand for the housing? Where is this demand coming from—that this kind of houses be built? I have been waiting for my mail to come in asking for this kind of legislation. As much publicity as we have had on this bill, I have had practically no demand for this kind of legislation. I have had contrary letters—yes—criticisms and opposition to the passage of this kind of legislation. In the President's own words in his message to the Congress on the 25th of May he said, and I quote:

Moreover, if the budget deficit now increased by the needs of our security is to be held within manageable proportions—if we are to preserve our fiscal integrity and world confidence in the dollar—it will be necessary to hold tightly to prudent fiscal standards; and I must request the cooperation of the Congress in this regard—to refrain from adding funds to programs, desirable as they may be, to the budget.

The President is asking us to be prudent in the expenditures of Federal funds, and here we come along with a 4-year housing bill where many of the funds and grants and loans could be



committed within 6 months or, certainly, within a year after the bill is passed, and then we would find we are short of money to carry out the program on a broader basis. I will offer at the appropriate time a substitute bill, a substitute to provide for the requirements of all of the workable programs that are now operating with ample funds to carry them on for another year.

I may say that when the chairman of the subcommittee on housing comes here and offers something to almost everyone in every congressional district, he has a great advantage over any proposal that I may make. But, nevertheless, I am appealing to fiscal responsibility, to your conscientious responsibility as Members of the Congress to judge whether it is wise to commit the Government after the President of the United States, who certainly cannot be considered to be too conservative in his attitudes on Government spending, as I say, as the President of the United States has made the statement, and you heard it if you were here on the 25th of May to be prudent and to discourage the Congress from enacting any legislation as desirable as it may be, if it affects the value of the dollar. Here we are approaching a period within the next week or so to adjust the national debt. There, certainly, ought to be some time when we can stop and think. When is this going to stop? How much further can we go? The Secretary of the Treasury says that next year we are going to have a boom year and a reduction in taxes. Well, I cannot see how you are going to reduce taxes, if you are going to obligate yourself for some \$9 billion in loans and grants for this expansive and expensive visionary housing bill.

The CHAIRMAN. The time of the gentleman has expired.

Mr. BOW. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count.

Eighty-two Members are present, not a quorum. The Clerk will call the roll.

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

[Roll No. 92]

Barrett	Harris	Roberts
Bilitch	Hollifield	Rogers, Tex.
Boland	Hosmer	Roosevelt
Bonner	Kearns	Slack
Buckley	Kilburn	Smith, Miss.
Burke, Ky.	Kilgore	Staggers
Casey	Kirwan	Steed
Cederberg	Kluczynski	Teague, Tex.
Celler	Laird	Thomas
Coad	Machrowicz	Thompson, Tex.
Dawson	Mack	Van Pelt
Fallon	Magnuson	Vinson
Findley	Marrow	Walter
Flynt	Norrell	Winstead
Forrester	O'Neill	Wright
Grant	Poage	Young
Gray	Powell	
Green, Ore.	Rivers, Alaska	

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. Boggs, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill H.R. 6028, and finding itself without a quorum, he had directed the roll to be called, when 381 Members responded to

their names, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The Committee resumed its sitting.

Mr. RAINS. Mr. Chairman, I yield such time as he may desire to the gentleman from New Jersey [Mr. ADDONIZIO].

Mr. ADDONIZIO. Mr. Chairman, I believe that the bill now before us, H.R. 6028, is the finest piece of housing legislation we have had in my 13 years as a Member of the Congress. It is a well-balanced, comprehensive bill that will enable us to attack the full range of our problems in housing and urban affairs. It contains many of the ideas which have been advanced in past years by the Subcommittee on Housing, of which I am an original member, and it embodies all of the major recommendations of the Kennedy administration.

This bill demonstrates the benefits of a forward looking administration working together with the Congress toward the goal of improving housing conditions and making our cities better places in which to live. All too often in past years we have been confronted with opposition from an administration which considered housing legislation as nothing better than a necessary evil to be kept to a minimum. Now at last those of us in Congress who are determined to see progress made toward our national goal of a decent home in a suitable environment for every American family can work in confidence that we will have the cooperation of an administration which believes in the same ideals. The legislative proposals of the administration which are contained in this bill is clear evidence of this.

Not only will this bill mark an important forward step in the effort to improve housing conditions, it will also take advantage of the homebuilding industry's special potential for creating jobs and giving a boost to the economy. Repeatedly in the past, new construction has proven its special value in combating unemployment. While the business outlook has brightened in recent years we are still far from achieving our all important domestic goal of prosperity and full employment. The encouragement that the provisions of this legislation would give to homebuilding would create jobs not just in that industry alone, but in the many firms located in every part of the country who depend on new housing to maintain sales and employment. These two reasons—better housing and more employment—make this one of the most important bills that will be considered by the Congress at this session.

Mr. Chairman, I recognize that this is a long and complicated bill covering all of our housing program. The chairman of the Housing Subcommittee has already presented a review of the bill title by title and I do not intend to go into every detail. However, I do want to emphasize several provisions which I feel are of fundamental importance.

First, the bill would authorize the construction of approximately 100,000 low-rent housing units for families of lowest income. For many of these people this program is their only hope of obtaining

decent housing. No one can dispute that the large proportion of the millions of unfortunate families now living in slums cannot afford decent private housing. Without low-rent public housing, their housing problem—which is our housing problem—is hopeless. Either we condemn these American families to a perpetual life in the slums, attended by the social disorders that slums produce or we must continue and expand our low-rent public housing program. It is as simple as that.

I have long fought for the low-rent public housing program. I have done so because, clearly, it was the only means of providing housing for a large segment of our population. Moreover, all the facts available to us through these years prove, incontestably, that we can never rid ourselves of the slums which scourge our cities unless we have a means of providing decent housing for the hundreds of thousands of very low-income families inevitably displaced by the slum-clearance programs.

Another provision of the bill which is of key importance in our efforts to make our cities better places in which to live is the additional authorization for Federal grants for the urban renewal program. Since it was created in 1949, the direct attack on city blight made possible by this measure has proven to be one of the most helpful actions for our urban population that the Federal Government has ever undertaken. So far 900 projects in nearly 500 communities of all sizes have been started to wipe out some of the worst slum areas in our country. Unfortunately, all of the funds authorized for that program have been exhausted and a backlog of \$400 million in pending applications has built up.

The pace is rapidly increasing, and this administration is committed to a greatly expanded and stepped-up urban renewal program, looking, as the President has said, toward newer and brighter urban areas. For this program the House bill proposed an additional authorization of \$2 billion to cover the next 4 years averaging approximately twice as much per year as in previous periods—making it possible for towns and cities to plan more effectively, in terms of a total job; to eliminate slowdowns and close the time lapse between planning and construction of urgently needed projects.

The urban renewal title of the bill contains one provision in which I take particular pride because it is something for which I have fought constantly. This is the section that would increase the proportion of urban renewal funds which could be used to improve blighted business districts from 20 to 30 percent. While the primary purpose of the urban renewal program is still the elimination of substandard housing, there has been a growing awareness of the need to overcome the problem of rundown business districts as well. These nonresidential projects have a special value to those who have responsibility for a city's financial affairs. Experience has proven that every kind of urban renewal project strengthens the city financially. Slums always mean a drain on the city because they require more public services than

they return in taxes. Rebuilding those areas inevitably changes them to community assets. This is particularly true in nonresidential projects and the result is that local government is thereby better able to meet its responsibilities toward its citizens without raising tax rates to crushing levels.

Mr. Chairman, the bill now before us also faces up squarely to the housing problems of families of modest incomes—those who earn somewhat too much for public housing and yet who cannot afford really adequate housing, on the regular private market.

First of all, the bill would authorize FHA-insured low-interest rate loans, with a long term—probably 50 years—to nonprofit and limited dividend corporations, cooperatives, and certain public agencies to provide multifamily housing for families of modest income. The interest rate on these loans would be set by the FHA Commissioner and could be as low as 3½ percent at present. He could also name the FHA insurance premium to reduce financing charges further. This will mean a savings of as much as \$20 a month compared to housing financed at the usual interest rates. Since private lenders will not be interested in these loans, the bill authorizes the Federal National Mortgage Association to purchase them under its special assistance fund.

Another provision of the bill would make homeownership possible for many families of modest incomes. This would be done by extending the present FHA sales housing program for displaced families to lower priced housing generally. This would allow no downpayment loans with terms up to 40 years on homes selling for up to \$15,000 in high cost areas. These liberal terms will enable many families to become homeowners and to have decent housing for no more than the rent they pay now on housing which may be rundown or overcrowded.

A particularly valuable addition to housing legislation would be made by the new program of FHA-insured financing for home improvement. It would be extremely shortsighted if we did not make some provision for maintaining and improving the value of the 50 million homes now in existence. Anything that can be done now to help property owners fix up this housing will improve housing conditions and save us money in the long run. In fact, back in 1956, our Housing Subcommittee recommended just such assistance as the result of intensive field studies. Therefore I am particularly pleased that we will now have an opportunity to try this plan out in action. Under the terms of the bill this will take the form of FHA-insured rehabilitation loans up to \$10,000 per dwelling unit and with terms up to 20 years. The maximum interest rate on these loans would be 6 percent. This financing could be in addition to any existing first mortgage loan on the property. The FHA Commissioner would be given discretion in the type of security he required which might be a second mortgage for the larger long-term loans or it could be a simple personal note in other cases. These terms will for the first time enable families to make substantial im-

provements to their homes at monthly payments which the family budget can stand.

Another provision of the bill would expand and liberalize the program of direct Federal loans for housing for the elderly. It would authorize an additional \$100 million for this much-needed assistance and it would eliminate the present 2-percent equity requirement so that the loans could be made for the full amount of development cost. Also the loans, which are now made only to private, nonprofit corporations, could also be made to cooperatives under the terms of the bill. These improvements will help us meet one of our most urgent housing needs, that of providing decent places to live for our growing number of elderly citizens.

Mr. Chairman, the bill also contains a number of provisions of particular benefit to suburban areas. It would liberalize FHA's regular homeownership program—section 203—to permit lower downpayments and larger mortgage amounts and to increase the maximum term from 30 to 40 years. It would also aid the orderly, healthful growth of our suburbs through additional Federal planning grants, through grants to help communities provide parks and playgrounds and by a new program of FHA mortgage insurance for land acquisition and development.

I think this new program of Federal partial grants to help communities buy park land and recreational areas is especially praiseworthy. In many parts of our cities you have to travel for miles before you can find a park or recreational area in which our children can play and our adults can rest from their daily labors. At long last we will now have a provision which will encourage and aid communities to provide the parks and recreational areas so vitally needed by our urban population.

This is a bill which will make it possible to mount a sustained attack on our whole range of housing and urban problems. It would benefit every part of our Nation and every group in our population.

I am proud to have played a part in framing this far-reaching bill which will I am sure become a milestone in the history of housing legislation. I urge the House to approve it by an overwhelming vote.

Mr. McDONOUGH. Mr. Chairman, I yield 15 minutes to the gentleman from New Jersey [Mr. WIDNALL].

Mr. WIDNALL. Mr. Chairman, in approaching this bill and actually a number of the other bills that have been offered this year to the Congress, I think of an article which appeared in the New York Times on Sunday, February 12, 1961, written by James Reston which was entitled "Fables of the Times: The Lion and the Bear." I will not read the entire article, but it ended with this moral:

Ask and ye shall receive; ask not and ye shall receive anyway.

Now that is what is happening in this bill, "ask not and ye shall receive anyway." Here is a bill involving housing, and on programs of this type the gentle-

man from Alabama [Mr. RAINS] and I have been intimately associated with these matters over the years, and in my case since 1952, involving, whether it be the billions of dollars which he projects or the \$9 billion that, we believe, is contained in the bill. In any event the bill involves the expenditure of a great deal of money and for the first time since I have been a Member of the Congress, I have not received a letter from my district concerning this bill, either for or against. Now this is very strange. It is particularly strange that items like this I hold in my hand should be going out through the mails trying to get support for this bill from those who have a real financial stake in it and no support received. This is a money lenders bill. This is a builders bill, and there is a tremendous amount of profit contained for them in the bill. I have in my hand the Washington letter sent out by the National Association of Home Builders of the United States. It reads in part as it refers to this housing bill:

Advise your Congressman immediately by wire or personal letter of your views. The chances are he is deeply troubled by the seeming conflict in proposals upon which he must act. This must not be defeated.

Mr. Chairman, I have many, many home builders in my district. We probably have as great an impact in building and the problems of building in my area as any place in the United States. There has been a very, very rapid growth of all kinds of housing in my area, and up to this minute I have yet to hear from a single home builder in my district who supposedly is so vitally interested in this bill which is supposed to help the economy so much in order to provide housing.

We sat here in this Chamber several weeks ago and heard the President give us an urgent special message. In that message, he asked us to refrain from enlarging programs that were submitted to the Congress. Within 24 hours the House Committee on Banking and Currency enlarged this program by \$1,250 million in just two instances. I am disturbed about this because I think this is fiscal irresponsibility. I believe the President of the United States was right in asking us to refrain from enlarging programs. But, I want to know and I try to know whether or not his administration actually believed in that, as he uttered it to the Congress. Because I so seriously felt the impact of this committee action was irresponsible, I wrote two letters—one to Mr. Bell, the Director of the Bureau of the Budget, and one to the Secretary of the Treasury, Mr. Dillon. I want to read these two letters and the replies that I received. The one to Mr. Bell was sent on June 6, 1961:

JUNE 6, 1961.

HON. DAVID E. BELL,  
Director, Bureau of the Budget,  
Washington, D.C.

DEAR MR. BELL: As you doubtless know, the House Banking and Currency Committee in reporting the administration's housing bill, H.R. 6028 (a 57-page proposal), added some 40-odd additional provisions so that the amended bill has now become a bill comprising 111 pages of text. Some of these changes will have very serious budget impact and increase the budget deficit. They hardly seem in keeping with the admonition



of the President in his special message to the joint session of the Congress when he stated "I must request the cooperation of the Congress in this regard to refrain from adding funds to programs, desirable as they may be, to the budget."

The administration bill requested an increase of \$750 million in the FNMA Presidential Special Assistance Authority. Such an increase is provided for in section 601(a) of the bill. The committee, however, added two new provisions, found in sections 601(b) and 601(c), the effect of which is to further increase the FNMA Presidential Special Assistance Authority by an additional estimated amount of at least \$800 million, making the total increase for this authority at least \$1.55 billion. When the Housing Administrator appeared before the subcommittee and was asked as to whether or not the proposed \$750 million increase was enough, his response was, and I quote: "We feel that \$750 million will be adequate." This appears on page 68 in the hearings. Has there been any change in the administration's position on this question? Specifically, are the increases provided for in sections 601(b) and 601(c) of the bill in accord with the program of the President?

The administration's bill requested an increase of \$50 million in the authorization for public facility loans and that was the only change proposed in that program. An amendment made by the committee to the bill as reported provided a tenfold increase in that amount, namely, \$500 million. Other liberalizing amendments to the program were adopted by the committee, the principal effects of which would be to substitute Federal financing for private municipal financing and at a subsidized lending rate when current costs of the Federal Government borrowing money on comparable maturities is taken into consideration. Is the \$500 million increase in this loan authority in place of the \$50 million increase requested in the administration bill in accord with the program of the President? Likewise, are the other liberalizing changes made by the committee amendments in accord with the program of the President?

The increased authorizations provided by committee amendments for just these two programs, namely, \$800 million in the case of FNMA and \$450 million in the case of community facilities loans, total \$1.25 billion more than administration requests and, of course, will further increase budget deficits in the amounts by which the authorizations are used.

I will greatly appreciate your answers to the questions I have raised.

Very sincerely yours,

WILLIAM B. WIDNALL,  
Member of Congress.

This was the answer I received dated June 12, 1961:

JUNE 12, 1961.

HON. WILLIAM B. WIDNALL,  
House of Representatives,  
Washington, D.C.

DEAR MR. WIDNALL: This will reply to your letter of June 6, 1961, concerning the administration's position on certain of the provisions of the housing bill, H.R. 6028, as recently reported by the House Banking and Currency Committee.

The housing message of the President and the testimony of administration witnesses before the Banking and Currency Committees of both Houses have set out in some detail the position of the administration on various aspects of housing legislation. If further analysis of H.R. 6028 indicates the need to modify or expand the position already presented to the Congress, we will inform you at the earliest possible date.

Sincerely yours,

ELMER B. STAATS,  
Deputy Director.

That, of course, was no answer to the questions that were posed.

Now I read a letter to the Secretary of the Treasury dated June 6, 1961:

JUNE 6, 1961.

HON. DOUGLAS DILLON,  
Secretary of the Treasury,  
Washington, D.C.

DEAR MR. SECRETARY: It seems to me that several provisions of the housing bill, aside from the huge spending authorizations, should be of interest to the Treasury Department. I think it is most unfortunate that the subcommittee did not call for testimony from Treasury Department officials.

The bill would make a fundamental change in the manner in which FHA settles insurance claims arising from particular programs. As you know, the FHA from inception has settled mortgage insurance claims by payment in debentures and a certificate of claim rather than by a cash settlement. The existing debenture settlement method permits the FHA to weather a severe economic upset and hold acquired properties off the market until the economy again enters the recovery stage of the business cycle when liquidation can proceed in an orderly manner.

To my way of thinking, this is a very basic element of strength in the soundness of the FHA setup.

This bill, in sections 101, 102, 103, and 612, would permit FHA insurance claims, at the discretion of the Commissioner, to be settled by a cash payment rather than by payment in debenture and certificate of claim. In effect, the lender is permitted to receive the mortgage rate of interest return with a 100-percent Government cash takeout the moment trouble occurs. For the long-term investor that is simply buying Government credit with a bonus interest rate about 1½ percent over the Government bond rate. Potentially, it could prove disruptive to Federal bond financing quite aside from the Federal demand obligation created. I would appreciate having your views on these proposed changes. It seems to me that if cash settlement is to be permitted at all, and I do not think it should be, it would be desirable that approval of the Secretary of the Treasury be required as well as the approval of the Commissioner.

Amendments made by the committee, but not in the administration bill, would alter the character of the public facilities loan program with such loans to be made under an interest rate formula which presently works out to a rate of 3½ percent. I think it is conservative to estimate between \$3 and \$4 billion of municipal financing which is done each year would be eligible under the new program and would be attracted to the new program because the Federal lending rate would be slightly under the market rate available in the private market. In other words, once communities became aware of the submarket Federal rate, they would simply shift from private financing to Federal financing and the \$500 million authorization would be quickly exhausted as it amounts to only about 2 months of financing by municipalities in the private market.

Another program added by amendment would permit the Small Business Administration to make 20-year loans at a 3-percent interest rate to small business concerns displaced by an urban renewal project or other governmental action.

Sight seems to be lost of the fact that in a period of budget deficits, the Federal Government must go into the market and borrow the funds with which to honor Federal commitments under these programs. Assuming the Federal Government were to borrow from \$500 million to \$1 billion, please give me an estimate as to the price at which a 3-percent Federal issue could be sold in the market today assuming maturities of (a)

15 years, (b) 20 years, (c) 25 years, (d) 30 years, (e) 40 years, (f) 50 years. Again, assuming an issue between \$500 million and \$1 billion but with a 3½-percent coupon rate, what would be the prices at which the issue could be sold under the same maturities specified in the preceding sentence?

As you can well understand, it is necessary to have some estimate of the cost of long-term money to the Government under current conditions to get some idea as to the subsidy involved in these programs.

Sincerely yours,

WILLIAM B. WIDNALL,  
Member of Congress.

Here is the answer from the Treasury Department:

JUNE 16, 1961.

HON. WILLIAM B. WIDNALL,  
House of Representatives,  
House Office Building,  
Washington, D.C.

DEAR MR. WIDNALL: Secretary Dillon has asked that I reply to your letter of June 6 outlining a number of questions concerning financing arrangements embodied in the housing bill H.R. 6028. I have discussed this matter with representatives of the Bureau of the Budget and have learned that the Bureau has already replied to a similar letter which you directed to that agency. I have seen that reply. The Treasury Department, of course, agrees with the Bureau of the Budget which is charged with the responsibility of coordinating the administration's position on all pending legislation.

Sincerely yours,

ROBERT V. ROOSA,  
Under Secretary.

Please read the RECORD tomorrow which will show these two answers. Is an iron curtain being drawn around the activities of the Government, so that the American people cannot learn the true budget impact of administration proposals? The Department immediately responsible under the Kennedy administration has refused to answer questions that are vital if we are to understand the full import of this legislation.

I have also written a letter to President Kennedy, to which I have not received a response, in which I have called his attention to the unresponsive answers to the questions asked in my two letters. That letter follows:

JUNE 19, 1961.

HON. JOHN F. KENNEDY,  
The President,  
The White House, Washington, D.C.

DEAR MR. PRESIDENT: Under date of June 6, 1961, I addressed letters to the Director of the Bureau of the Budget and to the Secretary of the Treasury with reference to certain aspects of the housing bill. Copies of these letters together with the replies thereto are enclosed.

I find these replies inexcusably unresponsive.

Am I to infer that it is the policy of the Bureau of the Budget to take no position on changes the Congress may care to make in administration legislative proposals? Likewise, am I to infer that the Treasury Department will not verify the fact that in today's market it could not sell a 20-year, 3-percent Government security for a price as much as 88 cents on the dollar?

Very sincerely yours,

WILLIAM B. WIDNALL,  
Member of Congress.

Since that time I have received, delivered by hand and without any reference, from the Treasury Department a slip of paper that is not identified in any way except it says "Debt Analysis June 13, 1961."

It states:

On the basis of current market yields (June 6, 1961) on outstanding Government securities, the prices on various maturities at coupon rates of 3 percent and 3½ percent would be the following:

Price of bond

Maturity	3 percent	3½ percent
15 years.....	89¾	95½
20 years.....	87¾	94¾
25 years.....	86¾	94¼
30 years.....	84¾	93¾
40 years.....	82½	92¾
50 years.....	81	92

NOTE.—Since the Treasury has no bonds maturing beyond 37½ years, the market rate on the longest bond outstanding has been assumed as the yield for the 40- and 50-year bonds.

It should be emphasized that these are only possible prices under current market conditions. The actual prices on a new offering by the Treasury would probably be considerably lower, especially in the longer maturities, in view of the thinness of the market in those areas. In any maturity beyond 15 or 20 years, \$500 million to \$1 billion additional supply of new bonds would probably have an appreciable market impact.

I hope Members will pay particular attention to the table showing the prices at which long-term Treasury bonds with 3 percent and 3½ percent coupons would sell in today's market. For instance, if the Governor in making the 20-year 3-percent loan to small business concerns displaced by urban renewal action, it would cost the Government a 12-percent discount to borrow 20-year money at 3 percent. Likewise for the Government to make a 50-year community facility loan—and they can be that long—at the 3½ percent interest rate, the Government would suffer a discount of 8 percent on each dollar borrowed to make such a loan because the table shows a 50-year, 3½-percent Government bond in today's market only sells at a price of 92 cents on the dollar.

There has been some talk about public housing. I would like to mention one section of this bill that no one has touched on, section 206(c) on page 97 of the bill, and I think it is important to touch upon it. Under existing law, at the end of the 40-year period during which the Federal Government has the responsibility to make the principal and interest payments on the debentures that were issued in order to build the public housing project, the Federal Government is supposed to start getting some of its money back; some of the hundreds of millions of dollars that have been paid out. In this bill that section is repealed so that the Federal Government cannot possibly get any money back. If the existing law remained in effect, as it should, we could be getting back a reasonable amount 15 or 20 years from now when some of these projects can start to pay off. And, I see no reason at all why there should be this windfall to the local municipalities or to the local housing authority.

The gentleman from California [Mr. McDONOUGH], has covered very well many sections of the bill. When we reach debate under the 5-minute rule I will take up other sections also as we

approach them in the bill. This is a vast spending program, embarking on many new functions that I believe require far more study before the Federal Government starts with an entering wedge of \$100 million here, \$50 million there, \$500 million there to develop projects that can mean billions and billions of dollars more spending and more and more taxes on the taxpayers back home. It is about time that I believe those in business, those in labor, those of us in politics should assume a far more responsible attitude toward the Government if we are to maintain our leadership of the free world. We cannot afford to play politics as usual in the critical world in which we live. We cannot afford to continue that tragic way of thinking, that writing out or using a blank check will cure everything that might be wrong here in the United States.

There must be priorities and we must measure up to our responsibility in determining those priorities and meeting the urgent needs of the Nation, instead of starting out on some new, fanciful projects.

Today I received, as did other Members of the House of Representatives, a letter from the Investment Bankers Association of America concerning the Federal loans for community facilities under the proposed Housing Act of 1961. I am inserting that letter in the record at this point because it clearly shows the ability of small municipalities to borrow in the present market at a favorable rate and also demonstrates that the private market would be eliminated completely by the vast new community facility program. The latter point seems to be the objective of the Democratic majority as shown in the housing report at page 57 when it says:

The administration bill requested an increase of \$50 million in this authorization. The committee boosted the increase tenfold to \$500 million to provide for the enlarged demands that would be made on the program because of changes proposed in the basic character of the program. These include (1) placing the program on a subsidized, submarket interest rate basis, (2) introducing a new nonmarketable type of municipal security under which interest payments could be postponed for 10 years, (3) permitting a \$10 million loan limit per project, and (4) setting up a new business department to stimulate activity with the customers.

The letter follows:

INVESTMENT BANKERS  
ASSOCIATION OF AMERICA,

June 19, 1961.

Re Federal loans for community facilities under the proposed Housing Act of 1961.  
To Members of the House of Representatives,  
Congress of the United States:

The proposed Housing Act of 1961 (H.R. 6028) as reported by the House Committee on Banking and Currency would authorize \$500 million of additional funds for community facility loans at 3½ percent, although President Kennedy requested (and the housing bill passed by the Senate provides) only an additional \$50 million at interest rates in effect under the present program.

In support of the proposed \$500 million program at 3½ percent there were statements in the CONGRESSIONAL RECORD last week that the need for the program primarily exists in municipalities under 10,000 population, that

the primary purpose of the program is to end the discrimination and the severe restrictions on public improvements suffered by smaller communities because of high interest rates imposed on them, that even though they may have the soundest financial standing, smaller local governments are inevitably forced to pay higher interest rates than larger jurisdictions (p. A4234, daily RECORD of June 12); and that construction of community facility projects in many cases are being blocked by the prohibitively high interest rates which most small communities must pay on their bonds (p. 10472, RECORD of June 15).

Since our research department keeps a record of every issue of municipal bonds for which information is available, we believe that you would like to have the facts on this matter. Bear in mind as a comparative yardstick for interest rates that on June 15, 1961 the bonds of the United States (the best credit) maturing in 1968 (7 years) were quoted to yield 3.84 percent and those maturing in 1980 (19 years) were quoted to yield 3.87 percent—so that the proposed 3½ percent loans by the Federal Government with maturities up to 40 years would be at a rate lower than the rate at which the Federal Government can borrow money for comparable maturities.

During the first 3 months of 1961 (January–March), municipalities with population under 10,000 sold 305 issues of general obligation bonds aggregating \$102,415,000 and 92.67 percent by dollar amount of these issues were sold at a net interest cost under 4 percent. But about 49.47 percent by dollar amount of this financing (over \$50 million) which was done without Federal assistance was at an interest cost above 3½ percent, which would have made it eligible unnecessarily for Federal loans under the proposed change (if the particular facility qualified).

These facts demonstrate that small municipalities are obtaining financing for public facilities at reasonable interest rates without the proposed expansion of the Federal loan program. Since the emphasis in the community facilities loan program has been in water and sewer facilities, there is attached to this letter for illustration a partial list of issues of water or sewer bonds sold by municipalities with populations under 10,000 during the first 3 months of 1961, indicating the amount, range of maturities and net interest cost. You may also find helpful information in the following facts:

1. The sales of new issues of State and municipal bonds to provide long-term financing for the construction of public facilities during the past 3 years (1958–60) aggregated over \$22 billion, and the sales of new issues of municipal bonds during the first 4 months of 1961 aggregated over \$2,795 million (which was about 7.44 percent above the volume of new issues during the same period in 1960).

2. The principal effect of the proposed expansion of the program would be simply to substitute Federal financing for financing which would otherwise be obtained from other sources. During the last 6 months of 1960 when over \$3 billion of municipal bonds were sold, over 60 percent of the bonds (over \$1,800 million which were sold in the regular market were sold at rates which would have made them eligible for Federal loans under the program if the proposed 3½-percent rate had been in effect.

3. Federal assistance in this field is already provided in other Federal programs, including grants under the water pollution control program, and loans and grants under the Area Redevelopment Act.

Consequently, we respectfully suggest that there is no need for the proposed expansion of the program to provide \$500 million in Federal loans at 3½ percent.

Respectfully,

GORDON L. CALVERT.



Partial list of new issues of bonds sold by municipalities with population under 10,000 for water or sewer facilities during the first 3 months of 1961 (January-March)

Issuer, purpose	Amount	Maturity range	Net interest cost	Issuer, purpose	Amount	Maturity range	Net interest cost
Maumee (Ohio) street and sewer	\$125,000	2-10	2.760	Bedford Heights (Ohio) sewer	\$398,000	1-20	3.650
Farmingdale (N.Y.) water system	150,000	1-15	2.990	West Carrollton (Ohio) sewer	175,000	2-21	3.680
Wappingers Falls (N.Y.) water	90,000	1-15	3.090	New Windsor (N.Y.) water	198,000	1-29	3.710
Sudbury (Mass.) Water District	35,000	1-15	3.130	Salem Heights (Oreg.) Water District	486,000	1-23	3.726
Belleair (Fla.) sewer	500,000	3-12	3.154	Enfield (N.C.) water	100,000	3-21	3.743
Golden (Colo.) water	270,000	1-15	3.169	Bloomfield Hills (Mich.) sewer	1,330,000	1-29	3.778
Radford (Va.) water and sewer	1,100,000	1-20	3.187	St. Helens (Oreg.) sewer	125,000	1-20	3.778
Westminster (Mass.) water	125,000	1-15	3.240	Wesson (Miss.) waterworks	60,000	2-21	3.802
Britt (Iowa) sewer	96,000	1-19	3.257	St. Joseph (La.) sewer	86,000	1-25	3.809
Little Rock (Iowa) Community School District	140,000	1-18	3.273	Seaside (Oreg.) sewer	271,000	1-19	3.817
Spencer (Iowa) sewer	350,000	1-19	3.321	Belleair (Fla.) sewer	750,000	2-31	3.877
Dalton (Mass.) sewer	695,000	1-29	3.350	Hazlehurst (Miss.) sewer	395,000	4-30	3.916
Oak Harbor (Ohio) sewer	69,000	1-20	3.370	Riverdale (N.J.) water	175,000	1-30	3.920
Morris (Minn.) sewage	340,000	2-21	3.373	Winnboro (La.) Sewer District 1	275,000	2-25	3.930
Greenville (Mich.) sewage	300,000	1-20	3.391	De Quincy (La.) Improved Sewer District	157,000	2-20	3.940
North Baltimore (Ohio) sewer	100,000	1-19	3.450	Somerdale (N.J.) sewer	162,000	1-18	3.940
Perrysburg (Ohio) sewage	295,000	1-20	3.460	Old Town (Maine) Water District	800,000	1-20	3.950
Medina (N.Y.) water	700,000	1-29	3.480	Granite Falls (N.C.) sewer	50,000	1-18	3.978
Buhl (Minn.) sewage	112,000	2-13	3.487	Bernice (La.) sewage	65,000	1-20	4.010
Strasburg (Va.) sewer	170,000	1-20	3.528	Cookeville (Tenn.) waterworks revenue	600,000	6-24	4.088
Medina (Ohio) waterworks	150,000	2-21	3.566	Blaine (Minn.) water	533,000	3-21	4.141
Medina (Ohio) sewage	650,000	2-21	3.566	White Cloud (Mich.) sewage	150,000	3-29	4.168
Medina (Ohio) waterworks	200,000	2-21	3.566	Arden Hills (Minn.) sewer	400,000	1-20	4.220
Fairfax (Minn.) water and sewer	49,000	2-26	3.570	Fuquay Springs (N.C.) sewer	230,000	2-31	4.235
Liberty (N.Y.) water	120,000	1-27	3.630	Hugo (Minn.) waterworks improvement	160,000	2-20	4.322
Wells (Minn.) sewage	190,000	3-20	3.645				

This bill should be defeated. I urge the enactment of the substitute bill that will be offered in the House tomorrow.

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

Mr. WIDNALL. I yield to the gentleman from New Jersey.

Mrs. DWYER. Mr. Chairman, like so much legislation that comes before the House, the housing bill which is now before us has much in it that is good, but it also contains much that is highly questionable. I hope that the House can improve and strengthen our housing programs.

In several respects, the committee bill violates the recent request made by President Kennedy that Congress restrain itself, in the interest of fiscal responsibility, from increasing the spending requests his administration sends to Congress. As the report of the committee minority demonstrates, the majority on the committee has cut out and added to the original administration housing proposals. In doing so, they have added new spending authorizations totaling, potentially, billions of dollars over and above the President's request. The committee's authorizations for FNMA mortgage purchases, for college housing, for community facilities, and for farm housing all exceed significantly the very generous original budget request of the administration.

In my judgment, Mr. Chairman, neither the committee hearings nor any other information that has come to the attention of Congress justifies these increases.

Mr. Chairman, I speak as a friend of Government-assisted housing. As a Member of Congress and as a member of the Banking and Currency Committee, I have consistently supported sound housing legislation. By means of Federal assistance, States, local communities, and private individuals and groups have been encouraged to accept their mutual responsibilities for helping to provide decent and badly needed housing for all our people. For this reason, I think it is extremely important that

Congress exercise discretion and sound judgment in framing new and revising old housing programs.

Rather than attempting to analyze this bill in detail, I should like to emphasize two or three points which seem to me to be of special importance. The first concerns our urban renewal program. Again, I speak as a friend of housing when I say that the time has come for a comprehensive congressional review of urban renewal. There is widespread concern among Members of Congress, among those experienced in the field of urban redevelopment and among private citizens generally with the way in which this valuable program has seemed to grow away from the objectives Congress originally had in mind. Instead of eliminating slums, wiping out conditions which breed crime and delinquency and restoring residential areas to levels of decency and attractiveness which would encourage community pride, urban renewal has too often been a bonanza for private developers, a creator of new slums, a destroyer of old and potentially attractive neighborhoods, and a midwife to huge and impersonal office buildings and luxury apartments.

Congress has a grave responsibility to think through these problems, to revise statutes and regulations, as experience indicates, so as to achieve more surely our basic objectives and to strengthen the understanding and cooperation of local people in their urban renewal programs.

A major part of this problem, as I have indicated, is the need to encourage greater community understanding of and participation in urban renewal projects. I speak from the harsh experience of a proposed multimillion dollar urban renewal project, known as the Pearl Street project, in my home city of Elizabeth, N.J., when I point out that one of the major obstacles to a comprehensive community improvement program has been the failure of the planners and redevelopers and city officials to take the people into their confidence, to assure widespread understanding of the pur-

poses of a redevelopment project sufficiently early to permit the full expression of the people's views and attitudes. Unless machinery can be developed through which the people of a community, particularly those residing in the redevelopment area, and officials in charge of redevelopment can work out their differences, then we shall be faced with more and more instances of the expensive and time-consuming delays which have plagued the Pearl Street project.

Therefore, Mr. Chairman, I look forward to the opportunity to vote in favor of an amendment to the present bill which would require the people of a community to express their approval on urban renewal projects by means of a referendum. I am familiar with the objections which have been raised against the referendum proposal, but I feel sure in specific instances thoughtful and creative local officials can overcome the obstacles of a referendum and, by so doing, further the ideals of a practicing democracy and achieve public understanding and support for urban renewal. By making local referendums mandatory, Congress will be requiring local officials to consult with their people. Because they will need the support of local voters, officials responsible for urban redevelopment will have the most effective incentive possible for assuring local cooperation by providing the information and justification on which urban renewal is based.

In at least one major respect, Mr. Chairman, the committee bill is inferior to the housing bill passed by the Senate. There is no provision in the committee bill for a program of mass transportation loans and planning grants. I realize this is due to the fact that no hearings on such a program have been held in the House this year. As a sponsor of the mass transportation bill, the committee's failure to hold hearings has been disappointing to me. There is no more urgent national problem today than the need to free our cities and metropolitan areas from the choking conditions of modern traffic through the development

of comprehensive metropolitan mass transportation systems. Just 2 months ago, the Advisory Commission on Intergovernmental Relations, which is composed of Cabinet officers, Senators, Congressmen, Governors, mayors, State legislators, county officials and private citizens, strong endorsed the purposes and provisions of the mass transportation bill passed by the Senate and pending here in the House.

I understand that no attempt will be made during consideration of the housing bill to offer the mass transportation bill as an amendment. This can be a justifiable decision only if it is accompanied by a determination on the part of leaders of the House to initiate active consideration of the bill in time for final action during the present session of Congress. I hope that the majority leadership, the chairman of the Banking and Currency Committee, and the chairman of the Housing Subcommittee will assure us today that this, indeed, is their intention.

Finally, Mr. Chairman, I believe the pending bill could be greatly improved by devoting at least a portion of the public housing authorization to the needs of elderly families of low income. Although the bill includes an expanded authorization for the program of loans to build housing for the elderly, the loan program has failed to meet the requirements of the many low-income elderly persons. While monthly rents are somewhat lower than conventional FHA rental housing, they are still out of reach of many of our older people.

It is generally appreciated that elderly persons are among those with the lowest incomes, for whom, of course, the public housing program was intended. This fact is underlined by an administration provision in the housing bill which would reimburse local housing authorities by \$120 per unit per year in cases where the housing authority encountered financial deficits as a result of placing elderly families in their housing units.

While this provision in the bill confirms the fact that older people need special help, I am afraid the provision in practice will discourage local housing authorities from setting aside units for elderly families, since the local authorities must realize that the \$120 subsidy would, in effect, be unavailable for alternative uses in public housing.

It seems to me, therefore, that we should require that elderly persons be given a certain priority in obtaining public housing. This is the best way to assure that the people's needs and the objectives of Congress will be met.

Mr. RAINS. Mr. Chairman, I yield such time as he may require to the gentleman from New Jersey [Mr. DANIELS].

Mr. DANIELS. Mr. Chairman, I am strongly in favor of the bill under consideration, H.R. 6028. In my view this is one of the most vital bills which come before us this year.

The crux of this legislation is title I which, for the first time, gives recognition to the plight of the low- and moderate-income family. This is the group with income too high for public housing, but too low to permit them to purchase their own homes under present

downpayment requirements and monthly carrying charges.

Studies have shown that no new housing is being built today which families earning between \$4,000 and \$6,000 can afford. At the same time, decent, moderate-cost rental housing is in short supply in every major city. Title I contains a two-pronged attack on this problem by a program of 40 year, no-downpayment loans for home purchasers and by a program to encourage moderate-cost rental housing for the middle-income group who wish to rent.

There are many reasons for supporting this bill. It will provide a needed shot in the arm for the building industry, bolster the general economy, and create new job opportunities for the unemployed. But no reason is more important than the fundamental premise that decent shelter and human dignity are inseparable. It is our responsibility, as a democratic nation, to afford to each of our citizens the opportunity to secure adequate housing when the acquisition of such housing is financially beyond their reach.

There are many other meritorious features which I might mention briefly. The successful elderly housing program, initiated in 1958 on an experimental basis, will be increased by \$100 million. Increases in the public facility and college loan funds are equally welcome. And the original public housing goals, contemplated by the Housing Act of 1949, will be restored, after the regrettable slowdown in this program in recent years.

No less important, certainly, is the urban renewal authorization included in the bill. As a Congressman from a basically urban area in New Jersey, I have seen at firsthand the phenomenal progress which this program has made possible. If the authorization in this bill is approved, action will be possible upon numerous urban renewal applications from communities throughout New Jersey, including the area which I represent. Further development throughout the country depends upon our action here today.

I believe the committee is to be commended for presenting an adequate, soundly based housing program. I urge the House to approve this bill intact.

Mr. RAINS. Mr. Chairman, I yield 10 minutes to the gentleman from Missouri [Mrs. SULLIVAN].

Mrs. SULLIVAN. Mr. Chairman, I have been a member of the Committee on Banking and Currency since my second term in the House, beginning in 1955, and I have served during most of these years on the Subcommittee on Housing. We have studied every possible aspect of America's housing problems, and I think this House knows the conscientious manner in which Chairman RAINS has conducted the work of our subcommittee. I am proud to serve on the subcommittee, and I am proud of the fruits of our efforts over these years.

Last year, we reported to the full committee, and the full committee reported to the House, an outstanding housing bill. We could not pass it over a certain veto, so we took it apart and enacted

some portions of it—knowing all of the time that we were not giving the American people the kind of far-reaching housing legislation our country and our economy needed.

#### MEMBERS NEED ONLY LOOK AT NEEDS IN THEIR OWN DISTRICTS

Now we have that chance, and I hope the House will help us to make good on it. The Senate has passed a good bill. Our subcommittee and the full committee have now reported a good bill. The President stands ready to sign it, in contrast to the veto which would have been certain last year. So it is now up to the House.

Members in doubt about this legislation should ask themselves whether the people in their home districts are now able to afford, and to buy, the kind of housing they need. I know of very few areas of this country where the majority of the people who need good housing—decent housing—can readily obtain it.

This is not to say our present housing programs are a failure, or that the housing laws enacted since the FHA program went into effect 27 years ago have not accomplished their purpose. But this is not 1934, nor is it 1954. We have changed from a population composed mostly of renters into one composed largely of homeowners. And this has brought many social values all of us can understand and appreciate.

#### CHANGING PATTERNS IN OUR CITIES

But as our population has expanded, as our cities have grown and become horribly congested, as our urban renewal programs have wiped out vast numbers of existing homes, we have found ourselves falling behind in providing housing adequate to our needs.

Now let us get busy again, with some imaginative new programs to enable all Americans to live decently.

We must, of course, continue with the construction of some public housing to meet the needs of those at the lowest income levels, particularly those displaced by urban renewal or other mass evacuation projects. But public housing never was and never can be the full, or the main, answer to the housing needs of our people, and no one familiar with public housing's limitations ever thought otherwise. But those who qualify for public housing can live decently.

Those at the top of the income level have no trouble finding and purchasing the kind of housing they want. Millions of such families now live exceedingly well. Their environmental needs are different—faster transportation to and from the job, including improved mass transit; more parks and open spaces; effective action against air pollution; adequate public facilities such as sewer, water supply, and other utilities. In this bill, we are doing something about some of those problems.

#### FINANCING PROBLEMS FOR FAMILIES OF MODERATE INCOME

But there are millions of families above the income level for public housing and below the income level enabling them to go out and find and purchase good housing in good neighborhoods. These are people who could afford de-



cent housing if we can only cut through and eliminate the financing bottlenecks and the high downpayments and high interest rates, and the side payment discounts and all of the other problems of this nature.

It is to strike at these acute and serious financing problems that we have built most of the new features into the Housing Act of 1961.

First of all, of course, is the proposal for 40-year, very-small-downpayment mortgages of up to \$12,000 in most areas, or up to \$15,000 in high construction cost areas. All sorts of allegations have been made about the economics of this program. Actually, we have such a program already in effect now for families displaced by urban renewal projects. So it is not unprecedented. True, the purchaser over the life of a 40-year mortgage pays a lot of interest. But these things are also true: he owns a good house in which he can live decently; his monthly payments are moderate; the house itself must meet Federal standards of construction; he can pay off the mortgage in a shorter period of time if he is in a position to do so—and I hope many of them do—and people not now able to buy homes can, for the first time, find themselves actively able to enter the housing market. Therefore, I think the good far outweighs the bad.

#### REHABILITATION OF OLDER HOMES

A more important feature of this bill makes possible the rehabilitation and modernization of existing, solidly-built homes in stable neighborhoods. The proposed program for 20-year loans for remodeling and rehabilitation is a great forward step. Let us keep our solidly built older homes from deteriorating into slums. Let us make it possible for the owners of such homes to fix them up into the kind of desirable quarters they were when originally constructed. To me, this is the most important new feature of the bill. The present title I FHA program, limited to 5, or in most cases, to 3-year loans, makes it impossible for the average owner of an older home to undertake any extensive rehabilitation or improvement. So the home deteriorates more.

Our cities are in a state of physical revolution—urban renewal, new high speed highways, and a surge of new luxury apartments in once blighted areas. On the fringes of every renewal area are good, older homes which could easily slide into the slum category if we don't make it feasible for the owners to modernize them and keep them as desirable places in which to live. You just cannot revive and revitalize your cities if you have bright new luxury apartments and town houses in the center areas, surrounded a few blocks away by decay. Urban renewal must include the rehabilitation of all good housing in the city. This requires not Federal grants, but reasonable loans—and under FHA, I remind the Members, the Government actually makes a profit.

If this bill had nothing else in it than the 20-year rehabilitation loan program, it would be a tremendously effective bill in helping to solve our housing needs.

#### RENTAL HOUSING IN NONPROFIT PROJECTS

Another very important new provision deals with rental housing projects, financed with low-interest loans extended to nonprofit corporations. Under this program, an eligible nonprofit corporation or cooperative could provide, for about \$60 a month, the kind of apartment otherwise requiring a rent of about \$80 a month. This is an area in which unions, religious organizations, and membership organizations of all kinds could make a great contribution to improved living conditions for their own members or for the general public—for families of moderate income, particularly. This program has many similarities to the special program we enacted in 1959 for the elderly, a program which this bill would substantially expand. But you don't have to be 65 necessarily to need a good apartment at a moderate rental, and the new program should fill an important gap in our rental housing program.

#### THE "OPEN SPACES" PROPOSAL

Mr. Chairman, there are many other provisions in this bill, and my time for discussing them is necessarily limited. Looking at the overall legislation from the standpoint of the needs of the people of St. Louis, I am proud and happy to say that this bill will be of tremendous help to our city and to our people. It does not make huge handouts from the Federal Treasury. It provides primarily for practical, effective financing help which will not involve any net cost in Federal funds. Most of these programs will pay their own way, and more. On the other hand, the open-spaces program, which would help the cities to acquire land for parks and recreational areas, is a long overdue recognition of one of the great problems of metropolitan areas in providing safe recreational facilities in an attractive setting. We need only look around us here in the Washington area to recognize how valuable such Federal help has been right here in providing open spaces and park settings.

#### A START TOWARD A BETTER CITY

There can be no controversy over the college housing loan program, which we continue and expand. The public facilities loans will enable smaller communities to modernize and improve their sewage and utilities systems to keep pace with new housing demands. The urban renewal provision, making an additional \$2 billion available for our cities, will make this program much more effective. In St. Louis, we are now seeing concrete evidence of the wonders this program can achieve. It was hard going, it was difficult, it led to much dislocation and personal inconvenience and even hardship, but the results now are truly spectacular. I am proud to have had a legislative role in making this dream come true. But it is only a start toward a better city—in a better America. This bill enables us to make giant forward strides in that worthwhile direction.

Mr. Chairman, I urge the passage of H.R. 6028.

The CHAIRMAN. The time of the gentlewoman from Missouri has expired.

Mr. McDONOUGH. Mr. Chairman, I yield 4 minutes to the gentleman from New York [Mr. TABER].

Mr. TABER. Mr. Chairman, there are some things in this bill that bother me tremendously. Much of it has to do with that back-door spending scheme which is designed to wreck completely the financial structure of the United States and bankrupt the Government. I have prepared a table which shows what the situation is. The table is as follows:

*Identified back-door appropriations in legislative bills and propositions, 87th Cong., 1st sess.*

[In millions of dollars]	
Depressed areas, enacted (S. 1).....	300
Direct veterans' loans, pending (H.R. 5723).....	1,200
Sale of surplus agricultural commodities for foreign currencies, enacted (H.R. 4728).....	2,000
Feed grain program, enacted (H.R. 4510) (Use of CCC funds).....	1,500
Highways, pending (H.R. 6713).....	150
Special milk program, pending (S. 146) (Use of CCC funds).....	105
Total.....	4,255
Housing bill, pending (H.R. 6028).....	8,800
Total.....	13,055
Foreign aid, pending (administration request).....	8,800
Total.....	21,855
Airport aid, pending (administration request).....	375
Total.....	22,230

<sup>1</sup> Identifiable figure in House version. Department is to supply cost of program to Congress shortly.

<sup>2</sup> Estimate of diversion each year from general budget revenues to the highway trust fund.

I hope that this House when we come to face the music will stand up to the rack and that we will turn down this bill and help to keep the United States of America solvent.

Mr. McDONOUGH. Mr. Chairman, I yield 15 minutes to the gentleman from Illinois [Mr. DERWINSKI].

Mr. DERWINSKI. Mr. Chairman, the proposed Housing Act of 1961 now before us is a masterpiece of complexity, cost, and confusion. My purpose in the time allotted to me this afternoon is to try to bring some minimum amount of clarity into the situation so that the Members, at least those who have not been whipped into line to support the bill, might base their judgment on this final evaluation.

I believe, therefore, a little background would be helpful. May I remind you that the 2d session of the 86th Congress adjourned without an omnibus housing bill clearing both Houses of the Congress. The title I home repair and improvement program and the veterans' loan programs were extended and authorizations increased for a number of existing programs.

Private nonfarm housing starts showed a decline during 1960 from the previous year, though mortgage funds were in easier supply during the second half of the year. The Bureau of the

Census reports that March 1961 privately owned housing starts up 34 percent over the February total; the normal increase for this period is 25 percent.

The controversy over housing legislation in the 1st session of the 86th Congress resulted in two Presidential vetoes due to increased commitments for Federal spending. The bill finally signed into law, S. 2634—Public Law 86-372—provided \$8 billion in additional FHA mortgage insurance authorization; \$650 million for urban renewal for a 2-year period; an extension of the home improvement program to October 1, 1960; authorization of 37,000 public housing units; \$250 million for college housing; and a new \$50 million program of loans for housing for the elderly.

No omnibus housing legislation was enacted during the 2d session of the 86th Congress despite much activity in both Houses. The only housing amendments of any consequence cleared by the Congress in 1960 provided for an extension of the title I home repair and improvement program and removal of the ceiling on the insurance authorization; an increase in the college housing and other educational facilities authorizations; and an increase in the public facility loan authorization. The Congress also approved an extension of the VA-guaranteed and direct home loan programs.

Last year the House passed a bill entitled "The Emergency Home Ownership Act," which was not acted upon by the Senate. I think it is fair to presume, therefore, that the Senate did not feel there was an emergency in the home-building industry in 1960 and refused to be stampeded by the wild cries of this imaginary emergency.

However, on August 31, 1960, Senator SPARKMAN offered various housing amendments to House Joint Resolution 784, as follows:

1. To extend the title I home repair and improvement program for 1 year, until October 1, 1961, and remove the ceiling on the title I insurance authorization.
2. To increase the college housing loan authorization by \$500 million, from \$1.175 billion to \$1.675 billion, to increase by \$50 million the ceiling for "other educational facilities," from \$125 million to \$175 million, and to increase by \$50 million the ceiling for "student-nurse and intern housing," from \$50 million to \$100 million; and
3. To increase the public facility loan authorization by \$50 million, from \$100 million to \$150 million.

These amendments were approved by the Senate on August 31, 1960, and agreed to by the House of Representatives the same day. The resolution, with the housing provisions, was approved by the President on September 14, 1960, as Public Law 86-788.

Public Law 86-665 extends the veterans' guaranteed and direct home loan programs for 2 years, from July 25, 1961, to July 25, 1963.

Mr. Chairman, I feel that it is also sound for us to review former President Eisenhower's final recommendation, submitted in his proposed budget for fiscal 1962, and in his final economic report. Mr. Eisenhower, displaying his usual sound judgment, placed emphasis on

private, State, and local efforts, and I quote from his budget message:

The best results will be obtained by emphasizing leadership and financial participation by private industry and by local and State public agencies. Federal assistance can be most effective, most consistent with our free institutions, and least costly to the taxpayers if it emphasizes the supplementary action needed to help overcome obstacles to private and local accomplishment.

The major needs for the immediate future can best be met by assuring private groups and local governments of the continuing availability of existing Federal programs.

Mr. Eisenhower's recommendations included legislation to provide permanent authority for major housing programs, revise ceilings on interest rates on veterans' military, and rental housing loans, and to extend direct housing loans for veterans of the Korean conflict but to terminate the program for World War II veterans. No additional authorization for construction of public housing units was recommended in the Eisenhower budget.

Mr. Chairman, the bill before us bears very little resemblance to the sound housing proposals of Mr. Eisenhower.

Mr. Chairman, I would now wish to direct myself to certain questions raised by the bill.

First of all, may I point out that housing starts in 1961 showed substantial improvement over 1960 and are a reflection of the soundness of the home building industry supported by the supply of lendable funds, slightly reduced interest rates, which I must point out are a result of supply and demand, not artificial manipulation.

The general consensus is that there will be a plentiful supply of mortgage money the remainder of this year and next year and the level of interest rates would remain stable. At this point it is well for me to remind my colleagues that approximately two-thirds of the non-farm dwelling units started in the last 5 years were financed through conventional lending programs; therefore, are not directly affected by housing legislation. This indicates the ability and the effectiveness of the private sectors of our economy in meeting housing demands of the American public.

The Federal Reserve Board has expressed concern over artificial stimulation of residential construction and its effect on the market value of the existing stock, pointing out that—

Changes during recent years in the amount and kind of household formation, the steady rise in vacancies, and the absence of pronounced urgency in market demand for housing suggest that we may have entered a period when the total stock of housing, and its capacity to satisfy consumer wants, is numerically more nearly satisfactory than before. If this is the case, attempts to maintain additions to the supply at recent levels may have serious effects on the market value of the housing stock, followed by a substantial decline in the volume of additions that can be produced, and sold or rented, in response to market demands.

Undoubtedly, a substantial number of Americans are living in housing that should not be in use. Elimination of substandard housing, however, is not necessarily a direct consequence of building more houses than

the market will absorb. Immediately after the war, an increase in supply—by repair, modernization, and conversion, as well as by new construction—did result in many families moving from makeshift to acceptable housing. For many families, however, the use of substandard housing now is a reflection of their inability to cope with individual family, social, and economic problems, or of a preference for goods and services other than housing, rather than of an overall shortage of housing.

Whether or not this is a matter of personal "fault" is immaterial; if the housing conditions of these people are to be improved in a lasting way, steps must be taken which will help to solve the problems that lie at the root of their difficulty. Experience of the past generation suggests that, although such measures may be largely ineffective unless there is a housing supply of adequate size and diversity, the measures themselves must be much broader than merely stimulating residential construction by progressively easier financing arrangements. This experience also suggests that construction needed to meet the needs of those presently occupying substandard housing cannot be used to any great extent to counteract fluctuations in residential construction activity that arise from other sources. To the extent that the problems of residents of substandard housing are housing problems, the bulk of them are likely to be associated with the functioning of the market for the existing supply, rather than with the functioning of the market for additions to the supply through new construction.<sup>1</sup>

Specifically, questions have been asked as to how Federal spending for housing programs affects the economy. Obviously, the effect differs in a period of recession, a boom period and in a normal period, if there is such a thing any more. A housing bill of this magnitude cannot help but have a disrupting effect upon the stability of our economy and the soundness of industries affected by the housing program. This is quite aside from the scope and magnitude of this program which would make the Federal Government administrator a czar over the administration of the smallest community in the country.

I have pointed out the availability of mortgage funds, thus disproving the need for a spending program of this size.

However, there is a basic question that must be resolved; namely, that we must isolate any action of the Congress from the entire operation of our Federal Government. Obviously, we cannot assign fiscal responsibility or the lack of it in this administration if one program is repeated in all others to the detriment of the truly forgotten American, the little taxpayer.

To keep the record straight and not be accused of making any partisan statements, I feel I would be on appropriate grounds if I quoted from a very distinguished member of the present administration. I have before me a statement made by the Assistant Secretary of the Treasury, Mr. Roosa, made before the Post Office and Civil Service Committee. Now, if we will grant the fact that regardless of another matter on which we are working there is not a single bill that we have worked on in any congressional committee that is not related to fiscal

<sup>1</sup> Ibid., p. 26.



responsibility and cannot be completely removed from the other operations of the Government and the Congress, then I certainly think that it is proper for us to discuss the comments of this gentleman who appeared before the Post Office and Civil Service Committee, and in doing so he described the position of the administration. I quote Mr. Roosa as follows:

The President has made quite clear the strong concern of this administration for sound financial principles—at the same time that it pursues policies to achieve high and rising levels of economic activity. Starting with his January message on the state of the Union, continuing with his messages on the balance of payments and on budget and fiscal policy, and most recently in the message of May 25 on urgent national needs, the President has time and again underscored the need for fiscal integrity, in particular by exerting every effort to hold down the budget deficit now emerging in the current recessionary period and by achieving a balanced budgetary position over the years of the business cycle.

Mr. Roosa quoted President Kennedy, stating:

If the budget deficit now increased by the needs of our security is to be held within manageable proportions—if we are to preserve our fiscal integrity and world confidence in the dollar—it will be necessary to hold tightly to prudent fiscal standards; and I must request the cooperation of the Congress in this regard—to refrain from adding funds or programs, desirable as they may be, to the budget.

Mr. Roosa again:

I cannot emphasize too strongly the harmful effects domestically and internationally of any indication that our Government does not have its fiscal affairs under control. At home, undisciplined deficits are a prime source of inflationary pressures, and they leave for the monetary authorities the full burden of placing a restraining hand on potential excessive demand. The recollection of what a large budget deficit leads to in terms of high interest rate levels and tight availability of credit is too fresh to be ignored.

Now, I would wish that all of us in the Congress would give the President and his Budget Director and the Treasury Department support in trying to achieve a reasonably balanced budget, trying to achieve some stability and fiscal responsibility in the operation of what is commonly known as the New Frontier.

The gentleman from New Jersey [Mr. WIDNALL] earlier mentioned the statement before the committee by Mr. Staats, Deputy Director, Bureau of the Budget.

He also appeared before the Post Office and Civil Service Committee discussing fiscal responsibility. At that time I asked him this question:

Now we are all aware, of course, that Congress occasionally disrupts the careful planning of the Budget Bureau by sometimes slicing appropriations, or we often add to appropriations.

Now would it not seem consistent at this point that—I am asking you to advise the Post Office Department, but wouldn't it seem consistent at this point that the Post Office Department go to the Members of Congress who are on record as being spenders and ask them to be realistic in supporting this measure and, in turn, going to the Members of Congress who have a habit of

voting against handouts and saying, "Look, you have done your job to keep down the cost of Government. We are not going to pressure you to jam through this postal rate increase."

In other words, we at least want consistency. The people who spend money ought to stand up on the floor of Congress and have the guts to vote for this increase and those who are economy minded might even decide in good conscience to vote against this measure and be perfectly free and honest and not political in their vote.

I am trying to point out to you the personal attitudes that Members of Congress ought to take and should be asked to take by the administration.

Mr. STAATS. Well, I find this a reasonable approach to the problem. I would certainly suggest that anyone facing a budget situation such as we have now who is urging additional expenditures and additional programs ought to feel a double compulsion to do something about bringing the postal budget somewhere more nearly in balance than it is now.

I think if I could transpose myself to sitting where you gentlemen are on this and if I were urging expanded programs in other fields, I would feel I had an obligation to support something of this kind, even though it might hurt in the area which I came from.

If we are to add millions of dollars to the administration budget figures by this housing bill, there is a distinguished Member of the majority party on the Post Office and Civil Service Committee who is working to strike down the President's proposal to increase postal rates. In other words, the majority party spends money like drunken sailors on this bill, then turns to kill a chance for economy in another committee. In the thought, therefore, of an administration spokesman, whom I quoted previously, this is pure fiscal irresponsibility.

The chairman of the House subcommittee has made some interesting comments and observations this afternoon. As I speak at this moment, I do not think anybody in this House has any idea as to whether the bill that we have had presented to us is going to have a 40-year, no-downpayment program, a 35- or 30-year program. The way concessions are being made may eventually find a 10-percent downpayment, a 25-year mortgage plan, or some other adjustment. The committee members at this point can hardly recognize the bill. Also, I am curious to know what we will be voting on in reference to this open-space provision. The open-space provision calls for \$100 million for communities to acquire land.

Mr. HOFFMAN of Michigan. Mr. Chairman, I make the point of order a quorum is not present.

The CHAIRMAN. The Chair will count.

Sixty-two Members are present, not a quorum. The Clerk will call the roll.

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

[Roll No. 93]

Barrett	Coad	Green, Oreg.
Blitch	Davis, Tenn.	Hébert
Boland	Dawson	Hosmer
Bolling	Fallon	Ichord, Mo.
Boykin	Findley	Jones, Ala.
Buckley	Flynt	Kearns
Burke, Ky.	Forrester	Kee
Cederberg	Frelinghuysen	Kilgore
Celler	Grant	Kirwan
Chapierfield	Gray	Kluczynski

Laird	Powell	Thompson, La.
McMillan	Rivers, Alaska	Thompson, N.J.
Macrowicz	Rivers, S.C.	Thompson, Tex.
Magnuson	Roberts	Trimble
Mason	Rogers, Tex.	Van Pelt
Minshall	Roosevelt	Walter
Morrison	Sheppard	Wharton
Norrell	Sisk	Willis
O'Neill	Smith, Miss.	Winstead
Passman	Spence	Wright
Pilcher	Staggers	Young
Pillion	Steed	
Poage	Teague, Tex.	

Accordingly, the Committee rose; and the Speaker having resumed the chair [Mr. Boggs], Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill H.R. 6028, and finding itself without a quorum, he had directed the roll to be called, when 367 Members responded to their names, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The Committee resumed its sitting.

The CHAIRMAN. The gentleman from Illinois will proceed.

Mr. DERWINSKI. Mr. Chairman, may I repeat one of the problems we face at this time is to determine just what is in the bill we are supposed to be voting on tomorrow. We spent most of our time in the Housing Subcommittee discussing the 40-year, no-downpayment provision. I now understand that this is a thing of the past; it is going to be a 35-year provision with 3-percent downpayment. The only conclusion I can reach from this is that the House subcommittee spent two-thirds of its time discussing something which was so basically bad and indefensible that even the proponents had to drop it from the bill because no one could possibly defend it.

May I repeat, another point we discussed was the so-called open-space provision. I understand this has been considerably changed, but for the moment let us think otherwise. Let me quote this open-space land provision:

The term "open-space land" means any undeveloped or predominantly undeveloped land, including agricultural land, in or adjoining an urban area, which has economic and social value as a means of shaping the character, direction, and timing of community development; recreational value; conservation value in protecting natural resources, or historic, scenic, scientific, or esthetic value.

Mr. Chairman, as I understand our present situation, the only thing that is left in this section is a provision for parks. But evidently we have left in the bill the \$100 million fund. So we now have in the housing bill this \$100 million to provide parks. This is about as loose a way of writing legislation as I ever heard of.

I would like to remind you that one industry in this country which is expecting a real boom is the vacation industry. It is stated that Americans are going to spend more money traveling to more places within this country than at any time in our history. They are going to get away from the parks in their own communities, they are going to get away from the recreational areas in their own communities. They are going to travel 500 or 600 miles to the national parks

and the other geographical and historical sights of this country. If we have any degree of consistency at all, if we are going to give \$100 million for this vague program of building parks in home communities, we ought to strike \$100 million from the Park Service fund because they are competing against each other. If we build too many parks in our own communities, we will have empty national parks, and if we have too many traveling to national parks our own community parks will suffer.

Another idea I would like to emphasize, and it is the most important thought in the housing bill—I understand from numerous Members, both majority and minority, that very little mail has been received on the subject of this housing bill. As a matter of fact, specific industries, homebuilders, the savings and loan industry, the bankers of the country, and many other normally interested groups, have had surprisingly little to say. This is an interesting point and rather tragic. The reason, Mr. Chairman, that we have not heard from these people who normally have an opinion on these matters is because they are afraid of the tax program that may be sent down from 1600 Pennsylvania Avenue. They are afraid they will be driven out of business if they oppose any segment of these New Frontier programs. So, rather than voice their objections, they are fearful of speaking out, they fear they will arouse the vengeance of these fuzzy-headed, dictatorial bureaucrats who are now running the country. I think it is a sad thing in this country when in the operations of this Congress we sit by and permit important segments of our country to be muzzled due to the fear of revenge from an administrative branch of Government.

I repeat, we are witnessing the stifling of opposition within the country to administration policies. Opposition is being stifled in fear of the depth to which this administration may reach in its frantic, megalomaniac attempt to regiment the country. And, I would suggest that it might be well when we return home at the close of this session, returning to the people at the grassroots level, that all of us, regardless of our political faith, listen to the public, and we will understand that they are afraid of the programs that this Government is embarking upon; more than that, they want us to stand up as Members of the Congress and reassert the checks and balances system. They realize Members of Congress are being threatened with loss of Federal patronage, with loss of Federal pork-barrel projects. They realize others are being bribed with Federal judgeships for political associates. The public understands the political gyrations of the administration and are urging us to fight for a sound dollar, sound programs, and to remember that there is such a thing as a taxpayer.

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

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

Mr. SANTANGELO. Mr. Chairman, I enthusiastically endorse and support H.R. 6028.

I rise to support H.R. 6028, a bill to assist in providing housing for moderate- and low-income families, to promote urban development, and for other purposes. This bill is an advance into the new frontiers of America—our cities. Its basis is the American private enterprise system. There are very small amounts of grants in this bill for the first year. Most of the financing is in loans which will be repaid to our Government with interest.

Our census figures indicate that over 130 cities in America have populations in excess of 100,000. These truly are our new frontiers. The problems in the cities are manifold. A major problem confronting the cities and the rural areas is adequate and decent housing. The problem has been complicated by urban renewal programs and highway construction programs, which have uprooted many old families and dislocated thousands of persons. Slums and deterioration of old buildings are blights in our cities and in our communities. In my own particular congressional district, particularly in Yorkville, over 10,000 families have been dislocated because of luxury apartments which rent for \$50 to \$100 per room per month. This rental is beyond the reach of the average wage earner. The residents of Yorkville have been unable to find adequate housing at reasonable rentals. They do not have the means to purchase homes or cooperative apartments at the present prices and at the present interest rates, nor can they rent apartments because none are available at reasonable rentals. Rent control, especially in the Yorkville section of my district, has been an illusory and unsatisfactory protection. Despite rent control, the tenants are not protected and have been evicted by large developments whose rentals, because of the high cost of construction and high financial interest rates, are beyond the reach of the average worker.

What does this bill, H.R. 6028, do and what are its major provisions? This bill provides rental housing for modest income families—from \$4,000 to \$6,500 a year—under liberal financial terms with interest rates as low as 3½ percent. These terms would lower rents by \$20 a month per unit and would bring the rentals within the reach of these families of moderate income. FNMA special assistance funds are provided for this purpose and loans could be made to nonprofit and limited dividend corporations, cooperatives, and local public agencies—other than public housing authorities. These assistance programs are for a period of 2 years.

In my particular community of East Harlem, we have sought to maintain a balanced community. Twelve organizations and public-minded citizens have taken the initiative to construct cooperative apartments for the residents of the area. These cooperatives charging rent at \$24 per room per month, with units purchased on the basis of \$450 per room will provide a balanced community and will supplement the low-income housing projects which abound

in the area. Low-income housing projects, if permitted to expand without cooperatives or urban renewal projects, will create economic ghettos where people of the same economic levels will reside together and will bring about areas of segregation.

This bill restores 100,000 units of low-rent public housing. This is the final 100,000 units of the 810,000 housing unit program which Congress enacted in 1949 and which the previous administration has refused to provide for. As you recall, a housing bill in 1959 provided for 150,000 units, but the administration vetoed such housing legislation and eventually only 37,000 units were provided for by legislation in the previous administration. Without this provision, public housing in New York City would grind to a stop because New York City, through its public housing authority, has utilized this far-reaching social program. The quota under the law permitted to any one city would be exhausted. New York City thus would be unable to build any more housing units.

Recognizing this situation, I introduced the bill (H.R. 6850) which would make New York City eligible to build additional units, notwithstanding the fact that it had exhausted its quota. The committee has adopted my section, and in section 204 of the bill, has provided an amendment to the Housing Act of 1937 and has authorized annual contributions aggregating not more than \$336 million per annum and permitting contracts up to 15 percent of all units—100,000—not already guaranteed or contracted for. Thus, under the terms of this amendment, the New York City Housing Authority would be able to participate in the allocation of the newly authorized 100,000 units of low-rent public housing.

The bill also provides for the elderly. It increases by \$100 million the program of direct loans to finance housing for the elderly. It also eliminates the present 2-percent equity requirement, and permits loans for full development costs.

Prior history shows that in loan programs loans are fully repaid and that the Government ultimately makes a profit on these loans and in these programs. During the depression, the HOLC was devised to protect the American homeowner who was faced with a loss of his home. Experience shows that the Federal Government not only saved the homes for the American people, but in so doing, made a profit of \$30 million.

The bill also provides that when the income- and rent-paying capacity of elderly families is so low as to threaten the solvency of low income projects, an additional Federal payment of up to \$120 a year could be made. These funds would come out of the overall contributions authorization.

The bill also provides an accelerated and sustained attack on slums and urban blight by authorizing \$2 billion for urban renewal grants over a period of 4 years.

Much criticism has come from displaced businessmen who have been dislocated and have not been reimbursed for their losses and for moving expenses. This bill would permit the payment of full moving expenses now limited to



\$3,000 for business firms displaced by urban renewal. Also such firms would be made eligible for liberal loans at 3 percent interest rate, 20-year term, through the Small Business Administration, as is now provided for firms uprooted by flood, storms, or other natural disasters.

The bill provides assistance to a public housing authority under an urban renewal program to cover rehabilitation housing. This rehabilitation would be limited to 100 units or 5 percent of the units in the project area.

The bill extends the Federal housing authority mortgage insuring authority for an additional 4 years. Home builders or prospective homeowners can borrow from banks and FHA will guarantee part of the loans. In addition, the special assistance funds of FNMA, which are necessary to the success of the efforts to urban renewal and modest income family housing, will be increased substantially by \$775 million.

The college housing loan fund which is now exhausted would be increased by four annual installments of \$300 million each.

All in all, this housing bill is all inclusive and takes care of the need of many Americans. It provides new housing programs, housing for the elderly and low income families, urban renewal, college housing community facilities, open space and land developments and even farm housing. These programs are bold programs. They serve the need of America for housing and will provide employment across the land—to the carpenters, to the plumbers, to the painters, to the artisans, to the tradesmen, and to the banking institutions. We in America have waited too long to complete the task which we commenced in 1937 to provide decent housing. This is our opportunity. Let us not fail to take the necessary steps. I trust that this measure will pass.

Mr. RAINS. Mr. Chairman, I yield 10 minutes to the gentleman from Ohio [Mr. ASHLEY].

Mr. ASHLEY. Mr. Chairman, I rise in support of this housing bill, although I am bound to say that initially I had very serious misgivings about various provisions of the legislation.

As our subcommittee chairman and other members of the housing committee know, I had particular reservations with respect to the 40-year no-downpayment loan about which so much has been said and will be said in the days ahead. This is a view, of course, which is shared, apparently, presently by many of the Members of this body. It seemed to me when the bill first came to the subcommittee 2 months ago that this amortization period might be too long in terms of the type and price range of homes to be constructed, and I was quite troubled by the slow rate at which the owner would acquire an equity. But, as I came to understand the provisions and the background of this program better, the misgivings and doubts I had were largely dispelled.

One of the most important things to understand—and this was pointed out by the gentleman from Alabama [Mr.

RAINS]—is that this is not a new program. Quite the contrary. In 1954 the Congress authorized the FHA to insure 40-year no-downpayment loans for homes both new and those rehabilitated. This program, however, was limited to persons displaced by urban renewal or other governmental activity.

Now, since 1954 more than 24,000 homes have been insured under this section, section 221, with a net loss to FHA of less than one-quarter of 1 percent of the total loans insured, and, of course, this is considerably less dollarwise of the total mortgage insurance premiums which FHA collects annually.

Under the bill we are considering, this 40-year no-downpayment program, section 221, is broadened to include any moderate income family, that is, with incomes between \$4,000 and \$6,000, not just those families living in homes that have been taken for urban renewal, highways, and other governmental activities.

The issue, it would seem to me, is simply this: Are the advantages of this proposal in terms of providing for decent housing for millions of Americans in the \$4,000 to \$6,000 bracket offset by disadvantages which might accrue by broadening the section 221 program? As far as the 40-year amortization period is concerned, critics, of course, are quick to point out, and I would myself, that it is highly unlikely that there will be any significant value in the \$10,000 or \$11,000 home for the last 10 years over a 40-year period of amortization. It is certainly true that the depreciated value after 30 years will be negligible, and I do not dispute this for a minute. But it seems to me equally true that the current market value of a home—and this is a home of any price—after 30 years is a very different thing than its depreciated value.

As far as the slow buildup of equity is concerned I think there are two points to be considered. First, as I have just suggested, is that the true equity of a homeowner at any time during the amortization period is the difference between the sale value of his home and the outstanding mortgage balance at that time. Second, and of course, this is the very basis of this section, is the fact that it simply is not possible for millions of families in the \$4,000 to \$6,000 income bracket to buy a home under any other terms or conditions.

I grant that it would be a fine thing, Mr. Chairman, if homeownership could be made possible for very moderate income families over a shorter amortization period of, say, 20 to 25 years, but in terms of the monthly payments this requires and the monthly take-home pay of these families, this just cannot be done.

The idea of broadening the 40-year no-downpayment program to include all moderate income families was adopted by the committee because a majority felt that this provides an opportunity for at least some of the families living on between \$4,000 and \$6,000 to get out of the substandard housing and into decent homes which they can at least call their own.

As our subcommittee chairman the gentleman from Alabama [Mr. RAINS] has pointed out, this is not a subsidy program. On the contrary, it utilizes exactly the same procedures and mechanisms and safeguards and even the same interest rate as the basic FHA insurance program which has been used by millions of American families including, I am sure, a majority of the Members of this body, in financing their homes.

Another section of the bill which has been subject to a good deal of name calling is the section which sets up a new low-rental housing program under FHA for families again whose incomes are too high for public housing, but too low for homeownership, even under the 40-year no-downpayment program.

These are the American families who live in the no man's land of slums and substandard shelter, and, it is a shame to say, but there are millions of them.

This is not public housing, Mr. Chairman, nor is it subsidized housing. It is housing which would be made available by long-term, low-interest rate loans, using the FHA insurance machinery and providing the necessary funds through FNMA's special assistance program.

I recognize that in the past the Congress has been very careful to limit the use of special assistance funds from the Federal National Mortgage Association to programs of special importance. These are programs which would not be possible without a below-the-market interest rate. They are programs which depend on Fannie Mae funds because conventional lending sources simply are not able to make money available at less than the going rate of interest.

It is no indictment and certainly none is intended of our free enterprise system that decent rental housing is not being constructed or otherwise made available for the very limited income families involved in this program. The fact remains that decent housing for these families, and again, there are millions of them, simply has not been provided on the private market.

I think this situation meets the definition of special importance and I think it is the solemn responsibility of this legislative body to help private enterprise provide a solution.

Finally, Mr. Chairman, I would like to take just a moment to address myself to the section of the bill which provides for extension of title I home repair loans. In the past these loans have been limited to \$3,500 for a 3-year period and at interest rates which, as many of you know, have been close to 10 percent. The committee proposal contained in H.R. 6028 puts a \$10,000 ceiling on home improvement loans and extends maximum maturity to 20 years at a substantially reduced rate of interest.

The best argument in favor of this section, it seems to me, is the fact that of the 58 million housing units in the country today nearly 16 million, or 27 percent, are substandard. Many of these should be saved and can be if loans are available in sufficient amount and on reasonable enough terms.

We also know that more and more renewal projects that are being initiated and approved contemplate substantial amounts of conservation and rehabilitation rather than complete clearance of the project site.

As I said at the outset, Mr. Chairman, I had serious questions as to some of the sections of this bill when the housing subcommittee began its hearings in April. I support it now in its entirety because I am convinced that it utilizes the best available resources of our Government and private enterprise to further a goal subscribed to by us all, that of providing decent, safe, and sanitary housing for all Americans.

Mr. RAINS. Mr. Chairman, I yield 5 minutes to the gentleman from Michigan [Mrs. GRIFFITHS].

Mrs. GRIFFITHS. Mr. Chairman, I would like to make it clear at the outset, in view of the remarks of one of the previous speakers on the other side, that my brow is neither bloodied nor bowed. I support this bill because I believe in this bill. I am proud to be an American, to have an opportunity to support our method of housing our citizens. In my judgment this bill is one of the real show windows of democracy. No Communist country houses its citizens as well as we do. If we were really smart, we would be exporting our techniques into South America today for homebuilding.

I should like to say further that I think the chairman of the Subcommittee on Housing is one of the most able and one of the most gifted men in the House. If his name is not engraved along with that of the Senator from his State on the heart of every mortgagor and every mortgage banker in this country, then they are indeed an ungrateful lot. These men have done more to rehouse Americans than any other team, I am sure, in the whole country.

I should like to address myself now to title VI of the bill. It comes as some surprise to me that this is a fairly controversial section of the bill. This title adds a new program to assist State and local governments in preserving open-space land in and around urban areas which for economic, social, conservation, recreational, or esthetic reasons is essential to the proper long-range development and welfare of the Nation's urban areas and their suburban environment.

This is what the open land reservation does. It permits \$100 million of Federal grants. The money is available as long as it lasts. The Government would pay on any particular project 20 percent to 30 percent of the total cost of acquiring the land to be used as permanent open space. Not more than 20 percent would be given to any one political subdivision. If two political subdivisions join together, then as much as 30 percent could be given. This would mean that the city or township, or the cities or towns, would pay as much as 70 percent to 80 percent. How do you qualify for the money? You submit a plan to the Housing Administrator with regard to the proposed acquisition of open space land where it is important to the execution of an existing comprehensive plan, applicable to the area, which includes plans for

open spaces and otherwise meets criteria established by the Administrator as to detail and coverage.

Where can the open spaces be? The term "open space land" would be defined as undeveloped land, including agricultural land, in an urban area, which has—

First, economic and social value.

Second, recreational value.

Third, conservation value in protecting natural resources.

Fourth, historical or scientific value.

The term "urban area" is defined as any area which is urban in character including surrounding areas which form an economic and socially related region as determined by the Administrator.

Now what are the objections to this plan? One of the objections is that it is too vast a delegation of power. It is quite obvious that there are two quick objections to any delegation of power. One that it is too great a delegation of power or, two, that it is too small a delegation of power. These objections are met with any time any power is delegated.

In my judgment, in this instance they are not fatal objections. It is necessary, if this money that is being spent to build homes in America, is not really to be spent in the building of slums, that we have open spaces around those homes. One of the objections which is quickly raised and has been raised is—why does not the community pay for the park itself?

Permit me to point out to you that within my district in 1950, there were 10,000 people in a township. In 10 years there were 71,000 people within that township. Those people must meet the problems that any community has to deal with—the problem of sewers, hard surface roads, schools, and every other type of community facility. There is a tremendous tax burden upon them. The result will be that they will leave parks, which they will regard as a luxury, to the last possible moment and to the last possible purchase. In the meantime the value of the open land around them will go up. Now is the time that the open land can be bought cheaply. Now is the time to make the homes in which they have invested valuable homes. We know that these park areas are needed.

Permit me, also, to say that it is ridiculous for those who have vast national parks within their areas to object to a playground for children in my area, that is, the area of Detroit, or an area like Chicago. A 9-year-old boy on a hot afternoon in Detroit or Chicago cannot leave for Grand Canyon National Park to play ball. We need those parks. The national taxpayers will not pay the full bill for these parks. This is merely a lift. It is a list that is badly needed.

Second, I would like to point out that land is the greatest resource we have. It is the thing that we are going to leave to our children—this vast, untamed, wide-open America. It is not enough that we have land overgrown in hay and in corn and that those who are paying a large part of the bill read about it inside of a 9-foot-square room; it would be much more desirable if they realized

that this great surplus of land that exists in this Nation exists in an area where it is of value to them.

I trust that this time this House, in which I have great confidence, shows its remarkable ability and that this part of this bill remains untouched, and that we insist that the Senate go along with the House.

Mr. McDONOUGH. Mr. Chairman, I yield 5 minutes to the gentleman from Montana [Mr. BATTIN].

Mr. BATTIN. Mr. Chairman, I hate to take issue with the gentleman from Michigan about whether or not the people at home can take care of themselves in providing parks and playgrounds. I certainly do not have to remind her that Montana is one of our more sparsely populated States.

In 1898 the State Legislature of Montana provided that a subdivider of land who is subdividing 20 or more acres would have to set aside one-twelfth of the net platted acreage for purposes of parks and playgrounds. The net result of that has been that as our State has grown, and certainly it does not yet even compare with the city of Detroit or the State of Michigan, we have provided now and in the future for the children of our State.

To come here and say that the people of a State are not capable, that it is the business of the Congress to provide the money for parks and playgrounds on a matching basis whether it is 10 to 1 or 2 to 1 just plain does not make any sense. There are so many things that we assume the people at home cannot do and that we get in the act—or at least try to get in the act—to make it easier. If we would let the people at home do those things they can do for themselves we would be a great deal better off, they would be better off, and we would not have to worry about our children going to the Grand Canyon to play baseball.

I see no provisions in the housing bill to allow a tax credit to those States who have done a good job in providing parks and playgrounds for their children. Are we to be penalized for using good judgment in the past—are we to be taxed for prior acts. Remember my friends—the Lord helps those who help themselves.

Mr. Chairman, I yield back the balance of my time.

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

Mr. RYAN. Mr. Chairman, I rise in support of H.R. 6028, the proposed Housing Act of 1961.

The year 1961 is an appropriate year to pass a comprehensive housing bill. This is the year in which President Kennedy is seeking to get "the country on the move again," the year that begins the decade of "maximum danger," and the year in which Congress must recognize that we are in the midst of a housing crisis.

Today, Mr. Chairman, there is a crisis in housing because:

First, There are more than 9 million occupied substandard dwelling units in our housing inventory. It is estimated that in terms of people, some 30 million live in substandard units. Another 17



million live in the areas surrounding the slums, which because of their proximity are in danger of deterioration.

Second. Large families and elderly couples and single individuals cannot find good quality housing suited to their needs; and 45 percent of all minority group households live in dilapidated or deficient dwellings.

Third. The FHA housing insurance programs have not reached the broad group of lower middle-income families, except for a few rental projects, many of which are not in the central city where larger low-income populations seek shelter.

Fourth. The public housing program is not meeting the housing needs of the lowest income families, and many are forced into public housing because decent private low-cost housing is not available. The alternative for many is life in the slum. These groups deserve a less restricted choice than exists between institutionalized, rental public housing and the unhealthy atmosphere of a deteriorated neighborhood.

The condition of our Nation's housing affects almost every sinew and fiber in our body—social, economic, and politic. The housing crisis leads to discrimination, slums, crime, corruption, wasted resources, decreased economic growth and a lesser degree of social mobility. If we do not act now, it will be too late.

The President in his housing message said:

Within 15 years our population will rise to 235 million and by the year 2000 to 300 million people. Most of this increase will occur in and around urban areas. We must begin now to lay the foundations for livable, efficient, and attractive communities of the future.

Perhaps never before in our history has the need been greater for a comprehensive housing act: an act which will build middle- and low-income housing, furnish housing for the elderly, provide funds for rehabilitation for urban renewal and make available grants to cities for desperately needed open spaces.

While H.R. 6028 is only a partial solution to the housing crisis, it is a major and necessary step in the right direction. It deserves our support.

Let us review some of the major features of this bill along with some suggestions for improvement. The most significant features of this proposal are the sections concerning rental housing for moderate income families, low rent public housing, housing for the elderly, the Urban Renewal program, and the open space provision. Since most of our housing problems are found in the cities and three-fifths of our population live in urban areas, these sections are among the most important ones in the bill.

First, I would like to discuss that section of the bill dealing with housing for moderate income families. These are the forgotten people. Federal programs emphasize low income public housing and title I housing. Unfortunately, experience has shown that title I housing is almost invariably luxury housing. When we speak of these forgotten people, we are referring to a sizable segment of the Nation's population. The com-

mittee report on H.R. 6028 states, at pages 2-3:

The 1956 housing inventory found that a little over 1 million families in the \$4,000 to \$6,000 income group lived in housing which lacked some necessary plumbing facilities and more than 300,000 lived in housing which was outright dilapidated. Taking into account the substantial number of units for which condition was not recorded, it is clear that approximately 1.5 million families in the \$4,000 to \$6,000 income group were living in substandard homes.

J. Clarence Davies, chairman of the Housing and Redevelopment Board of New York City, pointed out in Senate hearings that more than 88 percent of the 2,228,000 families in the city had incomes of less than \$10,000 a year, and 45 percent, almost half the population, were in the \$5,000 to \$10,000 a year income group.

The bill before us attempts to meet the housing needs of these moderate income families.

By increasing the scope of the FHA section 21 program, it is proposed to build rental housing for moderate income families under liberal financing terms with interest rates as low as 3½ percent. These terms would lower rents by an estimated \$20 per month per unit. FNMA special assistance funds are provided for this purpose. Loans could be made to private nonprofit and limited dividend corporations, cooperatives and local public agencies—other than public housing authorities. This provision is limited to 2 years. It is expected that 50,000 additional units will be built under this program.

Two years from now the Congress will have an opportunity to review and evaluate this program. At that time it may be wise to consider changing the method of financing. One possibility is the establishment of a Treasury revolving fund out of which low interest loans are made directly to the developer and into which these loans are repaid.

Most central city families must depend upon rental accommodations for shelter—and many of modest means have not been able to find these accommodations at rents they could afford. For this reason the new section 221 low-interest rental housing provisions are of major importance to New York City residents and the residents of many of our other larger cities. This new provision should help to fill the gap between public housing and the rental projects for which private developers charge high rents. It should assist in providing for the forgotten segment of our population in the lower middle-income group. We cannot afford to ignore this large group of citizens who play such a basic part in the Nation's economic activities.

The housing bill of 1961 also seeks to ameliorate the moderate income housing problem by making moderate income families eligible for 40-year, no down-payment loans under the section 221 program, which is now restricted to families displaced by urban renewal.

There has been substantial criticism of the new and experimental features of this legislation. Some argue that they will not, in effect, increase the supply

of middle-income housing because the total cost will be prohibitive. They argue that the mortgagor will pay such a large sum of interest over the life of the 40-year loan that prospective homeowners will shy away from these loans. The answer to this argument is simple. When a man has a family to house, feed and clothe on a limited sum, it is his out-of-pocket costs today that loom most important to him. Most of these prospective homeowners are interested in a decent home for their families and preferably one which they can someday call their own—such a dream has not been possible for many hard-working families. Under the new long-term, low-interest rate program this dream can be realized. The mortgagee cannot lose, nor can the mortgagor; and I believe that the Federal Housing Administration's insurance program will not suffer. The foreclosure record of the FHA and VA loan programs attest to the fact that losses will not be a great problem, barring a major depression. The slight rise in foreclosures recorded for the past year for the most part can be attributed to the depressed economic state of some of the areas of the country—not to any unsoundness of mortgage terms.

I turn to public housing. Although our low-income families and individuals are not forgotten, their needs still go unmet. The committee report states, at page 20, "In 1956 the Bureau of the Census found that 4 million families with incomes of less than \$2,000 and another 2 million with incomes between \$2,000 and \$4,000 were living in substandard housing." The President in his housing message stated, "There are 8 million families today with incomes of less than \$2,500, 7 million more with incomes between \$2,500 and \$4,000. Among the 10 million individuals who live alone, nearly 50 percent have incomes of less than \$1,500. One-third of the 6 million nonwhite households live in substandard housing." To compound the problem, it is estimated that 45,000 low-income families eligible for public housing will be displaced by Government action in 1961.

The amount of public housing authorized and constructed has been limited by congressional action. Although the Housing Act of 1949 recommended 810,000 units in 10 years, as of January 31, 1961, only 270,000 units have been completed; 36,000 units are under construction. During 1960, 28,879 units were started, and 16,401 were completed. If you add the number of units for which annual contribution contracts have been negotiated, the total would be 380,000—less than half the total recommended in 1949. H.R. 6028 authorizes approximately 100,000 additional low-rent units by restoring the unused balance of the annual contributions authorization originally provided for in the 1949 act. While I had hoped and now suggest that Congress provide for 400,000 units, the number of units remaining under the 1949 act, I wholeheartedly support the proposal for 100,000 desperately needed units.

One of the major weapons in the war against urban blight has been the Federal urban renewal program. H.R. 6028

provides for \$2 billion in urban renewal funds to meet the program's needs for a period of 4 years. I am in favor of this authorization but feel obligated to point out the ways in which the program has not achieved its goal and to make suggestions for improvements.

A major failure of the urban renewal program is that instead of building housing for low- and middle-income families, the billion-dollar title I program has built luxury housing. In the city of New York, for example, rental projects subsidized by title I write down 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 month.

I suggest that the taxpayers should not subsidize luxury housing and that rent ceilings should be established on all title I projects in order to provide middle-income housing.

Urban renewal is a mixed blessing. For the individuals, families, and businesses displaced by the bulldozer, it can be a tragedy. To a neighborhood, urban renewal often means extinction.

H.R. 6028 recognizes to some extent the hardships that urban renewal can bring to small businesses. The bill would remove the \$3,000 ceiling on moving expense payments to business firms displaced by urban renewal. Once again this is a step in the right direction, and I support it. However, it does help those concerns which are crushed under the wheels of progress and either go out of business, pay exorbitant rents in new quarters, or substantially lose profits. It is my belief that these small business concerns should receive the following considerations: First, compensation for the difference in rental cost between the old premises and the new quarters for 1 year; second, an award in an amount estimated to be reasonably equal to the first year's loss of profits due to relocation; third, compensation at a reasonable market value for a trade or business which has been unable to find suitable replacement quarters within 1 year after the concern has been forced to vacate an urban renewal project site.

Furthermore, there seems to be no reason why an individual as well as a business should not be paid actual moving expenses, and I suggest that the same consideration be extended to families and individuals.

The bill pending before us provides that small firms displaced by urban renewal are eligible for 3-percent interest rate, 20-year term disaster loans from the Small Business Administration. I am particularly pleased over this section because it incorporates the principle of my bill, H.R. 7418. The reasoning behind H.R. 7418 was that it can be just as much of a disaster for a small business to be hit by a tornado as to be displaced by urban renewal.

H.R. 6028 does not concern itself with the problems of neighborhood extinction or with the hardships of individual

and family relocation which have been experienced under Title I of the Housing Act of 1949.

I believe that to the maximum extent practicable, individuals, families, and business concerns displaced from an urban renewal area should be granted priority to relocate in the area after redevelopment. This requirement would avoid the complete disintegration of neighborhood patterns and institutions. One of the most valid criticisms leveled against urban renewal operations has been the failure to take into consideration the fact that neighborhoods, even when they are deteriorated, are communities of people. The bulldozer does more than demolish old buildings, it destroys neighborhood ties—old friendships, established shopping and transportation patterns, and in some instances the livelihood of individuals.

The hardships of relocation could be partially alleviated by preventing a local public agency from disposing of property in an urban renewal area until all individuals, families, and business concerns to be displaced have been provided with dwellings and facilities. In addition, it should be firmly established by law that the local public agency shall conduct relocation activities exclusively through the use of public personnel and facilities without reliance upon private agencies, institutions, or organizations.

According to the latest data available from the Housing and Home Finance Agency, there were 107,230 families involved in the urban renewal project properties acquired through June 1960. Over 1,000 of these families had to be evicted from their homes and relocation officers do not know what happened to them. In addition, there are some 6,000 other families whose whereabouts are unknown. This makes a total of 7,000 families who, according to recorded information, have "disappeared." Whether or not these families have secured decent, standard housing cannot be ascertained until, or unless, relocation officers are able to trace them.

Past experience in relocation activities reveals that most self-relocated families are not as well-housed as those relocated by public official action, proving that adequate relocation procedures are of prime importance to the successful revitalization of cities. It also would make it doubtful that the majority of the 7,000 families for whom local public agencies cannot account have been accommodated in better dwellings than those which they were forced to vacate. The entire concept of the Government's responsibility to the people displaced by public action has been changing during the past two decades, but even greater care and consideration appears to be necessary at this point.

In my city of New York there have been some very strong criticisms voiced against the varying relocation procedures followed by title I sponsors, and these criticisms have not been without foundation. The contracting out of site management responsibilities to private agencies has not proved to be a satisfactory way to handle relocation. It has added to the costs of some redevelopers with a

resulting increase in the cost of housing constructed in urban renewal areas, to say nothing of the undue mental and financial hardship to site occupants. There have even been instances when redevelopers have purposely delayed redevelopment but continued to collect rent from site tenants while putting forth a minimum of effort in relocating site families and businesses.

In the interest of justice and in order to prevent a further spread of blight and deterioration, efficient and humane relocation procedures must be a part of a city's comprehensive planning.

Now let us consider title VII of the bill—the open space provision. Ask anyone who lives or has ever visited a sizable city what is most lacking in our cities, and the answer will be open space. Today's cities are cluttered by apartment houses, stores, sidewalks, automobiles, parking lots, and gutters. To the city child the streets are his playground, and grass is rarely seen.

President Kennedy in his housing message spoke of land as "the most precious resource of the metropolitan area." He went on to say, "The present patterns of haphazard suburban development are contributing to a tragic waste in the use of a vital resource now being consumed at an alarming rate. Open space must be reserved to provide parks and recreation, conserve water and other natural resources, prevent building in undesirable locations, prevent erosion and floods, and avoid the wasteful extension of public services."

H.R. 6028 sets forth a new program of partial Federal grants to State and local governments to help them acquire land for parks and recreational areas and other permanent open space use. Such grants could extend up to 30 percent of acquisition cost. One hundred million dollars is authorized for appropriation for this aid.

A Federal program for open space acquisition must be enacted quickly. The increase in urban population makes it imperative that a program commence as soon as possible. By the year 2000 it is estimated that 107 million Americans, one-third of the population, will live in 10 metropolitan areas and another 40 percent will live in 285 metropolitan areas. In the year 2000 more than 85 percent of all Americans will live in metropolitan areas.

The program proposed is a minimal one. It will be only a beginning. I suggest that instead of an authorization of \$100 million we authorize \$250 million in stages over a period of 5 years. This system will prevent a rush of requests for grants during the first year and will enable localities to prepare adequate plans for open space. In addition, because of the national importance of this program I would increase the grants up to 35 percent of the acquisition cost.

If we do not want to leave our children and grandchildren the inheritance of cities without open space, we need an open space program now.

Before concluding, I would like to mention some of the other features of this bill which I feel are particularly worth while.



This bill recognizes a special and important problem—housing for the elderly. There are 16 million Americans over 65 years of age. In 1970 there will be more than 20 million. More than half of the families headed by a person over 65 have annual incomes below \$3,000 and four-fifths of all people of this age living alone must live on less than \$2,000 a year. There are special problems involved in housing for the elderly. Some have physical infirmities which limit their activities. Many need access to special community services. To provide housing, make life more comfortable and to enable elderly persons to continue as useful citizens, H.R. 6028 increases by \$100 million the program of direct loans to finance housing for the elderly. In addition, in cases where the low income and the rent-paying capacity of elderly families might threaten the solvency of low-rent projects, an additional Federal payment of up to \$120 per year for each dwelling unit occupied by an elderly family could be made to local housing authorities.

I have by design reserved my remarks regarding the new program of home improvement and rehabilitation until this point. My purpose is plain unless we have available a means for achieving extensive rehabilitation and improvement of our existing housing stock, the impact of the 40-year loans and the expanded rental housing program will not be felt. New York City needs 430,000 new housing units, but new housing units alone will not solve the problem of slums and substandard living conditions or meet new family formation. In fact, it would be extremely unwise and uneconomic to expect that they would. The Nation's investment in real estate is something in the neighborhood of \$500 billion. Some of it is old; some is beyond repair and cannot be saved. However, according to the 1960 census, there are more than 8 million homes which need major repairs but are basically sound structures. Financially, we cannot stand to lose these houses in view of their total value; and numerically, we cannot afford to have them removed from the housing stock. They are necessary to meet the needs of the more than 5 million new households predicted for 1965.

This new liberalized home improvement program is needed to encourage lenders to invest in the updating of the housing stock and to lend incentive to homeowners who have been unable to make needed repairs. It is my opinion that some of the currently blighted neighborhoods would not have reached this stage had it been possible for homeowners and landlords to invest in needed improvements.

The housing crisis is a major part of the crisis of our cities. Housing problems affect and are affected by general urban problems. With the large population shift from rural to urban areas, crumbling houses, mass ownership of automobiles, inadequate highways, sewers, schools and other facilities, the housing dilemma has been a major factor in creating and exacerbating these conditions. Our cities are our Nation's nexus

to higher education, cultural activities, artistic endeavors, and innovating ideas. In 1938, Lewis Mumford said:

The city as one finds it in history, is the point of maximum concentration for the power and culture of a community \* \* \* the form and symbol of an integrated social relationship; it is the seat of the temple, the market, the hall of justice, the academy of learning. Here in the city the goods of civilization are multiplied and manifolded; here is where human experience is transformed into visible signs, symbols, patterns of conduct, systems of order. (Mumford, Lewis, "The Culture of Cities," 1938, p. 3.)

Mr. Chairman, 1961 is the year in which the cities are fighting for survival. H.R. 6028 provides the metropolitan areas with important weapons in this struggle.

Mr. McDONOUGH. Mr. Chairman I yield 10 minutes to the gentleman from Michigan [Mr. HARVEY].

Mr. HARVEY of Michigan. Mr. Chairman, you have heard a great deal about the bill in general, so I would just like to address my self in the short time allotted to me to a few specific sections of the bill.

This piece of legislation has quite an interesting history, because when President Kennedy was elected in November he immediately appointed a large number of task forces to investigate and come back with reports to him. Two of them are interesting here: First of all he appointed a task force to decide what to do in general about the effect of the recession; and then he appointed another task force to decide what to do in particular about housing.

The interesting thing is that in the first task force report, instructed to come back and tell them what to do about recovering from the recession in general, they particularly pointed out that the liberalization of credit in the field of housing was not the thing to do.

The tax force instructed to come back and decide what to do about housing in particular, said that certainly some stimulant in the field of housing was necessary to provide for the builders, but not even they recommended a no-down-payment 40-year mortgage.

I would like to refer to a remark of the gentleman from Alabama who so ably accounted for himself when he said that the building business was dragging on the bottom and that that was the reason for this bill. While he was talking I made a phone call to learn the number of annual starts in the house construction business for the month of May 1961. I learned that the annual rate of starts in May 1961 was 1,276,000, that the annual rate of starts in the construction business in April 1961 was also in excess of 1,200,000.

I submit to you that the construction business is not dragging on the bottom, or else the chairman has forgotten over these years what dragging on the bottom is.

I would like also to speak about another feature of the bill that was discussed so much in committee, namely, the 40-year provision. Why talk about that, you may ask, because it is going to be taken out. But in the short period I

have been in Congress I have learned that frequently things that go out over here come back in in a conference report. So we ought to be well informed as to what the provision is.

All of you should look at the testimony of the representative, for example, of the Mortgage Bankers Association appearing at page 612 of the hearings. Look also at the testimony of the representative of the insurance companies who are in the lending business where they set forth what this means in the same report. I will not read that at this time.

Several things stand out in that testimony. The chairman of the committee said that by giving these people a deed we can expect the grass to grow greener, the fences will be fixed, the house repaired, and so forth, and that we are really doing him a favor. But, Mr. Chairman, I say look closely at the favor we are doing for the borrower, because all of this testimony shows very clearly that after the 29-year period of the 40-year mortgage the house will be valued at less than the balance owed on the mortgage.

The testimony shows further and clearly the difference in the interest rates we are talking about. A man with a 40-year mortgage is paying in all 150 percent, or \$25,000 for a \$10,000 house, as contrasted with the fact that in a 30-year mortgage he is paying 100 percent. So you can see a sharp reduction. Actually, on a \$10,000 house there is a difference of \$5,000 to the borrower as between a 30- and 40-year mortgage.

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

Mr. HARVEY of Michigan. I yield to the gentleman from New Jersey.

Mr. WIDNALL. If we get into that program there will be a demand for appropriations for the Agriculture Department in order to develop a species of slow-chewing termites so that the house will stand up longer?

Mr. HARVEY of Michigan. The Mortgage Bankers Association itself submitted two tables. If you will look at the testimony, you will find there was a question in their minds whether or not the 40 or 50 years will be economically sound so far as the house is concerned. But, that is neither here nor there.

Another thing I want to point out in the short time allotted to me is this. Are we doing this man a favor? We are reducing his payments 8 percent per month, and on a \$12,000 mortgage it amounts to \$5.92 per month. See what that means to one supposedly in this income category of between \$4,000 and \$6,000 a year. There is no limitation in this bill. Any Congressman can get a 40-year loan. And, who will pay the realtor's commission of 5 percent during the 29 first years of that mortgage when it is worth less than the amount owed? Who is going to pay that? Who is going to pay that deficiency if the house is sold? Why, it is going to come out of the pocket of the borrower, and you all know what that means. That means it is an open invitation to default. Look at the testimony of Neil

Hardy, May 31 of this year, when he appeared before the House Subcommittee on Appropriations asking for a larger appropriation, for one simple reason, because the greater risk attached to the more liberal lending had increased the number of defaults.

Let me read to you the number of defaults in Wayne County, Mich., and I read to you from the Friday, June 16, 1961, Detroit Free Press issue. The title is "Foreclosures Reach High Point in May." As I say, Commissioner Hardy's testimony will bear this out nationally as well:

Not since the depression have more mortgage foreclosures been started in Wayne County than during the first 5 months of 1961.

The register of deeds reports 255 foreclosure notices were recorded during May, a high point for post-depression years. During the first 5 months of this year, 1,015 foreclosures have been started. During the same period last year, 591 were recorded.

And during the entire years of 1956 and 1957 combined the total was only 653.

The article goes on:

Why the increase in foreclosures? Mortgage men and real estate brokers blame the "soft" market in used homes. Homeowners who do not have much equity in their houses sometimes find it hard to sell for enough to cover the amount of the mortgage.

So, I say to you that we are actually doing a disservice when we further liberalize this credit as is attempted in the bill.

I want to talk about one other section just briefly here in my time. The chairman referred to the community facilities administration and the increase from \$50 million to \$500 million as bringing, I believe he said, urban renewal to the smaller cities. Well, I submit to you that what we are really doing is resurrecting the WPA of 25 years ago, because that is just what these are, WPA projects. I do not think that by any stretch of the imagination you can say that water treatment plants or public works projects are by any stretch of the imagination urban renewals.

With regard to the amount that the administration requested, the \$50 million, let me just read to you a statement of Mr. Weaver, as he testified before the committee. I say this because the administration originally requested \$50 million to handle what they called was a more liberal program. On page 131 this is what Mr. Weaver had to say:

The proposed additional \$50 million loan authorization plus the amount remaining under the existing authorization are needed to assure the continued operation on these more liberal terms.

Mr. ASHLEY. Mr. Chairman, I yield such time as she may desire to the gentlewoman from Washington [Mrs. HANSEN].

Mrs. HANSEN. Mr. Chairman, I deeply appreciate the privilege of supporting the housing program so necessary to the well-being of our Nation and I would at this time like to pay a particular tribute to Chairman RAINS' able, intelligent presentation of H.R. 6028.

May I add that not only is this bill of genuine assistance to the housing problems of the low-income families,

college and farm groups, our smaller towns and urban renewal areas, but I would also like particularly to point out that already my congressional district has applications in to assist the serious housing problem of our senior citizens. Our State is also, of course, deeply interested in homeownership for moderate-income families, rental housing for moderate-income families, home-improvement programs, FHA housing, college housing and urban renewal, and I would particularly like to commend the committee for their inclusion of community facilities and public works planning, for this must be a decade of planning for America's future. I also support this bill because of the assistance which it will give to our depressed areas and the important impact it will have on the economy of the Pacific Northwest which is based so largely on the lumber market and now finds itself in serious trouble.

The April report of the Bureau of Employment Security of the U.S. Department of Labor reveals that employment in the Pacific Northwest, which typically expands by about 20,000 in the seasonal upswing between January and March, rose by only 2,000 to a total of 1,415,000. At this level it was off 16,000 from March 1960.

Forest products, normally a leader in the spring upturn in employment, counted only 106,000 workers on payrolls in March of 1961—off nearly 18,000 from last year.

Employment in freight-shipment activities, geared to the pace of the lumber industry, was also down by 2,000 from last year.

This report states that the overall employment outlook for the Pacific Northwest will depend largely on nationwide residential construction and the resulting demand for lumber. Under normal conditions, 20 to 25 percent of the 100,000 seasonal employment increase in the region between March and July is centered in the volatile forest products industry.

Forest products is the Pacific Northwest's largest basic industry, employing one out of three of the region's factory workers. It has been hardest hit in a general employment downturn over the year, reaching in March of this year the lowest employment total in the industry since World War II.

Unless there is a pickup in residential construction—such as this bill would stimulate—substantial recovery of this region's economy will not be possible.

Mr. ASHLEY. Mr. Chairman, I yield 5 minutes to the gentleman from California [Mr. HOLIFIELD].

Mr. HOLIFIELD. Mr. Chairman, it is late in the day and I shall not take the time to deliver the remarks which I had intended to make, but shall place them in the RECORD for those who wish to look at them. I am enclosing a table which I have prepared which does show the 40-year mortgage moratorium rates, the amount of equity, the outstanding balance of the debt, and so forth, which goes along with this arrangement.

Mr. Chairman, if I may be pardoned for referring to my own experience, in 1922 I decided to get married and built a house. It was a framehouse. When

I finished it, this 4-room framehouse, it cost me about \$2,500. Now, that is almost 40 years, or a little over 39 years ago. As I pass that house occasionally, driving by in my automobile, it looks just as good today as it did when I built it. When people talk about a 40-year mortgage being an unusual arrangement or an unnecessary arrangement, I often think, as I go by, the way that little framehouse looks today. The people who are living in it are enjoying it, and it looks just about as good today as when I built it. The important thing that has not been stressed in some of the speeches I have heard today is that while in terms of interest rate over a 40-year period, it does cost the home purchaser twice as much or maybe a little more as the price of the home; what has not been stressed, I say, and that I think is important, is the fact that that family has had those years to live in a house at a price which is probably cheaper in their monthly payments than they would have had to pay if they had rented this same type of house.

There are some intangible things inherent between home ownership and high rental, in my opinion. One is the spirit and the morale that obtain in a family when they have an equity, even though it be a small equity in the house. They become part of the community. They become interested in the schools. They become interested in the PTA, in the chamber of commerce, in the tax rate in the town. They become a real, living symbol of what I think is the best type of American. On the other hand, the person who has to rent, and particularly if he has to live in the slums, where he would have to live with the amount of payment required in the low-level range of housing—that man and that family do not have the chance to integrate into the social life of the community and to become part of the responsible element of our citizenry. I mean by that that they have a better chance to become a participating unit in the community life than a person who rents and moves from place to place and from slum to slum.

So, I think when we are talking about the finances of this, we should realize that there are also intangible values of citizenship, of interest in a community of bringing up a family with morale that is interested in the community to the point where they will oppose communism and these other alien philosophies and become better citizens in the community in which they reside. This is one of the great, intangible benefits that comes with home ownership. I believe the strength of America will be increased in proportion to the amount of home ownership that we have, because it builds better citizens.

There are numerous and compelling reasons for the enactment of the President's basic legislative proposal to broaden the authority for FHA insurance of 40-year mortgages secured by moderate-cost homes.

The reduction in monthly payments that would be made possible by a 40-year loan would enable many low-income families presently living in substandard rented units to acquire homes. They would gain from the amenities available



in an individual home on an individual lot, from the gradual accumulation of equity and the satisfaction of home ownership. These are the basic potential benefits to American families which make it well worth trying this program on an experimental basis for a 2-year period.

#### THE QUESTION OF DEPRECIATION

Although questions have been raised about the accumulation of an equity by the owner because of various calculations of depreciation, it is believed that a realistic appraisal of this matter should lay many fears to rest.

In any analysis of residential property depreciation, we must recognize that any dollar amount computation of depreciated value is only hypothetical. Although residential property may be depreciated for tax or bookkeeping purposes on a 40-year basis, census data indicate that millions of home over 40 years old are occupied in this country. Furthermore their salable value is generally much greater than the building site value, which, of course, undergoes no depreciation in a physical sense. It is the current market value of a home which will determine the true equity of the homeowner rather than the difference between a hypothetical depreciated book value and the outstanding mortgage balance.

A few years ago, a comprehensive study on "Capital Formation in Residential Real Estate" was made by Grebler, Blank & Winnick for the National Bureau of Economic Research. They found that the net changes in value resulting from physical depreciation and obsolescence on the one hand, and additions and alterations on the other, averaged about 1 percent a year in the first 52 years of the life of single-family houses. They also used available data to construct a homes price index for certain areas, and found that for long-term movements the construction cost index conforms closely to a price index, corrected for depreciation in the case of existing homes.

Assuming a 1-percent-a-year depreciation, the average \$10,000 house purchased in 1920 would have depreciated to \$6,000 by 1960, on the basis of physical changes, before taking account of changes in market prices. An approximate depreciation schedule, based on the average depreciation rate found by Grebler and his associates, and a related hypothetical equity accumulation, is shown in the attached table. This table is different than one presented at the hearings by FHA because it is for a 5¼ percent rather than 5½ percent mortgage and it is based on the Grebler study. If we look at the Boeckh index of residential construction costs, in lieu of an available national price index for homes, we find that the index in 1960 is 235 percent of the 1920 index. Therefore, the house worth only \$6,000 based on depreciation of the 1920 cost, is probably worth over \$14,000 in current market prices.

It might be argued by some that this rise in market values of older homes is all a result of inflation. Some of the rise was due to inflation as reflected in

a 47-percent rise in the Consumers Price Index over the 40-year period, or a little over 1 percent a year. However, over the same period the construction cost index representative of home prices rose 135 percent or about 3½ percent a year.

There are a number of basic factors which have led to the greater increases in residential property values. We have been and continue to be a rapidly urbanizing society. As it becomes necessary to utilize land at increasing distances from urban centers to accommodate our population growth and our farm-to-city migration, the existing, closer in residential properties take on greater value. One of the early classical economists, David Ricardo, pointed out over a century ago, that as less desirable land has to be brought into use, the value of the more desirable land, already in use, will rise. This still holds true today, and probably veterans who bought homes that were already 10 years old with 30-year, no-downpayment loans after World War II could realize a measurable capital gain today, if they sold their homes.

There is also a special consideration with respect to the price class of homes that would be financed with 40-year, no-downpayment mortgages under section 221. We know from the difficulties in finding relocation housing for moderate-income families displaced by urban renewal and other public improvement actions that there is a shortage of adequate housing for moderate-income families in many areas. Therefore, we would expect a relatively firm market for such housing, even during temporary periods when the real estate market generally experiences some softening.

#### FHA EXPERIENCE WITH 40-YEAR MORTGAGES

As a matter of record, the FHA has had considerable, satisfactory experience in the insurance of 40-year home mortgages. In 1950 the Congress authorized such mortgage insurance under section 213 for cooperatively built sales housing on which individual mortgages may be insured after the dwellings are completed. The FHA has insured more than 28,000 home mortgages in an aggregate loan amount of over \$334 million under section 213. It has had to acquire only 95 homes and on 48 of them that have been sold the FHA had a net loss of about \$75,000. If FHA realizes a proportionate loss on the other acquired properties, its total losses over more than 10 years of insuring 40-year mortgages under section 213 will be less than one-half of 1 percent. Mortgage insurance premiums are collected at the rate of one-half of 1 percent annually on outstanding loan balances.

Also relevant to the question at hand is the FHA experience in insuring 40-year, no-downpayment loans under section 221 authority enacted in 1954. Almost 24,000 section 221 home mortgages in an aggregate loan amount of over \$218 million have been insured. There have been 454 FHA acquisitions of homes under section 221, and 69 of these have been sold at an aggregate net loss of \$80,000. If the remainder of the acquired properties are sold with proportionate losses, the total net loss to FHA under the 221 program, thus far, will be less

than one-fourth of 1 percent of the total loans insured. This is far less than the total of mortgage insurance premiums, one-half of 1 percent of the outstanding loan balance that is collected by FHA each year.

#### BROADENED PROGRAM NEEDED TO MAINTAIN HOMEBUILDING LEVEL

A broadening of the section 221 program 221 is needed at this time to tap the large market of 11 million families with annual incomes of \$4,000 to \$6,000 in 1959, as reported by the Bureau of the Census. Many of these families would be able to make no more than the minimum \$200 cash downpayment—including closing costs—required under section 221, and, with the 40-year term, they could meet the reduced monthly payments. We need the extra market demand that would be stimulated because World War II children will not reach the home market age in large numbers for another 3 or 4 years. The higher income housing market has been largely satisfied during recent years. Therefore only by providing terms under which moderate-income people in need of homes can purchase them, will we be able to maintain a satisfactory level of homebuilding for the stability of the building industry and the economy.

*Depreciated value of \$10,000 home and comparison of unpaid balance of \$10,000 mortgage 40-year term at 5¼ percent interest*

End of year	Depreciated value of property <sup>1</sup>	Outstanding balance of debt	Equity
0	\$10,000	\$10,000	—
1	9,950	9,924	\$26
2	9,900	9,845	55
3	9,850	9,761	89
4	9,800	9,672	128
5	9,750	9,579	171
6	9,700	9,481	219
7	9,650	9,377	273
8	9,600	9,268	332
9	9,550	9,153	397
10	9,500	9,032	468
11	9,450	8,905	545
12	9,400	8,770	630
13	9,300	8,628	672
14	9,200	8,479	721
15	9,000	8,321	679
16	8,900	8,156	744
17	8,800	7,981	819
18	8,700	7,797	903
19	8,600	7,603	997
20	8,500	7,398	1,102
21	8,400	7,182	1,218
22	8,300	6,955	1,345
23	8,200	6,716	1,484
24	8,100	6,464	1,636
25	8,000	6,198	1,802
26	7,850	5,918	1,932
27	7,700	5,623	2,077
28	7,550	5,312	2,238
29	7,400	4,984	2,416
30	7,250	4,639	2,611
31	7,100	4,275	2,825
32	6,950	3,891	3,059
33	6,800	3,487	3,313
34	6,650	3,061	3,589
35	6,500	2,612	3,888
36	6,400	2,139	4,261
37	6,300	1,641	4,659
38	6,200	1,116	5,084
39	6,100	562	5,538
40	6,000	0	6,000

<sup>1</sup> See accompanying text for assumptions.

Mr. McDONOUGH. Mr. Chairman, I ask unanimous consent that the gentleman from California [Mr. Hiestand] may extend his remarks at this point in the Record.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. HIESTAND. Mr. Chairman, I hope that the House will weigh carefully the implications of this bill and its effect on the millions of homeowners today whose savings are represented by the equities in their existing homes.

A great percentage of the homeowners who are in the market today for new homes are in the market only if they are able to sell their existing homes. If something happens to these equities, then there would be a drop in the construction and sale of new homes.

I am afraid that the proponents of this bill are not aware of the equities which moderate income families have accumulated in their existing homes.

For example, the 1956 housing inventory revealed that of the 7 million homeowners in the \$4,000 to \$6,000 income group, 2½ million families who had purchased homes with a mortgage now own them free and clear of any debts.

In addition, the Bureau of the Census discovered in 1956 that 1 million American families in this income group had purchased homes with cash and no mortgage. Another 2 million American families had acquired homes with mortgages that were not Government insured, and 1½ million families owned homes with FHA and VA mortgages.

These statistics, which I must emphasize, are based on the 1956 housing inventory by the Census Bureau, tell two stories. One, it underscores the tremendous equities which these moderate income families have in their present homes; and two, it rebuts the contentions of the proponents of the bill that this income group is neglected by the private market.

If this bill is enacted and speculative builders are encouraged to build a huge volume of housing to be sold with no downpayment and 40-year terms, then it is very unlikely that existing homes will be easy to sell in today's market. The result will be a drop in the prices of existing homes and a reduction or wiping out of the equities—the savings—of millions of moderate income families.

Mr. Chairman, enactment of this bill will thus be a great disservice to millions of American families.

There is another provision in this bill, the implications of which are more serious than any housing bill ever considered by the Congress. I refer to the provision which would permit local public bodies or agencies to obtain a Treasury loan at 3½ percent to build moderate rental housing for moderate income families. These loans will be at 100 percent of cost.

These will be direct Treasury loans notwithstanding the references in this bill to the FHA and FNMA. Both of these agencies will suffer a perversion of their statutory objectives in order to implement this program. The FHA will be required to insure a mortgage with a rate of 3½ percent, 2½ percent below the normal interest rate for FHA multifamily projects. FNMA will draw from the Treasury money with which to buy these mortgages at par.

This program is nothing more than an extension of government-owned subsidized shelter to America's middle class.

I am not exaggerating when I say public housing. There are two essential elements to public housing; one is government ownership, and the other, subsidies. This program has both elements.

"Local public bodies or agencies" means that a city could create a "local rental housing authority." Whatever instrumentality the city creates, it all adds up to the same thing, government ownership of shelter for America's middle class.

The subsidy is present in the fact that this money will be borrowed from the Treasury at 3½ percent. This is more than 2 percent below the present market rate for FHA loans and certainly below the rate which the Treasury must pay for money it borrows for 40-year maturities.

I hope that the House, before it votes on this provision will realize that it is voting on an extension of government-owned subsidized shelter for America's great middle class. In my opinion, this is the greatest challenge that has ever faced the House in its long and traditional resistance to public housing. I refer to the fact that this House on many occasions has voted, either to kill public housing or reduce it sharply. This provision is a much more vicious form of public housing than that which appears in this bill under the banner "Public housing."

A few moments ago, I referred to the 1956 housing inventory which rebuts the contention of the proponents of this bill that America's middle class is neglected by the private market. How about the 1960 Housing Census? In a few months we shall have complete census statistics as to the housing status of the American people.

I think it most significant that the administration wants to rush through a 4- or 5-year housing bill, involving vast costly new programs, without having before it the results of the Housing Census taken in 1960.

Mr. Chairman, this is a far-reaching bill which takes us a long way toward government ownership of family shelter for two-thirds of the American people. This is not what the American people want—it is not what the American people need.

Mr. Chairman, I have only mentioned three of the 30 important objections to this monstrous bill. It is indeed a monstrosity, the worst housing bill we have had offered to this House.

Approval of this bill would do violence to the warning of President Kennedy in his inaugural address that we face great challenges in the future, and that we must consider what we can do for the country, not what the country can do for the people.

Mr. McDONOUGH. Mr. Chairman, I yield 10 minutes to the gentleman from Washington [Mr. PELLY].

Mr. PELLY. Mr. Chairman, the financial impact of this omnibus housing bill H.R. 6028, according to a tabulation prepared by the National Association of Real Estate Boards, is \$8.8 billion, of which only \$241 million is subject to the appropriations process of the Congress. In the case of the \$2 billion urban renewal capital grants, the bill authorizes

contracts pledging the faith of the U.S. Government so that Congress would be legally bound to appropriate the money for this program in future years. In other words, H.R. 6028 is the biggest back-door spending bill as far as I know ever to come before this House.

I have a firm opinion that the majority of the Members of this body are opposed to abrogating congressional responsibility by the device of authorizing public debt transactions whereby an agency of Government borrows from the Treasury and spends the money outside the normal appropriations process.

I have in mind that in May 1959 our distinguished colleague from Texas [Mr. THOMAS] introduced amendments to change the method of financing of a similar but more modest housing bill to direct financing by appropriation. On a record vote the amendments were carried 222 to 201.

Subsequently, due to the fact that the conferees from the House were not in sympathy with these amendments, in the House-Senate conference, the managers on the part of the House, not to anyone's surprise, capitulated.

Mr. Chairman, I am sure history would repeat itself if today similar amendments were initiated to eliminate the back-door spending elements of this measure. I would be licked before I started if I introduced such amendments.

I hope that the Members of this House, nevertheless, will not overlook the fact that in a few days the House will be considering legislation to increase the national debt limit to \$298 billion. It should be borne in mind that approximately \$114 billion of the national debt has been incurred through public debt transaction authorizations. Also, it should not be overlooked that the record clearly indicates that where the appropriations committees of Congress have had jurisdiction, the line has been held on spending and the Presidents' budget requests have been kept in line. On the other hand, it is by the so-called back-door devices that Congress has lost control and expenditures of the Federal Government have exceeded the budget.

The statement has been made that the use of public debt transactions in financing public programs is simply a matter of loaning money and having it repaid. In this connection, I remind my colleagues that some \$16 billion of bonds and notes of Government agencies have had to be canceled and more is in prospect.

As of June 30, 1960, the Treasurer had a balance of securities acquired from various agencies to finance back-door spending programs amounting to \$33 billion. As I recall, there is an additional \$26 billion authorized so that should the agencies of Government request these additional funds the Treasurer of the United States would be compelled to buy their notes and securities in this latter amount. As the national debt is close to the debt limit now, imagine the results if the Treasury is called upon to buy agency securities. It could only go into the market and issue bonds in a limited amount and would not be



able to raise the necessary funds to pay the \$26 billion.

It seems to me fiscal irresponsibility to authorize borrowings by the Housing agency under this bill, which with other outstanding authorizations, would far exceed the debt limit. In other words, we either should be seeking an increase far in excess of \$5 billion in the debt limit when H.R. 7677 is considered by the House in the next few days or we should cut down on back-door spending.

I repeat that the Congress has authorized back-door spending programs greatly in excess of the debt ceiling, which certainly is fiscal irresponsibility, and all the while our President has pledged to maintain a stable economy. It certainly would not be stable if a crisis arose and the Congress had to be called in special session after adjournment in order to again raise the debt limit.

I am not going to introduce amendments to change the method of financing these programs, because I realize it would just be futile and when the conference report came back there would be nothing gained. I do, however, raise my voice in protest.

As I have said before, I do not want to disrupt existing programs. Rather, I favor a return to fiscal sanity on new programs.

As our Government enters fiscal year 1962, it becomes more and more apparent that we will have a substantial budget deficit. I view the Kennedy 1962 budget requests as calling for a \$90 billion plus budget, or \$9 billion over President Eisenhower's 1962 recommendations. More increases are in prospect. There may be an upsurge in revenue, but of this I am sure, there will be no control over the finances of the Nation in 1962 and in the years ahead unless we adhere to the constitutional procedure of appropriations with an annual justification and review for every program.

Most earnestly, Mr. Chairman, I urge my colleagues to consider this situation and join with me somewhere, somehow, in putting a stop to new programs financed by public debt transactions.

The mutual security program and this housing bill together total some \$17 billion in back-door spending. By these two bills the executive branch would obtain control and authority over how this money is spent. How can the elected representatives of the debt-ridden taxpayers, in all conscience, abrogate their responsibility in this way?

At least, when the foreign-aid bill comes up for consideration as a new program, I hope that it will be amended to conform with the appropriations process.

Meanwhile, day in and day out, like a voice in the wilderness, I raise my voice in protest, as I do today and whenever an appropriate occasion arises. I say back-door spending is wrong; I say that I, for one, and I know many others also, will never cease to oppose it until we succeed.

Mr. Chairman, I urge all Members of the House who feel as I do and who oppose back-door spending to take this to heart.

Mr. McDONOUGH. Mr. Chairman, I have no further requests for time and yield back the balance of my time.

Mr. RAINS. Mr. Chairman, I have no further requests for time and ask that the Clerk read.

The CHAIRMAN. Pursuant to the rule, the Clerk will now read the substitute amendment printed in the reported bill as an original bill for the purpose of amendment.

The Clerk read 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 "Housing Act of 1961".*

Mr. RAINS. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly, the Committee rose; and the Speaker pro tempore, Mr. ALBERT, having assumed the chair, Mr. Boggs, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 6028) to assist in the provision of housing for moderate- and low-income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes, had come to no resolution thereon.

#### MEMBERSHIP OF COMMITTEE ON INTERIOR AND INSULAR AFFAIRS AND COMMITTEE ON SCIENCE AND ASTRONAUTICS

Mr. McCORMACK. Mr. Speaker, I offer a resolution (H. Res. 355) and ask for its immediate consideration.

The Clerk read the resolution, as follows:

*Resolved, That during the Eighty-seventh Congress, the Committee on Interior and Insular Affairs shall be composed of thirty-three members and the Committee on Science and Astronautics shall be composed of twenty-eight members.*

The SPEAKER pro tempore (Mr. ALBERT). The question is on the resolution.

The resolution was agreed to.

A motion to reconsider was laid on the table.

#### REENACTMENT OF BATTLE OF FIRST MANASSAS

Mr. HARDY. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 1342) to provide that participation by members of the National Guard in the reenactment of the Battle of First Manassas shall be held and considered to be full-time training duty under section 503 of title 32, United States Code, and for other purposes.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. CONTE. Mr. Speaker, reserving the right to object, has this matter been cleared with the minority side?

Mr. HARDY. It has been cleared on the minority side with the gentleman from Illinois [Mr. ARENDT] and the gentleman from Indiana [Mr. HALLECK].

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

There was no objection.

The Clerk read the bill, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) any member of the Army National Guard of the United States or the Air National Guard of the United States who, in his status as a member of the National Guard, voluntarily participates in the reenactment of the Battle of First Manassas shall, while participating in and while proceeding directly to and from any such reenactment, pageant, or ceremony, be held and considered to be engaged in full-time training duty under a call or order to perform training under the provisions of section 503 of title 32, United States Code; but no such member shall be entitled to any pay or allowances from the Federal Government on account of his participation in any such reenactment, pageant, or ceremony.*

*(b) With respect to the transportation of members described in subsection (a) of this section, maximum utilization shall be made of transportation facilities issued to National Guard units by the Federal Government, and in any case in which such facilities are inadequate for such purpose, transportation facilities of the Armed Forces may be used to the extent deemed practicable by the Secretary of Defense.*

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

#### AIRCRAFT NUCLEAR PROPULSION

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

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. PRICE. Mr. Speaker, the atomic-powered airplane is dead—assassinated by an unwise decision of the Department of Defense.

The only way for it to be brought back to life will be for the Soviets to fly one, thereby gaining another important first in scientific achievement. The Soviets are getting too many of these firsts, at the expense of American prestige.

We can build an atomic-powered plane if we want to—and a good and useful one—one which in the first model could approach the speed of our B-47 and B-52 jets. But somewhere along the line we have lost the pioneering attitude that gave us the first atomic-powered submarine.

I believe someday we will develop an atomic plane, because even the Pentagon cannot forever resist progress. The Pentagon cannot forever bury the only airplane which offers unlimited endurance and range.

I must compliment the press of the United States for the indication of the awareness of the importance of the aircraft nuclear propulsion program to American prestige, and the importance of the program in the aviation field.

Many editorials and articles have appeared in the Nation's newspapers in support of the ANP program. One such

editorial appeared recently in the *Belle-ville, Ill., News-Democrat* on Tuesday, May 23, 1961.

I would like to call this article to the attention of my colleagues and under unanimous consent, I herewith include the *News-Democrat* editorial with my remarks:

#### MORE POWER TO MEL PRICE

Among the first acts of President Kennedy after he took over as Chief Executive was to order expedited and drastic beefing up of our dangerously deteriorated national defense posture.

In the ensuing shuffle to achieve these objectives as swiftly as possible, the far-advanced development of a nuclear-powered airplane was abruptly jettisoned. Despite the fact that General Electric was at that moment ready to manufacture the revolutionary powerplant, Defense Secretary McNamara allowed himself to be misled by Pentagon derision that such a contraption would never be of any value militarily.

Seemingly covetous of the smidgen of the defense dollar invested in this vital pioneering, Air Force braid scoffed that the still-to-be-built plane would "fly too low and too slow," if indeed it flew at all. And that no subsonic, stratospheric aircraft would fit into today's defense picture. Some detractors even went so far as to damn the nuclear-powered airplane to never be anything more than a scientific freak or stunt.

Shades of the stupid old War Department that crucified Billy Mitchell for his aggressive and indefatigable championship of military air power. Or, more recently, the Navy brass-hats who ardently strove to oust Adm. Hyman Rickover, ultimately acclaimed the "father of the atomic submarine."

From the beginning, our own Representative MELVIN PRICE has been an ardent advocate of U.S. development of nuclear-powered aircraft. Now a potent member of the House Armed Services Committee and chairman of the joint Senate-House subcommittee on nuclear research and development, Congressman PRICE is not taking the arbitrary A-plane deletion lying down. Nor should his colleagues in Congress.

It would be sheer folly to write off and abandon this program now on the eve of fruition. The destiny of civilization is closely tied to the mastery of nuclear fuel. And the A-plane, on the threshold of realization, is the initial step. Its potential is terrific even by today's standards, and conceivably would lead to possibilities yet undreamt of.

Congressman PRICE is entirely correct in his campaign for reversal of Secretary McNamara's decision. We earnestly pray he will succeed and that the administration and Congress will move immediately to reinstate the A-plane program to full vigor.

#### EDUCATING AMERICA'S YOUTH: OUR GREATEST RESOURCE FOR THE FUTURE

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the *Record* and include extraneous matter.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. PATMAN. Mr. Speaker, much of the mail received by Members of Congress these days relates to Federal aid to education. It is good for our country that there is so much interest, for there is nothing we can do or say to overem-

phasize the importance of education in this age in which we live.

Never before in our history has there been a greater premium placed upon education. The reasons are twofold. First, present-day stresses on democratic government demand that we have an educated and responsible electorate. This has been true for over 150 years. Jefferson and the Founding Fathers recognized clearly that the democracy could not otherwise survive. Second, modern technology is becoming so complex that our young men and women must be well educated if they are to achieve suitable positions for themselves and make valuable contributions to our economy. This is true whether they are youngsters from our farms or our cities. Farming is becoming more complex and demands better education than ever before. Moreover, over half of our farm youngsters will leave the farm for jobs in the cities.

Mr. Clarence Poe, senior editor of the *Progressive Farmer*, the leading farm journal of the South, recently wrote me:

Even under the best conditions, children in our rural States will be at a definite disadvantage in competition with boys and girls from richer States.

#### DISTRESSING FACTS

I looked into this situation recently and found some distressing facts concerning the number of our young men who had been rejected for military service because they failed the armed forces mental test. Between July 1950 and December 1960, 1,053,736 young men—almost 18 percent of all those examined—were disqualified for military service for this reason. There is a remarkable variation among States, and it seems to be very closely related to the amounts various States can afford to spend on educating their young people. For example, the 10 States which spent the smallest relative amount of State and local revenue for education—about \$63 per capita in 1958—had about 24 percent of their young men rejected by the armed forces because they failed the mental tests. On the other hand, the 10 States which spent the most State and local revenue on education—about \$124 per capita—had only 11 percent of their young men rejected for this reason. To me this demonstrated dramatically and conclusively the educational advantage given young people by the accident of their birth in rich States rather than in financially poorer ones.

#### LOCAL TAXES OUT OF LINE

This problem has troubled me for many years, and I have consistently voted against Federal aid to education because I believed that this is a job local communities and States could best do themselves. But as more and more of the money-making opportunities leave our local communities, it becomes increasingly difficult for them to finance their own public services. Usually the only way local communities can increase their income to support their schools is by increasing real estate taxes. These taxes are already way out of line. The magazine *Nation's Agriculture* points out that "the cost of operating your local

school is usually the largest single factor in your property tax rate." The local communities must depend on real estate taxes because they cannot follow the large profits that absentee owners earn in their communities. Only the Federal Government can do this. Can the local people afford to double the amount they are now paying to keep up with the needs for education the next 10 years? I certainly would insist that any Federal aid to education program not interfere with local affairs. But something must be done to give equal opportunity to our youngsters, whether they are born in the richest areas or not. Jefferson expressed it well when he said that in a free society educational opportunities should be equal regardless of "wealth, birth, or other accidental condition." I am not committed to vote for or against Federal aid to education and will not be in a position to commit myself until I see the bill that is ready for final passage after all amendments.

#### REVITALIZING COMMUNITY LIFE— CABINET LEVEL URBAN AFFAIRS DEPARTMENT NEEDED

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the *Record* and include extraneous matter.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. PATMAN. Mr. Speaker, for many years I have expressed my deeply felt concern for the economies of our smaller communities—for their opportunities for normal, future growth. During recent years there has been growing concern and increasing direct action by private groups and public bodies to arrest the deterioration of our communities and restore their ebbing vitality.

In recent decades, organized development efforts usually started as private endeavors to meet local needs. When local and private efforts proved inadequate, governments intervened, usually being initiated at the State level. Because local efforts proved inadequate we now have such things as State planning and development agencies, State supported industrial financing authorities, revenue and municipal bonds for financing industrial expansion, municipal and county development agencies, local planning commissions, and local redevelopment and urban renewal agencies.

Most of our communities grew without form or pattern, and then proceeded to decline into stagnation as the sources of their revenues are drained away through absentee ownership of stores, industries, and commercial services. Professional economists generally have given no attention to the economies of our smaller communities so there is little supporting material to blueprint the many causes of community deterioration.

Studies by the House Small Business Committee attest to the crippling effect resulting from the spread of chainstores and chain banks and the concentration



of the great industrial corporations. Even the local dairies, last bulwark of the small independent business institutions, may soon be devoured by the great corporations.

#### LACK OF KNOWLEDGE

This growth of Wall Street ownership of what once were local, independent business institutions is a major cause of community deterioration, but it is just one. The important thing for us to consider now is that no one has given attention to the rise and fall of our local communities, and it is urgent for us to act. Donald R. Gilmore, regional economist of the Federal Reserve Bank of Boston, expressed it this way:

Little is known about what makes for local economic growth in the United States. Area development, as a field of research, has been neglected. Economic knowledge in this field is still primitive, inexact, and unorganized. The concentrations of economic thinking and policy recommendations on national economic problems has left almost unnoticed those matters which affect economic growth at the local, State, and regional levels.

National attention given to the problem has generally been limited to special situations and to depressed or chronic labor surplus areas. Attempts to deal with local economic problems by the kinds of Federal legislation that have been undertaken thus far (such as preferential treatment in awarding Government contracts and the present urban renewal program) tend to deal merely with pieces of the problem long after the crisis stage has been reached. They fail to recognize the need for local planning for local economic growth to the economies of the area, State, and Nation.

The only way we have to remedy this lack of knowledge and to revitalize our smaller communities is to establish a Division for Development of Smaller Communities within a Cabinet-level Urban Affairs Department if that administration recommendation is approved, or to create a separate Commission for Smaller Community Development if an Urban Affairs Department is not approved. One or the other is necessary.

#### COMMUNITIES PLEAD FOR HELP

Dr. Gilmore, reporting on the results of his study in "Developing the Little Economies," said:

On the basis of the information submitted by economic development organizations it appears that there are few programs that can be considered adequate to deal with problems already in existence, or those which are beginning to emerge. \* \* \* The majority of development organizations do not know how they will meet the challenges of the future. Many frankly issued pleas for ideas or guidance in establishing comprehensive (community improvement) programs.

It is true that local communities must carry the heaviest part of the load in restoring our communities and enhancing community life. We do not want the Federal Government to attempt to guide and govern local communities. But the problem has been created by a lack of knowledge stemming from a lack of interest. It is our job to remedy this lack of knowledge. It is our job to show the way, and to help our local communities help themselves.

#### MASS TRANSPORTATION

Mr. MULTER. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD and to include a letter.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. MULTER. Mr. Speaker, I have introduced today H.R. 7787, a bill to provide increased Federal assistance to State and local governments in planning new or improved transportation facilities and services as a part of comprehensive planning for urban areas. This is the administration's bill, transmitted to the Speaker by President Kennedy on June 19. The chairman of the Banking and Currency Committee, the gentleman from Kentucky [Mr. SPENCE], has referred the bill to Subcommittee No. 3, of which I am chairman, for hearings. Hearings will begin on June 27, and will continue at least through June 28 and 29.

This bill would help unsnarl the rush-hour traffic jams that are threatening to choke many of our cities. There is general agreement that we cannot rely on private automobiles alone to serve the transportation needs of the cities. At the same time, we are failing to push ahead imaginatively in developing other forms of transportation, and in some cases, we are even abandoning rail lines which probably could be used to great advantage in building a balanced transportation system. H.R. 7787 would authorize planning grants and demonstration grants to assist our urban communities in developing better transportation systems, and it would require the Housing and Home Finance Administrator to report to the Congress not later than January 31 of next year with recommendations for a further program of Federal financial assistance for urban mass transportation.

I am inserting in the RECORD at this point President Kennedy's letter to the Speaker transmitting this bill, together with a memorandum to the President from Housing and Home Finance Administrator Robert C. Weaver, which describes the bill in general and also includes a section-by-section analysis of its contents.

Following is the text of a letter from President John F. Kennedy to the Speaker of the House:

THE WHITE HOUSE,  
Washington, June 19, 1961.

HON. SAM RAYBURN,  
Speaker of the House of Representatives,  
Washington, D.C.

DEAR MR. SPEAKER: As stated in my message to the Congress on Housing and Community Development, "nothing is more dramatically apparent than the inadequacy of transportation in our larger urban areas." We are pledged to assist in the sound development of our cities, and believe Federal financial assistance should be provided to help plan and develop the comprehensive and balanced transportation systems which they so desperately need. Such assistance will not only directly benefit our cities, but will also make more effective use of Federal funds spent for other urban development programs.

As a first step, I am submitting with this letter a proposed bill to provide increased

authority for Federal assistance to urban transportation planning. The assistance to be provided would include grants for surveys, studies, planning, and experimental demonstrations.

Because mass transportation is a distinctly urban problem and one of the key factors in shaping community development, the proposed bill assigns the administration of the program to the Housing and Home Finance Agency. This responsibility, together with the other functions of the Agency, will be transferred to the new Department of Urban Affairs and Housing upon enactment of legislation which I have previously proposed.

Following the directive in my message on Housing and Community Development, the Secretary of Commerce and the Housing and Home Finance Administrator are undertaking an extensive study—due to be completed this fall—on methods and the extent of Federal financial assistance for the actual development and improvement of mass transportation systems. The proposed bill would require the Housing Administrator to submit to the Congress, early in the next session, a report and recommendation based on the findings of the study group. Non-Federal Government financing will have to provide the preponderant share of the new capital funds needed for mass transportation, and Federal assistance should therefore encourage and supplement rather than supplant such investment.

But the time required to complete the study and translate its recommendations into a legislative proposal should not be wasted. Enactment this session of the proposed bill will permit the planning and demonstration programs to be set up and will also stimulate urban areas to establish area-wide agencies empowered to plan, develop and operate transportation systems. These steps are essential to an effective transit program since two absolute requisites to Federal aid are (1) an approved comprehensive transit plan and, (2) the existence of a suitable organization representing all, or substantially all, of the local governmental units in the metropolitan area.

Although final decision on the exact nature of a Federal program of loans, loan guarantees, or grants for the purchase or modernization of transit facilities and equipment must await the results of this executive branch study, immediate emergency assistance to finance transportation equipment and facilities in a few metropolitan areas with especially urgent problems may be warranted to assure continuation of essential services. While Federal funds should not be used solely to salvage obsolete systems, emergency loans may be essential for projects found by the Administrator to be consistent with the probable comprehensive transit plan for the area, if financing is not available on reasonable terms from private sources or elsewhere in the Federal Government. Consistent with these strictly limited conditions, the Congress may wish to enact, as a part of the bill, a temporary 1-year authority for emergency loans.

Since the Senate has already concluded its consideration of the omnibus housing bill and has adopted an amendment containing a mass transportation program, I hope it will be possible for the House to hold hearings on the subject in order that a satisfactory program can be enacted during the current session.

Sincerely,

JOHN F. KENNEDY.

HOUSING AND HOME FINANCE AGENCY,  
Washington, D.C., June 15, 1961.  
Memorandum to the President of the United States.

In accord with your recent request, I have prepared and submit herewith a draft of a

bill to provide immediately increased Federal assistance for planning new or improved urban transportation systems and to require a report to the Congress early in the next session recommending the appropriate amount and method of Federal financial assistance for mass transportation facilities and equipment.

In many urban areas additional planning is a prerequisite to Federal mass transportation assistance if that assistance is to be utilized effectively. Unless cities prepare and adopt comprehensive community plans, including mass transportation plans as an integral part thereof, they may waste both their own and Federal funds and may aggravate rather than correct problems of urban congestion, haphazard development, and deterioration. Ill-conceived mass transportation facilities, like inappropriately planned highways, can accelerate blight and encourage undesirable development. It is only through inclusion of transportation planning as a key element in the comprehensive planning process that full benefit can be obtained from the great investment that an effective transportation system in a metropolitan center entails. Transportation studies and plans must indicate in detail the need for facilities and their type, location, size, and cost if inconsistencies and conflicts with other community development programs are to be avoided.

Transportation plans, moreover, must give consideration to all transportation media, both public and private, existing and proposed, if the most effective and economic overall system is to be obtained. Transportation systems will make provision for substantial automobile commuting and will also utilize railroad and other transit facilities if total transportation needs in most large cities are to be met successfully.

Our existing urban planning and demonstration grant programs, as strengthened by this bill, are well designed to assist such comprehensive planning. Provisions of the proposed Housing Act of 1961 will strengthen the urban planning grant program still further by increasing the Federal share of planning costs from one-half to two-thirds, and by facilitating the formation of interstate compacts and agreements for comprehensive planning in interstate areas. The increase of \$80 million in the authorization for the program proposed in the administration's version of that bill should be sufficient for transportation planning as well as for other planning eligible for assistance under the program. Details of the draft bill are set forth in the accompanying section-by-section analysis.

ROBERT C. WEAVER,  
Administrator.

#### SECTION-BY-SECTION ANALYSIS OF URBAN TRANSPORTATION BILL OF 1961

##### SECTION 1. SHORT TITLE

###### *Findings and purpose*

Section 2: This section would set forth congressional findings that the greater part of the Nation's population and economic wealth is located in our metropolitan and other urban areas, many of which are interstate in character, and that such areas—and housing, highway, urban renewal, and other federally aided programs in such areas—are increasingly suffering from the deterioration of urban transportation facilities and services, the intensification of traffic congestion, and the lack of integrated land-use and transportation planning on a comprehensive and continuing basis.

The section would next state it to be the belief of the Congress that Federal financial assistance for effective mass transportation systems is essential to the solution of these urban transportation problems, and that such systems can be developed only in communities with sound and comprehensive areawide transportation plans and with

financing, developmental, operating, and regulatory authority adequate to carry out such plans.

In accord with these findings, this section would state the purpose of the bill to be (1) to stimulate areawide transportation planning and studies in metropolitan and other urban areas as an integral part of comprehensive land-use and community development and renewal planning, in order to assure that urban transportation systems, including federally aided highways, make a maximum contribution to sound community development and meet urban transportation needs most economically and effectively; and (2) to provide for a prompt report and recommendations to the Congress as to the proper role of Federal financial assistance in the provision of effective urban mass transportation systems.

##### *Planning grants*

Section 3: This section would amend section 701 of the Housing Act of 1954 to make it clear that the urban planning grant program carried on by the Housing Administrator under that section may provide grants for transportation planning. Grants would be specifically authorized for mass transportation surveys, studies, and planning, to be in addition to funds available for planning surveys and investigations under the Federal-aid highway program or other Federal programs, and specifically authorized to be used jointly with such funds. The Administrator would also be authorized to provide technical assistance to localities undertaking comprehensive urban transportation planning and could himself make studies and publish information on related problems.

Technical assistance could be provided in planning, as a part of comprehensive urban planning, and in carrying out all phases of a mass transportation program. Studies could, for example, be undertaken on (1) the relative costs and benefits of various land-use patterns and the transportation requirements resulting therefrom; (2) the coordination of mass transportation plans and programs with housing, urban renewal, highway, and other land-use and development plans and programs; (3) commuting patterns and travel habits; (4) costs of traffic congestion and its effect on economic productivity and urban growth; (5) the economics of mass transportation operations, both internally and in terms of overall urban transportation costs; (6) organizational, fiscal, and other problems in providing regional transportation services; and (7) technological developments in mass transportation.

The present authority of the Administrator to make grants to official State, metropolitan and regional planning agencies for metropolitan or regional planning would be broadened to authorize grants for such planning to be made to other agencies and instrumentalities designated by the Governors of all States for which the planning was to be carried out and also acceptable to the Housing Administrator. This would make clear that grants may be made to public planning bodies other than the official State or local agency for metropolitan or regional planning, where the Governor and the Administrator agreed that such grants were desirable.

Public planning bodies have, for example, been sponsored by joint action of State highway departments and local governments, for regional transportation planning and other coordinated land-use planning. The Administrator should have the authority to provide grants-in-aid for such bodies where he is satisfied (a) that their operations would not supplant those of official planning agencies, (b) that the resulting planning will, to the maximum extent feasible, include the entire metropolitan or other urban area, and (c) that their programs are designed to obtain the State and local support needed to carry out their plans.

The Administrator would be required to encourage cooperation among the affected localities, public agencies, and other interested parties in preparing and carrying out plans, in order to achieve coordinated development throughout the affected area. Also, recipients of planning assistance would specifically be required to make maximum use of previous pertinent plans and studies in order to avoid unnecessary repetition of effort and expense. These requirements would apply to any planning assisted under the section 701 program.

Finally, references to transportation facilities would be included in that portion of section 701 which refers to the scheduling of public facilities as a part of comprehensive planning.

##### *Demonstration grants*

Section 4: This section would amend the demonstration grant program carried on by the Housing Administrator under section 314 of the Housing Act of 1954 to authorize him to contract to make grants, limited to two-thirds of cost, for demonstration projects which he determines will assist in carrying out urban transportation planning and research, including but not limited to the development of generally applicable information on the reduction of urban transportation needs, the improvement of mass transportation service, and the contribution of such service toward meeting total urban transportation needs at minimum cost. It is intended that these grants be used primarily for operational studies and experiments to assist in mass transportation planning. For example, grants could be made to help determine the effect upon the cost and utilization of mass transportation if service frequency or speed were increased or transfer privileges made available. Experiments to test the effect upon mass transportation patronage of various types of regulation of highway traffic would also be eligible.

Grants to assist in financing major long-term capital improvements would specifically be forbidden. It is not intended, for example, that the grants be used to test the effect of extensive additional parking facilities or to make other changes in service which would involve more than "pilot" use of new facilities or equipment. Such projects would more properly be considered under the program of Federal assistance for mass transportation facilities which is expected to result from the Housing Administrator's recommendations next year.

The present \$5 million contract authorization for grants under section 314 would be increased to \$15 million, of which \$10 million would be available only for the new transportation grant program.

##### *Report and recommendations*

Section 5: This section would require the Housing Administrator to submit to the Congress, at the beginning of the next session, a report and recommendations as to the appropriate form and magnitude of Federal financial assistance for urban mass transportation, the proper extent of local cost sharing, and the other conditions and requirements to be met locally to assure the most effective use of such assistance. The joint study of urban transportation problems being undertaken by the Department of Commerce and the Housing and Home Finance Agency would be completed by then and would provide a firm basis for such recommendations.

A RECORD OF EXEMPLARY SERVICE—CAPT. HOWARD J. SILBERSTEIN, U.S. NAVY

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent to address the House for 5 minutes.



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

There was no objection.

Mr. McCORMACK. Mr. Speaker, I wish to take this opportunity to express to the House my pride in the outstanding service which has been rendered the House and its Science and Astronautics Committee by Capt. Howard J. Silberstein, U.S. Navy.

The Committee on Science and Astronautics has made a practice in the 3 years of its existence of having assigned to its staff an outstanding and professionally qualified officer from one of the armed services. In turn, such officers have served a tour on loan from the Army, the Air Force, and the Navy. Captain Silberstein of the Navy is now concluding his year with the committee. He has built during that time an outstanding record which will be hard to match. In his service he has shown great professional skill and judgment, a high dedication to national service, and a continued willingness to go beyond the call of ordinary duty to serve the committee, individual Members of Congress, and the Nation in a cheerful and helpful spirit.

In tangible form he is leaving outstanding reports prepared on the problems of noise, space propulsion, the organization of the national space effort, Project Mercury, and space activities of the National Science Foundation.

What does not show on the record, and I wish to bring it to light now, is the constructive work he has done with agencies of the executive branch, Members of Congress, industry, and individual scientists, in encouraging them to take a fresh look at national problems of common interest in a spirit of cooperation for the common good. It is especially to his credit that he has served the Navy best during his stay with us not as a special pleader, but by always focusing on the national interest viewed in broad context. We have heard repeated praise of his contributions not only from the Pentagon, but also from the National Aeronautics and Space Administration and from industrial representatives.

Captain Silberstein has that special spark of initiative and dedication, coupled with outstanding ability which is seen only rarely.

We wish him well in his new assignment at the Industrial College of the Armed Forces, and in his future career in the Navy. With his background as a combat aviator and experienced administrator of research and development projects, we expect to continue to hear of his accomplishments in his career. It is dedicated officers like Captain Silberstein that reflect great credit upon the U.S. Navy. I am glad that men like Captain Silberstein dedicated their lives in the armed services of our country. His loyal wife and two strapping sons can be very proud of him, and this may be some small recompense for the time his arduous duties have kept him away from normal routines.

#### COMMITTEE ON THE DISTRICT OF COLUMBIA

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that the Committee on the District of Columbia may have until midnight Saturday to file sundry reports.

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

There was no objection.

#### SUBCOMMITTEE ON PRINTING OF COMMITTEE ON HOUSE ADMINISTRATION

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent on behalf of the gentleman from Ohio [Mr. HAYS] that the Subcommittee on Printing of the Committee on House Administration may be permitted to sit tomorrow during general debate.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

#### CONGRESSIONAL REVIEW OF FEDERAL GRANTS-IN-AID

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that the gentleman from North Carolina [Mr. FOUNTAIN] may extend his remarks at this point in the RECORD and include therein a copy of a bill.

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

There was no objection.

Mr. FOUNTAIN. Mr. Speaker, I have today introduced a bill to provide for periodic congressional review of Federal grants-in-aid to State and local units of government. I am pleased to note that identical bills have been introduced by the gentleman from Texas [Mr. IKARD], the gentleman from Iowa [Mr. SMITH], and by the gentlewoman from New Jersey [Mrs. DWYER], and several of her colleagues on the other side of the aisle.

It is the purpose of this bill to establish a uniform policy and procedure whereby programs for grant-in-aid assistance from the Federal Government to the States, or to their political subdivisions, which may be enacted in the future by the Congress shall be made the subject of sufficient subsequent review to insure that grant programs are revised and redirected as necessary to meet new conditions arising subsequent to their original enactment and that grant programs are terminated when they have substantially achieved their purpose.

Much concern has been voiced in recent years over the difficulty of terminating or reorienting a grant once it has been in existence for a long period of time and has substantially served its purpose. Our Intergovernmental Relations Subcommittee studied this problem intensively in a series of hearings held throughout the country in 1957-58 when testimony was taken from public officials at all levels of government. In general,

the subcommittee found a favorable acceptance of the grant-in-aid method for obtaining intergovernmental cooperation in accomplishing national legislative purposes. However, it was felt and observed by the subcommittee that a grant intended to stimulate State and local action in a given field carries with it the serious hazard that it may resist termination once the Federal objective has been achieved. This tendency weakens the utility of the grant device and deprives the Federal Government of the flexibility needed for a sound grant system.

In its 1958 report on "Federal-State-Local Relations, Federal Grants-in-Aid"—House Report No. 2533—the Committee on Government Operations suggested a number of provisions which Congress might usefully include in statutes authorizing new or revised grant programs so as to clarify program objectives and the legislative intent.

The Advisory Commission on Intergovernmental Relations, which was established in 1959 by Public Law 380 and of which I am a member, recently reexamined this problem and concluded that the most realistic approach to meeting it is through the enactment of a general statute providing for systematic review and assessment of grant programs which may be established in the future. My bill is intended to implement the Commission's recommendation in this connection.

While this bill does not apply to existing grants, the Commission has recommended that these programs also be assessed periodically by the Congress and the executive agencies in terms of: First, accomplishment of the objectives set forth in the authorizing statute; second, an estimate of the extent of unmet need; and third, where appropriate and desirable, an evaluation of alternative plans or methods for achieving the program objectives.

In its report on this subject, which will be available early next month, the Commission recognizes that grant programs are presently subject to review by the appropriate legislative committees of the Congress and in the course of the appropriation process. In addition, the respective executive agencies give close attention to the operation of programs for which they are held responsible.

It is the Commission's belief, however, that the present review machinery would be strengthened by the enactment of a statute prescribing a systematic and uniform policy and procedure for the careful reexamination of new grant programs at stated intervals.

Under the proposed legislation, any new grant program hereafter enacted by the Congress would automatically expire at the end of 5 years unless an earlier date is specifically provided, or unless application of the act has been specifically waived in recognition of the intent to provide continuing Federal assistance in a given program. The bill provides that the appropriate legislative committees of the Congress shall, at the end of 4 years, unequivocally address themselves to the question of whether or not a particular grant has served its

purpose and whether it should be allowed to terminate or should be reenacted.

It is my view, Mr. Speaker, that since Federal grants-in-aid have become an established feature in our Federal system of government, we must exercise the greatest possible care to strengthen their good points and to minimize any disruptive or undermining effects they may have. I believe this bill will help achieve that objective.

The bill that I have referred to is as follows:

**A BILL TO PROVIDE FOR PERIODIC CONGRESSIONAL REVIEW OF FEDERAL GRANTS-IN-AID TO STATE AND LOCAL UNITS OF GOVERNMENT**

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

SECTION 1. It is the purpose and intent of this Act to establish a uniform policy and procedure whereby programs for grant-in-aid assistance from the Federal Government to the States or to their political subdivisions which may be enacted hereafter by the Congress shall be made the subject of sufficient subsequent review by the Congress and the President as to insure that grant programs are revised and redirected as necessary to meet new conditions arising subsequent to their original enactment and that grant programs are terminated when they have substantially achieved their purpose.

SEC. 2. Unless otherwise provided by the Congress in the specific instance, any statute hereafter enacted by the Congress which provides for a grant-in-aid from the Federal Government to States or to political subdivisions thereof shall be subject to the provisions of this Act: *Provided however*, That this Act shall not apply to authorizations for shared revenues, or loans and repayable advances, nor shall it apply to any grant-in-aid statute now in effect, except that where a new category of grant assistance is incorporated into an existing statute, the provisions of this Act shall apply with respect to the new category incorporated.

SEC. 3. (a) Whenever an Act of Congress enacted after the effective date of this Act provides for grants of funds from the United States to a State or a political subdivision thereof, the authorization for such grant shall expire on June 30th of the fifth calendar year which begins after the effective date of such Act unless an earlier date is otherwise specifically provided by law. Where such Act is extended beyond the date on which it would otherwise expire (whether by its terms or by reason of this Act) such extension shall expire on June 30 of the fifth calendar year which begins after the effective date of the Act making the extension unless an earlier expiration date is specifically provided.

(b) On or before June 30 of the calendar year preceding the year in which such program will expire by reason of subsection (a), the committees of the House and of the Senate to which legislation extending such program would be referred shall, separately or jointly, conduct studies of such program with a view to ascertaining, among other matters of concern to the committees, the following:

(1) The extent to which the purposes for which the grants-in-aid are authorized have been met.

(2) The extent to which the States or political subdivisions thereof are able to carry on such programs without further financial assistance from the United States.

(3) Whether or not any changes in purpose or direction of the original program should be made.

Each such committee shall report the results of its investigation and study to its respective House not later than March 1 of

the calendar year in which the program is due to expire pursuant to subsection (a).

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that the gentleman from New Jersey [Mrs. DWYER] may extend her remarks at this point in the RECORD.

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

There was no objection.

Mrs. DWYER. Mr. Speaker, I have today introduced a bill providing for mandatory congressional review of Federal grants-in-aid to State and local units of government. This is the kind of legislation, I believe, which can have far-reaching significance in improving our Federal system of government. It is also the kind of bill which all Members can conscientiously support, for its objective is to provide for systematic and effective congressional control of Federal aid programs. It is intended neither to encourage or discourage the use of the Federal grant-in-aid device, but only to improve it where it is found desirable by the Congress.

For this reason, Mr. Speaker, I am pleased that several of our colleagues are joining today in introducing similar bills. On this side of the aisle the gentleman from Missouri [Mr. CURTIS], and the gentleman from Washington [Mr. PELL], and the gentleman from Minnesota [Mr. LANGEN] are sponsoring bills with me, while the distinguished chairman of the Subcommittee on Intergovernmental Relations, the gentleman from North Carolina [Mr. FOUNTAIN] and several of his colleagues on the majority side are also introducing the bill. I hope many others will join us later, for this is truly a bipartisan and constructive effort.

The need for this kind of legislation has grown—in fact and in public awareness—over the past several years. Congress has enacted at least 44 Federal grant programs, but aside from often routine review through the appropriations process there has been no systematic procedure by which the Congress determines whether the program is achieving its objectives, whether it should be redirected in emphasis, or whether it should be terminated or extended. As a result, some programs have outlived their usefulness while others could better serve the purposes of National, State, and local governments by undergoing periodic reorientation to meet changing needs. I would suggest, by way of examples, that grants-in-aid for resident instruction at land-grant colleges and for vocational education in agriculture are diminishing in importance while such problems as air pollution are generally increasing. Similarly, the various grants-in-aid for public health services should be reviewed and overhauled in keeping with the changing patterns of disease in the United States.

There is a further need for this legislation, Mr. Speaker, which arises from a growing discontent among the people at the apparent proliferation and continuation of grant programs which serve

no important national purpose. If Congress is to protect the integrity of the grant-in-aid method and further the good which many such programs accomplish, then it is incumbent upon us to make certain that for every grant program there is a recognized national need which the program is serving effectively.

The present bill, while it is restricted to grants-in-aid which may be enacted in the future, may also serve as a prototype for similar legislation affecting programs now in existence.

Under the terms of the bill, any new grant-in-aid which Congress may hereafter enact would automatically expire at the end of 5 years, unless Congress specifically designated an earlier date or provided in the act that the program should be a continuing one. At the end of 4 years of the program, the bill provides that the appropriate legislative committees of the Congress shall undertake a study of the experience under the grant and determine whether to extend, terminate, or modify the program.

The present bill, Mr. Speaker, has a lengthy history. The problem to which it is directed was the subject of intensive consideration by our Subcommittee on Intergovernmental Relations during nationwide hearings on grant-in-aid programs in 1957 and 1958. In the subcommittee's report which was adopted by the Committee on Government Operations, we recommended that provisions similar to those in the present bill be incorporated in all new grant-in-aid programs.

Strong support for this position was provided earlier this year by the Advisory Commission on Intergovernmental Relations, an agency created by the Congress in 1959 and composed of representatives of all levels of government, of which I am a member. The Commission's study of the problem resulted in a recommendation to Congress that a general statute be enacted providing for a periodic, uniform, and systematic review of new grant-in-aid programs. The bill I have introduced today carries the Commission's endorsement and is designed to effectuate its recommendation.

#### TRADING WITH COMMUNIST CUBA

Mr. CONTE. Mr. Speaker, I ask unanimous consent that the gentleman from California [Mr. WILSON] may extend his remarks at this point in the RECORD and include extraneous matter.

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

There was no objection.

Mr. WILSON of California. Mr. Speaker, this appearance before you today is the third time in recent weeks that I have called to the attention of the House the serious problem that exists with respect to continued trading with Communist Cuba.

On March 10, 1961, I read into the RECORD a copy of a wire I had sent the President of the United States urging that he immediately invoke the provi-



sions of the Trading With the Enemy Act that would completely eliminate all imports from Cuba. He has this authority within section 5B of Trading With the Enemy Act of 1917.

The reply I received, some 2 weeks later, advised that the President shared my concern and that he has the Cuban trade question under intensive study.

Again on May 17, 1961, when it was obvious that the study had not resulted in action, I again wrote the President to urge that an Executive order be promulgated immediately to stop the importation of goods from Cuba.

Again 2 weeks later, I received a letter dated June 2, 1961, from the White House which stated that—

the Department of State and other interested agencies are now actively considering what further measures, consistent with our international obligations, should be taken to deal with the problem of Cuban trade.

Mr. Speaker, I have been hopeful and patient that the President would soon take direct action and would stop the sending of our dollars to Fidel Castro and would also allow our domestic producers to participate by fulfilling the needs of the Nation in what little gap may result by halting the importation of commodities from Cuba.

Today we find that the President has allowed the importation of some 2 million gallons of blackstrap molasses from Cuba. In response to the plea of our colleagues in the House and Senate from the State of Louisiana that this not be allowed, the President stated that he had directed his staff to look into the facts surrounding the shipment and that he had directed an aid to make a special report on the matter.

Mr. Speaker, the President of the United States should know by this date that action speaks louder than words and that his continued pronouncements that he has an intensive study underway, that the matter is being actively considered, that a special report is being prepared by an aid, and that his staff has been directed to look into the facts surrounding the shipment, must stop and a firm decision be reached to invoke the Trading With the Enemy Act. Continued delay and an unwillingness to make a decision on this matter has allowed, by conservative estimate, nearly \$25 million to flow into the Castro coffers.

It is my fear, Mr. Speaker, that the President is retreating with respect to Cuba and that this question may go begging for some time to come. As I noted in my earlier remarks here, the President first stated that this question was under intensive study, then he stated that they are actively considering what to do, and then today's press states that he has asked his staff to look into the facts and prepare a report. Now the copy of Webster's Dictionary in my office states that "study" implies great concentration and more attention to details and minutiae while "consider" often implies little more than applying one's mind from one point of view or in thinking it over; and, today someone is just looking the matter over. I say it is time to stop studying and considering and let us have more action from the

White House on matters involving Cuba and, for that matter, the rest of the world.

I ask you, Mr. Speaker, why is the President stalling on this important matter? Why does he not make a decision? Why does he not stop the importation of these commodities? Why does he not stop talking and start acting?

#### BICENTENNIAL CELEBRATION AT GREAT BARRINGTON, MASS.

Mr. CONTE. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the Record and to include extraneous matter.

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

There was no objection.

Mr. CONTE. Mr. Speaker, the town of Great Barrington, Mass., is celebrating its bicentennial this year. Specifically, on June 30, Great Barrington will be 200 years old, having been established as a town by an act of the General Court of the Massachusetts Bay Colony in 1761. Actually, we have to go back even further, to April 8, 1726, to find the original grants of land for the settlement of Great Barrington.

Mr. Speaker, this was 6 years before the birth of George Washington. What a rich history and heritage Great Barrington has to treasure. Few areas of our great Nation, so far inland from the source of their settlers, were inhabited at that time. To venture this distance from established settlements required even more of the extraordinary spirit of our ancestors. However, if Americans should ever lose that spirit, our future will be limited; our days will be numbered. When we fail to push on into the unknown, or lose faith in our Creator, or desert the principles of individual liberty in a free society, then we shall have betrayed the mystic spirit of the founders of Great Barrington.

Little is known of the original Indian inhabitants of this particular area of southern Berkshire except that many of their relics have been found, unusually well preserved, proving their mysterious visitations and occasional villages.

The story of Great Barrington begins on the 30th day of January 1723, when Joseph Parsons and 176 other settlers in the county of Hampshire, at the time encompassing the area of the Connecticut River Valley within Massachusetts, petitioned the great and general court at Boston for grants of two tracts of land in the southwestern portion of Massachusetts. By midyear their petition was approved. It provided for two townships, each 7 miles square, one having its southern boundary coincident with the Connecticut and Massachusetts boundary, the other to lie immediately to the north. These are the legal beginnings.

The people involved and the organization for settlement are stories as fascinating as historical novels. Col. John Stoddard and Capt. Henry Dwight, of Northampton, Capt. Luke Hitchcock, of Springfield, Capt. John Ashley, from Westfield, and Samuel Porter, from Had-

ley, were appointed to act as a committee for the division of the lands, for choosing and reserving lots for the first resident minister, and for setting aside properties for schools, meeting halls, and other community buildings. The committee collected, from the buyers, 30 shillings for every 100 acres of land to purchase the total tract from the Indians and pay the expenses of community development, erecting meetinghouses, and laying out lots. At an official meeting of the committee, called in Springfield on March 19, 1723, a total of 55 prospective settlers paid the prescribed prices and received their grants of land. I wonder how many Great Barrington residents are descendants of these 55 brave souls.

A month later, this same committee, to secure legal title to the land, met in Westfield with Chief Konkapt and 20 other Indians and paid the £460, 3 barrels of cider, and 30 quarts of rum. For these, then usual, items of payment, the representatives of the new owners gained a deed to a certain tract of land lying upon the Housatonic River, alias West-onhook. This area included what now comprises Great Barrington, Sheffield, Egremont, Mount Washington, and large portions of Alford, Stockbridge, West Stockbridge, and Lee. And so the land passed from its original settlers and natural owners to your ancestors.

In April of 1726, the now 59 proprietors took possession of their individual lands, collectively known as the Upper and Lower Housatonic Townships. Time passed and the persevering qualities of those pioneering folks brought our way of life to reality in western Massachusetts. But soon it became apparent that some improvements in their government and social structure were necessary. While the people of Sheffield had the benefit of a church, a settled pastor, and schools, those 200 people living in the northern part of the town and the rural areas of the upper township had no regular religious teaching and few schools. For those people, these activities were the very center of their society—their lives revolved around their religion and education. They presented the General Court of Massachusetts with a petition to grant the upper township parish privileges. In 1742 the order was passed and these vital needs were satisfied.

Following the example of the territory west of the two townships, the new North Parish attempted, in 1760, to withdraw from the parent town, Sheffield. Although considerable opposition arose, a town meeting vote decided to set off the Upper or North Parish in the town of Sheffield, to be formed into a separate district or town. The following year it became official when the general court passed an act, whereby, on the 30th of June 1761, the North Parish became a town, under the name of Great Barrington.

A colorful history. A truly American heritage.

Great Barrington grew with the Nation of which she became a part. Her contributions to our history are characteristic of our best traditions. She remained small in size, but if she had multiplied and bulged and spread over

the land, most of her inherent charm would have been absorbed and certainly would have disappeared. Gone would be the annual town meeting and the entire form of government. She might have become just another city.

I know that my fellow Members of the Congress join with me in extending sincere congratulations to historic Great Barrington on the occasion of her bicentennial. All Americans can be proud of your past and the human experience it represents. The adventure in founding a way of life, in which you have played so leading a role, is not over. It is just the beginning, and your part will be greater than ever before.

To quote from the selectmen of Great Barrington:

Two hundred years is a long space of time. However, those before us must have taken their situation serious enough to build for the future. Let us, in their memory, do likewise, and in 1961, and all future years, build a better town for the coming generations.

So, to your citizens, our good wishes for a bright and valuable future.

#### EDWARD YELLIN AND THE NATIONAL SCIENCE FOUNDATION

Mr. WALTER. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD and to include extraneous matter.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. WALTER. Mr. Speaker, National Science Foundation Director Alan T. Waterman is evading his obvious responsibility in refusing to terminate a \$3,800 fellowship to Edward Yellin and in referring Yellin's case to the Department of Justice for a determination as to whether Yellin has committed perjury.

Mr. Waterman's claim that he is powerless to cancel the fellowship because the law establishing the National Science Foundation states that fellowship selections shall be made solely on the basis of ability is ridiculous.

There can be no question about the fact that Congress intended this rule to apply only if there was no doubt about the loyalty of applicants or after all such doubts had been resolved in favor of the Government. This is proved by Congress' declaration that the purpose of the act is to secure the national defense, by its stipulation that all applicants must sign an oath signifying their allegiance to the United States and their willingness to support and defend it against all enemies, and also an affidavit that they do not believe in, and are not members or supporters of, any organization believing in or teaching the violent overthrow of this Government.

Waterman's dodging of responsibility in the case also is attested to by the National Science Foundation's own policy statement that no fellowships are to be given or continued to any avowed or established Communist, or anyone convicted of a crime involving the Nation's security and that each applicant's in-

tegrity is to be weighed in the awarding of fellowships.

Today, the National Science Foundation knows beyond doubt that Yellin is identified as having been a member of the Communist Party and one of its colonizers in the steel industry; that he falsified his educational background and employment record in obtaining employment in that industry; that he stands convicted of contempt of Congress; that he concealed vital facts about his background in applying for a National Science Foundation fellowship; and that, even as he applies for a Government handout, he continues in his failure to make known to the Government the identity of enemy agents who may be working today as colonizers in an industry that is vital to our defense effort.

How can the NSF claim that these facts are not sufficient grounds for it to terminate Yellin's fellowship? What more must it know to find Yellin lacking in the kind of integrity that must be expected of those receiving Government assistance for scientific research?

In referring the Yellin case to the Department of Justice for a finding of perjury, Mr. Waterman is passing the buck. One of the witnesses who identified Yellin as a Communist Party member was an undercover informant for the Department of Justice; it was the Department of Justice which prosecuted Yellin for contempt and obtained his conviction on that ground; it was the Department of Justice that successfully fought his attempt to have his conviction reversed by the Court of Appeals; and, if the Supreme Court decides to grant Yellin a hearing, it will be the Department of Justice that will argue the case before the Supreme Court.

There is absolutely nothing in the law which says that the NSF can cancel a fellowship only if an applicant is a convicted perjurer. Yet, by taking this step, Mr. Waterman is trying to make the American people believe that this is so.

The Committee on Un-American Activities gave the NSF information on Yellin's background on April 4. But it was not until late May, after Mr. Waterman had been invited to appear as a witness before the committee on May 23—and after a continuance of the date for his appearance—that the NSF finally got around to referring the case to the Department of Justice.

Mr. Waterman has demonstrated a singular lack of interest in protecting U.S. security despite his insistence, in his appearance before this committee, that he is just as interested in this as is the committee itself. For 10 long years, Mr. Waterman has operated under a law which, he now claims, does not give him adequate authority to keep subversives out of his program. Although he has frequently testified before the Congress during these years, he has not once pointed out this inadequacy or asked the Congress to change the law.

The testimony of Mr. Waterman and other NSF officials before the committee indicates that they have been bending over backward to do nothing in the security field. The NSF application forms for fellowships do not even ask if the

applicant has even been convicted of a felony or misdemeanor. The forms supplied to those giving references for applicants do not ask if they have knowledge of convictions or any other information reflecting on an applicant's personal integrity, notwithstanding the fact that the NSF's statement of policy provides that—

In appraising a proposal [for a fellowship] the Foundation will be guided as to an individual's experience, competence and integrity by the judgment of scientists having a working knowledge of his qualifications.

Despite this, when Mr. Waterman appeared before the committee, it could not even get from him a statement that such questions would be added to these forms. If all Government officials adopted this attitude, our security would be a horrible mess.

Yellin, now a graduate student at the University of Illinois, was awarded a National Science Foundation fellowship on March 15. He was convicted of contempt of Congress for refusing to answer questions about party membership and activity in an appearance before the committee in February 1958—after he had been identified as a Communist Party member by two other witnesses, one of them an FBI undercover operative in the Communist Party. Yellin has appealed his conviction, which has been upheld by the court of appeals, to the Supreme Court.

#### A WELL-EARNED TRIBUTE FOR THE HONORABLE JENNINGS RANDOLPH

Mr. HECHLER. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD and to include extraneous matter.

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

There was no objection.

Mr. HECHLER. Mr. Speaker, at noon today an inspiring and heartwarming tribute was paid to a man whom I am proud and honored to call my friend, the distinguished senior Senator from West Virginia, JENNINGS RANDOLPH.

The Lions Club of Washington honored Senator RANDOLPH today at a luncheon at the Mayflower Hotel to mark the 25th anniversary of the passage of the Randolph-Sheppard Act, which permits blind persons to operate vending stands in Federal buildings.

It is a privilege of the highest magnitude to be able to join in this tribute to Senator RANDOLPH for his role in the writing and passage of this humanitarian and marvelously effective piece of legislation.

Today, the Randolph-Sheppard Act has proved highly workable and offers the blind of America new opportunities for financial independence, a greater degree of self-respect, and a larger sense of contributing to the well-being of their communities.

During the past fiscal year, 2,078 of these vending stands were in operation in Federal and non-Federal buildings, with 2,216 blind persons engaged in operating them. They realized from this activity gross sales amounting to



\$38,219,340, with net profits for the operators totaling \$7,541,304.

These figures have shown a steady growth each year since passage of the bill, and bear positive evidence of the practicability of the vending-stand program for the blind.

The role of Senator RANDOLPH in this compassionate measure has been recognized by other groups in addition to the Lions Club, which has long been interested in programs of sightsaving and of assistance to the blind.

Part of the ceremony today consisted of the presentation of the Distinguished Service Award of the President's Committee on Employment of the Physically Handicapped. This award, which was conferred by the Committee's Chairman, Gen. Melvin J. Maas, was presented to Senator RANDOLPH before more than 500 guests at the luncheon.

And in a special ceremony held in the Senator's office, B'nai B'rith presented Senator RANDOLPH with an award and a plaque, which bore this inscription:

In recognition of the 25th anniversary of the enactment of the Randolph-Sheppard Act, bringing new hope and opportunity to the blind throughout the United States, and in appreciation of his steadfast devotion to the humanitarian needs of our country, we tender him this expression of our esteem and high regard.

Senator JENNINGS RANDOLPH indeed has shown "steadfast devotion to the humanitarian needs of our country." While a Member of the House of Representatives, he was an ardent and loyal supporter of the vital social-progress and economic-welfare programs which characterized the New Deal of President Franklin Delano Roosevelt. He has always been in the forefront of advocates of conscientious and forward-looking programs to develop, refine, and improve the human and natural resources of our great Nation. He holds the esteem, friendship, and deep respect of all West Virginians.

It is a deep honor and a heartfelt pleasure to be able to join in extending my personal congratulation to Senator RANDOLPH for his long and valuable career of public service, and to call the attention of this House to the richly deserved tributes which have been bestowed on him at this time.

#### HOORAY—WEST VIRGINIA GETS A CONTRACT

Mr. HECHLER. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the Record and to include extraneous matter.

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

There was no objection.

Mr. HECHLER. Mr. Speaker, there is great rejoicing in West Virginia this week. The Marietta Manufacturing Co. of Point Pleasant, W. Va., has been awarded a contract by the U.S. Maritime Administration to build two or three survey ships for the U.S. Coast and Geodetic Survey at a cost of between \$3.7 million and \$5.5 million—depending on

whether the pending Commerce Department appropriation bill provides for two or three of these vessels.

There are about 200 people on the payroll of this fine Point Pleasant firm, and this contract could mean tripling of its payroll over a 2-year period. This will be the largest contract with Marietta Manufacturing Co. since World War II, and I hope will signalize a dynamic new growth in the Ohio River Valley and in the entire State of West Virginia.

I would like to extend my congratulations to Walter Windsor, the able young president of Marietta Manufacturing Co., who came to Washington, D.C., and spent many hours both here and back and forth over the telephone from West Virginia in ironing out the fine details of the bid application and the terms of the contract.

Mr. Speaker, many Members of Congress would not be able to do the jobs which they do were it not for loyal and effective staff members. All too frequently Members of Congress, because they are on the ballot on election day, take credit for what their staff members do. I suppose that is all in the game. But in this case, I would like publicly to acknowledge that this particular contract probably would not have been awarded had it not been for the persistence, effectiveness, and ability to follow through which was displayed by my staff assistant, Paul L. Crabtree.

Mr. Crabtree made numerous calls, day and night, to Maritime, Commerce Department, and Coast and Geodetic Survey officials to make sure that the bid application was in proper form. He attended the bid opening in person.

After the bids were opened, it was discovered that a legal and administrative snag threatened to take the contract away from the Marietta Manufacturing Co., and Mr. Crabtree effectively "bird-dogged" this problem until it was solved after numerous conferences with executive branch officials. I am proud to have fine staff members like Paul Crabtree, a graduate of the Marshall University School of Journalism and former night city editor of the Charleston, W. Va., Gazette. I am proud also of the other members of my all-West Virginia staff who have done so much to help our State.

The Washington Post recently carried a front-page article on the bid opening for these oceangoing vessels, expressing wide-eyed amazement that there was a shipbuilding firm in the landlocked State of West Virginia. The Post poked a little fun at what they termed a "dinghy of a shipyard." They related how the Marietta Manufacturing Co., which has fewer employees than most big corporations like Bethlehem Steel have vice presidents, caused a titter of laughter when this bid was read out to reveal not only round figures in dollars but also "17 cents." Yes, we have to figure things pretty close in West Virginia, right down to the pennies.

West Virginia got no special favors or special treatment on this bid, because the Marietta Manufacturing Co. was the lowest of 30 bidders. West Virginia thus is not getting this contract because Point Pleasant and the State happen to be in a distressed area with a high percentage

of unemployment, and already has been designated as a distressed area by the Area Redevelopment Administration. West Virginia and the Marietta Manufacturing Co. simply outbid every other company from every other State.

Mr. Speaker, I would like the House to know that when we build oceangoing vessels on the Ohio River it is not like building a boat in the basement which you cannot get out. During World War II, Marietta Manufacturing Co. sent similar length ships down the Ohio River with barge escorts, but thanks to the improvements along the Ohio River initiated by the Corps of Engineers these oceangoing vessels can now go down the Ohio River on their own power.

The awarding of a shipbuilding contract to the Marietta Manufacturing Co. may herald the beginning of a new era of prosperity for the Point Pleasant area and West Virginia. In the past few years I have addressed the House on many occasions, pointing out that "West Virginia is being short changed." I hope that sad chapter in West Virginia's book is now closed.

Yesterday was West Virginia's 98th birthday, for on June 20, 1863, President Abraham Lincoln signed into the law the legislation conferring statehood on the mountain State of West Virginia.

This shipbuilding contract is a wonderful birthday present for West Virginia.

#### PROPOSED LEGISLATION FOR ESTABLISHMENT OF NEW NONAGRICULTURAL PUBLIC LAND SALES PROCEDURES AND REPEAL OF TOWNSITE LAWS AND SMALL TRACT ACT

Mr. ASPINALL. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the Record and to include extraneous matter.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Colorado?

There was no objection.

Mr. ASPINALL. Mr. Speaker, the ranking minority member of the Subcommittee on Public Lands [Mr. CUNNINGHAM] and I are today introducing at the request of the Department of the Interior a bill that would replace all or parts of 30 laws dealing with the disposition of public lands for nonagricultural purposes and establish a sales procedure of public lands deemed valuable for such urban and suburban purposes as residential, business, commercial, industrial, and town development utilization.

Although there are only a handful of States in which there are public lands that would be directly affected for disposal, this proposed legislation is of vital national importance because of the prospect that it holds forth for further expansion of our economy. Locally, in some areas, legislation of this type, regardless of the form it ultimately takes, will have tremendous effect on the growth that specific communities may attain.

The impact that may be felt as a result of this legislation makes it imperative that Congress and the committee have

jurisdiction to consider the bill, and alternative means of achieving the desired results, with utmost care and precision. Mr. Speaker, I assure you that the Committee on Interior and Insular Affairs will meet that responsibility. I assure the Members that when we finally bring a bill to the floor, it will be only after due consideration of all aspects and a thorough analysis of all viewpoints.

In this connection, I do not desire to take time now to give even my rough appraisal of the details of the bill drafted by the administration. However, for the record, let me state that I do have some reservations about certain provisions in the bill and as to other provisions await the explanation and justification that can only be forthcoming when the departmental witnesses appear. But I will sketch the areas that concern me, that are critical, and that will be thoroughly explored before any bill is reported out. Legislation must provide:

First. Policy determinations with adequate congressional guidelines for the proper classification of the highest and best use of property sought to be disposed of under the proposed bill.

Second. The use of technical terminology must be clearly defined.

Third. Either by definition or otherwise, the method of arriving at the price to be charged must be spelled out in language that cannot be misunderstood with such terms as "value," "fair market value," "market value," and "market rental" given specific meaning.

Fourth. Establishment of policy, but not the administrative details, of the manner and method by which sales will be conducted by the Department of the Interior as the administrative agency charged with the responsibility of carrying out that policy.

Fifth. Preservation of all rights that have been obtained or liabilities that have been incurred under existing law.

In addition to the above criteria, your committee, Mr. Speaker, will also develop data as to the fiscal impact of this legislation and be in a position to report to the House whether the legislation as proposed will result in increased expenditures or reductions in future appropriations.

The two main bodies of law to be repealed by the proposed legislation are first, the series of statutes known as the townsite laws, and second, the Small Tract Act of June 1, 1938, as amended. Both of these authorities have in their time been instrumental in the development and expansion of our country. However, previous hearings by the Committee on Interior and Insular Affairs have indicated that these laws were rapidly becoming obsolete and that they needed either revision or replacement. Further explanation of those laws in detail, together with a review of other laws that would be repealed by the proposed bill, was contained in a letter from Assistant Secretary of the Interior John A. Carver, Jr., to the Speaker of the House requesting and recommending introduction and enactment of the draft bill that I am today introducing in response to the Department's request. That letter also furnishes an outline of five other public land areas concerning

which the Department proposes to recommend additional legislation during the 87th Congress. Accordingly, for the information of all Members, the letter, together with explanatory attachments, is set forth in full at this point in the RECORD:

U.S. DEPARTMENT OF THE INTERIOR,  
OFFICE OF THE SECRETARY,  
Washington, D.C., June 14, 1961.

HON. SAM RAYBURN,  
Speaker of the House of Representatives,  
Washington, D.C.

DEAR MR. SPEAKER: Enclosed is a draft of a proposed bill to authorize the classification, segregation, lease, and sale of public land for urban, business, and occupancy sites, to repeal obsolete statutes, and for other purposes.

We request that the proposed bill be referred to the appropriate committee for consideration and we recommend that it be enacted.

Through its Bureau of Land Management this Department manages the national land reserve. For the foreseeable future, our principal function with respect to these lands will continue to be that of management. However, to some extent, we will continue also to be a land disposition agency, transferring relatively small acreages each year where emerging private and governmental needs require lands from the national land reserve and the lands are not needed for more compelling purposes. The President's special message on natural resources to the Congress, dated February 23, 1961, emphasizes the importance of these lands to the national economy and refers to them as "a vital national reserve that should be devoted to productive use now and maintained for future generations."

We have been attempting to perform our management and disposition functions with inadequate means at our disposal. In some measure, this situation stems from the fact that the public land laws are the result of a series of enactments over the years, a large number of which are now obsolete or otherwise insufficient. To some extent, these laws reflect social and economic conditions of the last century and no longer accommodate themselves to today's situations. The Committees on Interior and Insular Affairs have been receptive to proposals to modernize these laws, but as yet have not been presented with any comprehensive proposal to bring the laws up to date. This we intend to do in the months to come.

Our studies to date indicate that a comprehensive, modernized system of nonmineral public land laws should probably encompass the following elements:

1. A system of disposition by lease and sale of public lands found to be chiefly valuable for private use and development other than agriculture: A draft to accomplish this is enclosed in this letter and is more fully described below.

2. Disposition of public lands considered to be chiefly valuable for agriculture: A draft of legislation for this purpose will be prepared. One approach could be to remedy some of the features of existing agricultural public land laws which have caused the greatest difficulties and to introduce to some extent at least, payment for the lands under terms more in keeping with the value of the resources to be obtained in order to eliminate speculative interest in such lands. This could include higher standards for classification, higher standards for development, and changes in details of the Homestead and Desert Land Acts. Repeal of the Pittman Act of October 22, 1919 (41 Stat. 293; 43 U.S.C. secs. 351-355, 357-360), and the act of September 22, 1922 (42 Stat. 1012; 43 U.S.C. 356) is another possibility. A proposal (H.R. 6241) for the repeal of the Pittman Act was previously submitted and a hearing held be-

fore the House Public Lands Subcommittee on April 21, 1961.

3. Modernizing and streamlining administrative procedures for exchanges of public lands with States and individuals and also exchanges of public lands for Indian trust lands in appropriate circumstances: A draft of legislation to accomplish this will be prepared.

4. Revision and extension of basic authority for the management of public lands under the administration of the Bureau of Land Management: A draft of legislation will be prepared providing specific authorization for the administration of balanced usage of such lands and for sustained-yield management of renewable range, forest and other resources. Study is also being given to administrative matters for the purpose of determining the need for legislative clarification and simplification of the general authority for the administration of public lands.

5. Easements over public land: We will prepare draft legislation for the modification of existing right-of-way laws to the extent necessary to provide modern, workable, and uniform law for granting easements affecting lands administered by the Department of Agriculture and the Department of the Interior. Existing right-of-way laws do not make provision for various uses which would seem properly to fall within their general objectives, do not always permit ready terminations of rights granted, and do not contain adequate provision for appropriate terms and conditions for proper management of the surface, and for adequate dimensions to permit necessary utilization.

6. Mineral reservations in connection with land sales: This general field will be considered in two parts. The first part would tend to relieve the difficult situation in Tucson, Ariz., and other localities where the locating of mining claims for the mineral estate in lands, the surface of which has been patented, conflicts with private development of the surface for residential, industrial, and commercial purposes. There are over 30 million acres, only the surface of which has been patented and the mineral estate may be appropriated under the U.S. mining laws regardless of surface development. We expect shortly to submit draft legislation on this first part. A draft for the second part will encompass a proposed uniform system of disposition and reservation of mineral interests in public lands. One possible approach would be the retention by the United States in all circumstances of those minerals which may be subject to lease under the Mineral Leasing Act of 1920 (41 Stat. 437; 30 U.S.C. 181), as amended, and provision for the sale of the mineral interest for nonleasable minerals, to the patentee in all instances where such mineral values are minor as compared to the surface values.

The above six subjects, of course, describe only certain major areas of concern. Other and less far-reaching proposals will also be made. Requests for legislation on these lesser proposals, together with those above, will be submitted as rapidly as they can be prepared. We anticipate, however, that the completion of all the proposals will take substantial time and accordingly urge that each proposal be given congressional consideration as it is submitted.

The above proposals reflect the opinion of this department and, except for item one, have not been as yet approved by the executive branch.

The increasing economic activity in public land States has caused a growing demand for land for commercial and industrial purposes. While this demand exists in connection with many industries, it is particularly pressed for those requiring locations within large areas of open land and climatic conditions of the type found in certain regions where a great deal of public land is situated,



such as electronics, aircraft, and missile industries. There is no means easily available for the disposal of public lands, in tracts of sufficient size for these purposes. Cumber-some and roundabout methods have to be used, such as exchanges for the acquisition of suitable lands. Occasionally special legislation for individual sites has been sought.

At the same time that there has been such an increasing demand for public land for commercial and industrial purposes, there has also been an increasing demand for public land in connection with urban and, particularly, suburban development. This development in the periphery around cities and along highways leading out from cities has been one of the most noticeable phenomena of the period since the close of the Second World War.

The proposed bill takes cognizance of these demands and would provide for the disposition of lands at their appraised fair market value to State and local governments for urban or business development under their direction or authorization. Similar provision would be made for the disposition of lands at public auction to private enterprises for urban or business development under their initiative or direction, subject to conditions which the Secretary might prescribe to insure effectuation of the purpose of the transfer.

The proposed bill would authorize this Department to subdivide lands chiefly valuable for urban or occupancy purposes, and to make disposition of such subdivided lands and other small tracts by lease or sale.

The proposed bill also contemplates the sale at public auction of public lands not suitable for disposition under other provisions of law and which are not needed for any Federal program, project, or activity.

The proposed bill does not contain to any appreciable extent operational requirements and restrictions, since these, experience amply shows, tend to impede, if not prevent, efficient and effective operations and lead to numerous amendments of law. The proposed bill would contain policy directives and authority for the Secretary to act effectively to carry out the beneficial use and disposition of the public lands consistent with the public interest. This authority would permit us to classify lands, to segregate them for planned dispositions, to grant preference rights where equity would dictate, and to make conditional conveyances.

This proposed bill, if enacted, should not be regarded as a final resolution of all questions of aboriginal title in Alaska, nor should the proposed bill be considered as prejudicing the claims now pending thereon.

Subsection 6(c) and section 9 of the proposed bill contemplates that receipts from the sale of lands equal to the costs of segregation and classification of lands, the preparation of plans and plats, the determination of improvement requirements, and the conduct of surveys will not go into the funds from which the States' allocations are computed. In other words, revenues equivalent to such costs, are impressed with a lien and are to be wholly returned to the U.S. Treasury and the States will receive their shares from the remainder of the proceeds.

Our proposal would repeal a number of laws which are now obsolete in whole or in part or which will be unnecessary if this proposed general legislation is enacted. The laws which would be affected are:

(a) The townsite laws, a hodgepodge of legislation passed over the years with varying provisions. The need for their complete revision is discussed in detail in appendix A, enclosed.

(b) The Small Tract Act (52 Stat. 609, 43 U.S.C. 682a), as amended, a general and rather simple law which contains certain objectionable features but which is otherwise incorporated in the new proposal. Objectionable features include the automatic res-

ervation of all minerals (discussed in detail in appendix B, enclosed) and the provision for Interior employee participation in the program. With the large scale acquisition of lands by the State of Alaska in the more desirable areas, it no longer seems necessary to make Alaska an exception to the general rules.

(c) The homesite, headquarters site, and trade and manufacturing site laws of Alaska, settlement laws. The laws with their limitations are not entirely suitable for the intended purposes. Further, they serve to impede State selections and management of public lands. The low statutory prices for the lands (\$2.50 per acre) are inconsistent with good public policy. The proposed bill would permit the Secretary to allow settlement where it would prove satisfactory.

(d) Section 2455, revised statutes, title 43, United States Code, section 1171, as amended, providing for the sale of "isolated" and "rough or mountainous" tracts. The fact that lands are isolated, rough, and mountainous does not necessarily mean that they are suitable for disposition. On the other hand, the fact that they lack such characteristics does not mean that they are suitable for retention. The criteria in the law are therefore obsolete. The preference right added to the law in 1934 serves to deter competition and to invite sales of adjoining lands for the purpose of creating such rights. The new proposal would permit the Secretary to grant preference rights to adjoining owners under certain conditions.

(e) The Alaska Public Sale Act, the act of August 30, 1949 (63 Stat. 679; 48 U.S.C. 364a-364e). The restrictive nature of the act makes it unsuitable for present conditions, as is discussed in detail in appendix C, enclosed.

The Bureau of the Budget has advised that there is no objection to the presentation of this proposed draft bill from the standpoint of the administration's program.

Sincerely yours,

JOHN A. CARVER, JR.,  
Assistant Secretary of the Interior.

#### APPENDIX A TOWNSITES

Over the years the Congress has enacted a series of laws providing for the withdrawal, location, use, and disposal of townsites upon the public lands. The varying procedures prescribed by these laws are partially interdependent, partially alternative, and partially unrelated. Many of the provisions of these laws have become obsolete by reason of such circumstances as changes in other provisions of the public land laws, dispositions of substantially all the public lands within a particular category upon which a particular set of provisions was designated to operate, or development of new and better techniques for townsite planning and management that have caused the public to lose interest in employing the older and less advantageous techniques. Practical experience has also revealed a number of particulars in which the existing laws are ambiguous, contradictory, incomplete, or otherwise in need of technical improvement.

Some of the townsite laws (e.g., Revised Statute 2389, 43 U.S.C. 720), as amended, contain limitations upon the size of townsites and upon the area of the various types of tracts in townsites. These limitations at times have tended to impede normal community growth, or the laying out of the townsite and its various public facilities in the most beneficial manner.

Some of the townsite laws contemplate a system of public sales to be followed by private sales (this latter system, except for townsites, was repealed in 1891). Private sales have resulted not uncommonly in dispositions at inordinate low prices. The proposed procedures, on the other hand, would call for disposition of townlots at fair

market value, less improvements resulting from activities of bona fide claimants and their predecessors in interest and taking into consideration their equities.

Present townsite laws do not all make provision for preference rights to bona fide occupants or other meritorious claimants. The preference rights proposed to be granted would be subject to " \* \* \* such restrictions, exceptions, and other conditions as he (the Secretary) may find to be needed in order to prevent speculation, facilitate settlement, or otherwise protect the public interest."

#### APPENDIX B SMALL TRACT ACT

One of the major problems in the development of land is that the development of subsurface values is often inconsistent with the development of surface values. In particular, the development of land for residential, business, recreational, and community purposes is often inconsistent with the development of the minerals underlying those lands. The impact of the development of the leasable minerals such as oil and gas upon the surface of land can be limited, but the development of other minerals in the category of those locatable under the U.S. mining laws, such as the hard rock minerals, can greatly handicap or even prevent the proper development of the land for surface purposes.

Section 2 of the Small Tract Act of June 1, 1938, as amended (43 U.S.C., sec. 682b), provides that each patent for a tract bought under that act shall contain a reservation to the United States of all the mineral deposits together with the right to prospect for, mine, and remove them. This provision permits, subject to the promulgation of regulations by the Secretary of the Interior, the development of the reserved minerals under the applicable mining and mineral leasing laws. The Secretary of the Interior has by regulation made the reserved leasable minerals subject to the mineral leasing laws, but he has not made the mining laws applicable to the other reserved minerals. Since there is no provision in either the mining laws or the Small Tract Act to protect surface values and improvements, to permit the development of minerals under the mining laws could cause serious loss to surface owners. There is not such a great danger with respect to minerals subject to the mineral leasing laws, since under those laws there is opportunity to establish terms and conditions necessary to make reasonable adjustment between surface and subsurface development.

Even though the minerals in patented small-tract lands have not been opened to appropriation under the U.S. mining laws, the possibility thereof has probably retarded the development of the full surface potential of such lands. Prospective intensive developers could well hesitate to invest the large sums of money required for such development in the light of the possibility that surface values may be entirely destroyed by activities under the U.S. mining laws.

#### APPENDIX C

The Alaska Public Sale Act (61 Stat. 414; 48 U.S.C. 364a-364e) has not achieved its objective of facilitating industrial and commercial development in Alaska and to make more rapidly available lands suitable for commercial and industrial use than was possible under laws then in effect. The original bill authorized the private or public sale of certain Alaskan land which the Secretary might classify for such disposition. The bill provided that patent should not issue until survey, but contemplated the immediate passage of the entire fee in the land to the purchaser after sale, and contained no provision for the issuance of certificates of purchase, the delay of issuance

of patent after sale, or the submission of proof by a purchaser of use of the land conforming to its classification. The bill was amended to include provision for issuance of certificates of purchase and the Department objected to such inclusion, but the amendments prevailed. The law has been interpreted as requiring proof to be filed within 3 years after issuance of the certificate of purchase, otherwise forfeiture of the moneys paid to the Government for the land results (62 ID 243, 251). The Congress has recognized implicitly the difficulties attendant upon operations under the Alaska Public Sale Act by Private Law 654 (84th Cong., 2d sess.) of May 18, 1956, authorizing in certain circumstances that an extension of time to perform certain acts be granted to Matanuska Valley Lines, Inc., and to Joe Blackard and Russell Swank.

We are informed that issuance of certificates of purchase has not afforded a sufficient predicate upon which loans may be obtained. Without adequate financing, development is difficult, if not impossible.

The restrictive provisions of the Alaska Public Sale Act, requirements for publication, acreage limitation of 160 acres, and withholding of patent until proof of compliance are not conducive to effectuation of the purposes of the law.

#### LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. DINGELL, for June 22, 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. CHAMBERLAIN (at the request of Mr. CONTE), for 30 minutes, on Thursday, June 22, 1961.

Mr. SILER (at the request of Mr. CONTE), for 20 minutes, on Thursday, June 22, 1961.

Mr. ALGER (at the request of Mr. CONTE), for 60 minutes each, on Thursday, June 22, 1961; Friday, June 23, 1961; and Monday, June 26, 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. PATMAN.

Mr. SANTANGELO.

(The following Members (at the request of Mr. CONTE) and to include extraneous matter:)

Mr. DOOLEY.

Mr. SHORT.

Mr. CURTIS of Missouri.

Mr. HALL.

(The following Member (at the request of Mr. McCORMACK) and to include extraneous matter:)

Mr. FARBERSTEIN.

#### ENROLLED BILLS SIGNED

Mr. BURLISON, from the Committee on House Administration, reported that that committee had examined and found truly enrolled bills of the House of the

following titles, which were thereupon signed by the Speaker:

H.R. 1425. An act for the relief of Marian Walczyk and Marya Marek; and

H.R. 2346. An act for the relief of Maria Cascarino and Carmelo Giuseppe Ferraro.

#### SENATE ENROLLED BILLS SIGNED

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 32. An act for the relief of Jeno Becsey;

S. 68. An act for the relief of Kay Addis;

S. 70. An act for the relief of Mah Ngim Hay (Joe Mah);

S. 71. An act for the relief of Mah Ngim Bell (Bill Mah);

S. 186. An act for the relief of Doctor William Kwo-Wei Chen;

S. 219. An act for the relief of Doctor Nobutaka Azuma;

S. 268. An act for the relief of Hob Yuen Woo;

S. 395. An act for the relief of Fausto Lavari;

S. 400. An act for the relief of Mrs. Keum Ja Asato (Mrs. Thomas R. Asato);

S. 441. An act for the relief of Rodopi Statherou (Statheron);

S. 452. An act for the relief of Nellie V. Lohry;

S. 485. An act for the relief of Charles Edward Pifer;

S. 746. An act for the relief of Yee Mee Hong;

S. 759. An act for the relief of Sadako Suzuki Reeder;

S. 865. An act for the relief of Wieslawa Barbara Krzak;

S. 921. An act for the relief of Martha Uchacz Barras; and

S. 1093. An act for the relief of Sze-Foo Chien.

#### ADJOURNMENT

Mr. McCORMACK. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 6 o'clock and 3 minutes p.m.), the House adjourned until tomorrow, Thursday, June 22, 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:

1054. A letter from the President of the Board of Commissioners of the District of Columbia, transmitting a draft of a proposed bill entitled "A bill to provide for the establishment of a Juvenile Division within or in connection with the District of Columbia Youth Correctional Center, and to authorize the judge of the juvenile court of the District of Columbia to commit to such Juvenile Division, subject to the provisions of the Juvenile Court Act, children 15 years of age or older"; to the Committee on the District of Columbia.

1055. A letter from the Comptroller General of the United States; transmitting a report on the review of selected activities of the Federal-aid airport program and of the program for the establishment of air navigation facilities, Region 1, New York, N.Y., Bureau of Facilities and Materiel, Federal Aviation Agency, June 1960; to the Committee on Government Operations.

1056. A letter from the Comptroller General of the United States, transmitting a report on the review of fur seal operations and administration of the Pribilof Islands, Bu-

reau of Commercial Fisheries, U.S. Fish and Wildlife Service, Department of the Interior; to the Committee on Government Operations.

1057. A letter from the Comptroller General of the United States, transmitting a report on examination of the pricing of certain components of Corporal missiles under Department of the Army negotiated fixed-price subcontracts awarded by Gilfillan Bros., Inc., Los Angeles, Calif., to Motorola, Inc., Western Military Electronics Center, Phoenix, Ariz.; to the Committee on Government Operations.

1058. A letter from the Chief of Engineers, Department of the Army, transmitting a report pertaining to negotiations with the Crow Creek and Lower Brule Sioux Indian Tribes, which relates to a letter submitted on January 13, 1961; to the Committee on Interior and Insular Affairs.

1059. A letter from the Acting Administrator, General Services Administration, transmitting a draft of a proposed bill entitled "A bill to dissolve Federal Facilities Corporation, and for other purposes"; to the Committee on Armed Services.

#### REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. SMITH of Virginia: Committee on Rules. House Resolution 351. Resolution for consideration of H.R. 7677, a bill to increase for a 1-year period the public debt limit set forth in section 21 of the Second Liberty Bond Act; without amendment (Rept. No. 555). Referred to the House Calendar.

Mr. COLMER: Committee on Rules. House Resolution 352. Resolution for consideration of H.R. 5963, a bill to amend the General Bridge Act of 1946 with respect to the vertical clearance of bridges to be constructed across the Mississippi River; without amendment (Rept. No. 556). Referred to the House Calendar.

Mr. MILLS: Committee on Ways and Means. H.R. 5852. A bill to provide for the free entry of a towing carriage for the use of the University of Michigan; without amendment (Rept. No. 557). Referred to the Committee of the Whole House on the State of the Union.

Mr. DAWSON: Committee on Government Operations. S. 537. An act to amend the Surplus Property Act of 1944 to revise a restriction on the conveyance of surplus land for historic-monument purposes; without amendment (Rept. No. 558). Referred to the Committee on the Whole House on the State of the Union.

Mr. DAWSON: Committee on Government Operations. S. 539. An act to make nationals, American and foreign, eligible for certain scholarships under the Surplus Property Act of 1944, as amended; without amendment (Rept. No. 559). Referred to the Committee of the Whole House on the State of the Union.

Mr. DAWSON: Committee on Government Operations. S. 540. An act to authorize agencies of the Government of the United States to pay in advance for required publications, and for other purposes; without amendment (Rept. No. 560). Referred to the Committee of the Whole House on the State of the Union.

Mr. DAWSON: Committee on Government Operations. S. 796. An act to amend the Federal Property and Administrative Services Act of 1949, as amended, so as to authorize the use of surplus personal property by State distribution agencies, and for other purposes; without amendment (Rept. No. 561). Referred to the Committee of the Whole House on the State of the Union.



Mr. HOLIFIELD: Joint Committee on Atomic Energy. H.R. 7576. A bill to authorize appropriations for the Atomic Energy Commission in accordance with section 261 of the Atomic Energy Act of 1954, as amended, and for other purposes; without amendment (Rept. No. 562). Referred to the Committee of the Whole House on the State of the Union.

## PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. MULTER:

H.R. 7787. A bill to provide increased Federal assistance to State and local governments in planning new or improved transportation facilities and services as a part of comprehensive planning for metropolitan and other urban areas, and for other purposes; to the Committee on Banking and Currency.

By Mr. ASPINALL (by request):

H.R. 7788. A bill to authorize the classification, segregation, lease, and sale of public land for urban, business, and occupancy sites, to repeal obsolete statutes, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. CUNNINGHAM (by request):

H.R. 7789. A bill to authorize the classification, segregation, lease, and sale of public land for urban, business, and occupancy sites, to repeal obsolete statutes, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. MULTER:

H.R. 7790. A bill to amend section 9 of the Federal Reserve Act, as amended, section 18 (d) of the Federal Deposit Insurance Act, and section 5155 of the Revised Statutes, as amended, and for other purposes; to the Committee on Banking and Currency.

By Mr. MURRAY:

H.R. 7791. A bill to amend title 13 of the United States Code to provide for the collection and publication of foreign commerce and trade statistics, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. NYGAARD:

H.R. 7792. A bill to amend the Soil Bank Act so as to authorize the Secretary of Agriculture to permit the harvest of hay on conservation reserve acreage under certain conditions; to the Committee on Agriculture.

By Mr. SANTANGELO:

H.R. 7793. A bill to provide for payment for hospital services, skilled nursing home services, and home health services furnished to aged beneficiaries under the old-age, survivors, and disability insurance program, and for other purposes; to the Committee on Ways and Means.

H.R. 7794. A bill to amend the Juvenile Court Act of the District of Columbia to grant the court certain jurisdiction over parents; to the Committee on the District of Columbia.

By Mr. SIKES:

H.R. 7795. A bill to direct the Secretary of the Interior to establish a research program in order to determine means of improving the conservation of game and food fish in dam reservoirs; to the Committee on Merchant Marine and Fisheries.

By Mr. SPENCE:

H.R. 7796. A bill to amend certain lending limitations on real estate and construction loans applicable to national banks; to the Committee on Banking and Currency.

By Mr. WICKERSHAM:

H.R. 7797. A bill to amend and extend the provisions of the Sugar Act of 1948, as amended; to the Committee on Agriculture.

By Mr. HOLIFIELD:

H.R. 7798. A bill to amend various sections of the Atomic Energy Act of 1954, as

amended, and the EURATOM Cooperation Act of 1958, and for other purposes; to the Joint Committee on Atomic Energy.

By Mrs. KELLY:

H.R. 7799. A bill to provide for planning the participation of the United States in the New York World's Fair, to be held at New York City in 1964 and 1965, and for other purposes; to the Committee on Foreign Affairs.

By Mr. DEVINE:

H.R. 7800. A bill to amend the Federal Airport Act so as to extend the time for making grants under the provisions of such act, to provide for the establishment of a trust fund for the purpose of financing grants under such Act, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. SHORT:

H.R. 7801. A bill to amend the Soil Bank Act so as to authorize the Secretary of Agriculture to permit the harvest of hay on conservation reserve acreage under certain conditions; to the Committee on Agriculture.

By Mr. FOUNTAIN:

H.R. 7802. A bill to provide for periodic congressional review of Federal grants-in-aid to State and local units of government; to the Committee on Government Operations.

By Mrs. DWYER:

H.R. 7803. A bill to provide for periodic congressional review of Federal grants-in-aid to State and local units of government; to the Committee on Government Operations.

By Mr. IKARD of Texas:

H.R. 7804. A bill to provide for periodic congressional review of Federal grants-in-aid to State and local units of government; to the Committee on Government Operations.

By Mr. SMITH of Iowa:

H.R. 7805. A bill to provide for periodic congressional review of Federal grants-in-aid to State and local units of government; to the Committee on Government Operations.

By Mr. BROOKS of Louisiana:

H.R. 7806. A bill to amend the National Science Foundation Act of 1950 to provide additional criteria for selection of persons for scholarships and fellowships, and to require additional information on the affidavit filed by each applicant for scholarship or fellowship; to the Committee on Science and Astronautics.

By Mr. CAREY:

H.R. 7807. A bill to provide for planning the participation of the United States in the New York World's Fair, to be held at New York City in 1964 and 1965, and for other purposes; to the Committee on Foreign Affairs.

By Mr. CURTIS of Missouri:

H.R. 7808. A bill to provide for periodic congressional review of Federal grants-in-aid to State and local units of government; to the Committee on Operations.

By Mr. KILDAY:

H.R. 7809. A bill to improve the active duty promotion opportunity of Air Force officers from the grade of major to the grade of lieutenant colonel; to the Committee on Armed Services.

By Mr. LANGEN:

H.R. 7810. A bill to amend the Soil Bank Act so as to authorize the Secretary of Agriculture to permit the harvest of hay on conservation reserve acreage under certain conditions; to the Committee on Agriculture.

By Mr. ULLMAN:

H.R. 7811. A bill to amend the act authorizing the Crooked River Federal reclamation project to provide for the irrigation of additional lands; to the Committee on Interior and Insular Affairs.

By Mr. ZELENKO:

H.R. 7812. A bill to provide for the registration of contractors of migrant agricultural workers, and for other purposes; to the Committee on Education and Labor.

By Mr. CORBETT:

H.R. 7813. A bill to amend title 13 of the United States Code to provide for the collection and publication of foreign commerce and trade statistics, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. PELLY:

H.R. 7814. A bill to provide for periodic congressional review of Federal grants-in-aid to State and local units of government; to the Committee on Government Operations.

By Mr. SAYLOR:

H.J. Res. 459. Joint resolution to provide for the preservation and protection of certain lands in Prince Georges and Charles Counties, Md., and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. MERROW:

H. Con. Res. 340. Concurrent resolution expressing the sense of the Congress with respect to the proposed trade by Cuba of prisoners for tractors; to the Committee on Foreign Affairs.

By Mr. SELDEN:

H. Res. 353. Resolution congratulating the Congress of the Republic of Chile for 150 years of liberty and democracy on July 4, 1961; to the Committee on Foreign Affairs.

By Mr. SHELLEY:

H. Res. 354. Resolution to provide for a flag for the Members of the House of Representatives; to the Committee on House Administration.

By Mr. ANFUSO:

H. Res. 356. Resolution urging the National Science Foundation to facilitate our scientific programs by collecting information and data derived from past Federal scientific research and development and making it available at a central location to Federal agencies currently engaged in such programs; to the Committee on Science and Astronautics.

## MEMORIALS

Under clause 4 of rule XXII,

The SPEAKER presented a memorial of the Legislature of the State of Florida, memorializing the President and the Congress of the United States respectfully requesting the Members of the U.S. Congress and particularly those Members of the Florida delegation to Congress, to provide additional sugar quotas for domestic growers, 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. 7815. A bill for the relief of Francesca Addeo; to the Committee on the Judiciary.

By Mr. CLARK:

H.R. 7816. A bill for the relief of Gaetanina Paola Angelone; to the Committee on the Judiciary.

H.R. 7817. A bill for the relief of Adele Anna Teresa Angelone; to the Committee on the Judiciary.

H.R. 7818. A bill for the relief of Rodolfo Spagnolo; to the Committee on the Judiciary.

By Mr. CONTE:

H.R. 7819. A bill for the relief of Mrs. Florinda M. Cristofari; to the Committee on the Judiciary.

By Mr. GLENN:

H.R. 7820. A bill for the relief of Ersilia Maria Giovanna Sabatelli; to the Committee on the Judiciary.

By Mr. KILDAY:

H.R. 7821. A bill for the relief of Mr. Robert Cermin; to the Committee on the Judiciary.

By Mrs. PFOST:

H.R. 7822. A bill for the relief of Mrs. Orsolina Cianfone Tallonardo; to the Committee on the Judiciary.

By Mr. ROGERS of Colorado:

H.R. 7823. A bill for the relief of Harry N. Duff; to the Committee on the Judiciary.

By Mr. SANTANGELO:

H.R. 7824. A bill for the relief of Mr. and Mrs. Hamburg Tang; to the Committee on the Judiciary.

#### PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

183. By Mr. KING of Utah: Petition of the Utah Water and Power Board adopted on May 19, 1961, supporting the Dixie project; to the Committee on Interior and Insular Affairs.

184. Also, petition of the City Council of Bountiful, Utah, memorializing the Congress of the United States to expedite the planning and construction of power transmission lines of the Colorado River storage project; to the Committee on Interior and Insular Affairs.

### SENATE

WEDNESDAY, JUNE 21, 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:

Our Father God, we thank Thee for altars of prayer where, in high moments of unclouded faith, moods of doubt which often assail us seem treason to that changeless world where Thou dost reign in the uninvaded realm of the excellent and the true. Finding here the gifts of pardon and peace, may the memory of Thy past mercies mingle like sweet incense with a strengthening assurance of Thy present nearness which no malignity, nor cruel violence of man's devising, can snatch from those whose minds are stayed on Thee.

Make this storied Chamber of our national life a place of vision, a lighthouse of hope lifted above the raging floods of human disaster and distress. May those who here speak for the Nation be the architects of a new order for peace and justice and freedom for men in all the earth. Send forth Thy servants here to waiting tasks, grateful for a precious heritage worth living for and, if need be, dying for, and with a deathless cause that no weapon that has been formed can defeat.

In Thy might lift up our hearts and make us strong. We ask it in the Redeemer's name. Amen.

#### THE JOURNAL

On request of Mr. MANSFIELD, and by unanimous consent, the reading of the Journal of the proceedings of Tuesday, June 20, 1961, was dispensed with.

#### MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the

House had passed the bill (S. 304) for the relief of Ana Lekos, with an amendment, in which it requested the concurrence of the Senate.

The message also announced that the House had passed the bill (S. 1343) for the relief of Dr. Tung Hui Lin, with amendments, in which it requested the concurrence of the Senate.

The message further announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H.R. 1336. An act for the relief of Anna Catania Puglisi;

H.R. 1337. An act for the relief of Amelia Andreoli D'Attore;

H.R. 1338. An act for the relief of William W. Stevens;

H.R. 1383. An act for the relief of Hyacinth Louise Miller;

H.R. 1390. An act for the relief of Jung Ngon Woon;

H.R. 1391. An act for the relief of Mrs. Wong Lau Sau Kam;

H.R. 1459. An act for the relief of EN/2 Hideo Chuman, U.S. Navy;

H.R. 1486. An act for the relief of Mrs. Vicenta A. Messer;

H.R. 1499. An act for the relief of Manuel Nido;

H.R. 1507. An act for the relief of Capt. Jacob Haberle;

H.R. 1699. An act for the relief of Nick George Boudoures;

H.R. 1706. An act for the relief of Adela Michiko Flores;

H.R. 1903. An act for the relief of Mrs. Amina Youssif Cosino (nee Simaan);

H.R. 2656. An act for the relief of Capt. Leon B. Ketchum;

H.R. 3132. An act for the relief of Lucille Collins;

H.R. 3862. An act for the relief of Lt. Col. Edward C. Campbell;

H.R. 3863. An act for the relief of Woody W. Hackney, of Fort Worth, Tex.;

H.R. 4381. An act for the relief of Walter H. Hanson;

H.R. 4591. An act to continue until the close of June 30, 1962, the suspension of duties on metal scrap, and for other purposes;

H.R. 4913. An act to amend the Act of August 7, 1946, relating to the District of Columbia hospital center to extend the time during which appropriations may be made for the purposes of that act; and

H.R. 5501. An act for the relief of Mrs. David Ishmael, Manhattan, Kans.

#### ENROLLED BILLS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the President pro tempore:

S. 32. An act for the relief of Jenö Becsey;

S. 68. An act for the relief of Kay Addis;

S. 70. An act for the relief of Mah Ngim Hay (Joe Mah);

S. 71. An act for the relief of Mah Ngim Bell (Bill Mah);

S. 186. An act for the relief of Dr. William Kwo-Wel Chen;

S. 219. An act for the relief of Dr. Nobutaka Azuma;

S. 268. An act for the relief of Hob Yuen Woo;

S. 395. An act for the relief of Fausto Lavari;

S. 400. An act for the relief of Mrs. Keum Ja Asato (Mrs. Thomas R. Asato);

S. 441. An act for the relief of Rodopi Statherou (Statheron);

S. 452. An act for the relief of Nellie V. Lohry;

S. 485. An act for the relief of Charles Edward Pifer;

S. 746. An act for the relief of Yee Mee Hong;

S. 759. An act for the relief of Sadako Suzuki Reeder;

S. 865. An act for the relief of Wieslawa Barbara Krzak;

S. 921. An act for the relief of Martha Uchacz Barras;

S. 1093. An act for the relief of Sze-Foo Chien;

H.R. 1425. An act for the relief of Marian Walczyk and Marya Marek; and

H.R. 2346. An act for the relief of Maria Cascarino and Carmelo Giuseppe Ferraro.

#### HOUSE BILLS REFERRED

The following bills were severally read twice by their titles and referred as indicated:

H.R. 1336. An act for the relief of Anna Catania Puglisi;

H.R. 1337. An act for the relief of Amelia Andreoli D'Attore;

H.R. 1338. An act for the relief of William W. Stevens;

H.R. 1383. An act for the relief of Hyacinth Louise Miller;

H.R. 1390. An act for the relief of Jung Ngon Woon;

H.R. 1391. An act for the relief of Mrs. Wong Lau Sau Kam;

H.R. 1459. An act for the relief of EN/2 Hideo Chuman, U.S. Navy;

H.R. 1486. An act for the relief of Mrs. Vicenta A. Messer;

H.R. 1499. An act for the relief of Manuel Nido;

H.R. 1507. An act for the relief of Capt. Jacob Haberle;

H.R. 1699. An act for the relief of Nick George Boudoures;

H.R. 1706. An act for the relief of Adela Michiko Flores;

H.R. 1903. An act for the relief of Mrs. Amina Youssif Cosino (nee Simaan);

H.R. 2656. An act for the relief of Capt. Leon B. Ketchum;

H.R. 3132. An act for the relief of Lucille Collins;

H.R. 3862. An act for the relief of Lt. Col. Edward C. Campbell;

H.R. 3863. An act for the relief of Woody W. Hackney, of Fort Worth, Tex.;

H.R. 4381. An act for the relief of Walter H. Hanson; and

H.R. 5501. An act for the relief of Mrs. David Ishmael, Manhattan, Kans.; to the Committee on the Judiciary.

H.R. 4591. An act to continue until the close of June 30, 1962, the suspension of duties on metal scrap, and for other purposes; to the Committee on Finance.

H.R. 4913. An act to amend the act of August 7, 1946, relating to the District of Columbia hospital center to extend the time during which appropriations may be made for the purposes of that act; to the Committee on the District of Columbia.

#### 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 Irrigation Subcommittee of the Committee on Interior



and Insular Affairs was authorized to meet during the session of the Senate today.

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

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Public Buildings Subcommittee of the Senate Committee on Public Works be permitted to sit during today's session of the Senate.

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

#### COMMITTEE MEETING DURING SENATE SESSION ON THURSDAY

Mr. HUMPHREY. Mr. President, I ask unanimous consent that the Subcommittee on Reorganization and International Organizations of the Committee on Government Operations be permitted to meet during the session of the Senate on Thursday to conduct hearings on a bill to create a Department of Urban Affairs.

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

#### EXECUTIVE COMMUNICATIONS, ETC.

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

##### OIL POLLUTION ACT, 1961

A letter from the Secretary of State, transmitting a draft of proposed legislation to implement the provisions of the International Convention for the Prevention of the Pollution of the Sea by Oil, 1954 (with accompanying papers); to the Committee on Commerce.

##### ESTABLISHMENT OF A JUVENILE DIVISION IN CONNECTION WITH DISTRICT OF COLUMBIA YOUTH CORRECTIONAL CENTER

A letter from the President, Board of Commissioners, District of Columbia, transmitting a draft of proposed legislation to provide for the establishment of a Juvenile Division within or in connection with the District of Columbia Youth Correctional Center, and to authorize the judge of the Juvenile Court of the District of Columbia to commit to such Juvenile Division, subject to the provisions of the Juvenile Court Act, children 15 years of age or older (with an accompanying paper); to the Committee on the District of Columbia.

##### REPORT ON REVIEW OF FEDERAL-AID AIRPORT PROGRAM

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a report on review of the Federal-aid airport program and of the program for the establishment of air navigation facilities, region 1, New York, N.Y., Bureau of Facilities and Materiel, Federal Aviation Agency, June 1960 (with an accompanying report); to the Committee on Government Operations.

##### REPORT ON REVIEW OF FUR SEAL OPERATIONS

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a report on review of fur seal operations and administration of the Pribilof Islands, Bureau of Commercial Fisheries, U.S. Fish and Wildlife Service, Department of the Interior, dated June 1961 (with an accompanying report); to the Committee on Government Operations.

##### REPORT ON EXAMINATION OF PRICING OF CERTAIN COMPONENTS OF CORPORAL MISSILES

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a report on the examination of the pricing of certain components of Corporal missiles under Department of the Army negotiated fixed-price subcontracts awarded by Gilfillan Bros., Inc., Los Angeles, Calif., to Motorola, Inc., Western Military Electronics Center, Phoenix, Ariz., dated June 1961 (with an accompanying report); to the Committee on Government Operations.

##### REPORT OF JUDICIAL CONFERENCE OF THE UNITED STATES

A letter from the Chief Justice of the United States, transmitting, pursuant to law, a report of the Judicial Conference of the United States, held at Washington, D.C., March 13-14, 1961 (with an accompanying report); to the Committee on the Judiciary.

#### PETITIONS AND MEMORIALS

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

By the PRESIDENT pro tempore:

A resolution of the Legislature of the State of Florida; to the Committee on Finance:

##### "HOUSE MEMORIAL 2963

"Memorial to the Congress of the United States commending two pioneers in the U.S. sugar industry, Mr. Charles Stewart Mott, chairman of the board of the U.S. Sugar Corp. and Mr. Harry T. Vaughn, president of the U.S. Sugar Corp., and urging Congress to provide additional sugar cane quotas for domestic sugar cane growers

"Whereas the sugar cane industry in Florida has made tremendous progress over the past 30 years; and

"Whereas this sugar industry is at present showing increased growth with several new mills in the process of construction, thereby adding greatly to Florida's economy; and

"Whereas this progress has been made largely through the efforts of Mr. Charles Stewart Mott and Mr. Harry T. Vaughn as a result of their foresight, research activity, and financial backing of the U.S. Sugar Corp.; and

"Whereas their development of the sugar cane varieties which produce high yields, has made it possible for domestic growers to participate in the profitable growing of this vital agricultural crop so necessary to our health; and

"Whereas this goal has been accomplished only after years of great expenditure of funds, hard work, and efficiency of operation under the leadership of Mr. Mott and Mr. Vaughn; and

"Whereas it is now apparent that there is the opportunity for the U.S. Congress to increase sugar quotas for the mainland domestic growers as a result of the removing of the quota previously assigned Cuba; and

"Whereas the long agricultural season enjoyed throughout Florida is ideal for the maximum production of sugar cane; and

"Whereas there is a vast amount of rich and fertile soil in Florida suitable for the expansion of the sugar industry now being developed especially around the Lake Okechobee area; and

"Whereas the Legislature of the State of Florida desires to urge the Members of Congress to assure our domestic growers that they will be able to participate in the future growth and development of this industry: Now, therefore, be it

*"Resolved by the Legislature of the State of Florida, That the Florida Legislature respectfully requests the Members of the U.S. Congress and particularly those members of*

the Florida delegation to Congress, to provide additional sugar quotas for domestic growers; and be it further

*"Resolved, That copies of this memorial be dispatched to the President of the United States; to the President of the U.S. Senate; to the Speaker of the U.S. House of Representatives; to each of the members of the Florida delegation to the U.S. Congress; and to the Governor of the State of Florida."*

#### RESOLUTION OF RHODE ISLAND GENERAL ASSEMBLY

Mr. PASTORE. Mr. President, on behalf of the junior Senator from Rhode Island [Mr. PELL] and myself, I submit a certified copy of Resolution 687 entitled: "Resolution Memorializing Congress Requesting That the Measure To Establish a Park in Providence at the Location of the Spring Where Roger Williams, Our Founder, First Landed, Be Made a Memorial Park in Honor of His Contribution to Religious Liberty, Be Enacted," passed by the General Assembly of the State of Rhode Island at the January session 1961, and approved by the Governor.

I ask that this resolution be appropriately referred.

There being no objection, the resolution was referred to the Committee on Interior and Insular Affairs, and, under the rule, ordered to be printed in the RECORD, as follows:

##### RESOLUTION 687

Resolution memorializing Congress requesting that the measure to establish a park in Providence at the location of the spring where Roger Williams, our founder, first landed, be made a memorial park in honor of his contribution to religious liberty, be enacted

Whereas when Roger Williams came to Rhode Island he found it in possession of four Indian tribes. He was exiled from Massachusetts because of his insistence upon complete religious freedom which brought him into conflict with the Puritan leaders of the Massachusetts Bay Colony. He believed implicitly that there should be a separation of church and state. Warned that he was to be returned to England for his controversial doctrines, he took the wintery overland Indian path to secure protection from the Indians. Warned by his friends that he would do well to find relief from persecution, he finally settled near a spring on the banks of the Moshassuck River, near what is known now as North Main Street, diagonally across from the site of St. John's Cathedral, naming the settlement Providence. He later wrote: "And having in a sense of God's merciful providence unto me in my distress called the place Providence"; and

Whereas in a recommendation of our College Hill report which defined the pattern for the progress and growth of the ancient part of the city of Providence, it has been recommended that the establishment of a park in memory of Roger Williams, our founder, at the special spring where he first landed, the clearance of the depressed area would be the key to the renewal and development of both the College Hill area and downtown Providence: Now, therefore, be it

*Resolved, That the members of the General Assembly of the State of Rhode Island and Providence Plantations now earnestly request Congress to authorize the establishment in the city of Providence of a National Roger Williams Memorial Park, asking that explicit attention be given to the measure now pending in the Congress of the United States to undertake such a memorial park,*

thereby emphasizing for all time Roger Williams' adherence to religious liberty; requesting the Senators and Congressmen from Rhode Island in the Congress of the United States to work assiduously for the passage of this measure and directing the secretary of state to transmit to them and all other Members of Congress through proper authorities duly certified copies of this resolution.

#### RESOLUTION OF THE JUNIOR ORDER OF UNITED AMERICAN MECHANICS

Mr. ERVIN. Mr. President, Burkemont Council No. 44, Junior Order of United American Mechanics of Morganton, N.C., has adopted a resolution which is, in substance, a petition to Congress. I ask unanimous consent that such resolution be printed in the RECORD.

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

Whereas the Junior Order of United American Mechanics has for more than a century zealously labored to defend and support the U.S. Constitution and the freedom it provides; striven to promote the welfare of the Nation and to serve the best interests of American citizens; supported the public school system and the belief in separation of church and state; opposed unrestricted immigration and combated communism, and has endeavored to make its members better men, truer citizens and strong patriots; and

Whereas the principles and ideals of the order remain unchanged and its beliefs in these matters are unalterable: Now, therefore, be it

*Resolved by the Burkemont Council 44 assembled this 23d day of May 1961, in the city of Morganton, N.C., That it affirms all of the above and declares its opinion on the following specific issues:*

1. That the U.S. Constitution should be supported by all; that rigid adherence and conformity to it be practiced; that every effort should be exercised to keep it intact and thus safeguard the priceless freedoms which it guarantees;

2. That liberalizing amendments to the McCarran-Walter Immigration and Naturalization Act are unalterably opposed; the continuance of admission of hordes of refugees admitted in excess of the quota and nonquota immigrants coming in under the existing law is also opposed;

3. That as longtime strong advocates of separation of church and state, we are diametrically opposed to Federal or State aid to private educational institutions; that we also hold that grants to individuals in lieu of institutions are but a subterfuge and should be denied;

4. That there is the utmost urgency for our people to be alerted and better informed; and that they act fast against the mounting Communist threats; that legislative measures be carried out to combat and curb communism in our Nation, and that they support vigorously all efforts which would forestall the intervention, domination and control and colonization by international communism in other areas of the new world;

5. That the foreign aid program, which has been declared unconstitutional by some and whose benefits have been questioned by many, be curtailed, so that relief may be granted the worker and taxpayer. We are all victims of the foreign aid and foreign trade policies followed by the United States. As taxpayers we foot the bill for foreign aid; as workers (who are also taxpayers) we find our jobs are gone because of foreign competition made possible through the shipments of dollars overseas;

6. That Flag Day should be designated a legal holiday and that the flag should be displayed on or near diplomatic establishments abroad, and should be flown more frequently at home;

7. That we favor the proposal of establishment in the United States of an advance training and development center to be known as Freedom Academy. The principal function would be the development of systematic knowledge about the international Communist conspiracy and to explore and study the methods and means to provide counteraction by private citizens, nongovernmental organizations to supplement the means and methods already being used by governmental agencies and persons in Government service;

8. That we oppose the repeal of the Connolly amendment which would decrease rights and authority of Congress and subject this country to the jurisdiction of the International Court of Justice, some of whose judges' background, purposes and ideologies are in conflict with our own; and be it further

*Resolved, That the State secretary be and he is hereby directed to send copies of this resolution to our Representatives in Congress and to each Senator from this State. Committee:*

E. C. ISENHOUR,  
Counselor.  
R. C. HAUSER.  
B. R. WHISNANT.

#### AFFIDAVIT PROVISION OF NATIONAL DEFENSE EDUCATION ACT—RESOLUTION

Mr. JAVITS. Mr. President, I ask unanimous consent to have printed in the RECORD a resolution adopted by the University of Southern California chapter of the American Association of University Professors, opposing the affidavit provision of the National Defense Education Act of 1958.

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

#### RESOLUTION ADOPTED BY UNIVERSITY OF SOUTHERN CALIFORNIA CHAPTER OF THE AMERICAN ASSOCIATION OF UNIVERSITY PROFESSORS

Whereas the constitutionality of the disclaimer affidavit required by the National Defense Education Act of 1958 is questionable since the affidavit attempts to restrict what one may believe as well as what one may do; and

Whereas a student is faced with the impossible task required by the affidavits of determining his belief in an organization which believes in the overthrow of the Government by unconstitutional methods; and

Whereas the affidavit imbues the act with the nature of a political test oath and thereby poses the grave issue of Federal control of education; and

Whereas the affidavit runs counter to the principle of academic freedom which permits vigorous inquiry into all points of view in rational discussion, a condition basic to the very processes of higher education; and

Whereas the act singles out university and college students from all other groups receiving Federal support in the requirement of a disclaimer affidavit to establish their innocence of unsupported suspicion of subversion; and

Whereas the affidavit and the oath can neither create nor compel loyalty, and are accordingly self-defeating; and

Whereas the affidavit violates the fundamental American principle of jurisprudence that an individual is presumed innocent until proven guilty: Therefore be it

*Resolved by the University of Southern California Chapter of the American Association of University Professors:*

1. That the affidavit provision of the National Defense Education Act of 1958 is unequivocally opposed and condemned; and

2. That the President of the United States and California's U.S. Senators and Members of the House of Representatives are respectfully urged to support vigorously the repeal of said affidavit, and that a copy of this resolution be furnished to each member of the Labor and Public Welfare Committee of the Senate and of the Education and Labor Committee of the House of Representatives; and

3. That the faculty senate of the University of Southern California is commended for its action of May 18, 1960, of protesting the disclaimer affidavit and is urged to reaffirm this position and to petition California's U.S. Senators and Members of the House of Representatives to work actively for the repeal of said affidavit; and

4. That the board of trustees, the president, and the student senate of the University of Southern California are respectfully urged to take a stand against said affidavit and to petition California's U.S. Senators and Members of the House of Representatives to do likewise; and

5. That the administration of the University of Southern California is respectfully requested to furnish each student applying for benefits under said act with a copy of this resolution.

Executive Council, University of Southern California, AAUP: Totten J. Anderson, Russell, L. Caldwell, Edgar Ewing, C. Roger Freberg, Willard Geer, Kenneth A. Harwood, Bernard Kantor, Arthur J. Knodel, Norman Kharasch, Edward C. McDonagh, Charles E. Meyers, Victor S. Netterville, Edwin C. Robbins, Georges Sabagh, Georgene Seward, William H. Werkmeister, Donald Wilson, Ronald Freeman, treasurer; Gerald Larue, secretary; William C. Himstreet, vice president; William H. Perkins, president.

#### NEW YORK RESOLUTIONS

Mr. KEATING. Mr. President, I ask unanimous consent to have printed in the RECORD three resolutions—one from the Village Board of Port Henry, Essex County, N.Y., urging increased Federal aid in constructing a sewage disposal plant; one from the County Board of Supervisors of Monroe County urging support for the Corps of Engineers project for Rochester Harbor; and one from the Young Republican Club of Ulster County concerning the tractors-for-prisoners deal.

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

Whereas the New York State Department of Health and the New York State Water Pollution Control Board will require the village of Port Henry to build a sewage disposal plant;

Whereas at the present time, the amount of Federal aid and State aid available for such a project would be approximately one-third of the project's total cost;

Whereas at the present time, the village of Port Henry could not burden its taxpayers with two-thirds of the cost of such a project;

Whereas the board of trustees of the village of Port Henry realizes the need for a sewage disposal plant: Now, therefore, it hereby

*Resolved, That the village of Port Henry realizing the need for the construction of the sewage disposal plant, goes on record as favoring the construction of such a facility providing the Federal and State Govern-*



ments will increase the amount of aid for such a project to two-thirds of the cost; and it further be

*Resolved*, That a copy of this resolution be sent to the following: Hon. Jacob K. Javits, Senate Office Building, Washington, D.C.; Hon. Carleton J. King, House of Representatives, Washington, D.C.; Hon. Grant W. Johnson, Ticonderoga, N.Y.; Hon. Kenneth B. Keating, Senate Office Building, Washington, D.C.; Hon. Eustis Paine, the Capitol, Albany, N.Y.; Dominick Ida, supervisor, Mineville, N.Y.; and the office of the mayors of Westport, Ticonderoga, and Willboro.

Attest:

JANE PHILLIPS,  
Village Clerk.

#### RESOLUTION OF BOARD OF SUPERVISORS OF THE COUNTY OF MONROE

Resolution requesting the Congress of the United States to approve and appropriate moneys for a program of development and improvement of Rochester Harbor

Whereas the U.S. Army Corps of Engineers (Buffalo District) has heretofore made a study of the feasibility of developing and improving Rochester Harbor; and

Whereas as a result of said studies, their findings and recommendations were set out in an interim report dated January 1960 titled "Great Lakes Harbors Study on Rochester Harbor"; and

Whereas said report recommended an expenditure of approximately \$2½ million for deepening, widening, and the construction of a 650-foot turning basin at Rochester Harbor; and

Whereas the 86th Congress on July 14, 1960, passed a Rivers and Harbors Act in which was included a development program for Rochester Harbor; and

Whereas such a program of development and improvement of Rochester Harbor would be in the best interests of the residents of the city of Rochester and the county of Monroe: Therefore be it

*Resolved by the board of supervisors of the county of Monroe, as follows:*

SECTION 1. That the board of supervisors of the county of Monroe requests the Congress of the United States to approve and appropriate approximately \$2½ million to develop and improve Rochester Harbor.

SEC. 2. That the clerk of the board of supervisors be, and hereby is, directed to forward a copy of this resolution to the Honorable KENNETH B. KEATING, the Honorable JACOB K. JAVITS, the Honorable HAROLD C. OSTERTAG, and the Honorable JESSICA McC. WEIS and to the congressional budget committee, and the House Appropriations Committee.

SEC. 3. This resolution shall take effect immediately.

MICHAEL D. PASTORELLE,  
Clerk.

#### RESOLUTION BY ULSTER COUNTY YOUNG REPUBLICAN CLUB

Whereas the people of Ulster County, the State of New York, the United States of America and all other freedom-loving citizens throughout the world have become increasingly alarmed over the inhumanities and despotic rule demonstrated by the communist Government of Cuba; and

Whereas decency, justice and liberty have been ground under the heel of Fidel Castro, the arrogant dictator of Cuba, clearly demonstrating that the Cuban nation under its present leadership has no place in the family of nations; and

Whereas the President of the United States has willingly played into the cunning hands of the ruthless Castro by encouraging American citizens to submit to undisguised blackmail by sending tractors and/or bulldozers to strengthen the insulting Cuban nation in return for the release of political prisoners: Now, therefore, be it

*Resolved*, That the Young Republican Club of Ulster County express its disapproval of the actions of President Kennedy for entertaining the thought, let alone the encouragement of the United States being a party to international blackmail which this organization finds so difficult to reconcile with the Nation's very recent annual tribute to the gallant war dead of many wars who fought to make our Nation great; and be it further

*Resolved*, That a copy of this resolution be spread at length upon the minutes of this meeting and a copy hereof be sent to our U.S. Senators JACOB JAVITS and KENNETH KEATING, and our Congressman J. ERNEST WHARTON.

#### REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. FULBRIGHT, from the Committee on Foreign Relations, without amendment: H.J. Res. 384. Joint resolution providing for acceptance by the United States of America of the Agreement for the Establishment of the Caribbean Organization signed by the Governments of the Republic of France, the Kingdom of the Netherlands, the United Kingdom of Great Britain and Northern Ireland, and the United States of America (Rept. No. 440).

#### AUTHORIZATION OF APPROPRIATIONS FOR ATOMIC ENERGY COMMISSION—REPORT OF A COMMITTEE—SEPARATE VIEWS (S. REPT. NO. 441)

Mr. PASTORE. Mr. President, from the Joint Committee on Atomic Energy, I report favorably, without amendment, the bill (S. 2043) to authorize appropriations for the Atomic Energy Commission in accordance with section 261 of the Atomic Energy Act of 1954, as amended, and for other purposes, and I submit a report thereon. I ask unanimous consent that the report be printed, together with the separate views of Senators HICKENLOOPER and BENNETT, and Representatives VAN ZANDT, HOSMER, and BATES.

The PRESIDING OFFICER (Mr. METCALF in the chair). The report will be received and printed, as requested by the Senator from Rhode Island, and the bill will be placed on the calendar.

#### REPORT ENTITLED "INCOMPETENCE OF STAFF DIRECTOR, COMMISSION ON CIVIL RIGHTS"—INDIVIDUAL AND SEPARATE VIEWS (S. REPT. NO. 439)

Mr. McCLELLAN. Mr. President, on behalf of the Committee on Government Operations I submit the report made to it by the Senate Permanent Subcommittee on Investigations entitled, "Incompetence of Staff Director, Commission on Civil Rights" and ask that it be printed, together with the individual views of the Senator from New York [Mr. JAVITS], and the separate views of myself, and other members of the subcommittee.

The PRESIDING OFFICER. The report will be received and printed.

Mr. McCLELLAN. Mr. President, in March of 1960, one of the Senators of the subcommittee received personal complaints made to him against Gordon

Tiffany, the staff director of the Commission on Civil Rights, by employees of the Civil Rights Commission who were working under his direction and supervision. At his instance I directed the staff of the subcommittee to conduct a preliminary inquiry to ascertain if there was any basis for the complaints which had been received.

On March 8, 1960, as chairman of the subcommittee, I sent to each member of the Civil Rights Commission and to its staff director, Mr. Gordon Tiffany, and to all members of the Senate Permanent Subcommittee on Investigations, copies of a telegram which I addressed to the Chairman of the Commission on Civil Rights setting forth the nature of the complaints received, indicating that the subcommittee staff had been instructed to conduct a preliminary investigation. In this telegram I requested the cooperation of the Commission and the Commission staff. The Chairman of the Commission responded promptly to the effect that it was his feeling that the Commission should cooperate fully. Because of what developed during this preliminary inquiry, the subcommittee decided to conduct executive sessions and not public hearings so that there would be no impact or influence on the controversial Civil Rights Act of 1960, which was pending legislation before the U.S. Senate. The subcommittee met in executive session on June 3, 6, and 7, 1960.

The inquiry into this very sensitive agency was most carefully handled. At no time was any statement issued to the press concerning this subject matter.

The testimony very clearly indicated that Gordon Tiffany, the staff director, had neither the executive ability nor the competence to be entrusted with the important duties of his office in this most sensitive agency. Although he had received a copy of the aforementioned telegram from me, and although he had been furnished the rules of the subcommittee during the preliminary inquiry, on June 3, 1960, some 3 months after the inquiry was conducted, he still questioned the authority of the subcommittee to act. Even at this late date, Mr. Tiffany, while holding mental reservations regarding the subcommittee's authority, had not contacted the subcommittee with regard to clarifying the situation. He had not contacted the subcommittee staff. He had not contacted the Office of the Attorney General—in fact, he had not contacted anyone who was in any position to render him proper advice. He had refused to permit certain individuals within the Civil Rights Commission to be interviewed by the subcommittee staff at the time requested; he concurred with actions of subordinates in advising Civil Rights Commission staff members that, if they did not wish to cooperate and furnish signed statements to the subcommittee staff, no action would be taken against them, which was tantamount to warnings to subordinates not to cooperate with the subcommittee. He refused to permit the review of certain financial records of the Commission on Civil Rights by a subcommittee staff member.

Mr. Tiffany, during the time of the preliminary inquiry and during the time that he was a witness in executive session, consistently refused to make available to the subcommittee the names of 26 prominent Federal, State, and local officials and clergymen whose names, at his direction, had been checked to determine their reliability and impartiality in connection with their appearance as witnesses before the Commission on Civil Rights.

He finally, under prodding of the subcommittee, made such a list available on June 10, 1960, after the conclusion of the hearings. In his initial testimony before the subcommittee, he maintained that such Federal officials and clergymen had not been given security checks, but later admitted he had such a check made.

Original verbatim transcripts of the minutes of the Commission's meetings had been destroyed on the advice of Mr. Tiffany without obtaining necessary clearance for such action from the General Services Administration, which was a violation of the law, being in contravention of title 44, United States Code, section 368.

Mr. Tiffany had also failed to comply with civil service regulations. He had apparently relied on a General Services Administration employee without in any way making any contact with the Civil Service Commission. The subcommittee found that no performance rating plan had ever been submitted to the Civil Service Commission, thereby preventing any individual employee from receiving an efficiency report. There were other failures in connection with civil service requirements which need not be pointed out at this time.

The subcommittee is in no way criticizing the members of the Commission on Civil Rights. We were concerned exclusively with the administration of the Commission on Civil Rights; the lack of competence and the arbitrary actions of Mr. Tiffany made it quite clear that inefficiency prevailed in this agency. It is apparent to me that Gordon Tiffany's subsequent resignation from the Commission on Civil Rights was due to the investigation conducted by this subcommittee.

#### EXECUTIVE REPORTS OF COMMITTEES

As in executive session,

The following favorable reports of nominations were submitted:

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

Robert M. McKinney, of New Mexico, to be Ambassador Extraordinary and Plenipotentiary to Switzerland;

Mercer Cook, of the District of Columbia, to be Ambassador Extraordinary and Plenipotentiary to the Republic of Niger;

Philip M. Kaiser, of New York, to be Ambassador Extraordinary and Plenipotentiary to the Republic of Senegal, and to serve concurrently and without additional compensation as Ambassador Extraordinary and Plenipotentiary to the Islamic Republic of Mauritania;

Robinson McIlvaine, of Pennsylvania, a Foreign Service officer of class 1, to be Am-

bassador Extraordinary and Plenipotentiary to the Republic of Dahomey; and

James Leonard Reinsch, of Georgia, to be a member of the U.S. Advisory Commission on Information.

#### 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. MORSE (for himself and Mrs. NEUBERGER):

S. 2116. A bill to amend the act authorizing the Crooked River Federal reclamation project to provide for the irrigation of additional lands; to the Committee on Interior and Insular Affairs.

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

By Mr. PASTORE:

S. 2117. A bill to amend various sections of the Atomic Energy Act of 1954, as amended, and the EURATOM Cooperation Act of 1958, and for other purposes; to the Joint Committee on Atomic Energy.

By Mr. SMATHERS:

S. 2118. A bill for the relief of Dr. John Lopinto Arzaga; to the Committee on the Judiciary.

By Mr. KERR (for himself and Mr. MONRONEY):

S. 2119. A bill to amend the Federal Property and Administrative Services Act of 1949 so as to permit donations of surplus property to schools for the mentally retarded, schools for the physically handicapped, educational television stations, and public libraries; to the Committee on Government Operations.

By Mr. HUMPHREY:

S. 2120. A bill to amend the act entitled "An act to supplement existing laws against unlawful restraints and monopolies, and for other purposes," approved October 15, 1914; to the Committee on the Judiciary.

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

By Mr. ELLENDER (by request):

S. 2121. A bill to establish Federal agricultural services to Guam, and for other purposes; to the Committee on Agriculture and Forestry.

By Mr. HRUSKA (for himself, Mr. CURTIS, Mr. MUNDT, and Mr. CASE of South Dakota):

S. 2122. A bill to consent to the Lower Niobrara River and Ponca Creek compact between the States of Nebraska and South Dakota; to the Committee on Interior and Insular Affairs.

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

By Mr. JACKSON (by request):

S. 2123. A bill to authorize the use of funds arising from judgments in favor of any of the Confederate Tribes of the Colville Reservation; to the Committee on Interior and Insular Affairs.

By Mr. MCCLELLAN (by request):

S. 2124. A bill to amend section 109 of the Federal Property and Administrative Services Act of 1949, as amended, so as to remove the limitation on the maximum capital of the general supply fund; and

S. 2125. A bill to authorize executive agencies to grant easements in, over, or upon real property of the United States under control of such agencies, and for other purposes; to the Committee on Government Operations.

(See the remarks of Mr. MCCLELLAN when he introduced the above bills, which appear under separate headings.)

By Mr. ROBERTSON:

S. 2126. A bill for the relief of Nicolaos Ioannou Psaroudis; to the Committee on the Judiciary.

By Mr. MAGNUSON (by request):

S. 2127. A bill to amend section 416(b) (1) of the Federal Aviation Act of 1958; 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. BYRD of West Virginia (for himself and Mr. RANDOLPH):

S. 2128. A bill to authorize the Secretary of the Army to establish an annex to the Grafton National Cemetery, Grafton, W. Va.; to the Committee on Interior and Insular Affairs.

By Mr. BYRD of West Virginia:

S. 2129. A bill for the relief of certain members of the Army National Guard of the United States and the Air National Guard of the United States; to the Committee on the Judiciary.

By Mr. GOLDWATER:

S.J. Res. 108. Joint resolution to authorize the presentation of the Distinguished Flying Cross to Maj. Gen. Benjamin D. Foulois, retired; to the Committee on Armed Services.

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

#### CROOKED RIVER PROJECT EXTENSION

Mr. MORSE. Mr. President, on behalf of myself and my colleague, the junior Senator from Oregon [Mrs. NEUBERGER], I introduce, for appropriate reference, a bill to amend the act authorizing the Crooked River Federal reclamation project, Oregon, to provide for the irrigation of additional lands.

The amendment is designed to authorize an extension of the existing Crooked River project to provide for irrigation of 2,890 new acres of land adjacent to the Ochoco Canal of the authorized Crooked River project. The water supply for the extension could come from Crooked River, as regulated by the Prineville Reservoir.

The total cost of the extension would be approximately \$1,640,300. However, a portion of this total cost has already been included through enlargement of the capacity of the existing Crooked River project canals. The cost, chargeable to this additional capacity, is estimated at \$645,300, leaving a balance of cost for the construction of the new facilities at \$995,000.

A portion of the project cost would be repayable over a 50-year period by the farmers within the project area. The remaining payments would be derived from power revenues of the Dalles Dam project.

The extension of the Crooked River project is meritorious and is particularly desirable because of the crop production it will make available in the years ahead for our rapidly increasing population. It constitutes a wise investment in America's future.

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

The bill (S. 2116) to amend the act authorizing the Crooked River Federal reclamation project to provide for the irrigation of additional lands, introduced



by Mr. MORSE (for himself and Mrs. NEUBERGER), was received, read twice by its title, and referred to the Committee on Interior and Insular Affairs.

#### SUPPLEMENTATION OF EXISTING LAWS AGAINST UNLAWFUL RESTRAINTS AND MONOPOLIES

Mr. HUMPHREY. Mr. President, I introduce, for appropriate reference, a bill relating to fair competition, to amend the act entitled "An act to supplement existing laws against unlawful restraints and monopolies, and for other purposes," approved October 15, 1914.

This is a revision of a bill introduced at an earlier date. The modifications in the bill are the result of consultation with the Department of Justice and regulatory agencies.

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

The bill (S. 2120) to amend the act entitled "An act to supplement existing laws against unlawful restraints and monopolies, and for other purposes," introduced by Mr. HUMPHREY, was received, read twice by its title, and referred to the Committee on the Judiciary.

#### CONSENT TO THE LOWER NIobrARA RIVER AND PONCA CREEK COMPACT BETWEEN THE STATES OF NEBRASKA AND IOWA

Mr. HRUSKA. Mr. President, the State of Nebraska and the State of South Dakota have concluded a compact pursuant to consent granted by the Congress of the United States as provided in the act of August 5, 1953—Public Law 191, 83d Congress, 1st session, chapter 324, 67 Stat. 365—and the act of May 29, 1958—Public Law 85-427, 85th Congress, S. 2557, 72 Stat. 147.

This compact undertakes to apportion the waters of Ponca Creek and the tributaries of the Niobrara River common to the two States. It is designated as the "Lower Niobrara River and Ponca Creek Compact."

It has been ratified by the legislatures of both States and has been approved by the Governor of South Dakota and the Governor of Nebraska, according to Dan Jones, Jr., director of water resources for Nebraska.

It is now necessary to have the compact presented to the Congress of the United States for ratification.

On behalf of myself and my colleague, the junior Senator from Nebraska [Mr. CURTIS], as well as the two Senators from the State of South Dakota [Mr. MUNDT and Mr. CASE], I introduce a bill for these purposes, and ask that it be appropriately referred.

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

The bill (S. 2122) to consent to the Lower Niobrara River and Ponca Creek compact between the States of Nebraska and South Dakota, introduced by Mr. HRUSKA (for himself and other Senators), was received, read twice by its title, and referred to the Committee on Interior and Insular Affairs.

#### REMOVAL OF LIMITATION ON MAXIMUM CAPITAL OF GENERAL SUPPLY FUND

Mr. McCLELLAN. Mr. President, by request, I introduce, for appropriate reference, a bill to amend section 109 of the Federal Property and Administrative Services Act of 1949, as amended, so as to remove the limitation on the capital of the general supply fund.

This bill is introduced at the request of the Administrator of General Services, who stated that enactment of this proposal will involve no additional costs to the Government. However, in accordance with existing procedures, appropriations for capital will be requested of the Congress as the needs therefor arise. This bill, therefore, will not increase the amount of the general supply fund, but will remove the ceiling in order that additional supplies, materials and funds may be transferred to the account without exceeding the ceiling imposed thereon by the Federal Property and Administrative Services Act.

I ask that a letter addressed to the President of the Senate from the Administrator of General Services, dated June 1, 1961, which sets forth additional justification and background, be inserted in the RECORD and made a part of my remarks.

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. 2124) to amend section 109 of the Federal Property and Administrative Services Act of 1949, as amended, so as to remove the limitation on the maximum capital of the general supply fund, introduced by Mr. McCLELLAN, by request, was received, read twice by its title, and referred to the Committee on Government Operations.

The letter presented by Mr. McCLELLAN is as follows:

GENERAL SERVICES ADMINISTRATION,  
Washington, D.C., June 1, 1961.

HON. LYNDON B. JOHNSON,  
President of the Senate,  
Washington, D.C.

MY DEAR MR. PRESIDENT: There is enclosed for your consideration a draft of a bill "To amend section 109 of the Federal Property and Administrative Services Act of 1949, as amended, so as to remove the limitation on the maximum capital of the general supply fund."

The sentence which the enclosed bill proposes to delete reads as follows: "The capital of the general supply fund shall be in an amount not greater than \$150,000,000."

In the 1962 budget, the capital of the fund was estimated at \$139.1 million at June 30, 1962, including \$25 million requested as a supplemental appropriation for 1961 and \$8 million requested to be appropriated for 1962. It now appears that sales of stores stock items will be considerably higher than had been previously estimated. Even without considering sales increases to result from additional item assignments to GSA from the Department of Defense, it now appears that capital requirements will exceed the current statutory ceiling before the end of fiscal year 1962. This point, coupled with the imminence of large additional item assignments from the Department of Defense, makes it clear that the present capital ceiling is inadequate.

Careful consideration was given to developing a higher capital ceiling figure to rec-

ommend in place of the current ceiling of \$150 million. In this effort, consideration was given to the desirability of establishing an amount that would have some meaning, while still leaving enough flexibility so that amendment of the Federal Property Act for this purpose would not become a regular affair. It became apparent that, under the conditions we now face, there is no logical basis for suggesting any specific amount as a capital ceiling for the general supply fund. Here are some of the considerations which led to this conclusion:

(a) We are at present unable to estimate with precision the sales increases to result from assumption of responsibility for supply of additional items to the Department of Defense.

(b) We do not know at this time how these additional sales will be handled. These decisions will have a significant impact on capital requirements. For items supplied through Federal supply schedules there is no capital requirement for this fund. The same is true of nonstores items in those cases where it is economical and feasible for the customer agency to pay the contractor directly. For other nonstores items, and for stores items shipped direct from supplier to customer, the capital requirement is equivalent to about 12.5 percent of annual sales. For stores items shipped from stock, capital equivalent to about 45.8 percent of annual sales is required.

(c) The foregoing figures relate to current GSA turnover rates and financial procedures. However, it is planned for GSA to take over Defense assets of the items involved, which are (to an extent now unknown) in longer supply than would be the case with GSA assets. It would be completely impractical for GSA to take over only a part of the stocks of items for which we are assuming supply responsibilities. The value of the relevant assets is unknown at present.

(d) Before the takeover of Defense assets can proceed, several financial policy decisions must be made. These involve whether takeover will involve GSA financial ownership in all cases; pricing; the use of reserves to cover correction of inventory records in such matters as quantity, location, and condition, and other matters. All of these points will have a bearing on immediate and ultimate capital requirements.

(e) Stores shipped sales were \$145.5 million in 1959, and are now estimated at \$215 million for 1962, an increase of nearly 50 percent in 3 years without any major additional item assignments from the DOD. If this element of business should increase at a similar rate in the following 3 years, the additional capital requirements would be about \$50 million.

(f) Motor pools, repair facilities, and other operations financed through the fund are growing. There is a need for capital that is difficult to predict, both to establish new facilities and to expand existing ones.

(g) The President's directives regarding accelerated procurement and restricting off-shore procurement, as well as the developments regarding Defense supply discussed above, are leading examples of the factors which have a pronounced effect on our operations, but which cannot be foreseen. It is certain that there will continue to be developments which we cannot now foresee. This underscores the need for a maximum of flexibility in the General Supply Fund.

In connection with the uncertainties regarding additional supply support to the military services, referred to above, certain points should be made clear. In establishing the single managers for general supplies and industrial supplies, the Department of Defense decided to proceed on an item-by-item basis. This resulted in a wealth of information on individual items not previously available, and made it possible to

make much sounder ultimate supply-management decisions. One of the side effects of this approach, however, has been to make it difficult to develop summary financial data. These data will be forthcoming, so far as GSA is concerned, only as we make decisions on 40,000 or more items of supply in the coming months.

Because of the factors cited above, we do not feel that we could suggest any ceiling on General Supply Fund capital that would have a basis in logic. It should be noted that this proposal in itself does not provide any additional capital to the General Supply Fund. Capital can only be secured through appropriation in the regular manner, or by transfer of assets which involve no additional Federal outlays. It should be noted that the other funds most immediately involved here—the four stock funds of the Department of Defense—are not subject to statutory capital ceilings. The same is true of the three industrial funds and other revolving funds in the Department of Defense. According to informal advice from staff of the Bureau of the Budget, most revolving funds in civilian agencies do not have statutory capital ceilings. The history of the statutory ceiling on the General Supply Fund itself is instructive. There was no such ceiling on the account during the 20 years of its operation in the Treasury Department. With the establishment of GSA, the Federal Property Act established a ceiling of \$75 million in 1949, raised to \$150 million in 1952, amounts so far in excess of the needs then foreseeable that the ceiling has had no practical effect until now. We see no point in establishing another ceiling to cover another span of 12 years, even if the relevant amount could be estimated, nor do we see any advantage in more frequent amendment of the Federal Property Act for this purpose.

It is essential for the effective operation of the General Supply Fund that the attached legislative proposal be enacted at this session of the Congress. As noted, it appears that we would reach the present ceiling before the end of fiscal year 1962 even without additional Defense supply support. We expect to begin supplying large quantities of additional items to the military services in the next few months, and the outlook is that we will require capital in excess of the present ceiling well before the next session convenes.

Enactment of this proposal will involve no additional costs to the Government. However, in accordance with existing procedures, appropriations for capital will be requested of the Congress as the need therefor arises.

The Bureau of the Budget has advised that, from the standpoint of the administration's program, there is no objection to the submission of this legislative proposal to the Congress.

Sincerely yours,

JOHN L. MOORE,  
Administrator.

#### EASEMENTS IN, OVER, OR UPON CERTAIN REAL PROPERTY OF THE UNITED STATES

Mr. McCLELLAN. Mr. President, by request, I introduce, for appropriate reference, a bill to authorize executive agencies to grant easements in, over, or upon real property of the United States under the control of such agencies, and for other purposes.

This bill is being introduced at the request of the Administrator of General Services as a part of the legislative program of the General Services Administration for 1961.

I ask that a letter addressed to the President of the Senate by the Admin-

istrator of the General Services Administration under date of June 12, 1961, which sets forth a statement of justification for this proposal, be inserted in the RECORD as a part of my remarks.

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. 2125) to authorize executive agencies to grant easements in, over, or upon real property of the United States under the control of such agencies, and for other purposes, introduced by Mr. McCLELLAN, by request, was received, read twice by its title, and referred to the Committee on Government Operations.

The letter presented by Mr. McCLELLAN is as follows:

GENERAL SERVICES ADMINISTRATION,  
Washington, D.C., June 12, 1961.  
Hon. LYNDON B. JOHNSON,  
President of the Senate,  
Washington, D.C.

Mr. DEAR MR. PRESIDENT: There is transmitted herewith for referral, to the appropriate committee, a draft bill prepared by this agency, "to authorize executive agencies to grant easements in, over, or upon real property of the United States under the control of such agencies, and for other purposes."

This proposal is a part of the legislative program of the General Services Administration for 1961.

The enclosed draft bill was prepared after considering legislation which vests similar authority in other executive agencies of the Government. The Secretary of each military department in the Department of Defense may grant easements for rights-of-way over, in, and upon public lands permanently withdrawn or reserved for the use of that department, and other lands under his control, to a State, territory, Commonwealth, or possession, or political subdivision thereof, or to a citizen, association, partnership, or corporation of a State, territory, Commonwealth, or possession for enumerated purposes (10 U.S.C. 2668 and 2669). Both the Administrator of Veterans' Affairs and the Attorney General may grant on behalf of the United States to any State, or any agency or political subdivision thereof, or to any public service company, easements in and rights-of-way over lands belonging to the United States which are under his supervision and control (38 U.S.C. 5014 and 43 U.S.C. 931a). Similarly, the Secretary of the Army may convey all right, title, and interest of the United States in and to any Government owned or controlled approach road to any national cemetery (24 U.S.C. 289).

In the last session of the Congress the act of July 7, 1960 (74 Stat. 363), authorized the head of any executive agency having control over the affected real property of the United States to convey or otherwise transfer, with or without consideration, to any State or political subdivision for an authorized widening of a public highway, street, or alley, such interest in such real property as he determines will not be adverse to the interest of the United States, subject to such terms and conditions as he deems necessary to protect the interest of the United States. After discussions with the Bureau of the Budget and as a corollary to the foregoing authority, we are of the opinion that each executive agency should have authority similar to that now vested in the Secretaries of the military departments, the Administrator of Veterans' Affairs, and the Attorney General. Rather than limit the grant of such easements to enumerated purposes, as is done in 10 U.S.C. 2668 and 2669, it is felt advisable to permit the head of the execu-

tive agency having control of property to grant the easement for such purpose as he deems advisable so long as the interests of the United States will not be adversely affected.

Except for collateral statutes such as those referred to above, present procedures for granting such easements in real property are unsatisfactory. Under the Federal Property and Administrative Services Act of 1949, as amended, an easement in real property of the United States must be treated as excess and surplus property before the easement may be granted. Such procedure is unrealistic and unnecessarily cumbersome.

The enclosed draft bill provides in section 1 that the executive agency having control over the affected real property may grant an easement therein only when the head of such agency determines it will not be adverse to the interests of the United States. Clearly, the head of the executive agency which has control of real property can best determine whether the granting of the easement will interfere materially with the use of such property. The grant will be subject to such reservations, exceptions, limitations, terms, conditions, benefits, or burdens as he deems necessary to protect the interests of the United States. The bill further authorizes the head of the executive agency to decide whether consideration should be obtained and, if so, the type. The consideration may consist of an easement or other interest in real property.

Section 1 of the bill provides further that, in connection with such grant, the executive agency concerned may relinquish to the State in which the affected real property is located such legislative jurisdiction as the executive agency deems necessary or desirable. The relinquishment would be accomplished by filing with the Governor of the State concerned notice of the relinquishment, to take effect upon acceptance in accordance with the laws of such State.

Under section 2 of the bill the instrument granting the easement may provide for termination of the easement in whole or in any part if there has been (1) a failure to comply with any terms or conditions of the grant, or (2) a nonuse of the easement for a consecutive 2-year period for the purpose for which granted, or (3) an abandonment of the easement.

Since the proposed legislation is not intended to affect other laws relating to the granting of easements, section 3 of the bill provides that the authority therein shall be in addition to, and shall not affect or be subject to, any other law under which an executive agency may grant easements.

In our opinion, enactment of the proposed bill would not affect the budgetary requirements of GSA or any other executive agency.

For reasons outlined herein, prompt and favorable consideration of the enclosed draft bill is recommended.

The Bureau of the Budget has advised that, from the standpoint of the administration's objectives, there is no objection to the submission of this proposed legislation to the Congress.

Sincerely yours,

JOHN L. MOORE,  
Administrator.

#### AMENDMENT OF SECTION 416(b) (1) OF THE FEDERAL AVIATION ACT OF 1958

Mr. MAGNUSON. Mr. President, by request, I introduce, for appropriate reference, a bill to amend section 416 (b) (1) of the Federal Aviation Act of 1958. I ask unanimous consent that a letter from the chairman of the Civil Aeronautics Board, together with a statement of purpose and need for the



proposed legislation be printed in the RECORD.

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

The bill (S. 2127) to amend section 416(b)(1) of the Federal Aviation Act of 1958, introduced by Mr. MAGNUSON, by request, was received, read twice by its title, and referred to the Committee on Commerce.

The letter and statement presented by Mr. MAGNUSON are as follows:

CIVIL AERONAUTICS BOARD,  
Washington, D.C., June 19, 1961.

HON. LYNDON B. JOHNSON,  
President of the Senate,  
Washington, D.C.

DEAR MR. PRESIDENT: The Civil Aeronautics Board recommends to the Congress for its consideration the enclosed draft of a proposed bill "To amend section 416(b)(1) of the Federal Aviation Act of 1958."

The Board has been advised by letter from the Bureau of the Budget dated June 14, 1961, that there is no objection to the presentation of the proposed draft bill from the standpoint of the administration's program.

Sincerely yours,

ALAN S. BOYD,  
Chairman.

#### STATEMENT OF PURPOSE AND NEED FOR PROPOSED LEGISLATION

Section 416(b)(1) of the act, among other things, permits the Board to exempt any air carrier or class of air carriers from the requirements of title IV of the act. To grant such exemption the Board must find:

1. That compliance with the requirements would be an undue burden on the air carrier by reason of the limited extent of, or unusual circumstances affecting, the operations of such carrier.

2. That compliance with the requirements is not in the public interest.

This section of the law has raised very difficult questions of interpretation, particularly in respect to applications for exemptions from section 401 of the act so as to permit the furnishing of certain air transportation services without the necessity for a hearing and the grant or amendment of a certificate of public convenience and necessity. The Board considers that an amendment of section 416(b) that will provide greater certainty as to the standards governing the grant of exemptions is essential in order to expedite the disposition of such matters and adequately to meet the Board's regulatory requirements.

Much of the uncertainty that exists at present stems from a recent court decision, *Pan American Airways et al. v. C.A.B.* (261 F. 2d 754 (C.A.D.C., 1958), cert. den. 359 U.S. 912 (1959)) which in a dictum seems to indicate that the term "limited extent" as it appears in section 416(b) has reference only to the preexisting operations of the air carrier and does not encompass the "limited extent" or scope of the operations for which exemption is sought. If this is the meaning of the court's decision, the decision is at least susceptible to the interpretation that exemptions would have to be denied to all but the small carriers for even so much as one flight, except in those cases in which a finding of "unusual circumstances" is possible. Further, under the statute the "limited extent" or "unusual circumstances" which the Board finds must be related to an "undue burden" on the carrier. As interpreted by the courts, the "undue burden" must be one that affects the actual operations of the carrier itself.

There are numerous instances in which particular operations for which exemption

is sought may be of limited nature, scope, or duration because limited in time, or to particular commodities, or to particular route segments, etc., and clearly in the public interest, although the totality of the existing operations of the carrier applicant may not be of "limited extent." Also, often service requirements of a temporary or unusual nature and not appropriate for disposition through certification arise at the behest of the communities or shippers involved, under circumstances where the existence of an "undue burden" on the carrier is at least questionable. The Board believes that the required certainty can best be attained and the administration of this important area of the Board's activities facilitated by (1) replacing the "undue burden" standard with the standard of "impracticable," and (2) specifically empowering the Board to find "limited extent" or "unusual circumstances" on the basis of the operations for which exemption is sought. In our view, such a standard is entirely consonant with the overall purposes of the act. The requirement, which has been added, that the Board also find that such operations will not unduly impinge upon the certificated air transportation system gives recognition to the concern of both the Board and the courts that exemptions be utilized to supplement, and not to supplant, the certification process under which the basic air transportation system is to be developed. See, e.g., *American Airlines, Inc. v. C.A.B.* (235 F. 2d 845, 850 (C.A.D.C., 1956), cert. den. 353 U.S. 905 (1956)).

Under present statutory provisions the Board has power to exempt U.S. air carriers from the provisions of title IV of the Federal Aviation Act under the circumstances therein set forth, but has no corresponding power with respect to foreign air carriers. The result is that for any foreign air carrier to operate in air transportation as a common carrier, no matter under what limited or special circumstances, it is required to obtain a permit under Section 402 of the Act after compliance with all of the related procedural requirements. The resulting delay has on many occasions tended to cause ill will and to impede reciprocal exchange of operating authority with foreign nations. The draft legislation proposed therefore provides that the exemption power of section 416(b) be extended to authorize exemption of foreign air carriers and classes of foreign air carriers.

#### COMPARISON WITH EXISTING LAW EXEMPTIONS

(b) (1) The Board from time to time and to the extent necessary, may (except as provided in paragraph (2) of this subsection) exempt from the requirements of this title or any provision thereof, or any rule, regulation, term, condition, or limitation prescribed thereunder, any air carrier or class of air carriers, or any foreign air carrier or class of foreign air carriers, if it finds that the enforcement of this title or such provision, or such rule, regulation, term, condition, or limitation would be impracticable by reason of the limited extent or duration of, or unusual circumstances affecting, either the existing operations or the operations, if any, for which exemption is sought, of such carrier or class of carriers and is not in the public interest, and that the operations, if any, for which exemption is sought will not unduly impinge upon the certificated air transportation system.

#### PRESENTATION OF DISTINGUISHED FLYING CROSS TO MAJ. GEN. BEN- JAMIN D. FOULOIS, RETIRED

Mr. GOLDWATER. Mr. President, I introduce, for appropriate reference, a joint resolution to authorize the pres-

entation of the Distinguished Flying Cross to Maj. Gen. Benjamin D. Foulois, retired.

General Foulois, now nearly 82 years old, began his career in the Army Corps of Engineers on July 7, 1898, as an enlisted man. He was later commissioned in the Army. In 1908 he became associated with the Aviation Section of the Signal Corps of the Army, and he has the distinction of being the officer placed in charge of the first airplane owned and used by the Army. This assignment had its problems for General Foulois, because he had not been trained as a pilot. He secured much of his training from the Wright brothers, by correspondence. They must have furnished him with very fine instructions, because he took that airplane, learned to fly it, and proceeded to fly airplanes for the rest of his career. During the punitive expedition into Mexico in 1915 and 1916, he commanded the first aero squadron with that expedition. During World War I, he served as Chief of the Air Service of the American Expeditionary Forces in France. After that distinguished service, he served as military attaché and as military observer in various posts in Europe. When he returned to this country, he became the commanding officer of Mitchell Field, N.Y., in 1925. He was elevated to the post of Assistant Chief of the Air Corps in 1927; and in 1931 he became the Chief of the Air Corps, a post which he held until his retirement in December 1935.

During his long career in the beginning days of airpower, he played a major role in the development of the U.S. Air Force that we know today.

Despite his role, General Foulois has never been awarded a flying award by his Nation. I feel that the time has come for this omission to be corrected; and therefore, I introduce this joint resolution, which will authorize the award of the Distinguished Flying Cross to a grand old airman for his distinguished flying career.

I ask unanimous consent that the joint resolution be printed at this point in the RECORD, and that it be allowed to lie on the table for 1 week, in order that other Senators who may wish to join in sponsoring it may have an opportunity to do so.

The PRESIDING OFFICER. The joint resolution will be received and appropriately referred; and, without objection, the joint resolution will be printed in the RECORD, and lie on the desk as requested by the Senator from Arizona.

The joint resolution (S.J. Res. 108) to authorize the presentation of the Distinguished Flying Cross to Maj. Gen. Benjamin D. Foulois, retired, introduced by Mr. GOLDWATER, was received, read twice by its title, referred to the Committee on Armed Services, and ordered to be printed in the RECORD, as follows:

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Air Force is hereby authorized and directed to present the Distinguished Flying Cross to Major General Benjamin D. Foulois, (AO1590) United States Air Force, Retired, in recognition of his extraordinary and heroic achievements in aerial flight while serving

with the air arm of the Army from 1908 to 1935, and in recognition of his outstanding contributions to military aviation during that period. As Chief of the Air Service, American Expeditionary Forces during World War I and later as Chief of the Army Air Corps from 1931 to 1935 he was highly instrumental in developing the fledgling air arm of the United States from its infancy to a position of power and prestige.

#### IMPROVEMENT OF BENEFITS UNDER OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE PROGRAM—AMENDMENTS

Mr. CLARK submitted amendments, intended to be proposed by him to the bill (H.R. 6027) to improve benefits under the old-age, survivors, and disability insurance program by increasing the minimum benefits and aged widow's benefits and by making additional persons eligible for benefits under the program, and for other purposes, which were ordered to lie on the table and to be printed.

#### CHANGE OF REFERENCE

On motion of Mr. MANSFIELD, and by unanimous consent, the Committee on Government Operations was discharged from the further consideration of the bill (S. 2097) to set aside certain lands in Montana for the Indians of the Confederated Salish and Kootenai Tribes of the Flathead Reservation, Mont., and it was referred to the Committee on Interior and Insular Affairs.

#### EXTENSION OF TIME FOR COMMITTEE ON COMMERCE TO FILE CERTAIN REPORTS

Mr. MAGNUSON. Mr. President, I ask unanimous consent that the time for filing reports pursuant to Senate Resolution 243 and Senate Resolution 244 of the 86th be extended to June 30, 1961. This request concerns reports resulting from studies of foreign trade and transportation by the Committee on Commerce.

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

#### 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. RANDOLPH:

"West Virginia's 98th Anniversary As a State Is Attended by Signs of an Economic Renaissance. Service Clubs of Welch Hold Commemorative Program"—an address delivered to intergroup meeting at Welch, W. Va.

By Mr. MUNDT:

Closing statement by himself at hearings on work stoppages at missile bases and financial waste in construction.

By Mr. HUMPHREY:

Guest editorial entitled "Where Is Our Plan for Peace?" written by Senator JOSEPH S. CLARK, of Pennsylvania, and published in Saturday Review of June 24, 1961.

The PRESIDING OFFICER. Is there further morning business?

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

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

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

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

#### TAX REDUCTION HINTS AND SPENDING PROGRAMS

Mr. BUSH. Mr. President, yesterday the Secretary of the Treasury made some remarks in which he predicted an economic boom by mid-1962, and hinted at a tax reduction in that year. I have no doubt that the statements of the Secretary reflect the attitude of the administration in regard to these matters; but I am disturbed by the tendency of this administration to anticipate recovery to such an extent that they feel justified in supporting heavily increased spending programs as well as holding out hope of tax reduction in anticipation of better times. Should we not actually realize a surplus before we start spending it? I think we should.

Mr. President, the attitude of this administration, as reflected in testimony before the Joint Economic Committee, is that, so long as we have unemployment in this country above a tolerable level, we must continue to spend and spend and spend so as to stimulate the entire economy.

On the other hand, the administration has also proposed a program for helping to solve unemployment problems by retraining and rehabilitation of workers in areas of chronic unemployment. The administration has thus admitted—which is the truth—that to the extent there is excessive unemployment in this country, a great deal of it is in areas where chronic unemployment has existed, but that the situation is not general. There are many areas where it is difficult to employ persons, particularly skilled workers—areas where there is an actual shortage.

So, what the administration does is to advocate a sound, wise program for retraining and rehabilitation of workers in areas of chronic unemployment, so as to give them opportunities where workers are needed.

That is a sound policy. It was provided for in the depressed areas bill. But only a very modest sum was provided for that purpose. It should have been a larger appropriation, at the expense of some of the other provisions in the bill.

That is a sound policy, but it is not sound to scatter dollars all over the Nation when the need is to take care of special unemployment situations in specific areas where they exist.

The Wall Street Journal of today contains an editorial on the subject which I am discussing, entitled "On Spending

Too Much." Toward the close of the editorial is the following language:

What the Kennedy administration most urgently needs is a sense of priorities and an understanding of the dangers of spending too much too often. Its casual attitude is nothing but a flight from discipline and responsibility.

I shall ask that the editorial be printed in the RECORD at the conclusion of my remarks.

I wish to say further that I think the question of excessive spending is becoming perhaps the most important overall issue which is facing the Congress of the United States in this session, and which Congress will be facing in the next session.

It is important that this Nation conduct its fiscal management, so as to retain—and, indeed, increase—the respect of the free world for the United States. If the free world leaders in the chancelleries of Europe, in central banks, wherever they are in the free world, lose confidence in the ability of the United States to manage its own house in an orderly way, in a way that has proven over the centuries to be the right way to finance government, then we are indeed in deep trouble.

So I plead with this administration to take a more moderate view with respect to our resources for spending, and to make, in its recommendations, an unquestioned case for need, and to stop sending to Congress recommendations which simply have the purpose of scattering dollars throughout the economy, even in places where we are already suffering from inflationary pressures.

I ask unanimous consent that the editorial from the Wall Street Journal of today to which I have referred be printed in the RECORD at this point.

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

#### ON SPENDING TOO MUCH

President Kennedy made a remark a few days ago that is highly revealing of this administration's approach. He softened the comment somewhat when he actually delivered the talk, but this is how it was originally written:

"I am less concerned about the dangers of spending too much too often than I am about the dangers of too little and too late."

Well, that is blunt enough, and certainly no one can say it is not an accurate reflection of the administration's behavior. The President happened to be discussing foreign-aid spending, which he is seeking to increase and remove further from congressional control, but it is difficult to think of any spending—military, domestic, foreign—that he is not trying to boost.

In fact, some people figure that, at the rate we are going, we will see annual spending budgets of \$120 billion or more not many years hence. Already we face deficits of indefinite duration. And the public debt, which is expected to reach the highest level in history within a year, is going to have its statutory ceiling jacked up again.

So is it right that the Government should be less concerned about spending too much too often than about too little and too late? In an actual war situation, the danger of too little and too late is obvious, though even then military men are aware of the dangers of spending too much too often. But, as the President often reminds us, we are in a



struggle whose end no man can see. And that is a strong argument for husbanding our resources.

Specifically it means that if we are going to spend all these extra billions on defense and space, we cannot keep adding to the billions for domestic political handouts and foreign subsidies to corrupt and socialistic governments. What the Kennedy administration most urgently needs is a sense of priorities and an understanding of the dangers of spending too much too often. Its casual attitude is nothing but a flight from discipline and responsibility.

For spending a nation into bankruptcy is, to put it mildly, a bankrupt theory on which to run the U.S. Government.

#### ERICA BARTH

Mr. DIRKSEN. Mr. President, I ask the Chair to lay before the Senate the amendment of the House of Representatives to the bill (S. 277).

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 277) for the relief of Erica Barth, which was, on page 1, line 7, strike out all after "fee." down to and including "available." in line 11, and insert "Upon the enactment of this Act, the Attorney General shall reduce by one number the number of refugees who may be paroled into the United States pursuant to sections 1 and 2(a) of the Act of July 14, 1960 (74 Stat. 504) during the fiscal year ending June 30, 1962."

Mr. DIRKSEN. Mr. President, what is involved in the matter before us is the conferring of permanent residence upon a person. There was a technical error that had to be corrected in the House. Otherwise the bill is not changed in substance.

I move that the Senate concur in the House amendment.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Illinois.

The motion was agreed to.

#### FEDERAL AID TO EDUCATION

Mr. ERVIN. Mr. President, I ask unanimous consent to have printed in the body of the RECORD a statement prepared by myself concerning Federal aid to education.

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

STATEMENT OF SENATOR SAM J. ERVIN, JR.,  
CONCERNING FEDERAL AID TO EDUCATION

I believe that one of our most important tasks is that of educating our children. This is true for two reasons. In the first place, our youth must be educated if they are to develop their highest potentialities. In the second place, an educated electorate is absolutely necessary to the proper functioning of our Government, which derives all its just powers from the consent of the governed.

One of the most serious issues now confronting our Nation is whether or not the Federal Government should extend financial aid to the States to assist them in the education of our youth.

Many of our governmental problems are much aggravated today by our systems of taxation. Unfortunately, the Federal Government monopolizes the most productive sources of taxation and thus compels State

and local governments to rely upon less productive sources for financing their essential functions.

The Federal Government's monopolization of the most productive sources of taxation seriously handicaps many of our States in the operation of their public school systems. The fact that the North Carolina Legislature has just imposed a 3-percent sales tax on food to obtain sufficient funds for school purposes indicates that this proposition is true in respect to North Carolina.

I would much prefer for the Federal Government to release some of its sources of taxation to the States and let the States impose and collect sufficient taxes on such sources and use them to finance the operation of their schools without assistance from the Federal Government. But there is no prospect that the Federal Government will take any such action at any time in the foreseeable future.

For these reasons, I favor Federal aid to education provided such aid is restricted to the public schools of the States and provided the act of Congress extending Federal aid to the public schools of the States makes it crystal clear that the Federal Government is not going to exercise any control over the public schools aided.

I am aware that many people oppose Federal aid to education because they fear that Federal control of education is necessarily inseparable from Federal aid to education.

History shows that the argument that Federal aid necessarily means Federal control has not been true in respect to Federal aid to education, which antedates the inauguration of George Washington as our first President. When the Continental Congress established the so-called Northwest Territory in 1787 in the area now embracing Ohio and adjacent States, it set aside certain public lands for school purposes in that territory.

The Federal Government has been giving financial aid to the land-grant colleges of the various States under the terms of the Morrill Act since 1862. North Carolina's land-grant institutions, State College at Raleigh, and the Agricultural and Technical College at Greensboro, have been receiving such aid under such act ever since they were created by the North Carolina Legislature. The Federal Government has been giving financial aid to the States for vocational education in their public schools under the Smith-Hughes Act since 1917. The Federal Government has been giving financial aid to the public schools of the various States in federally impacted areas, such as the Fort Bragg area, since 1950. Moreover, the Federal Government has been giving financial aid to the States for various other educational activities, such as vocational rehabilitation of disabled persons, agricultural research, and the like for some years.

The Federal Government has not undertaken in any of these instances to control the public schools or the educational institutions of the States receiving this aid.

The amount of financial aid given by the Federal Government to the State of North Carolina and its various public schools and other institutions for these educational purposes has been substantial in nature. All in all, the amount of such aid received by North Carolina for the fiscal year ending June 30, 1960, exceeded \$20,500,000.

I am not a recent convert to the cause of Federal aid to education under the conditions which I have enumerated. On many occasions in times past, I have stated in speeches that I favor Federal aid to education provided the act extending the aid restricts it to the public schools of the States and declares that the Federal Government will not undertake to exercise any control over the public schools aided. I voted for such aid under such conditions when the

question was before the Senate during the last Congress and again when the question was before the Senate during the present Congress. The proposal to extend Federal aid to the public schools of the States has not been partisan in nature. As a matter of fact, Presidents Truman, Eisenhower, and Kennedy have all urged Congress to enact such proposal into law.

#### ADDRESS BY PRESIDENT OF PERU BEFORE WORLD AFFAIRS COUNCIL

Mr. SMATHERS. Mr. President, I ask unanimous consent to have printed in the body of the RECORD a very excellent address delivered by Hon. Manuel Prado, President of the Republic of Peru, before the World Affairs Council of the City of Los Angeles on May 27, 1961.

After returning from 3 weeks in the Far East, the President of Peru points out that he was instilled with a livelier faith than ever in the future of the democratic societies of the world and is confident of their ultimate victory over the forces of tyranny.

Peru has been a longtime ally and friend of the United States. It was, as you will recall, the first Latin American Republic to ally itself with the United States against the Axis Powers. It was the first Latin American country to break off relations with Communist-dominated Cuba. There is no question regarding its friendship and loyalty to the principles of the democratic way of life.

The address is an instilling one indeed, and merits the attention of all of us.

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

ADDRESS OF HON. MANUEL PRADO, PRESIDENT OF  
THE REPUBLIC OF PERU, DELIVERED BEFORE  
THE WORLD AFFAIRS COUNCIL OF THE CITY  
OF LOS ANGELES, MAY 27, 1961

Mr. Chairman, distinguished officers and guests of the World Affairs Council of Los Angeles, ladies and gentlemen, it is an honor and a privilege to join with this distinguished group this evening, and I wish first of all to thank you and your fellow citizens of Los Angeles for the warm welcome they have accorded us. It was a distinct privilege to be welcomed yesterday by the mayor of your city. I know how busy he is because I am advised that next week you are holding an election. In Peru we have free democratic elections—I have been through this a few times myself, and believe me, as one campaigner to another, I understand the sacrifice that Mayor Poulson made in spending so much time with Peruvians—who do not have the right to vote in your local election.

In all events you in this great city have given us a welcome which furnishes a warm conclusion to a magnificent trip through the Far East. We feel at home here in the City of the Angels and I would like to speak with you in friendly frankness as one neighbor to another. We know of the work of your World Affairs Council, and I feel that you will be willing to share with me some reflections on the recent experiences which are so vividly in my mind tonight.

I return after 3 weeks in the Far East, ladies and gentlemen, with a livelier faith than ever in the future of the democratic societies of the world. I return with a greater faith than ever in the ideals for which your Republic and our Republic stand. I return, ladies and gentlemen, an optimist.

I say this from the point of view of a Chief of State who, like many of you, has seen crises. Twice in my lifetime it has fallen to my lot to make common cause with the United States in moments of peril. As you may know, in the Second World War, Peru—of which I was then the President—was the first Latin American Republic to ally itself with the United States against the Axis Powers. And again, more recently, we have ruptured relations with the present government of Cuba, even—may I say—before you did. So, you see, my friends, we are very much a part of the time in which we are living.

I told you I return from the Far East an optimist.

In Japan, we found a democratic country of hard working people, full of energy and ambition, and I may say to you, very conscious of the debt which they owe to your great country for its help in their reconstruction and development. We now find Japan not only in a condition in which it can export manufactured goods to all parts of the free world, but also capable of sending its technicians to the less developed countries in order to help them raise their living standards.

The welcome we were given was a splendid one; the impressions both political and economic which we formed were most encouraging; the outlook, in our judgment, is good.

We also stopped in China—that China with which both your country and ours maintain their relations—that heroic China which is now maintaining its integrity on the island of Formosa. It was, ladies and gentlemen, an inspiring experience. Every one of us felt keenly the heroism and the patriotism of these people. And once again, let me bring you the message of the gratitude and faith which these people feel towards your great country.

Under the able and patriotic direction of Generalissimo Chiang Kai-shek, and with the wise and gentle influence of that great lady, Madame Chiang, they are producing a miracle of faith and determination. Every man, woman, and child is looking forward to the day when the true Chinese will resume their just place on their own mainland territory. Renouncing luxuries, working day and night without complaint, these people from the highest official to the lowest worker, are dedicated to the ideal of a free country. God grant that they will achieve it.

From China we traveled to Hawaii—your 50th State. There again we observed hard work, productivity and progress. It was a great satisfaction in discussions with the Governor and businessmen in Hawaii to find that we were able to interest them in making investments in Peru. We found these gentlemen to be aware of the unrestricted freedom of commerce which to us Peruvians is precious. We found them to be aware of our codes of laws designed to provide for foreign investments—be they industrial, agricultural, mining, petroleum, or of whatever nature—full protection and guarantees of equal justice under law.

So, ladies and gentlemen, we are on our homeward journey, happy with what we have seen. But at the same time we realize more than ever the critical moment in which we of the Western World are living. We realize more than ever that we must demonstrate to all the world that the Christian principles of Western democracy are capable of furnishing a better life for every human being.

We realize more than ever that we must stand together against the intervention of ideologies which are foreign to our traditions. We have seen the terrible events in Cuba where Soviet and Red Chinese intervention is a reality which cannot be ignored and which must be eliminated. We in Peru have already rejected the efforts of Communist Cuban agents to subvert our government and our people.

The democratic system faces a new test. We must in both North and South America demonstrate our ability to provide progress with human liberty. In this task we count on the continued moral and material support of the United States. And in this task we pledge to you once again our best efforts, our loyal support which we have rendered in the crises of the past, and our determination to work with everything we have to make a reality of the dream of Washington and Jefferson, of Bolivar and San Martin for a new world of strength and social justice.

Ladies and gentlemen, I leave you now with a grateful heart. In September I shall return as the guest of your distinguished President, John F. Kennedy. We wish him well in the great undertaking in which he is engaged. As fellow Americans, we salute you and bid you adios.

#### STATEMENT BY COL. DONOVAN YEUELL, JR., BEFORE ASIAN PEOPLE'S ANTI-COMMUNIST LEAGUE

Mr. DODD. Mr. President, during the first week of May, it was my privilege to serve as keynote speaker at the Seventh Conference of the Asian People's Anti-Communist League in Manila. This organization, founded without American inspiration or support, now has branches in many Asian and African countries, and it carries on a truly impressive work of anti-Communist education in every country where it is established. In the Philippines, for example, it has local branches all over the islands which hold meetings, distribute literature, and actively expose Communist operations.

It is my conviction that this is an organization that should receive American support and one in which Americans should be encouraged to participate. At the last conference, apart from myself, there were only four Americans present, all of whom managed to get there with private resources. One of those present was Col. Donovan Yeuell, Jr., of the Executive Research Council, who has also been associated with the Straus-Hupe group at the University of Pennsylvania. I believe that Colonel Yeuell's remarks at the Asian People's Anti-Communist League deserve the attention of all of us, and I, therefore, ask unanimous consent, Mr. President, to have them printed in the RECORD at this point.

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

REMARKS OF MR. DONOVAN YEUELL, JR., OBSERVER FROM THE UNITED STATES OF AMERICA AT THE SEVENTH CONFERENCE OF THE ASIAN PEOPLE'S ANTI-COMMUNIST LEAGUE, MANILA, PHILIPPINES

I have flown halfway around the world from my home in Washington, D.C., to accept with pride the invitation of your Conference President, Ramon Bagatsing.

Although here only as a private citizen of my country, I can perhaps give you an up-to-date feeling for our attitudes at this time.

First, the American people, although slow to be aroused, are getting sick and tired of seeing the free countries pushed and threatened by the Communist powers.

Second, the patience of the United States is not going to last forever.

Third, the events in Africa, southeast Asia, and Latin America, with the flavor of Communist intrusion, are not pleasing to the American people or to their Government.

Fourth, the American people do not want to stay forever on the defensive, for in our hearts we know that the only way out of the present mess is to destroy communism and to advance freedom.

Fifth, the people of the United States—typically reluctant to assert themselves—sooner or later will do what has to be done for freedom to win out over communism.

It would be better to win by peaceful persuasion. We would rather not have to shed blood, but if our best efforts to avoid it should fail, somehow—I cannot say just when—you can count on us to do whatever must be done.

Now I shall turn to a specific proposal for action either by or through the influence of the Asian People's Anti-Communist League.

In the face of Laos, Cuba, and Vietnam, the free world badly needs new faith and confidence. The future of freedom is very dim if the best we can do is stay on the defensive. International communism has had the initiative almost continuously since 1917.

As is well known, communism must expand constantly if it is to survive. Its appetite is insatiable and it cannot stand still. But the strategies and tactics of "containment" will not succeed against the cancerous growth of communism. The cancer must be destroyed. Once the free world nations come to realize this reality, then—and only then—will they be able to take some really effective measures in their own behalf.

Let me, then, commend to this body a suggestion for action that has been spoken of before. Mr. Ma, of Malaya, spoke of it yesterday. Senator Dodd also referred to it. It is, of course, the favorite Communist technique of unorthodox warfare—guerrilla fighting, terror, subversion, civil unrest, proxy war, propaganda, etc. These methods under the shadow of organized armed forces are responsible for the vast majority of Communist conquests. Particularly in southeast Asia today, the unconventional warfare problem is not easily identifiable. Deliberately obscured by the Communists, it has no visible solution. Even if the crumbling situation in Laos were to be confronted with regular troops from the SEATO countries, the Communists would probably be able to avoid direct clashes in enough instances so that they could continue the struggle with the shadowy forces of unconventional warfare.

Long and bitter experiences with guerrilla fighting are all too familiar in the recent history of every free nation of Asia. Perhaps the clearest lesson is to be drawn from the high cost in human and material resources just to contain unorthodox operations in one's own territory. This drain on our side's energies in terms of manpower can rise to more than one hundred antiguerrillas for each guerrilla actively engaged. Experience has shown this to be a losing game for the victim. The logical inference ought to be that if the Communists can employ this method to keep us on the defensive, with relatively small cost to themselves, why cannot the free world do the same thing to them? In every part of the world, communism is making inroads. The free world will keep right on losing the overt political power struggle unless and until we begin to beat the Communists at their own covert game. (It is true that the conventional armed forces of the free world need to be enlarged and improved, but that and other strategic programs can be left apart from the subject under discussion.)

What the free world needs as a matter of very high priority, especially in Asia, is a new departure to carry unconventional warfare into the Communists' own backyard. I submit that the free countries of Asia should take it upon themselves to do two things simultaneously:



1. Infiltrate Communist territory and conduct widespread harassing covert operations against the political and military apparatus.

2. Eradicate Communist guerrilla forces and subversive operations in free world territory by covert methods, as well as overt.

The aim of these antiguerrilla and counter-Communist activities would be to divert the enemy and place him on the defensive. This technique would, at long last, restore some of the free world's lost confidence and give our political leaders a basis to exercise the initiative. By reversing the present ratio of many of us "containing" a few of them, this new approach would cause a heavy drain on the Communists. It would be more than against communism. It would be a powerful force for freedom.

For obvious reasons, the job should be done with Asian (or Middle East or African, or Latin American) nationals, as the case may be. Western countries would assist with supplies and advice, but the main effort would have to be by Asians. The freedom guerrilla activity should not be tied tightly to the known organizations like SEATO.

All existing free world pacts are for defensive purposes only whereas the freedom guerrillas would be primarily offensive. Furthermore, the less formal the effort, the less it will be inhibited by political constraints inherent in the present complex and often confused state of free world formal relationships. Finally, these forces should be kept as unidentifiable as possible in order to deny the Communists the propaganda advantage. The indirect approach would keep the level of conflict well below the nuclear threshold.

The entire undertaking could fit into the idea of the "volunteer Asian forces" proposed elsewhere at this conference. No elaborate machinery would be needed. No profound strategy is called for. The simple purpose would be to destroy communism by stealth and subversion on both sides of the line. Coordination would have to develop as time went on, and sooner or later problems of control and command and even of loyalty would arise. These matters would have to be dealt with in due course, but for the time being, it should be enough that the free peoples of Asia be willing to exercise their own initiatives enough to get this powerful force moving.

The freedom guerrillas could give the Communists a very hard time. They might even be the turning point in the struggle. These volunteer forces should expect to operate to a considerable extent on their own. They would certainly need some material aid from the free world governments, but they should be constrained by a minimum of nicely balanced political guidance. If, at some later time, events should take a turn that made it desirable to have closer coordination with governments or with regular forces, that could be dealt with as necessary. Nothing could be worse at the start than tying the volunteer freedom guerrillas rigidly to the policy of any particular free world nation or alliance.

Such an effort as this may be one of the few choices left to the free world. Nearly everything else has been tried, and has failed. Freedom is still losing and communism keeps on gaining. The volunteer freedom guerrillas may turn out to be the missing link in the chain of things that the free world needs to do. If the free peoples of Asia are not willing to make this attempt, the remaining alternatives appear to be either a wholly Communist Asia or an all-out nuclear war. The Western nations can do very little but be silent partners in such a venture.

This is something that the peoples of free Asia should and could do by themselves without the formal approval of any allies or any international body. It should be repeated that this is probably the only way it could be made to work, without strings

and with minimum formal arrangements. Only free Asia can decide whether it will take charge of its own destiny, put communism on the defensive, and carry freedom forward.

I close these remarks with the words of U.S. President John F. Kennedy on April 20, 1961, in his statement on the failure of the Cuban freedom forces:

"The message of Cuba, of Laos, of the rising din of Communist voices in Asia and Latin America—these messages are all the same. The complacent, the self-indulgent, the soft societies are about to be swept away with the debris of history. Only the strong, only the courageous, only the visionary who determine the real nature of our struggle can possibly survive."

ADDITIONAL REMARKS BY MR. DONOVAN YEUILL, JR., OBSERVER FROM THE UNITED STATES OF AMERICA, AT THE SEVENTH CONFERENCE OF THE ASIAN PEOPLE'S ANTI-COMMUNIST LEAGUE, MANILA, PHILIPPINES

#### FREE WORLD PURPOSE AND UNITY

The time for talking vaguely about freedom and bravely damning communism is fast running out. The countries of the free world—differing widely in outlook, background, and resources—nevertheless share certain beliefs that provide a commonality of purpose. These can be roughly termed: The worth and dignity of individual man; self-government and optimum freedom of choice; the principles of democracy; the rule of law under God; and the ascendancy of man over state.

A major part of the idea of freedom is that we may argue, interpret, and experiment with such ideas, subject only to those limits required for the common good. (This, of course, is the essential denial in communism.)

It would serve little purpose for this or any comparable conference to dwell too long on the philosophical basis of free world unity. If we do not, by the year 1961, feel reasonably sure that we hold in common some ideals and standards which will sustain us in a life-or-death struggle, then our world is surely in the final stages.

I cannot believe that we do lack a common foundation for a workable progress toward a world where freedom under self-determined democratic governments and its blessings are the intended general order of human society. We may find difficulty sometimes in expressing ourselves jointly on the elements of freedom, but do we not really know what we have in mind? I believe we do. Powerful as the binding force of being militantly against Sino-Soviet Communist imperialism may be, our nations will not endure without a higher and more affirmative purpose.

A more immediate problem than the philosophical debates over the meaning of freedom is the matter of political unity. This does not imply a single world government or any similar nonsense. It simply means that we should find more intelligent and workable ways to deal with the common enemy and conduct our common affairs.

Much good sense has been spoken at this conference on various things the free world must consider, and many useful proposals have been advanced. One might have wished for a higher sense of urgency, however, about the need for more vigorous and concerted action by the free-world countries. All peoples want to find themselves and make their own way. We are all more or less aware of the internal problems of our individual and collective nations, and we are all reasonably attuned to the nature of the Communist challenge to our survival. We can also cite numerous specific instances of a worthwhile policy, program, or act that will somehow or another benefit the cause of freedom and block the further advance of international communism.

But little has been said this week about the hard-headed organizational problems of extending freedom in a world besieged by the highly organized and versatile Communist movement. Our diversity could be as deadly as the enemy. (The motto of the United States is "One out of many.")

There are, of course, numerous matters concerning which unity of purpose and effort are crucial. Yesterday I spoke of one, a specific operational measure to take the initiative for freedom and against communism. The idea is to go on the offensive with paramilitary forces in Red China, North Korea, and North Vietnam. I stressed that any positive action, like a campaign of free-world guerrilla warfare and unconventional operations in Communist territory, should not be restricted by the current policies of governments or the constraints of defensive alliances. These caveats are not to suggest that Asian countries should turn loose, willy-nilly, a whole rash of irresponsible marauders all over the place. It seems advisable, however, to give a practical warning not to allow, in the guise of unity, the conflicting pressures among and within the free countries to strangle what could be a very important offensive against communism. There must, of course, be coordination of any paramilitary adventures, just as in overt military, economic, propaganda measures. I should like to make a second proposal—one suggested by the idea of "freedom guerrilla forces"—for coming to grips with the tremendous organizational problems arising out of any thought of truly concerted action by the free world across the full spectrum of conflict.

Obviously, the free world is loosely organized, with all the frustrations of the democratic way. It has no party line, no disciplined cadres, no highly responsive system of command and control. The Sino-Soviet leaders have all these and more. Our normal diplomacy and mutual security arrangements, indispensable and vital, are clearly not enough. Neither are the many worthwhile programs of economic cooperation and cultural exchange, not by themselves. And neither are conferences like this excellent gathering of the Asian People's Anti-Communist League. The day is overdue when the free world should establish a binding structure and focal points for its efforts.

The very idea of freedom is on trial for its life. There is no doubt, certainly not by the United States, that the free way is the God-given way. There is no question that the free countries of the world have the resources and the potential might to preserve the right for men to live and grow in freedom. But there are serious questions of intent and cohesiveness. The APACL can make an overriding contribution if it will take a strong stand and act as a spark to ignite a really workable basis for the unity of action which our determination of spirit demands.

It would be presumptuous to present here and now a detailed plan for organizing freedom. Suffice it to realize that there are many specific operational matters, some of which this APACL conference has generated, which clearly demand better integration and community of understanding and effort. The free world needs the outlines of a master plan. We need a grand strategy for freedom. We require a clearinghouse for the many programs of the respective free world countries, a better system of intelligence and intercommunication among ourselves. We are faced with an urgent necessity to pull together lest we fall apart in so many broken pieces. All this implies that we are compelled to do something about that subject which is normally forbidden to discuss outside our sovereign borders: "The question of free world political unity."

All the breasting about our failures to meet the threat of communism will be an empty travesty if we lack the wisdom and

skill to solve our organizational problem. If this admirable gathering of the APACL does no other thing, it should at least reach accord and proclaim itself on the pressing need for broader and deeper organizational structures. The APACL could insist upon better methods to coordinate and integrate and advance with unified purpose and combined vigor the common interests of the free world. Such a stand would encourage our peoples and catalyze our governments.

The APACL can hardly be expected to achieve overnight what our respective governments so far have avoided like the plague. But the APACL, and bodies of like mind, can and should raise their voices in demanding action on the vexing political-coordination aspects of free world unity.

We know that human fulfillment and progress can thrive best under freedom. We are convinced that we can and will preserve the freedom to pursue the rights of man. But it is not enough just to preach "togetherness." There must be down-to-earth arrangements for determining free world progress, resolving differences, exchanging information, and directing efforts in a positive, confident, and purposeful manner. Just how we should fashion our political linkages can be left to the experts. What needs first and foremost to be established is that survival takes precedence over sovereignty. For united we stand, but divided we fall. As a practical matter, the League Council of the APACL would be an appropriate sponsor to study and make recommendations for steps leading to a broader base for free world political action.

Freedom belongs only to those who are willing to carry its burdens. One of these may be war, but there are things worse than death. Perhaps the most trying burden is to solve the elusive problem of political action. There will be no panacea or political organization produced either by the APACL or by all the philosophical searching and statesmanlike skill of mankind. But better solutions are within our reach. The free world not only can, but simply must, devise workable ways to wage the protracted conflict and extend the borders of freedom with strength and confidence. The resolve and the results we need can come only from unity of purpose and cohesiveness of action. None of this is free and easy. This calls for nothing more or less than the hard work that we should be willing to exert as the price of freedom, and an honest approach to pulling together politically against a common foe and for our cherished hope.

#### SIX STATES CONCLUDE BILLBOARD AGREEMENTS

Mr. COOPER. Mr. President, last Thursday in passing the Federal-Aid Highway Act of 1961, the Senate did vote to extend for 2 years the opportunity for the States to qualify for incentive payments of one-half of 1 percent by adopting agreements to conform with the national policy of regulating outdoor advertising on land adjacent to the National System of Interstate and Defense Highways.

Questions were raised during the Senate debate as to the extent of interest among the States in making these agreements with the Bureau of Public Roads. At that time, only Maryland, North Dakota, and Kentucky had concluded their agreements, although 12 other States had passed enabling legislation to do so.

I am glad to tell the Senate that agreements have now been signed with the Bureau of Public Roads by six additional States. These States are Maine, Nebras-

ka, New York, West Virginia, Wisconsin, and Oregon—the State of the sponsor of the amendment, Senator NEUBERGER.

I know other States are also very much interested, and will continue to work toward agreements.

I think the prompt action by these six States does demonstrate the interest of the States in conforming to the national policy for the Interstate System. It shows also the need for Congress to extend the present provision of law, so that other States which are interested may become eligible for the same benefits which these States have been able to obtain. And I think it is a very hopeful sign for the effective implementation among States of the national policy adopted by the Congress in 1958.

Mr. MANSFIELD. Mr. President, is there further morning business?

The PRESIDING OFFICER. Is there further morning business? If not, morning business is closed.

#### ACT OF MAY 19, 1961

Mr. MANSFIELD. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 367, Senate bill 2083.

The PRESIDING OFFICER. The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (S. 2083) to correct a technical inaccuracy in the act of May 19, 1961—Public Law 87-36.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Montana.

The motion was agreed to; and the bill was considered, 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 3(e) of the Act of May 19, 1961 (Public Law 87-36), is amended by striking out "title 18" and inserting in lieu thereof "title 28".*

#### REORGANIZATION PLAN NO. 1 OF 1961

Mr. MANSFIELD. Mr. President, I move that the Chair lay before the Senate the unfinished business, Calendar No. 366, Senate Resolution 148.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Montana.

The motion was agreed to, and the Senate resumed the consideration of the resolution (S. Res. 148) opposing Reorganization Plan No. 1 of 1961.

Mr. MANSFIELD. Mr. President, as I understand, the consideration of the resolution on Reorganization Plan No. 1 now before us will be operated on a divided-time basis, with half the time allocated to the proponents and the other half to the opponents.

I ask unanimous consent that the time allocated to the opponents be in the hands of the distinguished minority leader [Mr. DIRKSEN] and the time allotted to the proponents of the Reorganization Act be in the control of the distinguished senior Senator from Arkansas [Mr. McCLELLAN], chairman of

the Committee on Government Operations, or whomever he may designate.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. DIRKSEN. Mr. President, it is my understanding, under the basic act, that not to exceed 5 hours are allotted to each side, but I doubt very much that the Senate will require that much time to dispose of the pending reorganization plan.

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

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

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

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

#### EDUCATION OF CHILDREN OF CERTAIN DECEASED VETERANS

Mr. HILL. Mr. President, on the calendar is Calendar No. 412, S. 2051, a bill to amend the War Orphans Educational Assistance Act of 1956. I ask unanimous consent that the Senate proceed to the consideration of the bill.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The CHIEF CLERK. A bill (S. 2051) to afford children of certain deceased veterans who were eligible for the benefits of the War Orphans Educational Assistance Act of 1956 but who, because of residence in the Republic of the Philippines, were unable to receive such assistance prior to enactment of Public Law 85-460, additional time to complete their education.

Mr. HILL. Mr. President, the bill was unanimously reported by the Committee on Labor and Public Welfare and has the approval of the State Department, the Veterans Administration, and the Bureau of the Budget.

The War Orphans Educational Assistance Act of 1956 provided for some 36 months of educational assistance for orphans of veterans who were between the ages of 18 and 23. As the act originally passed, the educational assistance was available only in the United States, but in 1958 the act was amended so as to make the educational assistance available in the Philippine Islands as well as in the United States.

The bill would permit the orphans of war veterans who are being educated in the Philippine Islands and who were between 18 and 23 years of age at the time the act was passed in 1956 to continue their education and to have 36 months of educational assistance.

Mr. DIRKSEN. Mr. President, it is my understanding that the bill was reported unanimously by the Committee on Labor and Public Welfare.

Mr. HILL. The Senator is correct.

Mr. DIRKSEN. I suggest to the distinguished chairman of the committee that the pertinent portions of the report should be printed in the RECORD, as well as the table showing the numbers involved and the funds involved.



Mr. HILL. I thank the Senator from Illinois for his suggestion.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point pertinent portions of the committee report, as well as the letter from the Veterans' Administration, the letter from the Bureau of the Budget, and the letter from the State Department, all in support of the bill.

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

The bill (S. 2051) provides additional time within which certain children may complete a program of education under the War Orphans Educational Assistance Act of 1956. The class of eligibles afforded such additional time is limited exclusively to persons whose opportunities for an education under the act have been impaired by virtue of their residence in the Republic of the Philippines. Specifically, the additional time would be available to a person who (1) had not reached his 23d birthday, on June 29, 1956, and (2) resided in the Republic of the Philippines during all, or part of the period June 29, 1956, through June 18, 1958.

#### NEED FOR LEGISLATION

The need for legislation arises from the following facts: The original War Orphans Educational Assistance Act of 1956 (Public Law 84-634) provides educational assistance in the form of monetary allowances for the children of certain war veterans who died of a service-connected cause. The assistance is generally available only to persons between the ages of 18 and 23. To assure equity to persons already in this age group when the law was enacted in 1956, one of the provisions of the act provided that persons under the age of 23 on the date of its enactment (June 29, 1956), would have a period of 5 years within which to complete the program of education under the act.

The original act provided also that the educational assistance could be afforded only to an eligible person enrolled in a school or other educational institution in the United States, its territories, or possessions. This provision prohibited eligible persons residing in the Republic of the Philippines from receiving assistance under the program while enrolled in a Philippine educational institution.

The bar against training in a Philippine education institution produced a tremendous practical barrier to actual enjoyment of the benefits by residents of the Philippines. The travel costs to the United States were expensive, in the light of the amount of the assistance afforded, and, in addition, parents were not particularly anxious to send their children away from home to pursue education in the United States.

To remove the practical handicap resulting from the requirement that education be pursued in the United States, the Congress amended the War Orphans Educational Assistance Act in 1958 to permit eligible war orphans residing in the Philippines to pursue their educational programs in their home country. Since enactment of this amendment approximately 3,000 Philippine war orphans enrolled in educational programs in the Philippines.

In short, the 1958 amendment took the basic step in permitting eligible war orphans to enroll in Philippine schools, but did not go far enough to enable them to complete their education.

Because of this situation, about 1,280 eligible persons in the Philippines now taking training, but with entitlement of only 36 months and 21 days, are going to have to cut short their training on June 29, 1961. If they could receive the 5-year benefit, it would enable them to complete their training.

JUNE 13, 1961.

HON. LISTER HILL,  
Chairman, Committee on Labor and Public Welfare, U.S. Senate, Washington, D.C.

DEAR SENATOR HILL: We are pleased to furnish the following report in response to your request with the views of the Veterans' Administration with respect to S. 2051, 87th Congress.

The purpose of this bill as stated in its title is to afford children of certain deceased veterans who were eligible for the benefits of the War Orphans Educational Assistance Act of 1956 but who, because of residence in the Republic of the Philippines, were unable to receive such assistance prior to enactment of Public Law 85-460, additional time to complete their education.

The War Orphans Educational Assistance Act of 1956 provided monetary allowances for the children of certain war veterans whose death was service connected. The benefits are generally available only to persons between the ages of 18 and 23. There are a few exceptions, among them a provision that persons who were under the age of 23 on the date of the enactment of the original law (June 29, 1956) could be assured of at least 5 full years thereafter during which they might take advantage of the new benefit.

Prior to June 18, 1958, benefits could only be afforded under this program to an eligible person who was enrolled in a school or other education institution, in the United States, its territories, or possessions. An amendment approved on that date (Public Law 85-460) removed the bar against training in foreign countries so far as the Philippines are concerned. Thereafter, persons pursuing courses in that country could and may receive the benefits on the same basis as persons living in the United States. No special exception to the age limits for persons who would reach the age of 23 years before completion of their education was made by the amendment. The reports of the congressional committees which considered the bill did not discuss this point.

Subsequently, two laws have been enacted which extended the program to new classes of beneficiaries. A 1959 amendment included the children of veterans of the Spanish-American War who died from service-connected causes, and further amendment in 1960 extended the program to the children of certain peacetime veterans whose deaths resulted from the service. Both of these last-mentioned laws contained a provision, patterned on the original law, to the effect that persons under 23 years of age on the date of enactment of the amendment and who first became eligible for war orphans educational benefits by reason of such enactment would have a full 5 years thereafter to pursue their programs.

S. 2051 is similar in intent to the provision referred to in the last sentence of the preceding paragraph. It would permit all eligible persons who were under the age of 23 years on the effective date of the War Orphans Educational Assistance Act of 1956 (June 29, 1956) a full 5 years after June 18, 1958, in which to avail themselves of war orphans educational benefits subject to their having resided in the Republic of the Philippines during some or all of the period between June 29, 1956, and June 18, 1958.

The estimated cost which would be attributable to the enactment of S. 2051 is:

Fiscal year	Monthly average trainees	Cost of direct benefits
1962.....	1,730	\$2,850,000
1963.....	570	940,000
Total.....		3,790,000

If legislation along the lines here proposed is not enacted approximately two-thirds of

the eligible persons who have entered training in the Philippines under the war orphans educational assistance program will have had but 3 years and 11 days in which to use their 36 months of entitlement. We believe that since the basic policy step of authorizing training in the Republic of the Philippines has already been taken, it is only proper to make the action meaningful by affording trainees in that country a full 5 years during which they might pursue this program. Accordingly, we would favor the enactment of this legislation.

We are advised by the Bureau of the Budget that there is no objection from the standpoint of this administration's program to the presentation of this report to the committee.

Sincerely,

J. S. GLEASON, Jr.,  
Administrator.

EXECUTIVE OFFICE OF THE PRESIDENT,  
BUREAU OF THE BUDGET,  
Washington, D.C., June 13, 1961.

HON. LISTER HILL,  
Chairman, Committee on Labor and Public Welfare, U.S. Senate, New Senate Office Building, Washington, D.C.

MY DEAR MR. CHAIRMAN: This is in response to your request for a report on S. 2051, a bill to afford children of certain deceased veterans who were eligible for the benefits of the War Orphans Educational Assistance Act of 1956 but who, because of residence in the Republic of the Philippines, were unable to receive such assistance prior to enactment of Public Law 85-460, additional time to complete their education.

The purpose of the bill appears to be to provide 5 full years of eligibility for educational assistance under the War Orphans Educational Assistance Act of 1956, as amended by Public Law 85-460, to certain war orphans who have entered training in the Philippines. Since such training has been authorized it would appear that the war orphans concerned should be given the full period of eligibility.

The Bureau of the Budget, therefore, does not object to the enactment of S. 2051.

Sincerely yours,

PHILLIP S. HUGHES,  
Assistant Director for Legislative Reference.

DEPARTMENT OF STATE,  
Washington, June 20, 1961.

HON. LISTER HILL,  
Chairman, Senate Committee on Labor and Public Welfare, U.S. Senate.

DEAR MR. CHAIRMAN: Thank you for your letter of June 15, 1961, addressed to the Secretary of State, in which you request a statement of the position of this Department concerning S. 2051, a bill to afford children of certain deceased veterans who were eligible for the benefits of the War Orphans Educational Assistance Act of 1956 but who, because of residence in the Republic of the Philippines, were unable to receive such assistance prior to enactment of Public Law 85-460, additional time to complete their education.

Copies of a note from the Philippine Ambassador dated November 7, 1960, expressing the views of his government on this general subject were forwarded to the Vice President and the Speaker of the House of Representatives by the Department on December 19, 1960. A copy of a second note from the Philippine Ambassador dated May 24, 1961, expressing the urgent interest of the Philippine Government in this matter and specifically endorsing H.R. 6268 (a bill similar to S. 2051), is enclosed for your information.

The Department of State believes that passage of S. 2051 would rectify, by extending the period within which they may utilize their educational entitlement to a full 5 years from the date of the 1958 act, an apparent oversight in the 1958 legislation (Public Law

85-460) which extended educational assistance to eligible war orphans studying in the Philippines. The Department further believes, in view of the Philippine Ambassador's notes, and of comments received from the American Embassy in Manila, that this action would not only be of great benefit to the recipients but would also have favorable impact on U.S. relations with the Philippines.

For the above reasons, the Department of State supports the passage of S. 2051.

The Department has been advised by the Bureau of the Budget that there is no objection from the standpoint of the administration's program to the submission of this report.

Sincerely yours,

BROOKS HAYS,  
Assistant Secretary.

Mr. HILL. I thank the Senator from Illinois.

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. 2051) 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 the period referred to in section 1712 of title 38, United States Code, shall not end before June 18, 1963, with respect to pursuit of a program of education or special restorative training under chapter 35 of such title 38 by an eligible person who (1) had not reached his twenty-third birthday, on June 29, 1956, and (2) resided in the Republic of the Philippines during all, or part of the period June 29, 1956, through June 18, 1958.*

Mr. HILL. Mr. President, I thank the distinguished Senator from Illinois for his very fine cooperation.

Mr. DIRKSEN. I thank the Senator.

#### REORGANIZATION PLAN NO. 1 OF 1961

The Senate resumed the consideration of the resolution (S. Res. 148) opposing Reorganization Plan No. 1 of 1961.

Mr. DIRKSEN. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. DIRKSEN. Is the Senate now proceeding under controlled time to consider the reorganization plan?

The PRESIDING OFFICER. The Senator is correct.

Mr. DIRKSEN. As of now the time will be controlled?

The PRESIDING OFFICER. The Senator is correct.

Mr. DIRKSEN. Five hours are allotted each side, if it is desired that the time be used?

The PRESIDING OFFICER. The Senator is correct.

Mr. DIRKSEN. Mr. President, I yield 10 minutes to the distinguished Senator from New York [Mr. KEATING].

Mr. McCLELLAN. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. McCLELLAN. I did not hear the Presiding Officer. Is the Senate operating on controlled time now?

Mr. DIRKSEN. I was so advised.

The PRESIDING OFFICER. The Senator from Illinois is yielding time for the opposition.

Mr. McCLELLAN. Mr. President, a further parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. McCLELLAN. The opposition, I understand, are those who are opposed to the resolution. As I understand, the Senator from Illinois [Mr. DIRKSEN] represents the proponents of the resolution. Is my understanding correct?

Mr. DIRKSEN. The Senator is correct. I understood the Chair to mean opposition to the plan. But the distinguished Senator from Arkansas is correct.

Mr. McCLELLAN. Is the Senate now operating under the time limitation?

The PRESIDING OFFICER. It is.

#### THE FREEDOM ACADEMY

Mr. KEATING. Mr. President, several weeks ago our distinguished colleague, the Senator from South Dakota [Mr. MUNDT] delivered a fine and perceptive address urging the Congress and the executive branch of the government to act promptly in setting up an institution for training in cold war tactics, to be known as the Freedom Academy.

At this point there is no place in or out of the government where a full scale study of Communist methods and the best way of counteracting them can be comprehensively carried out. Policy makers and Government executives on all levels are handicapped by the lack of coordinated training and efforts along these lines.

Fighting communism is not a spare-time hobby. It is a full-time, 24-hour-a-day, 365-day-a-year job. The sooner the American people and the American Government realize this fact, the better able we will be to fight the cold war with vigor and success. Establishment of the Freedom Academy would fill an important gap in our Government training programs. For that reason, I am proud to be a cosponsor of the bill (S. 822) that the Senator from South Dakota [Mr. MUNDT] has introduced to set up such an institution.

Mr. President, I ask unanimous consent to have the address of the Senator from South Dakota printed at this point in the RECORD.

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

SPEECH DELIVERED BY HON. KARL E. MUNDT, U.S. SENATOR FROM SOUTH DAKOTA, AT THE FREEDOM INSTITUTE CONVOCATION, ST. JOHN'S UNIVERSITY, MAY 13, 1961

#### THE FREEDOM ACADEMY AND OUR AMERICAN WAY OF LIFE

It was said many years ago by a venerable philosopher that "there is nothing new under the sun." The longer I live and the more I observe and ponder the development and course of mankind, the more convinced I am of the truth contained in these few words.

For generations—in fact, throughout the entire history of the human species—men have been extolling the virtue of freedom and its essentially to the spiritual, intellectual and corporeal development and ad-

vancement of man. That in part is our mission here today, but more importantly our task is to expound and deliberate on the preservation and extension of freedom. We have come to save freedom, not to praise it. As it is true that men throughout history have extolled freedom, so it is also true that since the beginning of man there have been those who have assailed and assaulted freedom and its institutions. Our generation has not been spared this anguish although in relative terms the threat to freedom today posed by Soviet-Sino communism is perhaps no greater than many of the threats and challenges which freedom has faced in the past. I say this not in an effort to minimize the proportions of the threat to freedom's existence today, but rather to emphasize the historical lesson that the quantity and quality of the assault upon freedom are not nearly as important to the outcome of the contest as are the quantity and quality of freedom's response to that assault.

Here at the Freedom Institute of St. John's University, as much and probably more than at any other American seat of learning, you have given effective recognition to this basic truism which has become so important to our survival as a self-governing country and as a free people. It is as a consequence of this fact that I am so honored by your recognition here today and so happy for the opportunity to address you on a vital topic which is of such urgent concern to all of us.

Let me now take you back 2,400 years to another occasion in history when freedom and civility and the dignity of man were under grievous assault. I refer, of course, to that period in history when the independence and freedom of ancient Greece were under attack from the barbarian hordes of Philip II of Macedon. One man, perhaps the greatest political orator of ancient Greece, Demosthenes, strove with every ounce of his forensic capacity to alert his fellowmen to the danger and to convince them that they must prepare and equip themselves to meet the Macedonian challenge to their independence. The greatest exhortations of Demosthenes were delivered in a series of epic speeches—the famous Philipics. So that no one will question the appropriateness of my comparing our present situation to that of ancient Greece, let me quote a few lines from the Third Philippic, in which Demosthenes offered his assessment of the challenge then confronting Athens: "If now we were all agreed that Philip is at war with Athens and infringing the peace, nothing would a speaker need to urge or advise but the safest and easiest way of resisting him. But since, at the very time when Philip is capturing cities and retaining divers of our dominions and assailing all people, there are men so unreasonable as to listen to repeated declarations in the assembly that some of us are kindling war, one must be cautious and set this matter right: for whoever moves or advises a measure of defense is in danger of being accused afterward as author of the war."

"I will first then examine and determine this point, whether it be in our power to deliberate on peace or war. If the country may be at peace, if it depends on us (to begin with this), I say we ought to maintain peace, and I call upon the affirmant to move a resolution, to take some measure, and not to palter with us. But if another, having arms in his hand and a large force around him, amuses you with the name of peace while he carries on the operations of war, what is left but to defend yourselves?"

"You may profess to be at peace, if you like, as he does; I quarrel not with that. But if any man supposes this to be a peace, which will enable Philip to master all else and attack you last, he is a madman, or he talks of a peace observed toward him by you, not toward you by him. This it is that Philip purchases by all his expenditure, the



privilege of assailing you without being assailed in turn."

Do you not agree that this commentary and analysis by Demosthenes is startlingly apropos to the circumstances currently besetting the free world? Replace the name Philip with the name Khrushchev and these words from 24 centuries in the past might with propriety and accuracy be delivered today by the U.S. Ambassador to the United Nations General Assembly.

But let us not dwell on the words alone; let us briefly examine the events of that ancient day that preceded, prompted, and followed their utterance. The third Philippic culminated 10 years of effort by Demosthenes to awaken the Athenians from their complacency and to inspire them to action for the defense of their freedom and independence. It is significant to note that the first Philippic, spoken early in 351 B.C., was no sudden note of alarm drawing attention to an unnoticed peril. On the contrary, the assembly was weary of the subject, and the war with Philip of Macedon, which had already been in progress for 6 years, had become the theme of barren talk. Yet the Athenians could not bestir themselves to vigorous and enlightened action.

Were these the only aspects of the Athenian experience akin to our challenge of today, I would not presume on your time to recount these events from history. But there are other similarities so striking that this whole experience of the past obliges our attention, for there is, indeed, a lesson to be learned.

Take for example the fact that Athens, in 341 B.C., was enjoying the richest civilization yet known to man at that time, while the subjects of Philip II were for the most part uneducated and indigent peasants and shepherds. Add to this the fact that Philip achieved his conquests through new warfare concepts, utilizing highly-trained and rigidly disciplined militiamen, and through artful diplomacy that wooed both the unenlightened and the nonresolute into his camp.

Need I go further? Are we not the beneficiaries of the wealthiest society in the history of mankind? Are not vast numbers of those under the dominion of Soviet-Sino communism uneducated and pitifully poor peasants? Have not assemblies throughout the free world wearied of speeches on the conflict between freedom and communism? Has not this conflict become the theme of barren talk? Has not the beguiling diplomacy of the Soviets succeeded in mesmerizing and neutralizing many of the unenlightened and the nonresolute? And most importantly, have not the Communists expanded the perimeters of their tyranny through the skillful utilization of a newly-conceived form of integrated military and nonmilitary warfare, which employs highly trained and rigidly disciplined cadres as its chief agents of execution?

The manifest aggressions of Soviet communism against the free world have now proceeded virtually without important setback for 16 years. Suffice it to say that the Third Philippic by Demosthenes was delivered 16 years after Philip's first advance on Athens. That epic oration finally succeeded in enspiriting Athens and in bringing the Greek city-states together. But their tardy reconciliation and dilatory preparation was not sufficient to meet the crushing force of Macedon, and history records that Greek independence ended tragically 3 years later in 338 B.C.

Will we ignore the lessons of history and the realities of our time; or will we prepare at once to defend freedom against those who amuse us with the name of peace while carrying on the operations of war against us?

I am confident that your presence here today at this convocation of a great educational institution, which symbolizes and

exemplifies the grandest traditions of a free society and which has pioneered so fruitfully with this Freedom Institute, leaves no doubt that you are joined with the affirmant and resolute who say, "Let us take those positive and demanding steps which are necessary for the preservation and extension of freedom."

I am a Member of the U.S. Senate, an elected representative of a free citizenry. As such, it is my task and my obligation to advocate a variety of causes and to minister to a multitude of needs. It is the frustration of every elected legislator that the manifold responsibilities of his vocation preclude his development or maintenance of an expertise in any particular scientific field or occupational endeavor. I do not, therefore, present myself to you as one inclined to speak with an expert's certitude on all the steps which must be taken in this hour of peril for the preservation and extension of freedom. I do, however, come before you as an earnest advocate for one step which I consider of paramount importance to the successful defense of freedom.

This step, which I recommend with every ounce of my conviction, is the immediate establishment of a national institution wherein free men could be educated in the multiple and complex aspects of Communist ideology, tactics, and strategy and intensively trained in the broad spectrum of arts, skills and knowledge required for effective operational activity in the global conflict between freedom and totalitarian communism.

This idea has been drafted into a legislative bill, which has been introduced in both Houses of Congress and which proposes the creation of a Freedom Commission and Freedom Academy charged with the research, development and training responsibilities needed to provide the public and private sector with comprehensively trained personnel. Lest there be any misconceptions as to my assessment of the role which the Freedom Academy can play in the conflict between freedom and communism, let me hasten to emphasize that I most certainly do not look upon this agency and the functions it will execute as an easy panacea to our problems or an all-inclusive patent medicine for ridding the world of Communist tyranny. It is only one of a series of steps which must be taken so that this Nation and our free world allies can seize the initiative in the cold war conflict.

Perhaps my enthusiasm for this particular step is colored in part by my 2 years of association with the Freedom Academy idea, but I do sincerely feel that the establishment of this training and development institution is of paramount importance to the substantial and meaningful improvement of this Nation's cold war capabilities. I am joined in this conviction by the members of the Senate Judiciary Committee, who in reporting the Freedom Academy bill to the U.S. Senate during the 86th Congress, said: "The committee considers this bill to be one of the most important ever introduced in the Congress. This is the first measure to recognize that a concentrated development and training program must precede a significant improvement in our cold war capabilities. The various agencies and bureaus can be shuffled and reshuffled. Advisory committees, interdepartmental committees, and coordinating agencies can be created and recreated, but until they are staffed by highly motivated personnel who have been systematically and intensively trained in the vast and complex field of total political warfare, we can expect little improvement in our situation."

Viewed in this light, I think the Freedom Academy becomes a far more appealing and plausible idea to those who might instinctively react against it, either because they oppose the creation of new Government agencies or because they see this new agency

infringing on the activities of the existing agencies in the national security complex. Let me assure you that this is not a make-work proposal. Neither is it our intention that this new agency should infringe or encroach upon the functions or operational activities of any existing agencies in either the public or the private sector. It is because the functions envisioned for the Freedom Academy are not being done anywhere and because there is a vital need for them to be done that we have advanced this proposal in the Congress of the United States.

The Federal Government is today spending five-eighths of its annual budget or slightly more than \$50 billion for equipment and activities directly related to national security. I think it is fair to say that this massive expenditure of our national treasure is probative evidence that our governmental leaders are acutely aware that Soviet-Sino communism poses a formidable threat to the survival of our Nation. Of this total \$50 billion expenditure approximately \$48 billion are being spent for military requirements and other defense needs. We must, of course, maintain strong and modern armaments, and although I wish it were otherwise, I do not begrudge the expenditure of one defense dollar for I recognize the essentiality of this disbursement. But let us not fail to recognize that while these expenditures are preparing us for the eventualities of a hot war—which, thank God, we are not fighting—they are contributing precious little to our preparations for the cold war, which we are fighting at this very moment in every corner of the world.

We are not only fighting this cold war; we are losing it. If anyone doubts the truth of this commentary, they have only to look to Czechoslovakia, to East Germany, to Hungary, to mainland China, and to the island of Cuba only 90 miles from our continental boundaries. These are all areas which have been swept into the Communist sphere since the end of World War II—only 16 years ago. While it is true that Soviet military action played a part in bringing some of these areas behind the Iron Curtain, the fact cannot be ignored that the military aspects of these and other conquests were far less instrumental in bringing about the final result than were the nonmilitary aspects.

What, you may ask, do I mean by the nonmilitary aspects of these Communist conquests? I refer to the well-defined and highly systematized warfare concept developed by the Communists, which utilizes, interrelates and coordinates a multiple arsenal of manipulatory skills, including subversion, infiltration, ideological persuasion, diplomatic blackmail, propaganda, and coups d'etat. With the integration of political, ideological, psychological, economic, organizational and paramilitary skills into a single, artistically coordinated warfare concept, the Communists have conceived an entirely new dimension of conflict which, operating on a foundation of military strength, paralyzes the enemy with the threat of armed combat but conquers him without the use of a shooting conflict.

The mere development of this new concept of nonmilitary aggression would, of course, be valueless to its architects without the trained artisans to apply it, and the Communists have, indeed, not overlooked this essential feature in their total program for world conquest.

For the past 40 years the Communists have been engaged in a deliberate and carefully planned political warfare training program. Today the Soviets are operating an extensive network of political warfare training schools at Moscow, Leningrad, Tashkent, Prague, and elsewhere on both sides of the Iron Curtain. Some of these schools specialize in the training of nationals from outside the Iron Curtain. The Prague center specializes in training Latin Americans and Africans, and it is worth noting that this

center has increased its training tempo since 1956. The school at Tashkent trains Communists from the Islamic countries. The training in these centers is both intensive and comprehensive; it is designed to produce a knowledgeable and hardened political warfare combatant, who can effectively execute the marching orders issued by the managers of protracted conflict. It is these individuals, my friends—these practitioners of conflict doctrine—these cadres of tyranny—who have brought Moscow and Peiping victory after victory over the past 16 years—each one narrowing the perimeters of freedom. Speaking to this very point, the Senate Judiciary Committee Report of 1960 on the Freedom Academy bill observed with frightened accuracy that “the Communists have conquered nearly a billion people during a period when their sphere was markedly inferior in industry, technology, science, and military capabilities—in fact, inferior in almost everything except power-seeking know-how.”

It is this power-seeking know-how of the Communists and its tactical, ideological, strategic, and organizational elements, which we in the free world must understand in its most minute detail. Not so we can mimic it, but rather so we can develop the operational skills and frame our positive programs to effectively counter and defeat its carnivorous thrusts inside the boundaries of freedom. In a nutshell this will be the mission of the Freedom Academy.

Perhaps with this talk of conflict and political warfare, I am building a misimpression that our sole national objective is to bring about the resounding and eternal defeat of totalitarian communism. If this be so let me immediately set the record straight.

Our Nation is one of the few and possibly the only one in the history of the world which was founded on an ideal. That ideal has been phrased and rephrased countless times by philosophers and statesmen, by scholars and judges, by theologians, and poets. Its essence is this: That God created individuals, not states, and it is the individual, be he white or black, red or yellow, who is supreme. It is, therefore, the function of a government or a nation to promote and preserve a climate of freedom, justice, order, equality and civility, in which the individual can develop his intellectual and spiritual talents for his benefit and the benefit of all mankind.

A nation and its citizenry endowed with such a magnificent birthright would, indeed, be false to that birthright if its goals were limited merely to the protection and preservation of that glorious heritage within its national boundaries. I have no fear that we will violate the trust reposed in us by our national traditions, for I sense in America today a people who are earnest in their desire to share this noble heritage with all men, so that they, too, may enjoy the fruits of freedom, equality, and justice. This then is the primal objective of America. But to pursue this objective we must survive and to survive we must destroy the tyranny that seeks to devour us.

Conflict and warfare are not comfortable topics of discussion and deliberation for Americans. We are inherently a peaceful society, and whether it be hot war or cold war, the mere contemplation of such action is repugnant to our nature. Perhaps it is even easier for us to come to grips with the realities of a hot war than a cold war, for a response to an enemy assaulting you with bullets and bombs seems to lend itself less painfully to ethical rationalization than does a response to an enemy assaulting you with subversion and diplomatic blackmail.

But, my friends, this is not a time for those seeking easy routes, comfortable solutions and painless remedies. If we are to achieve our national goals, we must come to grips with the stark realities of our time.

Our situation today as a Nation is not unlike that of an individual blessed with great humanitarian instinct and skilled in the arts of resuscitation, who comes face to face with the fact that if he is to utilize his talents to the fullest, he must on occasion swim treacherous waters to rescue a drowning child. If we are sincere in our desires to utilize our talents as a Nation in assisting other people to attain their just aspirations for a better life, we then must be willing to swim the treacherous waters of international ideological conflict.

I see little evidence of our lack of will to make the swim, but I see much evidence of our lack of preparation for this perilous undertaking. I have already emphasized the fact that the Communists have literally thousands of hardened political warfare combatants in the field, who have been systematically and rigorously trained in a vast network of political warfare training institutions. By contrast, we have only a handful of individuals on our side with an equivalent knowledge and sophistication in the complex arts of political warfare, and those that we have—if I might borrow a phrase from the editors of *Life* magazine—are graduates of “the very dear school kept by experience.” Although we have only platoon strength in the political warfare area in comparison with the division strength of the Communists, we, nevertheless, have many more experts than we have any right to expect with the present lack of training facilities for this demanding work. We must, however, have many more in the face of the grave and frightful challenge that confronts us, and to achieve the qualitative and quantitative levels required, we must have a training and development institution such as the Freedom Academy.

I am gratified to note that there is a growing recognition among our national leaders of the urgent and important need for systematic and intensive training in the multiple disciplines of political warfare. Exemplary of this growing recognition is a segment of the report submitted to President Eisenhower on December 23, 1960, by the Sprague Committee,<sup>1</sup> composed of distinguished and knowledgeable public servants, which states:

“There is need to provide high-level training in the interrelated economic, political, informational and military aspects of the present world struggle for more of the top officers of agencies dealing with international and security affairs. The committee therefore recommends that consideration be given to the establishment of a National Security Institute for this purpose under the National Security Council, which among other things would provide concentrated exposure to and study of Communist ideology, techniques, and operations worldwide as well as of our total governmental informational resources and how best to orchestrate and use them.”

The Sprague committee limited its recommendation to the training of high echelon governmental officers, which restricts the number of individuals to be trained much more than does the Freedom Academy proposal. Nevertheless the content and subject matter recommended by the Sprague committee is nearly identical to the course of study envisioned for the Freedom Academy.

It seems to me that there are considerations which argue against the wisdom and economy of limiting this training to just high-level governmental officers. It is true that the most advanced level of training at the Freedom Academy might well be limited

to top officers in the national security agencies, but I strongly believe that intermediate and primary curricula should be provided for the training of a wide range of persons in both the public and the private sectors.

To begin with, it will be essential to assemble a distinguished and rather sizable faculty to provide high-caliber political warfare training for even a limited number of top-echelon career officers. And it should be recognized that if training is restricted to upper-echelon officers, the number who can be trained at any one time will be sharply limited, due to the fact that we cannot afford to take large numbers of them off the firing line. This means that we would not be making maximum utilization of the faculty experts, at this most critical juncture in history when our total need for training is so serious that we can ill afford extravagant use of this precious talent.

Add to this the fact that it is not only the policymaker, the planner, and the administrator, but the operator and executor as well, who must comprehend the dimensions of the conflict and the tools and weapons, which victory demands of the participants. From where will we obtain the policymakers and planners of tomorrow, if we are not training and preparing them today?

Last and far from least it would be, in my opinion, a grave error to overlook the need and the considerable desire for training of individuals in the private sector. Is there anyone left today, so naive as to believe that the conflict is exclusively reserved to the public sector? I sincerely hope not. For the fact of the matter is that in the advanced nations of the free world the Communists are directing the major emphasis of their attack at institutions in the private sector. The fundamental nature and the kinetic energy of the Soviet communism require its presence and activity in the private as well as the public sector, for its central aim is the concentration of total social power in the hands of a ruling group. Prof. Philip Selznick, one of our leading students of Bolshevik strategy and tactics, points out in his outstanding book, “The Organizational Weapon,” that “the Bolshevik pursuit of power . . . is not limited to the areas where constitutional responsible power is won, but is carried on everywhere in the social structure, wherever an increment of power can be squeezed from control of an institution or a portion of it . . .”

The nature of the challenge facing us and the need for trained personnel to meet the challenge has, I think, been sufficiently delineated. However, justification for the establishment of a governmentally operated training and development center does not follow ipso facto from the presentation of these two elements of proof. Some may ask, “Do we not already have institutions and programs offering this necessary training?” Others may inquire as to the wisdom of establishing a governmental agency to provide this type of training.

To the first question I must respond with an emphatic “No.” It is a fact that there is no institution or agency in the United States today where an individual can receive broad spectrum training in all of the elements and disciplines of cold war activity. Certain aspects of this total complex of knowledge are offered in some of our leading schools of international affairs. Your own institute here at St. John's is a splendid example of great contributions by a private institution. In the main, however, the courses on communism offered in our private institutions are limited to the history and ideology of communism, thus ignoring the study of the tactics, strategies and organizational weapons of communism, an understanding which is so vitally essential to the person assuming an operational role in the cold war. Many of our private schools of international affairs, especially at the grad-

<sup>1</sup> This committee, under the chairmanship of Mansfield D. Sprague, included George V. Allen, Allen W. Dulles, Gordon Gray, Karl G. Harr, Jr., John W. Irwin II, C. D. Jackson, Livingston T. Merchant, and Philip D. Reed.



uate level, provide excellent "area studies" on the Communist bloc. Such curriculums do an outstanding job of backgrounding the student in such important areas of knowledge as surface transportation in the satellite countries or hydroelectric power production in the Soviet Union. But important as this training is, it does not expose the student to the nature of the conflict nor does it instruct him in the tactical and operational skills so that he can employ his substantive knowledge usefully in the cold war. Nor does such training in a private institution carry any assurance the individuals who are trained will thereafter be appointed to services in which their skills can be fully utilized.

Perhaps the closest we come today to providing the training proposed for presentation to public officials at the Freedom Academy is in the courses offered by the armed services' war colleges. These courses are extensive, but since political warfare training is necessarily and properly secondary to the main training missions of these institutions it must be dealt with in a rather broad and summary manner, often assuming a level of sophistication not yet attained by the student. Such training is simply not adequate for our needs today. Additionally the training offered by the various war colleges suffers from the same weakness which I see in the Sprague committee's recommendation in that it is available to only a very limited number outside the Military Establishment.

The entire gamut of governmental and private training programs in the area of cold war know-how has been reviewed by men eminently qualified to assess the qualitative and quantitative content of these curriculums. It is their conclusion that there is no single institution where all of the bits and pieces are brought together for instructional presentation in a comprehensive and all-encompassing discipline.

So we need a central comprehensive cold war training institution, but we still haven't answered the individual who questions the wisdom of locating such an agency in the Federal structure.

In the main, this individual casts a critical eye at this proposal, for he sees the Freedom Academy as a governmental institution for the propounding and propagation of dogma—a Federal factory for the production of a pat and inflexible ideology of freedom. If this were, in fact, the intent and proposed mission of the Freedom Academy, there would be no one who would oppose this proposal more vigorously than KARL E. MUNDT, of South Dakota. I have my individual concepts of freedom. Each member of this audience has his, and I dare say that no two of our concepts of freedom are identical in every respect—for this is the very essence of a free pluralistic society. The Freedom Academy proposal is premised on a perception of the conceptual multifariousness of our American society and on a recognition that totalitarian communism is antithetical to every concept of freedom.

It should be clearly understood that the Freedom Academy's primary role will not be that of educating individuals in the varied conceptual content of democratic ideology. This is a task which, in the main, must be left to our secondary schools and to our private and State colleges and universities. The major mission of the Academy will be to give the student a comprehensive understanding of Communist ideology, tactics and strategies, and then to teach the student the proper tactics to be employed by us in defeating the power-seeking thrusts of the Communists and in achieving our other national goals through the inter-related use of economic, ideological, diplomatic, informational and paramilitary programs. Considering the complexity and intricacy of the multiple disciplines which will be presented

in this training program, I have no fears that it will become a program for indoctrination in dogma and pat answers. For to attempt the reduction of this vast array of knowledge to a group of general rules and a fixed body of doctrine would be as futile an exercise as trying to reduce the science of nuclear physics to a few simple algebraic equations.

It seems to me, therefore, that the whole question of whether a Freedom Academy will or will not be established hinges primarily on the desire of the American people to effectively resist the relentless assault of communism on the free world. Without the desire the training will be useless. With the desire the training may well be decisive.

As I noted at the beginning of my address, history teaches that in a contest between freedom and tyranny the outcome depends not nearly so much on the quantity and quality of the assault on freedom as it does on the quantity and quality of freedom's response to that assault. To emphasize this point, let me, in closing, return briefly to another incident in the Athenian experience.

In 351 B.C., Rhodes, which had once been part of the Athenian confederacy, was trying desperately to throw off the autocratic rule imposed upon it by Caria, a tributary of the Persian dominion. The democratic party of Rhodes appealed to Athens for help, and Demosthenes, in one of the most statesmanlike acts of his career, supported their application. He failed, but in his effort he left a valuable lesson for all future generations of free nations. In his plea for the Rhodians, he warned Athens that the cause of political freedom was everywhere her own, and that, wherever that cause was forsaken, there a new danger was created for the independence of Athens.

It has been less than 5 years since the cries for help rang out to the free world from the streets of Budapest. On that occasion we were obliged to forsake the cause of freedom, because we were not prepared to do otherwise.

Since then, other areas of the world—some near at hand and some remote—have witnessed freedom fall and tyranny triumph. Clearly new devices must be developed and new cold war techniques must be employed to turn the tides of victory in the right direction.

We must, therefore, without delay, set in motion the wheels of preparation, for it is, indeed, true that the cause of political freedom is everywhere our own, and we can ill afford to forsake that cause in the future, or to trust our success to those who are inadequately trained to carry out programs of such paramount importance that civilization itself cannot outlive their failure.

#### REORGANIZATION PLAN NO. 1 OF 1961

The Senate resumed the consideration of the resolution (S. Res. 148) opposing Reorganization Plan No. 1 of 1961.

Mr. KEATING. Mr. President, the proposed resolution would have the effect of rejecting the President's proposals for reorganization of the Securities and Exchange Commission. In its report on Senate Resolution 148 the Committee on Government Operations states:

The proposals contained in plan No. 1 of 1961 involve matters of serious and far-reaching importance and effect which require far more study and deliberation than was possible under the time limitations imposed upon the committee by the Reorganization Act of 1949, as amended.

The report goes on to state that the Government Operations Committee found the issues involved very complex

and "so difficult to resolve in the time available, that an initial motion to report Senate Resolution 148 favorably failed of passage by a vote of three in favor and three opposed, primarily because some members felt they needed further deliberation before reaching a conclusion. The motion to report the resolution without recommendation carried by a vote of four in favor and two opposed.

This is a far-reaching proposal which requires deliberate and considerate study. The admission of the Government Operations Committee that it did not have sufficient time for such study is a powerful argument against action today which would put the President's reorganization plan into operation.

Our administrative agencies are plagued with many problems. But a sound solution of these problems will not be advanced by ramming a Presidential proposal through Congress. I would fully support steps truly designed to make the independent agencies more efficient and effective, but I emphatically disagree with the President's proposal in this field.

These agencies exercise powers delegated to them by Congress. They were never intended to function as pawns of the Chief Executive. There are many ways of improving their procedures without impairing their independence.

Under section 1 of plan No. 1, the Chairman of the Securities and Exchange Commission could be empowered to assign the agency's functions to subordinate divisions, individual Commissioners, hearing examiners, or other employees of the Commission. Under this procedure the Chairman would become a one-man czar over the agency. It would be possible for him to relegate Commissioners and other agency personnel who did not agree with his policy or philosophy to mere figureheads or errand boys. The Commission's functions as an effective, nonpartisan, deliberative body where all sides of a particular issue are presented, discussed, and considered, would be seriously imperiled.

Plan No. 1 also would substantially reduce the right of appeal within the Securities and Exchange Commission. Under the plan, the right of review would be discretionary with the Commission. Unless the Commission decided to review a case on its own motion, there would be no review unless a majority, less one member of the Commission, voted for review. Should the Commission decline to exercise its discretionary review or no review is sought within the time limitations provided, the action of the subordinate who has exercised the functions of the Commission will for all purposes be final and deemed the action of the Commission. This drastic limitation on agency review certainly should be given more study than is possible in acting on a reorganization plan.

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

Mr. DIRKSEN. I yield 5 additional minutes to the Senator from New York.

Mr. KEATING. Mr. President, the limitation of administrative review within the agency would also have the effect

of increasing the burden on our courts. Under the present procedure the Commission reviews initial decisions of its subordinates and has full power to correct improper interpretations of the law and takes whatever action the facts in the record may warrant. This opportunity to correct errors frequently avoids the necessity of judicial review. In effect, the courts would now be required to deal with cases which could have been finally disposed of by the agency itself.

Plan No. 1 also raises the danger that the American public will be denied access to information that it should have a right to know. Under title 15, United States Code, section 80-b10, the Securities and Exchange Commission may keep secret certain information filed with it under the provisions of the Investment Advisers Act, if the Commission decides that disclosure of this information is neither necessary nor appropriate in the public interest or for the protection of investors. Other statutes administered by the SEC contain similar provisions. The power of delegation covered by section 1 of the President's plan includes the function of determining whether information shall be disclosed to the public under the provisions of the statute I have just related. Delegation of such a power to a subordinate of an agency would, in fact, vest the power in the Chairman since the Chairman would be responsible for the assignment of all personnel.

The provisions of the plan could also exclude the minority party members from deliberation as to what information should be made available to the public. By so doing, it would be possible for documents and other reports to be concealed, which should be disclosed. Anyone concerned with freedom of information certainly should be reluctant to support a plan with such potential for mischief.

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

Mr. DIRKSEN. I yield 5 additional minutes to the Senator from New York.

Mr. KEATING. Mr. President, I have long advocated constructive changes in administrative agency practice. In that connection I expect to introduce shortly a bill which has the support of the American Bar Association to establish a new Office of Federal Administrative Practice. This new unit would provide independent and authoritative surveillance of all agency proceedings. It would serve the administrative agencies of the Government in the same way as the present Administrative Office of the U.S. Courts has served the Federal courts. It would also work for uniform agency rules and recommend, after thorough study, changes needed to shorten and cut the tremendous costs and time now required in administrative proceedings. Such an office would not be under the control of either the executive or legislative branch of Government, and would not serve in any way to undermine the independence of the agencies. This is the way to cut down on administrative agency inefficiency without imperiling needed safeguards and procedures.

Mr. President, I shall vote against this reorganization plan and in favor of Senate Resolution 148, but I hope that Congress will see fit on another occasion to take constructive and thoughtful action on the problems in this field.

#### THE NATIONAL DEFENSE EDUCATION ACT

Mr. DIRKSEN. Mr. President, I yield 20 minutes to the Senator from Arizona.

Mr. GOLDWATER. Mr. President, I should like to submit several amendments to S. 1726, the administration's bill to extend and expand the National Defense Education Act, which is now pending before the Committee on Labor and Public Welfare. I therefore ask the unanimous consent that my amendments be printed and referred to that committee.

The PRESIDING OFFICER. Without objection, the amendments will be received and printed, and referred to the Committee on Labor and Public Welfare.

Mr. GOLDWATER. Mr. President, when the bill which became the National Defense Education Act was reported to the Senate in 1958, my minority views consisted of a half dozen lines which I would like to quote because of their appropriateness at this time. Here is what I said on that occasion:

This bill and the foregoing remarks of the majority remind me of an old Arabian proverb: "If the camel once gets his nose in the tent, his body will soon follow."

If adopted, the legislation will mark the inception of aid, supervision, and ultimately control of education in this country by Federal authorities.

Mr. President, normally nothing is more keenly exhilarating than to be able to say "I told you so." But the accuracy of my forecast fills me with deep foreboding—I would much rather have been proven a false prophet. A few weeks ago this body passed a wide-ranging Federal aid-to-education bill for which no need existed, which was inequitable and discriminatory, which increases Federal spending and hence the forces of inflation, and what is most disturbing, which constitutes a serious invasion by the Federal Government into an area, where both traditionally and constitutionally, the States and the local communities have heretofore exercised an exclusive jurisdiction.

Now the administration is pushing for a measure which will add further to inflationary pressures and will broaden the role of the Federal Government with its debilitating effect on private, local, and State educational efforts and activities. Federal control of our educational system is well advanced, and unless this frightening development is halted, complete, or at any rate, predominant Federal control of education is inevitable in the United States.

Mr. President, the National Defense Education Act was adopted by the Congress in 1958 on the assumption that it was only a temporary measure designed to meet a genuine emergency seriously affecting our national defense. I am sure that no Member of this body will

dispute the assertion that the act would never have become law had it not been presented as establishing a program essential to the national defense.

The new administration bill, however, scraps all pretense that the National Defense Education Act is merely a temporary measure designed exclusively to meet an urgent defense need. It contains amendments not only extending certain provisions of the act, but it makes permanent a number of programs, originally established on a temporary basis, and it uses the act as a vehicle to achieve goals and objectives which have not the remotest relationship either to national defense or even to the act itself, including a sweeping expansion of the power and authority of the Office of Education under other statutes administered by that office.

But, Mr. President, what disturbs me most about the pending bill is the utter casualness with which its proponents and supporters are determined to expand the act's scope to matters which are related to national defense only in the most indirect fashion while simultaneously proposing to eliminate other provisions which are directly related thereto. At the same time, an educational need which, in my opinion, constitutes one of the most glaring defects in our educational system during the present era of the cold war, is completely ignored. My amendments are designed to correct that defect and to eliminate at least one of the nondefense expansions proposed in the administration bill.

Thus, Mr. President, despite the pre-fessed premise of national defense upon which the act is based, the administration bill is designed to expand Federal aid to such subjects as physical fitness and English which are related to national defense only in the sense that any improvement in the mental and physical development of our children is so related.

On the other hand, the provision of the existing law, the so-called non-Communist disclaimer affidavit, which was intended to assure that no Communist or other subversive received any benefit under the Act, is repealed by the administration bill. Mr. President, it is difficult for me to see how any intelligent person can genuinely believe that improving and expanding educational courses in English and physical fitness is more essential to the national defense than a provision designed to protect the American taxpayer against having his tax money used to benefit the enemies of the Nation.

Mr. President, there are other provisions in the administration bill which are not related to national defense, either indirectly or even remotely. Thus, the bill would expand the power and authority of the Office of Education in connection with other laws administered by that office, laws which have nothing to do with national defense. The effect of these provisions is to extend the scope of the National Defense Education Act so that in effect, it becomes a general education bill which deals with matters properly belonging to the impacted areas legislation and the general Fed-



eral aid-to-education bill which passed the Senate some weeks ago.

Mr. President, I am wholly at a loss to understand why these provisions are so irrelevantly included in the proposed amendments to the National Defense Education Act but were never offered when we were considering legislation to which they would have been far more appropriate. Perhaps the administration failed to think of them a few weeks ago and is now seeking to remedy the omission by using the National Defense Education Act as a vehicle for more extensive Federal intervention into the field of education generally.

But, Mr. President, their most serious omission in legislation of this kind has never even been mentioned, either by the administration or the proponents of this bill. I refer to the complete failure to provide for, or even seek to encourage, the education of our children in the nature and objectives of the enemy which represents the most serious threat to its existence which this Nation has ever faced.

Mr. President, as the members of this body well know, I am opposed to every form of Federal aid to education. I believe that under our constitutional system, education is a matter exclusively for the States and local communities. But if the Federal Government is to intervene in the field of education under the pretext of strengthening the national defense, I say that we ought to make our professed purpose a real one instead of a mere pretext, and legislate an educational program which will fill one of our most essential, but almost entirely neglected needs—training our future citizens to know the enemy of their country.

Mr. President, during the last war, an important element of the training of our troops was carried on under the general caption of "Know Your Enemy." Films, leaflets, booklets, orientation lectures were devoted to instructing American troops in the nature of the Nazi enemy, his characteristics, his activities, and the threat that the Nazi philosophy and goals presented to freedom and civilization and the survival of our country.

Mr. President, we are now in the midst of the so-called cold war. World communism reaches its tentacles into every corner of the globe, including our own. Whether he knows it or not, every American is involved in the cold war. As Colonel Kintner once expressed it: "The front is everywhere." Unfortunately, a good many Americans are unaware of it, and a good many more either know nothing of the enemy or have the most misleading misconceptions about it. Nothing is more seriously needed in enlisting the aid of our educational system for purposes of national defense than the broadening of that system to provide instruction in knowing our enemy.

This is precisely what my amendments are designed to do. They are far more urgently needed for national defense purposes than graduate study in ceramics, folklore, Buddhism, church music, and a number of other interesting but equally irrelevant courses of study

now being financed by the Federal Government under the provisions of the National Defense Education Act. My amendments would encourage students and educational institutions to embark on or to expand, where they already exist, courses of instruction dealing with—and I quote from my proposed amendments:

The nature, objectives, strategy and methods of world communism, and the threat which it represents to the American way of life.

Mr. President, when the act was passed some 3 years ago, the Senate built into it specific functions which we thought would preclude its misuse. However in the course of the conference, the following language from page 18 of the Senate bill was stricken from the report:

Before approving a graduate program under this title, the Commissioner must make a finding, after consultation with the National Advisory Committee, that such program will promote the national defense and is in the national interest.

I shall cite some of the courses which have been approved for fellowships under this program, to point out how com-

pletely misleading the whole approach has been. I shall not read the entire list, but I shall place it in the Record shortly.

Fifty courses were provided in comparative literature; 22 in drama and theater; 4 in Buddhist studies; 11 in the fine arts; 108 in sociological studies in foreign areas.

So it goes.

When we examine the field in which we are interested, namely, defense education, which includes the physical sciences and engineering, we find that only 27 percent of the fellowships have been granted in this field. In fact, only three fellowships under this program are in the field of nuclear engineering, which certainly is one of the most important areas in which fellowships could be granted today, but which is being neglected.

Mr. President, I ask unanimous consent that a table which has been compiled from statistics of the Department of Health, Education, and Welfare be printed at this point in my remarks.

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

*Graduate training provided for prospective college and university teachers under title IV of the National Defense Education Act of 1958 from 1959 up to 1961-62*

Teaching profession	Beginning training in 1959		Beginning training in 1960		To begin training in 1961		Total being trained	
	Number	Per cent of 1959	Number	Per cent of 1960	Number	Per cent of 1961	Number	Per cent
Classics	8	---	23	---	29	---	60	---
English language and literature	81	---	91	---	96	---	268	---
Comparative literature	12	---	19	---	19	---	50	---
Modern European languages and literature	66	---	130	---	118	---	314	8.1
Linguistics and communications	8	---	17	---	16	---	41	---
Drama and theater	6	---	6	---	10	---	22	---
Speech	5	---	6	---	4	---	15	---
Folklore	3	---	5	---	5	---	13	---
Music	6	---	15	---	17	---	38	---
Philosophy	18	---	43	---	46	---	107	---
Religion	15	---	14	---	10	---	39	---
Buddhist studies (cultural)	0	---	0	---	4	---	4	---
Fine arts	5	---	2	---	4	---	11	---
Education	47	---	104	---	122	---	273	7.1
Sociological studies of foreign areas	28	---	44	---	36	---	108	---
Business administration and accounting	26	---	25	---	32	---	83	---
Economics	44	---	106	---	85	---	235	---
Geography	0	---	0	---	6	---	6	---
History	38	---	125	---	96	---	259	---
Political science	60	---	77	---	95	---	232	---
Sociology and anthropology	33	---	52	---	53	---	138	---
Psychology	31	---	16	---	31	---	78	---
Zoology	21	---	17	---	18	---	56	---
Various biological sciences	106	---	115	---	123	---	344	---
Total all humanities and percent per year	667	70.0	1,052	73.7	1,075	72.7	2,794	72.0
Physical sciences and mathematics:								
Astronomy	9	---	8	---	7	---	24	---
Chemistry	59	---	63	---	64	---	186	---
Geology	5	---	16	---	18	---	39	---
Mathematics	78	---	98	---	72	---	248	6.4
Oceanography	0	---	4	---	4	---	8	---
Physics	67	---	53	---	74	---	194	---
Subtotal and percent per year	218	22.0	242	17.0	239	16	699	18.0
Engineering:								
Chemical engineering	13	---	21	---	36	---	70	---
Civil engineering	9	---	23	---	33	---	65	---
Electrical engineering	23	---	30	---	25	---	78	---
Mechanical engineering	8	---	31	---	33	---	72	---
Aeronautical engineering: Missile and aircraft	7	---	2	---	3	---	12	---
Nuclear engineering	0	---	0	---	3	---	3	---
Other engineering specialties	8	---	26	---	13	---	47	---
Subtotal and percent per year	68	7.0	133	9.0	146	10.0	347	9.0
Grand total							3,840	

Source: HEW: National defense graduate fellowship announcements, 1959, 1960, and 1961.

Mr. GOLDWATER. Mr. President, I shall now read an analysis of my amendments which describes precisely what they do. I ask unanimous consent that following my remarks, the text of my amendments be printed in full in the RECORD.

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

(See exhibit 1.)

Mr. GOLDWATER. Mr. President, (a) section 101 of the act in the findings and declaration of policy states that, due to existing imbalances in our educational programs, the purpose of the act is to educate more of our population in science, mathematics and modern foreign languages. S. 1726, the administration bill, does not amend this section. My amendment would expand the purpose of the act to strengthen the national defense by familiarizing students and teachers with the nature, objectives, strategy, and methods of world communism and the threat which it represents to the American way of life.

(b) Title III of the act provides financial assistance to elementary and secondary schools for the purchase of equipment to be used for courses in science, mathematics and modern foreign languages. S. 1726 would amend the act to include the purchase of equipment for physical fitness instruction. My amendment would strike out the amendment proposed by S. 1726 and insert in lieu thereof a provision for the purchase of equipment to be used in courses of instruction dealing with the threat of world communism.

(c) Section 301: See (b) above.

(d) Section 303(a)(1) requires the State to submit a plan to the Commissioner giving assurance that the funds will be used solely for equipment for use in the sciences, mathematics, and modern foreign languages. S. 1726 would amend this provision by including equipment for use in a program of physical fitness. My amendment would strike out the amendment proposed by S. 1726 and insert in lieu thereof equipment for use in the study of courses dealing with the threat of world communism.

(e) Section 303(a)(1) requiring the submission of a State plan, provides that the State must use its allotment for the expansion or improvement of supervisory or related services in public schools in the fields of science, mathematics and modern foreign languages. S. 1726 would amend this section to include physical fitness. My amendment would strike the amendment proposed by S. 1726 and insert in lieu thereof courses dealing with the threat of world communism.

(f) Title VI of the act deals with language development; part A deals with centers and research and studies—language and area centers. S. 1726 proposes no amendment. My amendment changes this title to include anti-Communist research and training, and centers for anti-Communist training.

(g) Section 601(a) of the act authorizes the Commissioner to contract with institutions of higher education for the establishment and operation of centers for the teaching of any modern foreign

language which the Commissioner determines that individuals trained in such language are needed by the Federal Government, business, industry or education and adequate instruction in such language is not readily available in the United States. S. 1726 proposes no change in this authority. My amendment would authorize the Commissioner to contract with institutions of higher education for the establishment and operation of centers for the teaching of courses dealing with the threat of world communism.

(h) Section 601(b) authorizes the Commissioner to pay stipends to individuals undergoing advanced training in any modern foreign language with respect to which he makes a determination under subsection (a). S. 1726 makes no change in this authority. My amendment would authorize the Commissioner also to pay stipends to individuals undergoing training in courses dealing with the threat of world communism.

(i) Section 601(b) authorizes the payment of stipends and other allowances only upon reasonable assurance that the recipient will be available for teaching a modern foreign language in an institution of higher education or for such other public service as may be permitted. S. 1726 makes no change. My amendment places this same condition upon the stipend given to an individual undergoing training in a course dealing with the threat of world communism.

(j) Section 602 authorizes the Commissioner to make studies and surveys to determine the need for increased or improved instructions in modern foreign languages. S. 1726 proposes no change in this section. My amendment would also authorize such studies and surveys with respect to courses dealing with the threat of world communism.

(k) Section 602 also authorizes the Commissioner to conduct research on more effective methods of teaching such languages, to develop specialized materials for use in such training or in training teachers of such languages. S. 1726 does not amend this provision. My amendment would also extend the Commissioner's authority in this field to courses dealing with the great threat of world communism.

(l) Part B of title VI of the act deals with language institutes. S. 1726 would expand part B to include foreign study. My amendment would further amend part B to include anti-Communist training.

(m) Section 611 authorizes the Commissioner to contract with institutions of higher education for the operation of institutes for teachers of any modern foreign language in elementary or secondary schools. Individuals attending such an institute would receive a stipend of \$75 per week plus \$15 for each dependent. S. 1726 would amend the act to authorize such institutes and stipends for teachers of English. My amendment would further amend the act to authorize such institutes and stipends for teachers of courses dealing with the threat of world communism.

(n) Section 761(a) establishes an Advisory Committee on New Educational Media composed of 12 persons from vari-

ous fields of endeavor. S. 1726 proposes no change in this Advisory Committee. My amendment would enlarge the Committee to 15 members, 3 of whom would be individuals who are outstanding authorities on the subject of the threat of world communism.

(o) Title VIII of the act dealing with vocational education provides that payments made to the States must be used exclusively for the training of individuals designed to fit them for employment as highly skilled technicians in fields necessary for the national defense. S. 1726 does not amend this provision. My amendment would insure that these funds could be used for the conducting of courses dealing with the threat of world communism in training individuals as highly skilled technicians in fields necessary for the national defense.

(p) Section 304(a) of the Vocational Education Act sets forth programs for which funds may be used by the State in carrying out the area vocational education programs. S. 1726 makes no changes in this section. My amendment would authorize the State to use these funds, in addition to those now listed, for establishing and conducting courses of study in the threat of world communism.

(q) Section 1002(a) gives the Commissioner the authority to appoint an advisory committee to assist him in carrying out his functions under the act. Any such committee shall have 12 members composed of 4 recognized scholars from the fields of science, mathematics, and engineering, 4 from the humanities, and 4 from such fields of endeavor as the Commissioner deems appropriate. S. 1726 would completely eliminate the composition of the committees as to categories and in addition, would authorize the Commissioner to set up advisory committees to assist him in carrying out his functions under the National Defense Education Act as well as any functions he may have under any other law. My amendment would strike out all of the amendment proposed by S. 1726. In addition it would expand the advisory committees from 12 to 16 in order to provide for representation on the committees for 4 members who are outstanding authorities on the subject of the threat of world communism.

Mr. President, in closing, let me state that I believe this series of amendments is very necessary at this time.

I believe it very evident, at this point in our history, judging from the almost countless number of mistakes which have been made in our foreign policy, beginning with the Treaty of Versailles, in 1918, that we in this country need to have education in the field of communism.

Today our people are seemingly afraid of communism because they know nothing of it. People in my part of the country do not like to discuss it, because of their ignorance in this general field.

My proposal is that those who receive the proposed fellowships be trained in this field and be encouraged to continue with their teaching, or to teach in other institutions, and thereby generate interest in the subject among teachers generally, to the point that communism



could be taught, beginning in the grade schools of the country, and continuing through the high schools and the colleges, although accompanied, of course—and even though my amendments do not go to the extent of stating what would be done, this would be a natural follow-through in connection with any course on this subject—by a strong, properly taught course in American history and constitutional government. If the two courses are taught parallel to each other, I think our young people will have no difficulty in deciding which system is the more desirable.

Once Americans generally understand the purposes, threats, and strategy of worldwide communism they will be able to understand some of the incorrect attitudes which have led to the almost asinine mistakes which have been made in our relationships with other countries. It has been because of the refusal of our people to recognize the validity of the announcements, made many times by the Communists, that they wish to destroy us, that these mistakes in our foreign relationships have been made. I like to think that our mistakes in that field have been made through ignorance, rather than through any aspect of treason.

If our people are properly educated, there will be no excuse in the future for making such mistakes, which have been made thus far because of a failure to understand communism, and have been due to an almost complete ignorance on the part of the American people, particularly those charged with the conduct of our foreign affairs down through the years, on the subject of communism.

I am submitting these amendments today, and am asking that they be printed. I intend to offer them to the subcommittee, where we are now writing up the national defense education bill. I shall again offer them on the floor of the Senate if I am unsuccessful in getting them accepted by the subcommittee and the full committee.

#### EXHIBIT 1

AMENDMENTS INTENDED TO BE PROPOSED BY MR. GOLDWATER TO THE BILL (S. 1726) TO EXTEND AND IMPROVE THE NATIONAL DEFENSE EDUCATION ACT, AND FOR OTHER PURPOSES

(a) On page 1, between lines 5 and 6, insert the following:

"Sec. 2. (a) Strike the period at the end of the second paragraph of section 101 and insert a semi-colon and the words 'and will strengthen the national defense by familiarizing both students and teachers with the nature, objectives, strategy and methods of world communism, and the threat which it represents to the American way of life.'"

Redesignate the subsections of section 2 accordingly.

(b) On page 4, amend section 4(a) to read as follows:

"Sec. 4. (a) The heading of title III of the National Defense Education Act is amended by striking 'and modern foreign language' and inserting in lieu thereof 'modern foreign language and anti-Communist'."

(c) On page 5, line 9, strike "physical fitness" and insert in lieu thereof "the nature, objectives, strategy, methods, and threat of world communism."

(d) On page 7, line 4, strike "physical fitness" and insert in lieu thereof "the nature, objective, strategy, methods, and threat of world communism."

(e) On page 7, line 8, strike "physical fitness" and insert in lieu thereof "the nature,

objectives, strategy, methods, and threat of world communism."

(f) On page 17, amend section 7(a) to read as follows:

"Sec. 7. (a) The heading of title VI of the National Defense Education Act is amended to read 'TITLE VI—LANGUAGE DEVELOPMENT AND ANTI-COMMUNIST TRAINING AND RESEARCH' and the subtitle immediately preceding section 601 is amended to read 'LANGUAGE, ANTI-COMMUNIST TRAINING, AND AREA CENTERS.'"

Redesignate the subsections of section 7 accordingly.

(g) (h) (i) On page 17, amend section 7(a) by striking the period at the end thereof and adding a semicolon and the following: "subsection (a) is further amended by inserting after the word 'teaching' where it first appears the words 'of courses of study dealing with the nature, objectives, strategy, methods and threat of world communism;' and subsection (b) is further amended by inserting after the word 'undergoing' the words 'training in courses of study dealing with the nature, objectives, strategy, methods and threat of world communism;' and after the word 'teaching' the words 'a course of study dealing with the nature, objectives, strategy, methods and threat of world communism in an elementary or secondary school, or institution of higher education or.'"

(j) (k) On page 17, between lines 20 and 21 insert the following:

"(b) Section 602 of such Act (relating to Research and Studies) is amended to read as follows:

"Sec. 602. The Commissioner is authorized, directly or by contract, to make studies and surveys to determine the need for increased or improved instruction in courses of study dealing with the nature, objectives, strategy, methods and threat of world communism, in modern foreign languages, and in other fields needed to provide a full understanding of the areas, regions, or countries in which such languages are commonly used, to conduct research on more effective methods of teaching such courses, such languages and in such other fields, and to develop specialized materials for use in such training, or in training teachers of such courses, languages or in such fields."

Redesignate the subsections of section 7 accordingly.

(l) On page 18, amend subsection (c) of section 7 to read as follows:

"(c) The heading of Part B of title VI of such Act is amended to read 'PART B—LANGUAGE AND ANTI-COMMUNIST TRAINING INSTITUTES AND FOREIGN STUDY.'"

(m) On page 18, amend clause (1) of subsection (d) of section 7 to read as follows:

"(d) (1) The heading of section 611 of such Act is amended to read 'LANGUAGE AND ANTI-COMMUNIST TRAINING INSTITUTES.'"

(n) On page 18, amend clause (2) of subsection (d) of section 7 by inserting before the period at the end thereof the following: "and by inserting before the words 'any modern foreign language' the words 'a course of study dealing with the nature, objectives, strategy, methods and threat of world communism.'"

(o) On page 18, amend clause (3) of subsection (d) of section 7 by inserting before the period at the end thereof the following: "and by inserting before the words 'any modern foreign language' the words 'a course of study dealing with the nature, objectives, strategy, methods and threat of world communism.'"

(p) On page 19, between lines 18 and 19 insert the following:

"Sec. 8. (a) The second sentence of subsection (a) of section 761 of the National Defense Education Act is amended by striking out the word 'twelve' and inserting in lieu thereof the word 'fifteen', and the third sentence of such subsection is amended by inserting after the first semicolon the words

'three shall be individuals who are outstanding authorities on the subject of the nature, objectives, strategy, methods and threat of world communism;'"

Redesignate the subsections of section 8 accordingly.

(q) On page 20, between lines 2 and 3, insert the following:

"(d) Clause 3 of section 303(a) of the Vocational Education Act of 1946 is amended to read as follows:

"(3) that funds appropriated under section 301 of this title shall be used exclusively for the training of individuals designed to fit them for useful employment as highly skilled technicians in recognized occupations requiring scientific knowledge as determined by the State board for such State, and in accordance with the provisions of section 304 (a), in fields necessary for the national defense."

(p) (e) Section 304(a) of the Vocational Education Act of 1946 is amended by striking the word 'and' between clauses (9) and (10), striking the period at the end of clause 10 and inserting in lieu thereof a semicolon and the word 'and' and adding a new clause as follows:

"(11) establishing and conducting a course of study dealing with the nature, objectives, strategy, methods and threat of world communism."

(q) On page 20, strike lines 24 and 25, and on page 21, strike lines 2 through 18 and insert in lieu thereof the following:

"(d) Section 1002(a) of such act (relating to advisory committees) is amended by striking out the word 'twelve' and inserting in lieu thereof the word 'sixteen' and by striking the word 'and' between clauses (2) and (3) and inserting in lieu thereof the following:

(q) "(3) Four members who are outstanding authorities on the subject of the nature, objectives, strategy, methods and threat of world communism; and."

Redesignate clause (3) of section 1002(b) of such act as clause (4).

#### THE COMMUNIST PROPOSAL ON WEST BERLIN

Mr. LAUSCHE. Mr. President—

The PRESIDING OFFICER. Is time yielded to the Senator from Ohio?

Mr. McCLELLAN. Let me ask how much time the Senator from Ohio would like to have.

Mr. LAUSCHE. Five or ten minutes.

Mr. McCLELLAN. I yield 10 minutes to the Senator from Ohio.

The PRESIDING OFFICER. The Senator from Ohio is recognized for 10 minutes.

Mr. LAUSCHE. Mr. President, at the present time there is considerable discussion in regard to West Berlin.

In my opinion, our country cannot afford to give up West Berlin in accordance with the demands made by Khrushchev. According to his words, he wants West Berlin to be declared to be a free city. But West Berlin as an enclave within East Germany will never be a free city while Communist Russia continues in its policy of wanting to communize the world.

It would be folly of the worst type for our country to take the word of the Communists that West Berlin would be free while being in the very heart of East Germany. If we yield to Khrushchev in his demands that Berlin be made—allegedly—a free city, in my opinion we shall relive Munich, Hungary, and all the other experiences we had when

Stalin declared that the nations of eastern and middle Europe would have the right in free and open elections to choose their own governments.

The people of our country ought to ponder our experience in taking the word of the Communists.

It is tremendously appealing to be told that Berlin will be free and that with a free Berlin, peace for the world will be insured. But that would not happen. To yield to the demands of Khrushchev in regard to Berlin would be nothing more than to stimulate his appetite for further aggrandizement.

Mr. President, let us not forget the great courage of the people of West Berlin. In the last election, 1.9 percent of them voted in favor of communism, but 98.1 percent of them voted in favor of freedom and in favor of the philosophy of the free nations of the world.

West Berlin is 100 miles from the free nations of the world. Yet those people are standing up and are recognizing that if West Berlin falls to this demand, there will be complete communization there.

Let us not forget what was said to the Poles, to the Czechoslovaks, to the Estonians, to the Latvians, to the Lithuanians, to the Hungarians, to the Rumanians, to the Balkans, and to all of the other captive nations. Stalin said to Roosevelt, "We will give them the right to free elections, and with free elections they will choose their own type of government." Mr. President, where has there been held a free election among the people of those countries?

Would Khrushchev today agree to have free elections in East Berlin or in East Germany? He would never do it, because he knows that those people would not subscribe to the Communist philosophy.

Mr. President, I also call the attention of my colleagues to the great exodus of citizens from East Germany. They are moving to the West in such numbers that West Berlin and West Germany have had to call upon the East Germans, "Do not vacate that land. Stay there." Yet day after day they are running across the border, wanting to escape the dictatorship, the exploitation, and the suppression of human dignity, and they are trying to find refuge in the spirit of the West.

Mr. President, June 17 has just past. About 6 or 7 years ago on June 17 the East Berliners rose in revolt. Their revolt preceded that which occurred in Hungary. Without arms, fortified only by a brave spirit, those East Berliners rose in revolt and rebellion, in the face of the mighty power, iron, and fire of the Communists. Of course, the revolt was suppressed. They tried to liberate themselves; they did what the Hungarians did in 1956.

Mr. President, in the face of all these things, there now is made the proposal, "Take the word of Khrushchev. There will be a free Berlin. The East and the West will have an equal right to the use of free Berlin."

I wish that, on the basis of Stalin's word of the past, and Khrushchev's word, we could take this offer at full value. It simply cannot be done.

Finally, may I ask what will be the impact upon Hungary, Czechoslovakia, Rumania, and all the other captive peoples? What will become of their hopes? What will become of their prayers that they shall be emancipated from the domination and the shackles of the Communists? It will be a black day for those people when they are told the United States agreed to give up West Berlin. Their prayers might as well come to an end. Their hopes might as well be given up. The fact will be that we shall be belying every statement we made in the past about the coming of the day when liberty will be the lot of those people who live in the captive nations.

Mr. President, my hopes are that our President will not subscribe to this program. My hopes are that he will look back to the various broken promises made by the Communists, and recognize that they have not changed in their color. Their word is just as unreliable today as it was a year ago, and 15 years ago.

If we give up West Berlin, I venture to say that before a year has passed we shall find infiltration, subversion, provocation of disorders, and the eventual takeover of West Berlin.

The creation of an alleged free Berlin will impair our national security, erode our prestige, and encourage the Communists to further aggressions. It will not advance the cause of peace but of violence, disorder, and war.

#### REORGANIZATION PLAN NO. 1 OF 1961

The Senate resumed the consideration of the resolution (S. Res. 148) opposing Reorganization Plan No. 1 of 1961.

Mr. McCLELLAN. Mr. President, I assume the distinguished Senator from New York [Mr. JAVITS] intends to proceed at this time.

Mr. JAVITS. Yes. I am ready to proceed.

Mr. McCLELLAN. Very well.

Mr. JAVITS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. JAVITS. What is the present parliamentary situation?

The PRESIDING OFFICER. The question is on agreeing to Senate Resolution 148.

Mr. JAVITS. A further parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. JAVITS. When we adjourned last night there was a unanimous-consent request that I might resume the floor to debate the measure after the expiration of the morning hour. May I know what eventuated prior to this time?

The PRESIDING OFFICER. The resolution is before the Senate.

Mr. McCLELLAN. Mr. President, I may say to the Senator that we are now operating under controlled time. The Senator may yield to himself such time as he may desire. I am in control of the time for the opposition.

Mr. JAVITS. Mr. President, I yield myself 15 minutes.

The PRESIDING OFFICER. The Senator from New York is recognized for 15 minutes.

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

The PRESIDING OFFICER. The time for calling the quorum will have to come out of the Senator's time.

Mr. JAVITS. I understand.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

Mr. JAVITS. Mr. President, I yield myself 20 minutes in addition to the time consumed by the quorum call.

The PRESIDING OFFICER. The Senator yields himself 20 additional minutes?

Mr. JAVITS. I yield myself an aggregate of 20 minutes in addition to the time consumed by the quorum call, in lieu of the previous 15 minutes yielded.

The PRESIDING OFFICER. The Senator from New York is recognized.

Mr. JAVITS. Mr. President, the resolution I submitted, together with the Senator from Indiana [Mr. CAPEHART], Senate Resolution 128, adopts the statutory means for turning down Reorganization Plan No. 1, transmitted to the Congress April 27, 1961. We have until June 26, 1961, to act on this plan according to the law. I am rather hopeful, in view of the limitations of debate, that the plan may be acted on today.

I point out that in the other body, which also has the same authority we have under the Reorganization Act, the plan for the Federal Communications Commission was rejected but the plan for the Securities and Exchange Commission was not rejected, the vote being 176 to 212, a relatively close vote, based, it is interesting to note, upon a report of the Committee on Government Operations in the other body which approved Reorganization Plan No. 1, the plan we are discussing today.

Mr. President, this is a rather different position from that taken by our Committee on Government Operations, of which I am a member, which neither approved nor rejected the reorganization plan, but reported it without recommendation in a very fair and excellent report, I wish to say for the committee and for the staff of the committee. It was reported without recommendation, for the very obvious reason that the committee was split 3 in favor and 3 opposed.

So there was really no other course.

Mr. President, reorganization plans, of which a series of five had been submitted—and I understand others have since been submitted—are a creditable effort, on the whole, to reduce the burden of detail work which is required to be undertaken by each of the commissions affected. But I shall endeavor to demonstrate during the course of the discussion, first, that Reorganization



Plan No. 1 for the SEC has one unique factor, which I believe is fatal in respect of its being disapproved by the Senate, and, second, that the operations of the Securities and Exchange Commission are of such a character that it would be unwise to approve the reorganization plan, even if it were the traditional form plan, as it were, which is applied to a regulatory agency.

I invite attention to the text of the plan as it was transmitted by the President. The plan seeks, first, to allow the Commission to transfer any element of its authority to employees of the Commission, that is, to delegate any of its functions of whatsoever character to employees of the Commission, hearing examiners, or to any board in the Commission.

Secondly, the plan would give the Commission the right to review any action taken as a result of such delegation only if one less than a majority of the Commission grants such review. That is the second part of the plan.

The third part of the plan seeks to transfer to the Chairman the functions of the Commission with respect to the assignment of Commission personnel, including Commissioners, to the consideration of such matters as are delegated by the Commission.

The unique aspect of the SEC plan—and what to my mind makes it absolutely essential that it be rejected—is the fact that it would give the Commission the authority to delegate its rulemaking power. I repeat that statement. It would give the Commission the authority to delegate its rulemaking power; and it is my fundamental contention in submitting the resolution for the rejection of the plan that when the operations of the Commission are coupled with the power to delegate the rulemaking authority, in the particular areas in which the Commission needs help by virtue of the authority to delegate, we find the plan to be fatally defective. I agree, and the witnesses agree, that the Commission needs some authority to delegate in order to carry the heavy burden of work which it has. But the authority to delegate which it seeks is far narrower than the provisions of the plan. The provisions of the plan would open us to the dangers of delegation which are far worse in their nature than the difficulties which the Commission now faces in handling its burden of work.

I make that statement for this basic reason: The great problems which, as a practical matter, are encountered by the Securities and Exchange Commission are problems which inhere in the operations of its staff. Securities regulation is really a hold on the jugular vein of the Nation, in that most industrial and business operations today are carried on by the publicly-owned companies which, in one way or another, come under the jurisdiction of the Securities and Exchange Commission. In view of the very sensitive nature of the operations in which it is engaged, the slightest breath of concern results in shaking public confidence; and, as investment is entirely based upon public confidence, almost anyone in the Commission, even a very subordinate employee, if he is delegated

authority in respect of a particular matter, can so disturb the public atmosphere as to ruin or make completely impotent any registration or any effort to sell securities, any refinancing activity, proxy solicitation activity, or other activity which comes under the jurisdiction of the Commission.

The difficulty with allowing the Commission to delegate the rulemaking power is that it would open the door not only to the staff, which, as I said, may not necessarily in and of itself be faulty and may be required—indeed, I believe such provision is required in order to speed up the work of the Commission—but the danger is that if we allow the Commission to delegate not only its normal authority, but also its rulemaking power, we could put it beyond the power of the Commission to recapture matters from the staff which ought to be recaptured in the interest of justice and in the interest of the fundamental purposes which are to be served by the SEC. We would vest in the staff a far greater power than I believe any staff ought to have, especially in an area as sensitive as this one. In essence, what I have stated is the difficulty which we face in respect of this plan. If the plan could be amended so that we could excise the rulemaking power, I probably would not be here arguing about the plan today, because we could have taken care of that subject in committee. I have little doubt—and I am expressing my own point of view—that the committee would undoubtedly have excised that power on the ground that it really would not serve the major purposes of reorganization which were sought to be effected. But we take or leave the plan as it is. If we should reject the plan, our rejection would be by no means fatal. For example, if the debate indicates that the plan is rejected for the reason that it would allow the designation of rulemaking power, the administration can submit another plan, which again will be subjected to the same procedure, and which we could disapprove or not, as we choose, but which would be a perfectly valid reorganization plan, to become effective if we did not act seasonably.

Also we could enact independent legislation, which has been done before, in respect of perfecting the operations of an agency. We could pass independent legislation which would do precisely what we wanted in a tailor-made way with respect to the SEC. It is my understanding, for example, that right now, in view of the rejection—

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

Mr. JAVITS. I yield myself another 15 minutes.

The PRESIDING OFFICER. The Senator from New York is allotted 15 additional minutes.

Mr. JAVITS. In view of the fact that the FCC plan was rejected in the other body, I understand that proposed legislation is now being prepared in order to define precisely what it is desired to do with respect to the FCC. Precisely the same thing could be done in regard to the SEC.

On the question of delegating the rulemaking power, I should like to point out

that the statement has been made that very likely the power would not be used—certainly not in any appreciable way. This point is very important. I call attention in that regard to the fact that the fundamental hearings, the body of hearings on this plan, are not those before the Committee on Government Operations, but are those before a subcommittee of the Committee on Banking and Currency, of which I also happen to be a member, which has legislative oversight over the SEC, has considerable acquaintance with the detailed operation of the SEC, and therefore conducted the hearings, which are essentially the basic hearings before us on this plan, a copy of which is on every Senator's desk.

This was done by arrangement between the chairman of the Committee on Banking and Currency and the chairman of the Committee on Government Operations.

Referring to page 20 of the hearings before the Committee on Banking and Currency we find quite a frank statement by the Chairman of the Commission as to what precisely he intends to do about the rulemaking power. He stated:

Mr. Funston—

The man he refers to is Mr. G. Keith Funston, the president of the New York Stock Exchange—

Mr. Funston was quite correct this morning in indicating what I previously have stated, and I now reaffirm, that we do not plan a delegation of our general rulemaking. In this connection, however, for this plan to be amended to exclude general rulemaking poses a substantial problem in my opinion because of the fact that the word "rulemaking" is so broadly defined in the Administrative Procedure Act.

Then he goes on to say:

Now there are several other areas in which we have stated specifically that we do not plan delegation. I will just note them; namely, proposals for legislation, referral of criminal reference reports, institution of disciplinary proceedings involving attorneys or accountants.

On the other hand, there are I think, as I recall, six instances in which we have stated that we would delegate if the plan becomes effective. They are listed at page 13 and 14 of the statement.

He is referring to his own statement.

They include orders for private investigations and the uses of general subpoena power in routine cases; second, rulings on applications for exemptions under the Public Utility Holding Company Act; third, the institution of broker-dealer proceedings in routine cases; fourth, the qualification of trust indentures where the case is routine; fifth, acceleration of certain listings of securities and applications for unlisted trading privileges and applications for delisting; and finally, the point that was discussed earlier this morning, the acceleration of registration statements.

I respectfully submit that these matters of rulemaking which the Commission wants to have authority to delegate are relatively minor matters. If—and this is the essential part of the argument—if it is unwise to give the Commission the power to delegate rulemaking authority generally, it would not be made wise because the Commission proposes to delegate rather minor aspects of its rulemaking power.

In other words, if the only inconvenience to the Commission from denying to it the very broad power of delegation, of which we doubt the wisdom, is to enable it to delegate some minor aspects of that power, the Commission should not be given the greater power, but should be required to absorb some of the annoyance or time which it might take to make rules upon these relatively minor matters, in the interest of the larger point, which is that the rulemaking power should not be delegated.

Not only did the Chairman of the Commission indicate that there is no intention to use in any appreciable way the authority to delegate the rulemaking power, which nonetheless was asked for, but Dean Landis, who was the general author and inspirer of these plans, and who testified before us, acting as a special White House assistant, testified to the same effect, namely, that there was no intention to delegate any material part of the rulemaking power.

If, as I have explained before, the rule-making power is a vital ingredient in the action of the Commission, and if it is our judgment, as I believe it should be, that the rulemaking power ought to be retained exclusively in the hands of the Commission, I do not see that any argument is made for allowing the Commission to delegate it, because there are few minor matters related to it which the Commission could delegate.

Especially is this true when we note that if we gave the Commission any authority to delegate functions rather than the rulemaking power, it would be doing all that they really need to do in order to relieve themselves of a heavy burden of work. Let me repeat that. If we gave the Commission the authority now to delegate certain of its functions, as distinguished from the authority to delegate any rulemaking power, they would be helping themselves to the extent of not less than two-fifths or better of the excess workload that they feel they now carry.

If we give them the right to delegate the rulemaking power, they do not go very much beyond that; yet we give them the right to delegate a very large item of authority. I think it is very unwise.

I agree with them when they want to delegate what they themselves designate as functions they perform rather than as a super staff and not as Commissioners. They have actually specified that kind of function; where there is no opposition, for example, in respect of the acceleration of registration of securities, that is, the acceleration of the date; or where subpoenas have to be issued in an investigation; where broker-dealer revocations are noncontroversial, involving stale registrations. These are normal, uncontested cases which the Commission now believes the Commission should not have to deal with. I thoroughly agree.

However, I do not understand why, in order to divest themselves of this kind of action they need at the same time to have the authority to divest themselves of the rulemaking power, which is fundamental to their basic control of what happens in the Commission and to the

basic control of what happens to the staff.

The argument is made by the Commission that they do not have to delegate their rulemaking power even if we give them that authority.

Of course, the minute that is said, the statement answers itself, it seems to me, because what we are looking toward is this: If we feel a function is a function of such moment that we should want to deposit it in the hands of the Commission, we should not transfer that judgment to the Commission itself, but, rather, we should exercise that judgment ourselves. I respectfully submit that we should exercise that judgment quite definitely and exclusively by denying to the Commission the right to delegate the rulemaking power, for the reasons which I have explained.

I believe that the question of the delegation of the rulemaking power is so very clear that even the Chairman of the Commission and Dean Landis themselves had to concede that nothing much was going to be done if we gave them the power to delegate. As long as nothing was going to be done, we ought to deny it to them. The only way we can deny it to them is by sustaining the resolution rejecting the plan.

Again I repeat, this would in no way prevent or stop the basic idea of allowing the Commission to transfer some of its other functions. It is in no way affected by denying to them the authority to transfer the rulemaking power. I believe this is a fatal defect of the plan, and it should be rejected, if on that ground alone.

There is another aspect of the plan, in view of the fact that it is the SEC which is involved, which justifies, in the case of the SEC, the rejection of the plan, because of the unique operations of this agency, and that is the provision of the reorganization plan which would now change, and indeed change drastically—these are not my words, but the words of the counsel for the Commission itself—the present procedure by not giving anyone who was aggrieved a right to review by the Commission as a right, but requiring that reviews of actions by the Commission could only be taken if one less than a majority of the Commissioners gave such a review, or if the Commission, acting, I assume, by a majority, took such review on its own motion.

I would like to read the words of the counsel of the Commission by way of explaining that situation.

The PRESIDING OFFICER. The time of the Senator from New York has expired.

Mr. JAVITS. I yield myself an additional 10 minutes.

The General Counsel of the Commission said as appears at the foot of page 3 of the Senate committee report:

Plan No. 1 would obviously permit a drastic change as against our present practice. As we understand the plan, this Commission could delegate to a hearing examiner, an individual Commissioner or a group of two or more Commissioners any and all adjudicatory matters for final decision subject only to a certiorari-type discretionary petition for review which, if granted, would

result in review of the decision by the full Commission.

I am sure I need not add that the foregoing is merely a statement of our understanding of what we could do under the plan. It is not to be taken as an indication that this Commission would resort to any such broad delegation of its adjudicatory functions. In fact, I believe our Chairman has indicated in testifying before committees, both in the Senate and in the House of Representatives, that our present tentative thinking is that we would at most delegate adjudicatory functions in uncontested or relatively routine cases.

In short, the General Counsel admits that if Congress were to accept the plan, the Commission would be given the authority to make a vast and drastic change in its own procedures. But he then says that the Commission, of course, intends to use that authority but sparingly. However, the point is that the plan does provide the opportunity for a vast change in the Commission's procedures.

In the case of the SEC—and this is a very important point—because of the illness of one of the Commissioners, only four Commissioners actually are functioning. Hence, in order to get a review of a decision of any subordinate, it would be necessary to get a vote of half the Commission. It seems to me that this really places a tremendous roadblock in the way of the intention of Congress, which is that in serious matters there should be a Commission review. Congress would surrender to the Commission its judgment with respect to the propriety of that kind of review in whatever cases the Commission decided it wished to delegate that authority.

To recapitulate, one would have to pinpoint the fact that in asking Congress to approve this reorganization plan, we are being asked to change the basic mandate which we have given the SEC and the basic assurance of security which we have given the public and the people engaged in the securities business, who deal with the SEC, and to surrender that judgment to the Commission itself.

In other words, we have imposed upon the Commission certain positions with respect to review and the inability to delegate certain of the Commission's functions—with respect to review and rulemaking, as to which we do not give the Commission the authority to delegate its functions. Now we are asked to surrender our discretion and authority and to give that authority to the Commission. I respectfully submit that this spread-eagles a much broader field than the Commission has any intention of using. Indeed, it would be most improvident for the Commission to use the whole field in which we would give it authority. All we ought to do in so sensitive and difficult a field as securities, where the tree can be shaken by the slightest breeze, with disastrous effects to the economy and to the people in the business itself, is to provide carefully for the Commission only the authority which we feel the Commission legitimately needs in order to meet an undue burden of work, because we want the procedures of the Commission to be facilitated in



terms of performing promptly the work the Commission ought to be accomplishing.

That could be done if we gave the Commission solely the authority to delegate functions rather than rulemaking, and if we denied them the authority to institute review procedures in the case of SEC. They would then be able to delegate such functions as they felt were routine or noncontroversial. My estimate is that that would save two-fifths of the time of the Commissioners themselves. The Commission would have to determine, as a whole Commission, whether it would take up a case and review it, and would be unable to surrender the rulemaking power, which would mean the ultimate control of the operations of their staff and everything they did, because the retained rulemaking power would be vested in them. This is a provident exercise of our discretionary authority in respect to how the Commission should operate, rather than an improvident and dangerous—I use that word advisedly—suggested surrender of our control over the Commission, which is what would be done if Congress adopted the reorganization plan and gave the Commission a wide-open mandate to delegate anything they pleased, including the rulemaking authority, and denied, in a very drastic revision, the right to review anything that was turned down right in the Commission unless at least two Commissioners concurred. I point out that in the case of the SEC that represents half the Commission, for practical purposes.

This proposal would have made much more sense to me if it had mentioned the whole Commission, or one Commissioner, in terms of review; in other words, if it had made a review relatively easy to get, or if the whole Commission had been given authority to act whenever it wanted to. However, I cannot understand the anomaly of requiring one less than a majority of the Commission to grant the right of review. It seems to me that that gives a facade of fairness without the actuality of fairness. I think that is the fatal defect, as it relates to this particular agency, considering the nature of its operations and considering the very important point that, as distinguished from many other agencies, we are here dealing with a question of public confidence, where the slightest breath makes a very great difference.

Mr. CASE of South Dakota. Mr. President, will the Senator from New York yield for a question?

Mr. JAVITS. Yes, after I finish this one point. I shall cite an example.

The Securities and Exchange Commission announced an investigation of the American Stock Exchange. This had the most devastating effect upon the securities listed upon that exchange, without any reference to their value or lack of value. I feel certain the situation is only temporary and that it will right itself. However, it occurred, and people thought there might be something wrong. They said to themselves, "We had better patronize the New York Stock Exchange or some other exchange. The American Stock Exchange may not be so good." There is no reason for that.

I am not complaining about it, because it is my understanding that in this instance the American Stock Exchange rather preferred that the investigation be announced, rather than that the idea that it was being looked into should be leaked. I do not make an issue of that point. I simply say that we are dealing with an agency as to which the slightest breath, the slightest blow of the wind, makes a very fundamental difference in respect to the economy.

It is for that reason that in allowing a delegation of functions, when we are dealing with an operation of this nature, we have to be far more careful and far more detailed and far more tailor-made, in terms of what the Commission really needs, than would be true of an agency like the FCC or one of the others, which either grants or denies a license, and the action is, in a sense, final, and as to which there is no question of shocking the public confidence, which has a substantive effect the minute it is shaken, without waiting for a final decision.

I now yield to the Senator from South Dakota.

Mr. CASE of South Dakota. The Senator from New York has analyzed the problem with his usual clarity. He has presented some serious questions which throw doubt upon the advisability of favoring Reorganization Plan No. 1.

Does the Senator from New York believe that the proposal to affect the rule-making power constitutes a change in the basic statute, so far as the Securities and Exchange Commission is concerned?

Mr. JAVITS. I believe it does. It was one of the legal questions seriously discussed, and upon reflection, considering the general design of the SEC, I believe that in this case, where it is sought to give the right to delegate the rule-making power, it goes to the essentials of the statute itself.

Mr. CASE of South Dakota. It seems to me that the proposal raises a question as to whether this is a proper exercise of authority to be given the President under the basic reorganization statute. At the time the reorganization statute was enacted, it was generally understood that the President could not change substantive law; that he might transfer duties, or merge, or do things of that sort. However, it was not intended that the President should write new substantive law in the sense of basic purposes, powers, and functions of the operation.

Mr. JAVITS. On the question of the proposed rulemaking power, let me say it might very well be, and probably it would be true, that if we were to allow it to happen, there would be nothing unlawful about it. But I could not agree more than I do with the Senator from South Dakota that I can hardly conceive that in connection with the securities business it would ever have been within the contemplation of Congress to permit a Commission of the SEC to delegate its power. It seems to me that the entire scheme of the SEC Act is that Congress intended to have the SEC exercise the powers given to it; and I have no doubt that the SEC bill would never have

been passed by Congress if there had been the least intimation that the President intended that the SEC have the power to delegate its power. So I base my position on the possible unlawfulness of the plan as a plan.

Mr. CASE of South Dakota. The other remarks of the Senator from New York which particularly interest me are those which relate to the power of review. I agree with him that the device, as proposed, that one less than a majority of a commission or an agency should be required in order to order a review, gives the appearance of fairness, but in substance it would not be fair. In some of the agencies, the majority is a majority of the membership of the Commission, but the other members may be divided among independents and members of the minority party. In fact, in the case of the Federal Trade Commission, I think the so-called minority party has one less than one less than a majority. So it would be difficult to accept the view that the device now proposed would preserve a bipartisan or nonpartisan approach.

Will the Senator from New York permit me to request at this time that there be printed in the RECORD, following his remarks, the presentation I made before the Government Operations Committee in regard to Reorganization Plan No. 2? I should like to have it printed in the RECORD as a statement by me, in view of the fact that I discussed this review matter when I appeared before the Government Operations Committee in connection with the reorganization plan dealing with the Federal Communications Commission.

Mr. JAVITS. Mr. President, I ask unanimous consent that I may yield for that purpose without losing my right to the floor.

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

Mr. CASE of South Dakota. Then, Mr. President, I ask unanimous consent that my statement be printed in the RECORD at the conclusion of the remarks of the Senator from New York.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

(See exhibit 1.)

Mr. JAVITS. Mr. President, in view of the present attendance of Senators in the Chamber, I ask for the yeas and nays on the question of agreeing to my resolution.

The PRESIDING OFFICER. Is there a sufficient second?

The yeas and nays were ordered.

#### EXHIBIT I

STATEMENT OF HON. FRANCIS CASE, U.S. SENATOR FROM THE STATE OF SOUTH DAKOTA

Senator CASE. I am Senator CASE of South Dakota. I introduced Senate Resolution 142, with my colleague Senator MUNDT as a cosponsor, relative to the Federal Communications Commission Reorganization Plan No. 2 and as a cosponsor joined Senator MUNDT in his introduction of Senate Resolution 143 relative to Reorganization Plan No. 3 relating to the Civil Aeronautics Board.

Mr. Chairman, I appear today in opposition to Reorganization Plans Nos. 2 and 3, which were submitted to the Congress on April 27, 1961, and May 3, 1961, relating to the Federal Communications Commission

and the Civil Aeronautics Board, respectively. Both of these proposals ostensibly provide for greater efficiency in the dispatch of business. I would say they may expedite action, but whether so or not, in my opinion they tend to defeat the fundamental purposes of these agencies. These proposals will become effective 60 days from the date of submission unless a majority vote in opposition is adopted in either House.

At the outset, let me say my opposition to Reorganization Plan No. 2 is not prompted by disagreement with the Federal Communications Commission Chairman's recent statement with respect to television programs before the National Association of Broadcasters. I think possibly these programs serve a far greater public purpose than was accorded in the opinion of the Chairman, as expressed at that time, but I couldn't disagree that there shouldn't be improvement, as much as possible, from time to time.

Agency reorganization should be a continuing objective, as bureaucratic rigidity has a tendency to override administrative flexibility. Nevertheless, reorganization proposals should be carefully examined to see whether they will in fact cure the alleged problems they are intended to solve and, more importantly, whether such proposals are consistent with our fundamental concepts.

The plan proposed for the FCC is comprised of three parts:

First, the authority to delegate; second, the transfer of functions to the Chairman; third, abolition of the review staff.

Since the plans must be adopted or rejected in toto, all parts should be carefully considered.

One of the inherent dangers in a broad delegation of powers is that the delegating authority may become isolated or at least inaccessible to the actual operating level. Further, present authority exists in the Federal Communications Commission to make assignment or referral (47, sec. 155 (d)) to an individual Commissioner or Commissioners or to a board composed of one or more employees of the Commission. But under the plan the Commission has a discretionary right to review actions taken by those to whom authority has been delegated. Three votes, in the case of the Federal Communications Commission, one less than the majority, would be required to bring the action before the Commission for review.

Since the law states that not more than four members of the Commission shall be members of the same party, this provision would appear to pay lip service to the bipartisan character of the Commission. But in practice there is no such assurance that one member, much less three, will be members of the minority party. I mean, speaking of minority party, politically. That was the point I discussed in interrogation of Dean Landis. Thus the protection given in the provision is something less than real. The net effect, therefore, would be to tend to transform the Federal Communications Commission, an independent regulatory agency, into an arm of the executive, which has the authority of appointment, and the designation of Chairman.

Not only does this proposal do violence to the concept of bipartisanship and independence, but it runs contrary, also, to a basic procedural concept of review. The plan proposed, plan No. 2, would deny the right of aggrieved parties to even one administrative review of the presiding officer's initial decision and to present oral argument in this review. Under the present law, an adjudicatory matter is heard by a hearing examiner as established by section 11 of the Administrative Procedure Act and the examiner's decision is subject to review as a matter of right by the full Commission (sec. 409(b)). So also all rulemaking or other

regulatory actions by subordinates are subject to review as a matter of right (sec. 5 (d) (2)).

Under the present law, the Commission may delegate all of its business except the Commission's decisionmaking functions in cases of adjudication (sec. 5(d) (2)). Thus, Reorganization Plan No. 2 in basic effect merely adds to present broad powers the power to delegate the Commission's decision-making functions in cases of adjudication. But it destroys any right of review to persons aggrieved. The danger is that the Commission, under the press of its many responsibilities, will not exercise the discretion it has to review these adjudicatory decisions and other important matters. Parties would be forced to depend upon the opinion of any one of 15 examiners, 7 individual Commissioners, and an unlimited number of employees or boards of employees to whom their cases might be assigned. I hope the committee will give careful consideration to that fact that it isn't merely to the 7 individual Commissioners that cases might be assigned, but also to any one of 15 examiners and to an unlimited number of employees or boards of employees.

An aggrieved party should have at least some automatic right of review by one or more of the Commissioners themselves.

The CHAIRMAN. Does this plan deny that now altogether?

Senator CASE of South Dakota. It does, unless a number, one less than the majority of the Commissioners, votes to exercise the right, and with a board of seven, three could require the review, but if any one or two of the Commissioners asked for review, it would be ineffectual.

The CHAIRMAN. What I am trying to understand is this: I am an aggrieved party. The examiner made a ruling against me; it is adverse and I am aggrieved. I want to get some relief under this plan. To whom do I appeal? How do I find out whether I can get relief?

Senator CASE of South Dakota. The plan says, in paragraph (d):

"With respect to delegation of any of the functions as provided in subsection (a) of this section, the Commission shall retain a discretionary right to review the action of any such individual Commissioner, hearing examiner or employee or employee board upon its own initiative or upon petition of a party to or an intervenor in such action within such time and in such manner as the Commission shall, by rule prescribe. *Provided, however,* That the vote of the majority of the Commission, less one member thereof, shall be sufficient to bring any such action before the Commission for review."

The CHAIRMAN. As I understand, under the plan the Commission can still, in its discretion, make rules that could provide where one could be heard?

Senator CASE of South Dakota. The Commission obviously could, by a majority vote or by more than a majority or up to one less than a majority, but with a board of seven members or a Commission of seven members it would require at least three of the Commission to request it.

The CHAIRMAN. What I am trying to get fixed in my mind is, What is the limit of my right as an aggrieved person? Now, as to discretion, you explained that, but what is my right to demand it?

Senator CASE of South Dakota. You have no right to require a review. There is no mandatory right to review by one Commissioner, as there is in the present law.

The CHAIRMAN. In other words, my rights are limited. Now I do have a right to review?

Senator CASE of South Dakota. You have a mandatory right to a review by one member of the Commission. That is my understanding. If you feel aggrieved, you have a right of one review by at least one Com-

missioner. That is my understanding of the present law. That would be destroyed by the plan.

The CHAIRMAN. It is my understanding that some of these plans before us take away rights that an aggrieved person now has.

Senator CASE of South Dakota. That is my interpretation of the plan.

The CHAIRMAN. That is why we must have it clearly before us here. The Senate needs to know exactly what rights that now exist are being limited, restricted, or taken away. What rights will participants have—litigants before the Commission have—when these plans go into effect?

Senator CASE of South Dakota. I think that the plan destroys that mandatory review which an aggrieved party feels he has today under section 409. An aggrieved party should at least have some automatic right of review by one or more of the Commissioners themselves. The Commissioners are charged with the enforcement of the Communications Act and establishment of policy. No serious burden is imposed by demanding or requiring no decision become final until at least one or three Commissioners review the matter, if requested by an aggrieved party, and essential to this right of review should be the right of oral argument before the individual Commission or panel. The benefits of the right to oral argument are well established procedurally and judicially.

I want now to discuss the transfer of functions to the Chairman. Reorganization Plan No. 2 gives the Chairman virtually unlimited discretion in the assignment of cases to agency personnel, including the Commissioners themselves.

The Chairman, under present law, is the chief executive officer of the Commission and in this capacity exercises broad authority on behalf of the Commission. That his authority is not complete is not justification for adding to it.

The role of the FCC demands that its status as lawmaker, judge, and executive should be specially treated. The vast powers granted to the independent agencies were conferred with the intent that these agencies should be neither executive nor legislative, but in fact independent.

Historically the Federal Communications Commission was established in 1934 as a successor to the Federal Radio Commission. The hearings and reports on the legislation passed in the 69th Congress which resulted in the Radio Commission support this position. Strong differences of opinion and lengthy hard-fought disputes preceded and followed the 1926 legislation. The report of the Senate Committee on Interstate and Foreign Commerce, Senator C. C. Dill, chairman, in 1926, has special significance in the evaluation of the reorganization proposal plan No. 2.

Senate Report 772, 69th Congress, 1st session, May 6, 1926, at page 2, on the regulation of radio transmission, read as follows:

"After consideration of the facts given your committee at the hearings, the committee decided that the importance of radio and particularly the probable influence it will develop to be in the social, political, and economic life of the American people, and the many new and complex problems its administration presents, demand that Congress establish an entirely independent body to take charge of the regulation of radio communication in all its forms.

"The exercise of this power is fraught with such great possibilities that it should not be entrusted to any one man nor to any administrative department of the Government. This regulatory power should be as free from political influence or arbitrary control as possible. A Commission which would meet only occasionally would gain only a cursory and incomplete knowledge of radio problems. It would necessarily be largely dependent on



the administrative authority; namely, the Secretary of Commerce, for expert knowledge it would require."

I was interested in noting the remarks of the then Secretary of Commerce Hoover at the House hearing (cited in minority views of Ewin L. Davis, H. Rept. No. 464, 69th Cong., 1st sess.):

The minority views, as per page 20, House Report 464—these are the remarks of Mr. Davis, quoting Mr. Hoover:

"The bill as originally introduced provided for the establishment of a national Radio Commission, consisting of nine members to be appointed by the President.

"When Secretary Hoover appeared before the Committee on Merchant Marine and Fisheries with respect to said bill during the present session, he declared in part as follows:

"I have always taken the position that unlimited authority to control the granting of radio privileges was too great a power to be placed in the hands of any one administrative officer and I am glad to see the checks and reviews which are placed upon that power in this bill."

President Kennedy's Reorganization Plan No. 2 violates the principles so well stated by Mr. Hoover 35 years ago. It places the granting of radio privileges in single administrative officers, either Commissioners or examiners as the Chairman may designate and it destroys review as a matter of right by parties feeling aggrieved. In any field that is wrong procedurally, to deny the right of review; in the field of public communications, it is the road to destruction of informed Government by the people.

Mr. Hoover went on to say:

"I am opposed to the establishment of any new Commissions or the creation of any new offices except in a case of vital necessity. However, after having for several years given this subject very earnest consideration, I have reached the definite conclusion that the interests of the public and of the various citizens engaged in the radio industry cannot be adequately and efficiently protected without the establishment of a quasi-judicial tribunal to deal with certain phases of the problem."

This Reorganization Plan No. 2 would result in practice in the deterioration of the Commission-type operation, as it would, in all likelihood, result in a one-man agency. Thus, Presidential or executive control would become a reality, and a strengthening of the executive at the expense of the legislative branch. This was neither intended at the time of the establishment of the Federal Communications Commission, nor is it required today.

Furthermore, the unlimited right of assignment by the Chairman violates well-established principles of equality of treatment and rotation. For example, under section 11 of the Administrative Procedure Act, examiners must be assigned "in rotation so far as practicable." It is well known that courts adhere to a strict rotation system to assure fairness. Why should not this same fairness and rotation be demanded of administrative agencies? Section 2 of the reorganization plan gives the Chairman too much power in these matters and should not be approved.

As to the abolition of the review staff, I have less opposition. In my opinion, this may be a worthwhile proposal as the review staff has functioned to acquaint the Commissioner with the facts and arguments in the cases. This function could be handled equally well by the Commissioners' personal staffs.

There is the possibility this change may actually prove beneficial in that the Commissioners will be responsible for writing their own opinions, thus assuring greater responsibility.

If the proposed reorganization plan should be disapproved, it must be either approved

or disapproved in total. The arguments set forth above in answer to the proposals (1) to delegate powers and (2) to transfer functions to the Chairman are equally applicable to the CAB reorganization plan. This plan should also be disapproved.

The regulatory agencies serve a very important function in our system of government. I believe they can operate efficiently and economically without destroying their independence or creating one-man agency organization. The difference in these agencies are too great to be remedied by a single nostrum—rather, each agency's situation should be examined carefully in order to determine the appropriate remedy to be prescribed.

The CHAIRMAN. Thank you very much. We appreciate your views, Senator, and they will certainly be given full consideration by this committee.

Mr. MAGNUSON. Mr. President, will the Senator from New York yield, so that I may submit a conference report?

Mr. JAVITS. Certainly.

#### ESTABLISHMENT OF U.S. TRAVEL SERVICE WITHIN DEPARTMENT OF COMMERCE — CONFERENCE REPORT

Mr. MAGNUSON. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 610) to strengthen the domestic and foreign commerce of the United States by providing for the establishment of a U.S. Travel Service within the Department of Commerce and a Travel Advisory Board. 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 June 19, 1961, p. 10680, 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.

Mr. MAGNUSON. Mr. President, the Senate conferees did not submit a separate report, because there was little necessity for one.

In the conference we had very little trouble ironing out the differences between the positions taken by the two Houses on this measure; and we have arrived at a very excellent report which will meet the objectives of the Senate's version of the bill.

The Senator from New York [Mr. JAVITS] participated very much in the preliminaries in regard to this measure to establish a U.S. Travel Service.

I hope the conference report will be agreed to at this time.

Let me say that the President of the United States also favors this measure, and on two occasions he has sent to Congress a message on this subject.

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

Mr. MAGNUSON. I yield.

Mr. JAVITS. Mr. President, this is a great day—a great day for me, personally, and also a great day, I believe, for

the entire country, because at last we are beginning to recognize the importance of travel as a two-way street.

I would like to say to the Senator from Washington that if it had not been for his picking up this ball and running with it as effectively as he did, nothing would have happened in regard to this subject, in my opinion.

Let me state that I began this effort in 1952, with hearings before the House Subcommittee on Foreign Economic Policy—a subcommittee of which I was then the chairman, for that was one of the rare periods when Republicans were in control of the House of Representatives. But during all that time, notwithstanding the provisions of the Mutual Security Act and notwithstanding a report by a special adviser to President Eisenhower, urging that this be done in the national interest, absolutely nothing happened along this line until the Senator from Washington got his committee to act on it. In my opinion, if it had not been for the leadership he took, no action would have been taken by the House of Representatives in connection with this subject. He literally went over there and got it done.

This measure is critically important, because for the first time our country will have an agency to encourage travel in the United States, as well as travel abroad. Certainly there is no better form of mutual aid than travel; and, in the second place, it is also very important because it makes for a more open world—something which all of us very greatly desire.

Of course much remains to be done—for instance, the cutting of the large amounts of redtape which still exist in connection with customs, visas, and so forth.

But the accomplishment of this much, by means of this measure, is to be greatly cheered. The President of the United States, who made much of this matter in his messages to the Congress, is entitled to credit for helping bring this measure into being; and I want the President to receive that credit.

I repeat that a very great deal of the credit is due the Senator from Washington, who picked up the ball and ran with it. Notwithstanding that I had tried for years to accomplish this sort of development, nothing would have happened in this field if it had not been for the contributions made by the distinguished Senator from Washington.

Certainly this measure is most important, because it will help increase understanding throughout the world and also it will help improve the situation in regard to the balance of international payments.

So again I desire to thank most sincerely the distinguished Senator from Washington.

Mr. MAGNUSON. I thank the Senator from New York. Of course, he has been a partner in all this work.

With minor modifications, this measure is the same as the one the Senator from New York proposed when he was a Member of the House of Representatives. He has joined me in our efforts in this field—along with all of our colleagues over here.

The job in the House of Representatives was a difficult one in many respects. The Senate passed the bill once before, but it encountered some trouble in the House.

This measure is a good one. I wish to say to the Senator from New York that the climate created by our hearings and by our discussions on the bill earlier in the year caused the President and the executive branch to do what they could in order to simplify and reduce the almost endless regulations and red tape which have hampered bona fide visitors who desired to travel in the United States. I understand that the executive branch has accomplished something in that regard; and I also understand that since March 15, since that work has been underway, the applications for visas received from other countries have increased approximately 9 percent, as compared with the number last year.

The deficit in the balance of trade, as it relates to travel, is still about the same as it has been; but we hope for improvement. Our balance of trade deficit is still approximately \$1 billion.

I wish to pay a compliment to those in industry who were so very helpful in connection with this measure—namely, the travel agencies, the airlines, the steamship lines, the railroads, and all others who are involved in travel.

The New York newspapers did a great deal in connection with that work; and almost every newspaper in the United States—including those in Florida, for instance—has helped us.

So, Mr. President, I believe we shall see some great improvements occur in this field.

Already the bus operators and hotels are doing something about it. The buslines are working on arrangements whereby tickets can be bought on a monthly basis and punched when used. The railroads could well follow suit. The steamship lines are thinking of using their ships off season.

We are probably the only country in the world, with perhaps the exception of the Sino-Soviet bloc, where one can find any kind of weather any time of the year. Therefore, in so-called off season, people can come to this country.

Everybody is very enthusiastic about this program. I do not think the results will come about overnight, but at least it is a start. I thank the Senator.

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

Mr. MAGNUSON. I yield.

Mr. JAVITS. I join in expressing appreciation to private industry, which was for this proposal from the beginning. They were fearful that reservation bureaus might be set up. That fear was speedily dispelled. They are entitled to credit for bringing us as far as we have been brought in this program.

I wish to commend the Senator from Washington and others responsible for assuring us that not only will this be a law, but that it will work well.

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

Mr. MAGNUSON. I yield.

Mr. HUMPHREY. I wish to express appreciation to the Senator from Wash-

ington, the Senator from New York, and all others who have helped in bringing about this legislation. I would ask that the Senator from Washington keep his legislative eye on this program, in order that it may be properly staffed.

In our consular offices and other offices that will be established under the bill, the manner in which the travel or tourist program really operates will depend in no small part upon the caliber of the personnel.

Mr. MAGNUSON. The Senator is correct.

Mr. HUMPHREY. The Senator has properly noted that there are certain obstacles and obstructions in the matter of our customs and consular offices, visas, and so forth. The subject ought to be carefully examined.

I rise today merely to put the agencies concerned on notice, so far as the Senate can do so, that we want prompt action and that we say there will be a determined effort to put this program into effect quickly.

I know the Department of Commerce will move readily in the program, because the Department has been waiting for the reorganization and particular directive.

The 50 States of this Union now have an opportunity to tie in a great tourist and travel program with the new U.S. Travel Office. I hope each of the 50 States will attempt to more directly coordinate their efforts, in representing the many scenic areas and fine attributes and assets of their respective States, with the National Travel Office. I hope it will be a source of considerable income for the Nation. It can be a very practical effort in terms of our international relations and promoting international understanding.

People will be able to visit the United States and see more than just Washington, D.C., or just, may I say respectfully, cities of the eastern seaboard. Many people come to visit the United States and get only as far as New York, or Washington, or the port of entrance. This legislation will promote a program of wide understanding of people of the whole Nation. The Senator from Washington should make sure that the Office exercises some good public relations and publicity, working with private industry and other private groups.

I hope we shall do as good a job as, for example, France is doing in promoting travel to France, or as Britain is doing in promoting travel to Britain, or, may I add, even as good a job as Russia does in promoting travel to the Soviet Union.

When a visitor comes into the central depot in Washington, or to the airport, if he does not happen to speak English, he is in a difficult situation. It seems to me a city which proclaims itself as the capital city of the free world should have services available, and readily and physically available, so that when people come to visit this country, they can be greeted in a language that is understandable to them. I suppose agencies of the Government can do something about this problem, and can provide, for instance, service in terms of brochures

or bulletins or other travel service and travel information at the respective points of travel contact.

I thank the Senator from Washington for his efforts. This program makes sense to me. It puts the United States somewhat in the 20th century, from the standpoint of travel and tourism.

Mr. MAGNUSON. I may point out to the Senator from Minnesota that the Department of Commerce has already asked the chairman of the subcommittee for the amount authorized in the bill. We have not marked up the bill yet, but representatives of the Department have been before the committee.

Another thing the Senate should know about the bill is that it authorizes the use of counterpart funds in places where such funds are available.

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

Mr. MAGNUSON. I yield.

Mr. HOLLAND. First, I compliment the Senator on his alertness and leadership in bringing before the Senate this bill, which I think will render great service to our Nation. Second, I wish to confirm what he has just said about the attitude of the Department of Commerce. The Department is quite alert in this matter and is enthusiastic about the bill. Its representatives have applied for the appropriations needed, on a contingent basis, looking forward to the early passage of the bill and its becoming law. I think we can say for certain that the Department is going to give the program a very fine administration and a very earnest effort to serve our country.

I again say I think the Senate and the people as a whole are beholden to the distinguished Senator from Washington for his leadership in this effort.

Mr. MAGNUSON. I thank the Senator.

Mr. President, I move that the conference report be agreed to.

The report was agreed to.

Mr. KEATING. Mr. President, I am delighted that, with the Senate acceptance of the conference report on S. 610 today, this measure goes to the President for signature. The establishment of an International Travel Office, will, I know, be an important innovation. I am happy to have been a supporter of this measure in the Senate, and I am hopeful that the Commerce Department will implement this fine program in an efficient and vigorous manner.

#### REORGANIZATION PLAN NO. 1 OF 1961

The Senate resumed the consideration of the resolution (S. Res. 148) opposing Reorganization Plan No. 1 of 1961.

Mr. JAVITS. Mr. President, it is my proposal to yield the floor and the time remaining to me so that my leader may address himself to the resolution.

#### DISTRESSED AREAS IN A GROWING ECONOMY

Mr. HUMPHREY. Mr. President, I call to the attention of the Senate a report entitled "Distressed Areas in a Growing Economy." This report was



made by the Research and Policy Committee of the Committee for Economic Development. The committee is made up of many distinguished business and professional people in our country, among which is Donald C. Dayton from the State of Minnesota. Mr. Dayton, I might point out, also, served on the subcommittee which concerned itself with distressed areas.

It is an excellent and comprehensive report, analyzing problems of distressed areas and recommending various solutions to these problems. It is interesting to note that the report, written before President Kennedy's proposals concerning relocation and retraining of workers were sent to Congress, recommends action in this area. Some other recommendations in the report have already been enacted into law by way of the distressed areas bill.

One of the most interesting proposals set forth in this report is the one recommending creation of Federal Reserve development corporations within each Federal Reserve bank. I should like to read the specific recommendation found on page 64 of the report:

We offer instead the proposal that in each Federal Reserve district the Federal Reserve bank establish under Federal charter a Federal Reserve development corporation which would assist in or guarantee the financing of worthwhile nonprofit development corporations, statewide development credit corporations, public projects, and private businesses in exceptional cases in distressed areas.

I ask unanimous consent that section 1, pages 7 through 13, containing the specific proposals of the committee, be printed at this point in my remarks in the RECORD.

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

#### 1. INTRODUCTION AND SUMMARY GENERAL STATEMENT

High and stable employment is an essential goal of American life. Federal policies for many years have been directed toward that end. This committee has from its inception recommended programs which would promote that goal.

The past decade has demonstrated, however, that policies which bring the Nation to a satisfactory overall employment level still leave pockets of high unemployment which persist year after year. In fact, this problem has worsened during the last decade.

Many people living in areas of high rates of unemployment lack a gainful livelihood for prolonged periods. These individuals experience not only seasonal unemployment and the unemployment associated with periodic recessions, but also a longrun shortage of work opportunities resulting from changes in the structure of the economy.

Much personal suffering in these areas results from low income, from lack of a productive role in the economy, and frequently from loss of hope. The communities generally experience a decline in total income and in ability to provide essential services. The welfare problem in such areas is great.

When a significant segment of the working population is unable to find employment over prolonged periods, America's productive strength is not fully utilized. This is an economic waste which the Nation can ill afford. Production to increase the standard of living of large segments of our population and to support both economic growth and

the requirements of national defense can use the services of these people.

Today 17 million Americans, almost 10 percent of our population, live in urban areas of chronic labor surplus. These areas have over 16 percent of national unemployment even though their labor force is not quite 9 percent of the national total. The communities range in size from small urban communities to the fifth largest metropolitan area in the country, Detroit.

To bring these chronically depressed areas up to the national average rate of employment will require either 250,000 new jobs or that number fewer workers in these areas. To bring these communities to no better than 150 percent of the national average rate of unemployment will require over 100,000 new jobs or fewer workers.

In a free society individuals are at liberty to live where they please and industries to locate where they please, subject to some necessary local controls. Each person and firm is free to seek out his own best interest, within the rules of the game laid down by law. Movement to improve one's condition is a normal activity in such an economy.

Yet the movement of workers to areas with more job opportunities and the movement of employers to areas of surplus labor have not been sufficient to wipe out these pockets of chronic unemployment.

Persistent high unemployment rates in areas which once enjoyed full employment and often were centers of economic growth are the result of causes which are deeply rooted in the dynamics of our economy. These forces can be expected to bring a similar blight to other areas if adequate remedial and preventive measures are not undertaken.

To eliminate this type of chronic distress and to prevent the development of more such areas the time has come for more conscious efforts to match jobs with workers and workers with jobs. A greater degree of participation by State, local, and Federal government agencies is necessary. But at the same time managers of private industry and leaders of labor can increase their own contributions to the matching process.

The primary objective must be to help people to help themselves. In this way human suffering will be reduced and productivity increased. Governmental participation should not infringe on the freedom of individuals or of business firms. To the greatest extent possible it should facilitate and encourage the processes of freedom of movement and of a free market.

Since the problem has long-run origins, the solutions must be found largely in long-run measures. Some can be put into effect immediately, while others will require some period of preparation. Some programs can be applied in specific geographic areas of distress. Others must apply more generally throughout the economy.

Care must be taken not to waste Government expenditure in efforts which merely provide temporary jobs. On the other hand, capital expenditure by Government in some areas may make possible an economic activity which will produce valuable returns for the citizens of the Nation as well as for the inhabitants of the area.

The goals of governmental activity—Federal, State, and local—with regard to these problems should be threefold:

1. To increase the ability of individuals in these areas to qualify for and find employment, either in these places or elsewhere;
2. To increase the number of jobs in most present chronic labor surplus areas; and

3. To slow down or prevent the development of new areas of chronic high unemployment.

By Fred C. Foy: "I am concerned about inferences at various points in this paper that Government can, on its own, increase the number of non-Government jobs in an area. For this reason I believe this purpose

could be better stated as follows: "To do those things which Government can do to help increase the number of jobs in most present chronic labor surplus areas."

Our knowledge about the causes of and the cure for the condition of such areas is incomplete. We do not know how far any specific program will take the Nation on the road to solution of this problem. Of major importance is the maintenance of a satisfactory level of high employment throughout the Nation.<sup>2</sup> Conditions of high employment facilitate the movement of workers from distressed areas to labor shortage areas, and encourage employers to find new labor supply in areas of chronic labor surplus.

There are several specific steps we feel confident should be taken now.

#### SPECIFIC RECOMMENDATIONS

1. A detailed economic development program based on sound research and diagnosis should be prepared for each distressed area by the area, or if the area cannot, then by the State or region containing such an area. It should provide for the coordination of State and local governmental activities, and of some private activities. Such programs may assist existing industries to expand employment, and may help to attract new industries. They may involve such matters as changes in State highway construction, development of new recreational areas, and modifications of urban renewal programs. They should realistically state the extent of the present and prospective need for workers to find jobs outside of the area. (Pt. III, p. 39.)

2. Management and labor organizations in distressed areas should contribute to long-run employment opportunities by cooperative efforts to reduce labor and other production costs. Lower costs can make possible more competitive pricing, entry into new markets and increased production volume which will expand employment. Management should exert every effort to develop new products and new markets. Employment opportunities depend as much on sound individual leadership in the local economy as on any combination of Government programs. (Pt. III, p. 42.)

3. A high level Federal executive with prime responsibility for coordinating the efforts of the various existing Federal departments can provide substantial leadership in the solution of the problems of distressed areas. An interdepartmental committee working with such an executive can encourage and stimulate each department to make its own most appropriate contributions. Such a Federal executive can serve as a focal point for Federal contact with State and local programs.<sup>3</sup> (Pt. III, p. 43.)

4. A careful and limited definition of areas of chronic labor surplus in need of special Federal attention should be drawn. The definition should include a provision that unemployment in the area has been at least 50 percent above the national average for an extended period, as in the current Labor Department definition. This will screen out

could be better stated as follows: "To do those things which Government can do to help increase the number of jobs in most present chronic labor surplus areas."

By Philip Sporn: "While high employment is important to a growing economy, it is equally important that we think in terms of low unemployment. High employment can be accompanied by high unemployment, as we are witnessing at the present time. Although this report is entitled 'Distressed Areas in a Growing Economy,' one of the major reasons for the seriousness of the distressed area problem is that the economy is not growing at a fast enough rate to maintain low unemployment."

<sup>3</sup> See memorandum by Walker L. Cisler, p. 71.

areas that develop labor surpluses only during national recessions. (Pt. III, p. 44.)

5. An adequate system of public education should be provided as the first basic step in helping people to qualify for employment. It is also an essential step in enabling people to grasp the opportunities and meet the responsibilities of citizenship. An earlier CED policy statement, "Paying for Better Public Schools," outlined a program to provide a more adequate general education system in States and localities with below average per capita incomes, as many distressed areas are.<sup>4</sup> (Pt. III, p. 45.)

6. Vocational training programs in distressed areas should prepare people for jobs in the regional or national labor market, as well as for openings in the local labor market. Vocational training and guidance in the State and local educational system should be open to individuals of all ages. Federal advice to States and depressed localities, and additional Federal financial assistance for vocational training in distressed localities should be provided. Special financial assistance to enable qualified students to take vocational training away from home may be necessary if the locality cannot provide adequate training. (Pt. III, p. 46.)

7. Eligibility for unemployment insurance should not be denied a worker because he is taking a full-time retraining course. States should modify their unemployment insurance systems to enable otherwise eligible workers to draw unemployment insurance benefits while taking necessary retraining. As a temporary measure, effective in distressed areas only, subsistence payments should be provided from Federal funds for a worker taking a full-time retraining course if he has exhausted unemployment insurance rights or is currently denied unemployment insurance while in retraining.<sup>5</sup> A search for modifications of unemployment insurance systems which will encourage looking for work across State lines is also highly desirable. (Pt. III, p. 53.)

8. The State employment agencies should, in cooperation with the U.S. Department of Labor, make more information available in chronic unemployment areas about job opportunities in other parts of the country. A matching of skills in surplus supply in depressed areas with shortages of the same skills in prosperous communities would be of benefit of both unemployed workers and to employers. (Pt. III, p. 55.)

9. A general national effort to encourage the reemployment of older workers—those over 45—would make it easier for unemployed older workers in distressed areas to find work in communities with high employment, as well as with new employers in their home area.<sup>6</sup> (Pt. III, p. 56.)

10. Federal assistance should be provided to States and depressed localities for preparing local development programs, and for land-use plans in distressed communities. Federal matching funds for the "thinking" stage have been of great value in the urban renewal program and the principle should be extended to State and local analysis of distressed areas problems.<sup>7</sup> (Pt. III, p. 57.)

11. Urban renewal programs in distressed areas should be used in some cases to restore land to effective commercial or industrial use. In a chronic labor surplus area the improvement of land use to maintain or help provide new employment is often a

more important public purpose than an improvement in the housing supply. (Pt. III, p. 59.)

12. Each Federal Reserve bank should establish a Federal Reserve Development Corporation to assure adequate financing for sound business ventures and necessary public facilities in distressed areas. It would supplement, and where necessary provide, additional backing for existing State and private financing programs. This method of covering the financial requirements of a local economic development program is to be preferred over the establishment of a new Federal loan agency.<sup>8</sup> (Pt. III, p. 59.)

13. The Federal Government, in the location of new permanent Government facilities, should give special consideration to distressed areas, so long as such an area can meet the requirements of economy and efficiency in location. (Pt. III, p. 66.)

14. Special rapid amortization privileges should be made available to firms expanding or building new plants or installing new equipment in distressed areas. This type of incentive to industry has proved effective in the past and can stimulate an increase in employment in these areas.<sup>9</sup> (Pt. III, p. 66.)

15. Further Federal research supplementing State, local, and private research into the nature, cure, and prevention of area-wide chronic unemployment is necessary. One goal of such research should be the development of an early-warning system which could indicate potential danger to areas not now suffering from chronic high unemployment. (Pt. III, p. 68.)

16. We oppose special privileges under defense procurement, or outright Federal grants for capital construction as methods of solving this problem. Defense procurement is complicated, its contracts are temporary, and the Nation should buy at the lowest cost. Federal grants for local capital expenditure should not be necessary for a distressed area, with a sound economic development program, and they would be a waste in an area lacking a sound program.<sup>10</sup> (Pt. III, p. 69.)

These recommendations we believe will help achieve the threefold goals outlined above.<sup>11</sup>

#### WHAT GOVERNMENT EXPECTS OF BUSINESS IN MARKETING

Mr. HUMPHREY. Mr. President, on Friday, June 9, the Honorable Lee Loewinger, Assistant Attorney General in charge of the Antitrust Division, U.S. Department of Justice, delivered an address entitled, "What Government Expects of Business in Marketing."

His speech contains a noteworthy and significant analysis of Federal law governing business. It also explains why the legal expectations of business by Government are necessarily general rather than specific.

He very wisely explains that our laws must cover so many varying conditions that to attempt to do so specifically would result in such voluminous legislation as to be unmanageable and undesirably inflexible. Justice Loewinger goes on to explain that basically what is expected of business may be summarized in

five concepts: legality, honesty, competition, fairness, and quality. The ensuing discussion of these concepts as applied to business is certainly worthy of study.

I ask unanimous consent that the speech be printed at this point in my remarks.

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

#### WHAT GOVERNMENT EXPECTS OF BUSINESS IN MARKETING

(Address by Lee Loewinger, Assistant Attorney General in Charge of the Antitrust Division, U.S. Department of Justice)

"What Government Expects of Business in Marketing" is a wonderful topic. An adequate speech on this topic by a speaker competent to deal with it would be most enlightening, as well as entertaining. When you find such a speaker I hope that you will be kind enough to invite me to attend his presentation as I would be most interested to hear what he has to say. It is obvious that you have either been unable to find such a speaker or have been unable to persuade him to appear since your sponsoring committee has been forced to invite me to speak on this subject. I make no pretensions to being able to cover the area suggested by the title.

To begin with, it should be apparent that no one person—with the possible exception of the President of the United States—can speak for that vast trifurcated group of loosely integrated agencies that is encompassed within the term "government" any more than anyone can purport to represent the multitudinous mass of individuals and enterprises indicated by the word "business." It is self-evident that there is a wide diversity of viewpoints among those who comprise the agents of Government. There is even occasional disagreement among the courts as to what the legislative branch of Government expects of business, as witness the conflicts among decisions and the reversals on appeal. It would be not merely presumptuous but downright foolhardy for anyone in my position to undertake to speak for the Government. Therefore I'm going to have to cut this topic down to my size and tell you merely what one Government lawyer expects of business in marketing.

Even this curtailed version of the topic is rather ambitious. "Marketing" itself is a term of vague connotations. It may include buying and selling in a market. It may include all of the distributive processes involved in getting a commodity into the market. It may include advertising, the empirical and conceptual work preceding the advertising, and even such recondite arcanum as "motivational research." The concept of the market itself is neither crystal clear nor wholly free of possible dispute in all cases. Indeed, there have been a number of antitrust cases in which lengthy testimony, voluminous exhibits, and much expert effort has gone into the proof of definition of a market in a particular situation. Further, there may be a wide divergence in what one may properly expect of various kinds of enterprise, as, for examples, a large national steel producer, a corner grocery store, a radio or television network, a garment manufacturer, or an electronics company. Consequently even the statement of the personal expectations of one Government lawyer will necessarily be somewhat vague if it is to have sufficient generality to be relevant to your subject.

This fact illustrates a point that should be made to businessmen. The complaint is sometimes heard that the law is uncertain, ambiguous, or even incomprehensible. But those who voice this complaint are seldom willing to face up to the problems inherent in the promulgation of any law. If the rules

<sup>4</sup> By Fred C. Foy: "This recommendation applies to all areas of our country. It is redundant in this particular statement and has been adequately covered in the policy statement referred to. I recommend that it be deleted here and in the other two pages of supporting data in pt. III."

<sup>5</sup> See memorandum by Fred C. Foy, p. 54.

<sup>6</sup> See memorandum by William Benton, p. 57.

<sup>7</sup> See memorandum by Fred C. Foy, p. 58.

<sup>8</sup> See memorandums by Walker L. Cisler, p. 71; by Fred C. Foy, p. 59; and by Allan Sproul, p. 60.

<sup>9</sup> See memorandums by Allan Sproul and by Walter H. Wheeler, Jr., p. 67.

<sup>10</sup> See memorandum by Philip Sporn, p. 70.

<sup>11</sup> This statement does not discuss opportunities for better employment for low-income inhabitants of rural areas, but the Research and Policy Committee is studying the problem.



of legal conduct are written in general terms, they will necessarily be broad and vague and require considerable interpretation in the process of application. However, the general terms will be relatively simple. On the other hand, if the rules of legal conduct are written in specific terms, they will be voluminous, detailed, inflexible in application, and extremely complex. For example, consider the legal principle of negligence. The law says that if you are negligent in marketing—or in any other business activity—and if this negligence results in injury to another, you are liable for the damages to the injured party. Negligence is defined, roughly, as conduct which falls below the standard of care that would be exercised by a reasonable man in similar circumstances in protecting others against the possibility of harm. This is a broad, general, and rather vague standard that does not specify precisely what you should or should not do in any particular situation. However, it is a flexible and adaptable standard that is applicable to a wide variety of business situations.

The alternative to the use of such a standard should be considered. If negligence were not defined in vague and general terms we would be required to promulgate an encyclopedic code of specific rules detailing the appropriate standards of conduct for every activity and function in every known kind of situation. It is highly dubious that it would be possible to compile such a specific statement. Even were this task possible, it is certain that we could not anticipate all developments constantly occurring in business or be certain that the detailed specific code was all inclusive. Therefore it would still be necessary to have some general statement covering the cases not specifically provided for. Furthermore, it is doubtful that such a detailed code could be kept current. Consequently there would have to be some provision in general terms for the situations arising out of developments subsequent to the promulgation of the statement. Consider also the scope and sheer magnitude of any code that undertook to list in detail the standard of acceptable performance for all business activities that involve any possibility of danger to others. Such a detailed specification is almost beyond conception and would surely be quite impractical of promulgation or use.

Thus, it is a matter of both logic and practical necessity that rules of widespread application should be in general, and therefore relatively vague, terms. While the notion that the law can be made definite and unmistakably clear for each situation, is an attractive one, this is an illusory ideal which is neither practical nor theoretically desirable.

This same principle applies to the legal standards governing marketing. These rules are necessarily stated in broad and general terms and are, therefore, somewhat vague and surrounded by a penumbra of uncertainty. However, to attempt to specify them in great detail would be to make them inflexible and very probably oppressive, since it would be difficult to change the detail by legislative action as rapidly as economic circumstances change. Therefore, the uncertainty, ambiguity, and difficulty in application of the general principles of law relating to business and marketing activities is not a handicap imposed upon business by virtue of the insensitivity or stupidity of lawyers and lawmakers. Rather it is an inescapable characteristic, inherent in the necessity for rules governing a wide variety of dynamic and unpredictable situations.

The things that can reasonably be expected of business from the viewpoint of the government are, of course, spelled out by the laws, and the court decisions interpreting the laws. A full statement of such expectations would involve a recital of all relevant

statutes and a summary of all cases decided under them. Clearly this is not what you seek. However, to summarize the laws more briefly involves not only the risk but the certainty of even greater simplification and generalization than is involved in the statutes on the books. Therefore this tends to exaggeration of the generality and vagueness that is inherent in the legal principles themselves. With such understanding, let me suggest that what is expected of business from the government viewpoint can be summarized by five words: legality, honesty, competition, fairness, and quality.

In a sense the term "legality" represents all that government does or can expect of business. The Government's demands of business are necessarily made through the law, and so long as business complies with the law in all respects, the Government can ask no more. It should be assumed that legality can be taken for granted in business conduct and requires no comment or emphasis. Unfortunately this is not altogether the case. There have been and currently are examples in the public eye of businessmen who have taken a position that the law is something of an imposition and that it really seems quite unreasonable to expect them to comply with all of the demands of the law. I am sure that such businessmen do not feel that the necessity of studying the technical requirements of their own business or the vagaries and uncertainty of their own markets is an unreasonable difficulty to expect of those who assume executive responsibility. Just why it is less reasonable to expect them to make similar efforts to understand and adapt themselves to legal than to economic conditions has not been suggested. It seems to me that the first thing that the Government has the right to expect of businessmen is that they shall make as much effort to understand the requirements that society exacts of business as stated in the law, and shall be as much concerned to adapt their conduct to these requirements, as they are to understand the demands of the public that are expressed in economic terms in the market. If this one attitude were more generally accepted in the business community, I think that it could do much to solve many of the apparent problems with which business is concerned.

Thus in saying that legality is the first and the foremost of the things that the Government may reasonably expect of business, it is implied not merely that business shall grudgingly and technically comply with the inescapable minimum requirements imposed by police action or court order, but rather that business shall regard the standards of law as an important and respectable part of the environment within which it operates. The principles of the law should be objects of examination and study and business should recognize that its opportunity to market at all in a free society necessarily depends upon the law and the social structure which is founded upon the law. The study of and compliance with the law should be no grudging acquiescence but a wholly willing and eager desire to comply with the spirit as well as the black letter of the law itself.

Perhaps the most fundamental and most universal demand that law makes of business can be expressed in the simple word "honesty." There are numerous laws that specify the requirements of honesty in particular applications. The most general requirement of Federal law is that stated in the FTC Act which proscribes unfair methods of competition and unfair and deceptive commercial acts (15 U.S.C. 45). More specific legal rules applicable to particular commercial activities are contained in the Fur Products Labeling Act (15 U.S.C. 68 et seq.), the Securities Act of 1933, as amended (15 U.S.C. 77a et seq.), the act relating to statement of automobile prices (15 U.S.C. 1232), and the Food, Drug and Cosmetics

Act (21 U.S.C. 301 et seq.). What these laws imply in specific situations can be read in a host of cases. Among many other particular things, the cases have held the following to be essentially dishonest and unfair or deceptive practices that are prohibited by the law:

Deception of any kind of advertising or labeling as in using well understood terms such as "sterling" when the goods do not in fact meet the standards thereby implied; calling a mirror "copper backed" when it is merely painted with copper paint rather than coated by an electrolytic process; or representing a pen as "guaranteed for life" when there is a service charge made for any repairs.

Making false or misleading statements in selling, the natural and probable result of which will be to mislead the purchaser. The courts have often observed that the laws are enforced to protect the ignorant, the gullible, the casual, and the negligent, as well as the vigilant, the intelligent, the discerning, and the expert purchaser. Thus even a statement of literal and technical truth that is phrased in such a manner as to mislead, is improper and illegal. An example of a highly sophisticated method of misleading in marketing is the establishment of a public expectation of a particular article in a certain dress or package followed by the substitution of a cheaper product in the same dress or package without specific warning to the public.

The use of misleading names or trademarks is similarly forbidden. In one case it was argued that it was socially desirable to label yellow pine as California white pine since this would increase the sale of yellow pine and thus help to preserve for future generations the valuable stands of white pine. Needless to say, this purportedly noble objective was held not to justify the deception involved in labeling yellow pine as white pine. A practice that arises with some frequency, locally in Washington particularly, is the use of a term implying some connection between the U.S. Government and some private business enterprise. Such efforts are frustrated by Government agencies with fair regularity. Another case involved use of the word "rejuvenescence" for a cosmetic, which in fact had no ability whatever to restore youth or youthful appearance. This was held to be misleading. It is immaterial whether or not the word involved may or may not have been adopted as a trademark.

Deceptive pricing is likewise forbidden. Examples of deceptive pricing are the offering of goods at a price that is advertised as "introductory" or "a special offer" when the price is that at which it is normally expected to sell. A practice that has been the object of some recent attention by the FTC is that of falsely marking a price on goods that is never charged and then restamping the same ticket with a lower price to give the impression that the price has been reduced. Similarly representing a price that is commonly offered to retail customers as a "wholesale price" is regarded as deceptive and improper.

The concealment of material facts that are relevant to the purchaser's choice is unfair and deceptive. An example is the failure to disclose that motor oil had been re-refined from used oil.

The use of false testimonials is a deceptive and improper practice.

Commercial bribery is an unfair method of competition prohibited by the FTC Act.

The use of improper or immoral inducements to purchase is improper and illegal. The most common examples of this are the use of lotteries or gambling devices. A number of cases have been brought to prevent the use of punchboards in selling candy to schoolchildren.

Trade slander or the false disparagement of the goods of a competitor is likewise an unfair and illegal method of competition.

While the standard of honesty is probably well understood and accepted by most respectable businessmen, the requirement of competition is perhaps less well understood. It is the mandate of the antitrust laws that marketing shall be conducted competitively and that business enterprises shall compete with one another in the marketplace. This is required by the Sherman Act which prohibits restraint of trade (15 U.S.C., sec. 1) and monopolizing (15 U.S.C., sec. 2) and by the Clayton Act which prohibits so-called tying agreements (15 U.S.C. sec. 14), anti-competitive mergers and acquisitions (15 U.S.C., sec. 18), interlocking directorates (15 U.S.C., sec. 10), and noncompetitive purchase by common carriers (15 U.S.C., sec. 20). The provisions of these laws like those of the FTC Act have been applied in numerous cases. The cases have spelled out a number of practices that are forbidden.

Price fixing is the most notable and obvious of the specific practices that is forbidden by the antitrust laws. There are numerous variants of price fixing but they are all regarded as per se or unquestionably illegal under the antitrust laws. Horizontal price fixing is an agreement among competitors relating to the establishment of a common price or terms or conditions of sale. The basing point system and various zone delivered pricing systems have been outlawed not because of the method of pricing involved but because they were based upon agreements between competitors to observe common prices or pricing methods. Vertical price fixing is an agreement between a producer or several distributors at different levels to establish a particular resale price. Except as a resale price maintenance agreement may come within the specific terms of the fair trade law exception, it is illegal per se. It is noteworthy also that the prohibition against price fixing prohibits the fixing of either a minimum or a maximum price (see *Kiefer-Stewart* case, 340 U.S. 211) and applies equally to both sellers and buyers (see *Mandeville Island Farms* case, 334 U.S. 219).

Boycotts, or agreements between businesses to refrain from dealing with someone, are similarly illegal per se (see *Klor's* case, 359 U.S. 207).

Likewise the allocation of territories or a division of markets is prohibited by law and illegal per se (see *Timken* case, 341 U.S. 593). Any agreement by competitors to establish particular areas within which one shall be free of competition by the other is a prohibited allocation or division of markets.

Similarly an allocation of customers is prohibited and illegal per se. Examples of this have been furnished by recent antitrust cases in the electrical industry and in the sale of bakery goods in Florida. In the latter case, the evidence indicated that a group of bakeries drew slips from a hat in order to determine which one of them should get the bid on certain Government contracts and then they all scrupulously observed the decision thus made. It is immaterial how customers are allocated between competitors and whether this is done by lot, by explicit or implicit agreement, or by some other ingenious device. Any means that accomplishes this result is illegal.

The fixing of quotas is frequently related to an attempt to fix or maintain prices or to allocate customers or territories. Whether done as part of a broader plan for limiting competition or done merely by itself and for its own sake, the establishment of either production or selling quotas by agreement between or among competitors, is illegal.

Any agreement, whatever its form or method of operation, by which competitors agree not to compete with each other, is a violation of the antitrust laws.

A somewhat more sophisticated method of restricting competition, involves so-called

tying agreements. These were common during the wartime period when there was a short supply of certain goods. Some stores insisted that customers desiring to purchase goods in short supply also purchase other goods that were not in short supply. This helped the seller maintain a substantial margin of profit or increased his volume. A recent case involving a tying agreement was the *Northern Pacific Railway* case, 356 U.S. 1, in which lands were leased to certain commercial enterprises along a railroad right-of-way upon condition that they use the lessor railroad for shipment of their goods. This was held to be an illegal tying agreement.

Related to the tying agreement type of illegality is the "blockbooking" practice that was outlawed in the *Paramount* case, 334 U.S. 331 involving the major motion picture producers and distributors. In block booking the motion picture distributors refused to license the exhibition of any pictures unless the exhibitors agreed to license all of a certain block of pictures. In various forms similar agreements are attempted by distributors of various commodities from time to time and they are about as regularly stricken down by the courts.

The extension of patent, copyright, or trademark rights beyond the actual scope of the legal grant is an anticompetitive practice that is contrary to the antitrust laws. Patent, copyright, or trademark rights are frequently asserted as a purported legal justification for some other practice, such as price fixing or block booking, but it is now well established that these limited legal grants do not justify an extension of control to the forbidden practices.

Restrictions on use or resale of an item are improper. Once an article is sold, the purchaser has the right to use or resell it in whatever fashion he chooses and the original producer or seller has no right to control its use or resale.

The exclusion of competitors from the market by whatever means is an improper interference with the competitive system. There are many practices that tend to have this effect and there are few per se or clear-cut rules in this area. Usually it is necessary to look at the economic conditions prevailing in a particular market in order to ascertain whether or not some practice has the effect of excluding competitors or limiting competition. Acquiring control of the supplies of a commodity is usually anticompetitive and illegal. Acquiring total or partial control of all or a substantial part of the market for a commodity tends to exclude competitors and is thus illegal. This latter situation is the one that was involved in the recent *Du Pont-General Motors* case, in which it was held that Du Pont had a sufficient stock interest in General Motors to exercise substantial control over the market for certain types of products that were used in automobile manufacture, and that this was an improper limitation on competition.

The acquisition of competitors through purchase, merger, or consolidation is illegal if it tends to lessen competition or lead to a monopoly. The circumstances that must be considered and are involved in judging the legal effect of acquisitions, mergers, or consolidations, are too extensive and complex for consideration here. However, this is a field in which the law expects business to conduct itself so that competition is maintained and not suppressed.

The third great general category within which the legal demands upon business may be grouped is that of fair pricing. Perhaps this term is itself misleading since the law does not in fact require that a price be fair in the sense that it is reasonably related to the economic value of the commodity. The law does, however, require that a price be fair in the sense that it be nondiscriminatory as between the customers of one seller.

This is the standard that is set by the Robinson-Patman Act (15 U.S.C., § 13 et seq.). This is an example of a statute that attempts to specify its standards in some detail, although the basic principles included in the statute are stated with considerable generality. Basically the Robinson-Patman Act provides that it is unlawful to discriminate in price or in terms of sale between different customers where such discrimination may have any adverse effect upon competition. Discrimination as used in this provision means any unjustified or unfair differentiation. Differing prices for articles of differing quality or cost, are, of course, neither improper nor prohibited. Differing prices for the same or substantially identical articles are prohibited if there are no other circumstances justifying the differentiation in price.

The law does not prohibit price changes in response to changing market conditions, deterioration or obsolescence of goods, or in case of distress sales or going out of business sales. It is permissible to give quantity or functional discounts that are justified by differences resulting from the differing quantities or methods of selling. It is also legally permissible to lower one's price to meet competition even though the lower price might otherwise involve an apparent discrimination.

On the other hand, paying or receiving dummy brokerage payments or payments for brokerage services that are not actually rendered is illegal. Further, furnishing or paying for services or facilities is regarded as discriminatory if the services or facilities are not available to all purchasers on proportionately equal terms.

In the application of the price discrimination laws, there are, of course, numerous complexities and legal technicalities with which many of you are probably familiar. There are such problems as to whether or not quantity discounts must be based upon the total quantity involved in a single sale or may be based upon aggregate quantities involved in a series of sales over a period of time. There are such confusing legal terms as primary and secondary line competition that have to do with tracing the adverse effect upon competition of a discriminatory sale. Generally speaking, primary line competition means competition with the seller and secondary line competition means competition with the buyer of a commodity.

Finally to come to something that cannot properly be said to be the expectation of the Government but that does represent the viewpoint of one Government lawyer, I still have the faintly sentimental and somewhat anachronistic hope that one of those things we may expect of business in marketing is that which some of us call "quality." Perhaps you may remember that John Galsworthy, an English author now known only to the elderly like myself, wrote a story by this title. It related precisely to this topic of marketing and might be interesting for some of you to read. Since Mr. Galsworthy wrote many years ago and was even then bewailing the decline of quality in goods being offered, I suppose that it would be hard to maintain that business generally does not offer as much quality today as it has in the past. However, let me impose upon you to express an idea that may be no more than a personal idiosyncrasy. I am considerably disturbed at the quality of a good many of the things that are being marketed today for children as toys. Unless memory plays me false, when I was a boy most of our toys were made of either wood or metal and were at least sufficiently well constructed so that the parts fitted together with some degree of precision and withstood a certain amount of rough usage. Indeed it seems to me that toys in those days generally were sold and delivered in an



assembled condition. Today, however, much of that which is sold for children's use is disassembled and requires the skill of an artisan with considerably more time, patience, and ability than I have in order to be put into condition for any kind of use. More important, however, is the fact that many of the things sold for children's use, particularly the less expensive toys, are made of plastic in such a fashion that they go together, if at all, only with great difficulty and most approximately. Sometimes parts fit so badly that it is impossible to determine whether they are merely carelessly made or whether the instructions are being followed erroneously.

Aside from the annoyance that is involved in such lack of quality, I think that the sale of goods of this sort for children augurs ill for the future of society. Children are more likely to learn about the world from what they observe than from what they are told. It is all very well for us to insist that children must have high ideals, must do things properly and must deal fairly, honestly, and generously with others. However, when we offer children toys that are not well made, we say to them implicitly but eloquently that we do not believe the things we tell them. The world of the future will not be directed and controlled by those of us who are now in our maturity but by our children and grandchildren. If we expect them to form a sensible, orderly and humane world, we must teach them that these are ideals that are both practical and worth striving for. We cannot do this by offering them products from our world that are poorly made, ill fitting, malfunctioning, and easily breakable. It seems to me that if there is one field of marketing above all others in which it is important that all of the standards I have mentioned should be observed, that quality above all should be sought even, if necessary, at the expense of profit, it is in the marketing of things for children.

Perhaps all of the principles that have been mentioned can be encompassed in one broad general ideal that is suggested by the word "integrity." I do not wish to discount or minimize the difficulties that may and do arise for businessmen who seek to operate, even with the best intentions, in a complex and rapidly changing society. However, I think that the standards imposed by government requirements are less difficult to cope with than those imposed by the economy of the marketplace itself. At the risk of oversimplification, I suggest that a dedicated adherence to the highest ideals of that which is represented by the term "integrity" will, in the greatest majority of cases, more than satisfy all that anyone in government expects of business in marketing.

#### YOUTH CONSERVATION CORPS

Mr. HUMPHREY. Mr. President, I ask unanimous consent that a statement in support of establishment of a Youth Conservation Corps, as presented by Secretary of Agriculture, Orville L. Freeman, before the Subcommittee on Employment and Manpower, be printed in the RECORD.

I invite my colleagues' attention in particular to the description made by Secretary Freeman of the work which members of the YCC could do in the Forest Service. This statement further substantiates the very real need for such a corps to work in our parks and forests.

I note also, Mr. President, that yesterday the Secretary of the Interior gave very glowing, very sincere, and enthusiastic support to the Youth Conservation Corps proposal.

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

STATEMENT OF ORVILLE L. FREEMAN, SECRETARY OF AGRICULTURE, ON S. 2036, BEFORE THE SUBCOMMITTEE ON EMPLOYMENT AND MANPOWER OF THE SENATE COMMITTEE ON LABOR AND PUBLIC WELFARE, ON JUNE 20, 1961

Mr. Chairman and committee members, I appreciate the opportunity to appear before the committee on behalf of the Department of Agriculture in connection with S. 2036, a bill "To authorize pilot training and employment programs for youth, including on-the-job and other appropriate training, local public service programs, and conservation programs."

As a former Governor of the State of Minnesota and now as Secretary of Agriculture I am deeply concerned about the opportunities for training and employment for our youth and also the importance of building up our renewable natural resources. I wish to go on record as one who endorses S. 2036.

The purpose of the bill is to improve employment prospects for the youth of the Nation. This is one of the most compelling needs with which we are faced. Many answers to the solution of the problem are not yet known. The bill would authorize pilot programs along three lines in the hope of developing an effective solution.

I realize that the proposed program should be seen neither as a solution of all the problems pertaining to youth nor as a method of getting young folks out of the community. There must be conservation of both our human and natural resources. Job attitudes, getting along with others, new appreciation of the opportunities which America holds, acquisition of certain basic skills, counseling of an employment nature, and many other things must be included in every important comprehensive youth program.

We realize that there is an ever-increasing number of young people 16 to 21 years of age in our society who are unable to find useful and challenging employment. Many of these unemployed young people have special need to learn the habits of work, to assume responsibility, and to gain self-confidence. Idleness at this particular period of life may permanently reduce their usefulness to society, their capacity to live satisfying lives, and prevent the development of useful lifelong careers.

The impending accelerated increase in the work force in the age class that would be affected by this proposal will create a problem in the urban areas but will also create a particularly pressing problem in rural areas. The greater rate of increase in efficiency in agriculture than in industry compounded by higher birth rates in rural areas presents a training problem of greater magnitude. The program which will be required with respect to the rural areas is complicated by the necessity of training many farm and rural youth for industrial jobs, jobs which usually can be found only in urban areas. Thus, rural youth have not only the problem of training for jobs foreign to their experience, but also of learning to live in an urban culture strange to them.

In each of the programs which this legislation would propose, the help will be extended to both urban and rural areas. There must be a real effort to reach the rural youth for occupational training, particularly in the labor surplus and underdeveloped areas. In such areas, farm people usually have a very limited understanding of employment opportunities and what the educational requirements of different types of work entail. Too frequently the schools in such areas are not as well equipped to give the range and quality of training available in larger urban schools. At the same time, the benefits which are hoped to be

attained through the development of an effective Youth Conservation Corps should be made available to the urban youth as well as to rural youth.

Regarding the proposed experimental program for a Youth Conservation Corps I would like to say that although the conservation of our youth is a basic and primary objective, I feel too that conservation and development of the forests, water, soil, wildlife, recreational and other natural resources will increase the wealth and attractiveness of our country as we at the same time provide work opportunities and outdoor experiences for our young people. I hope particularly that the development of an effective Youth Conservation Corps would provide a new perspective of America and its opportunities. In discussions pertaining to youth problems and the provision of training for employment, one of the general comments frequently made is that there just are not enough jobs for youngsters.

The reasons given for unemployment among youth are various. Some feel that labor laws are too restrictive. Much evidence points to the unwillingness of employers to hire young people because of lack of confidence in their skills and their responsibility. Employers also balk at hiring youngsters for fear of unemployment insurance in the event of layoffs and for fear that the youth may be drafted into military service and the employer be obliged to keep his job open. Others believe that if at all possible, folks who have the responsibilities of maintaining homes and providing for families should have first choice.

The oncoming tide of youths who will enter the labor force will reach its height in 1966. A very high percentage of these will not have completed their high school education and many of them will not even have gone through grade school. These school dropouts constitute a grave problem and it is toward them that the program is primarily directed.

One of the reasons why I stress the development of a Youth Conservation Corps is because of the experience we had in Minnesota during the depression of the thirties when there were in Minnesota alone a hundred camps for the Civilian Conservation Corps. These CCC camps throughout the Nation proved an ideal means of providing useful work for hundreds of thousands of young men who had never had work experience, of teaching them responsibility and persistence, of strengthening their muscles, of giving them self-respect and the assurance that they were needed and useful, of enabling them to save some money as a start toward independence, and of teaching them a variety of skills useful in the commercial and industrial world. It also taught them a respect for the meaning of useful labor and the importance of achievements which challenge their ability and develop their pride.

Under the experimental program for the Youth Conservation Corps, I am looking forward to the development of camps where the same objectives can be attained. In the Department of Agriculture we have the programs of the Forest Service which opportunities exist to develop a program that would be economically and socially important and at the same time provide unusually attractive facilities for the building of youth into wholesome manhood.

In my opinion the Youth Conservation Corps Program should include three major goals:

1. Adequate training for youths to acquire the necessary knowledge, skills, and aptitudes to move into the job economy.
2. A supervised, out-of-doors, group living where youths can have a chance to develop their personalities and characters while acquiring the knowledge and skills which will prepare them better to be good citizens.

3. The conservation, management, and restoration of our renewable natural resources through the efforts of youth who may otherwise miss the thrilling experience of working on useful and challenging projects.

Other Youth Conservation Corps goals would be:

1. The development of responsible attitudes toward work and toward those with whom one works.

2. To provide the psychological value of living away from home, finding oneself in a new environment and learning to make the adjustments to live successfully with others.

My statement has purposely been brief. I have with me, however, a statement which I would like to file with the committee. It describes the conservation work of the Forest Service in connection with which the proposed Youth Conservation Corps could be utilized.

#### CONSERVATION WORK OF THE FOREST SERVICE GENERAL SITUATION

The Forest Service has the responsibility for the development, protection, and management under principles of multiple use and

sustained yield of about 186 million acres in 155 national forests, 18 national grasslands, and other administrative units in 44 States and Puerto Rico. Much of the work in connection with the development, management, and protection of these lands is suitable for accomplishment through camps such as would be established under the proposed experimental Youth Conservation Corps program. Modern and efficient methods and equipment would be used on all work. Manpower would be used where it is the most efficient method. Much of the needed work on these lands is of the type that would utilize large amounts of manpower.

Similar types of work are carried out by State agencies. This would, of course, include work presently being performed by the States in forestry and other programs in which this Department is cooperating with the States.

#### READY CONSERVATION PROJECTS

For several years, the Forest Service has maintained up-to-date inventories of all Forest Service work needed on each of 804 ranger districts in the national forest system. These project work inventories are

the basis of the project work in the program for the national forests. They are also the source of work projects planned, budgeted, and accomplished in the ranger districts' annual plans of work. The amount and location of the project work in these inventories is known. All of it is needed and designed to meet the present and future demands upon the national forest system if these public lands are to provide their share of the Nation's future needs.

Types of such work are:

1. Timber stand improvement.
2. Reforestation.
3. Recreation area development and maintenance.
4. Fire hazard reduction.
5. Trail construction and maintenance.
6. Fishing stream and lake improvement.
7. Wildlife habitat improvement.
8. Range water developments.
9. Range, boundary, and other fence construction and maintenance.
10. National forest boundary line maintenance.

#### WORK ESTIMATES

A detailed table of these work estimates follows:

Type of work	Amount	Nonrecurrent work (total man-years)	Recurrent work (annual man-years)
<b>Nonrecurrent work (project work):</b>			
Reforestation.....	Seed or plant 4,400,000 acres of nonstocked and poorly stocked lands.....	40,400	
Timber stand improvement.....	Pruning, weeding, thinning, and release cutting on 30,000,000 acres.....	99,700	
Recreation resource development.....	Rehabilitate 2,160 campgrounds, picnic, and other recreation sites. Develop 28,000 new campgrounds and picnic sites and construct 283,000 family units. Develop 43 organization sites, 870 swimming sites, 600 boating sites.....	45,200	
Wildlife habitat improvement.....	Improve 1,500,000 acres of game range, 7,000 miles of stream, 56,000 acres of lakes. Develop 2,000 wildlife watering facilities, 400,000 acres of wildlife openings, food patches, and gameways. 11,000,000 acres of rodent control.....	5,300	
Range resource development.....	Revegetation and control of noxious or poisonous range plants and farm weeds on 4,000,000 acres. Construction of 16,000 miles of fence and 8,100 water developments.....	7,100	
Soil and water resource improvement.....	9,000 miles of gully and channel stabilization, 1,300,000 acres of sheet erosion control, 10,000 acres of dune and blowout stabilization, erosion control on 13,000 miles of substandard roads and trails, 5,600 acres of water spreading, 410 structures for flood prevention, and 160 stream pollution control projects.....	9,000	
Land surveys and boundary marking.....	Clear and mark 208,000 miles of property lines.....	3,100	
Forest fire protection.....	Reduce hazardous fuels on 4,000,000 acres, consisting of 250,000 acres of debris burning, 350,000 acres of snag removal, 3,500,000 acres of prescribed burning, and removal of roadside fuels on 39,000 acres. Construct 11,000 miles of firebreaks. Construct 2,640 housing and related improvements, 2,500 service buildings, 455 lookouts, 13 special structures; betterment of existing structures; replacement of 3,000 miles of telephone line; construction and reconstruction of 62 landing fields; construct 1,821 heliports and helispots.....	6,600	
Structural improvements for fire and general purpose.....	Construct 2,640 housing and related improvements, 2,500 service buildings, 455 lookouts, 13 special structures; betterment of existing structures; replacement of 3,000 miles of telephone line; construction and reconstruction of 62 landing fields; construct 1,821 heliports and helispots.....	11,500	
Road and trail construction.....	Construct 79,400 miles of multiple purpose roads and 8,000 miles of trails.....	65,800	
<b>Total.....</b>		<b>293,700</b>	
<b>Recurrent work:</b>			
Forest fire protection <sup>1</sup> .....			3,500
Insect and disease control.....			1,400
Maintenance of resource and administrative facilities.....			6,300
<b>Total.....</b>			<b>11,200</b>

<sup>1</sup> Does not include fire suppression.

#### FOREST SERVICE ORGANIZATION TO ESTABLISH AND MANAGE CAMPS

Establishment and management of camps of all sizes, up to 500 men, is a routine operation for the Forest Service. Civilian Conservation Corps, blister-rust control, timber salvage, fire, and other innumerable emergency and regular camps have been organized by the Forest Service for 50 years. Several large camps, 25 to 150 men, are presently operated on regular conservation programs.

Camps under a pilot Youth Conservation Corps program could be established for conservation work on the national forests, national grasslands, and other lands administered by the Forest Service. Normally, such camps would be placed in or adjacent to national forests or other lands on which work would be done and would be under the supervision of the district ranger. Technical direction of projects would be provided by the district ranger and forest supervisor's staff with direct crew supervision carried on by Forest Service foremen. These foremen would be available from experienced personnel now in the yearlong and seasonal work

force of skilled workers and forestry and engineering aids of the Forest Service.

Mr. HUMPHREY. Mr. President, I have in my possession a letter from one of the distinguished jurists of the State of South Dakota, the Circuit Judge of the Circuit Court of South Dakota, Second Judicial Circuit, dated June 5. I wish to read a few paragraphs:

MY DEAR SENATOR: \* \* \*

I noted with great interest your proposed legislation for YCC camps for boys. I have been attempting for the last couple of years to get a program started here in South Dakota on a State level patterned after the old CCC camps of the 1930's.

I realize that your approach is basically economic and that my approach is from the standpoint of solving some of our juvenile problems, but I do not think that these approaches are as far apart as might appear at first glance.

In addition to this, I am sure you are aware that one of the big problems with the

young people today is the fact that they are trying to keep up with young people who have plenty of money for a nice car, nice clothes, and to spend lavishly on entertainment.

For these reasons I think some serious thought should be given to coordinating your legislation with the Attorney General's program on juveniles.

I personally feel that if this administration were to turn the tide on this one problem of reestablishing a sense of responsibility in our young people, that it would go down in history as one of the better administrations on the domestic front. I am thoroughly sold on the idea of these forestry camps, no matter what they are called, for bringing about this purpose.

There is something about getting these boys out of the city and getting them close to nature that teaches them what this life is all about, and eventually gives us some good citizens. We have the precedent of these camps covering a great need in the 1930's when it would seem there was a great deal more motivation for crime than there is



now. In my answers from State legislators during the past session I was amazed at the number who stated that they were graduates of the old CCC camp, and there wasn't a one who didn't sing its praises.

Mr. President, along with the letter, from which I have read excerpts, is a statement by this esteemed and respected jurist, which I ask unanimous consent to have printed in the RECORD at this point.

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

CAMPS FOR BOYS  
THE PROBLEM

Most people who have the responsibility of working with boys either in social work or the more formal surroundings such as the courts, are convinced that only about 2 percent of the modern-day young people are actually criminally inclined. This is no greater percentage than ever existed. However, there are certain circumstances today which draw many of the otherwise good children into fields of crime and other misbehavior and in many instances make them look up to these few people who are criminally inclined instead of ostracizing them as was the case a few years ago.

One of the foremost reasons for this problem today is idleness. When the teenage people worked hand in hand with their parents, much of this problem took care of itself. Today most of these children have nothing constructive to occupy their time even during the school year after school is dismissed or during weekends. The usual forms of entertainment become boring and they seek less legitimate entertainment or even crime to satisfy their desire for something new to do.

There is also a very definite feeling among those who work with young people that there should be a place where misguided youngsters could be placed under proper discipline with no stigma attached and an effort made to straighten them out without using the more drastic remedies of reform school, jail, or penitentiary.

I have given some thought to a camp patterned after the old CCC camp of the 1930's where these boys can be placed under semi-army discipline, given constructive work to do in cleaning up our forests, given an opportunity for wholesome recreation, and also an opportunity to learn, not only through formal schooling, but through the proper guidance and counseling of trained people. This camp would be restricted to boys who, after screening, are considered not to be criminally inclined, but who are only getting into trouble because they are products of broken homes or homes where the parents for one reason or another have lost complete control, or just where there is too much idleness to keep the young people out of trouble.

The financing of such a project would undoubtedly have to come primarily from State funds unless the Federal Government were to move into the project again as they did in the 1930's. It could be supplemented, however, by the use of Regular Army or National Guard personnel and it seems possible that some funds would be available through the Department of Interior and the National Forestry Service.

On the subject of finance, I might say that we are now faced with the distinct possibility of enlarging reform school or building detention homes for these young people if some other means is not utilized, in order to take care of the problem. These detention homes would be far more costly and probably would not do the good that a camp would for the reason that there is real constructive work to be done in our

Black Hills area which would fit well into the program, and then we have the precedent of success in the CCC camp.

As to possible sites, it would seem that Sanator in the southern hills would be a likely spot, due to the fact that recent drugs have apparently licked much of the tuberculosis problem, and I understand that the few people left at Sanator could be more economically taken care of by sending them to another State. This might be a good jumping-off place for such a program with the idea in mind of later setting up another camp in the northern hills if this one worked out satisfactorily. It is strongly recommended by those who have had dealings with these camps that no more than groups of 90 to 100 be placed in one camp.

Some details that would have to be worked out but do not seem unsurmountable would be regular classroom study during the school year, a regular counseling service, and regular chaplains of the various faiths to take care of the religious needs. I am quite certain that the various churches would cooperate as to the latter problem.

The Probation Department of Los Angeles County, Calif., presently has a number of forestry camps in operation for boys. These camps have proved very successful for a great majority of the young people who are sent there.

I realize that all of the recommendations here are for camps for boys. It is true that a problem exists also as to girls, and doubtless this should be considered in the future if the camps for boys prove successful.

There are various reasons for suggesting these camps as an in-between place for many of these youngsters, in addition to those already mentioned. First of all, I might mention that many of the people of wealth in this area now utilize similar camps for their boys, such as Shattuck up in Minnesota and Father Foley's Camp. However, these camps cost around \$100 a week and are beyond the means of most parents and do not hit the problem that we have in most of the counties. Another thing that has sold me on the idea is the fact that every alumnus of the old CCC camps that I have ever talked to is very proud of his association there and sings its praises. I feel very definitely that this is worth some study and consideration by the next legislature.

FRANCIS G. DUNN,  
Circuit Judge, Sioux Falls, S. Dak.

Mr. HUMPHREY. Mr. President, the Youth Conservation Corps program can relieve this Nation of much of its misery relating to impending and present delinquency. It can afford great opportunities for employment for young men. This Congress ought not go home until it does something for the young people other than to lecture them.

Congress ought to pass legislation to permit these young people to have gainful employment in our parks, in our forests, on our public lands and our State and national public domain. We can build good bodies. We can enlighten minds. We can refresh the spirit. We can conserve natural resources. We can do it for a very modest sum.

The entire program about which we are talking would not cost as much as one *Kitty Hawk* aircraft carrier, which has been made subject to certain allegations. In other words, for half of the cost of an aircraft carrier we can make it possible for 50,000 or more young men to have gainful employment in the parks and forests, building their bodies and building America. I cannot understand what is wrong with the social values in this country, to cause us to wait so long

to do something about this problem. I have a feeling that we are a little more interested in sheet steel slapped on frames for aircraft carriers than in having young men who are physically fit, mentally awake, and morally straight.

I made my appeal day after day. I shall continue to do so until we bestir ourselves to do something for the young men of this Nation who desire help so desperately at this time from a Government which ought to be grateful for the caliber of its young people.

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

Mr. HUMPHREY. I yield to the Senator from Pennsylvania.

Mr. CLARK. I congratulate the Senator from Minnesota for the strong declaration he has made in support of his Youth Conservation Corps bill, S. 404. As the chairman of the Subcommittee on Employment and Manpower of the Committee on Labor and Public Welfare, which is presently holding hearings on the bill, I assure the Senator of my personal support of his effort to get the bill passed. We have had 3 good days of hearings, including this morning. We hope to complete hearings by the end of this week.

Every witness whom I have so far interrogated has been of the view that the program advocated by the Senator from Minnesota—of a group of enrollees of 50,000 the first year, 100,000 the second year, and 150,000 the third year—is the absolute minimum program we should enact. I intended to do my very best to persuade the administration to abandon its pilot program, which would provide for only 6,000 enrollees, and to substitute the program of my friend from Minnesota.

#### ORDER OF BUSINESS

Several Senators addressed the Chair. The PRESIDING OFFICER (Mr. HICKEY in the chair). The Senator from Illinois is recognized.

Mr. DIRKSEN. Mr. President, without losing my right to the floor, I yield to the distinguished Senator from Pennsylvania [Mr. SCOTT].

#### SOME THINGS PUZZLE FRED C. FOY, CHAIRMAN OF THE BOARD, KOPPERS CO., INC.

Mr. SCOTT. Mr. President, I ask unanimous consent to have printed in the RECORD at this point an address by Fred C. Foy, chairman of the board, Koppers Co., Inc., entitled "Some Things That Puzzle Me."

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

#### SOME THINGS THAT PUZZLE ME (An address by Fred C. Foy)

On February 13 of this year, just 24 days after he was sworn in as Chief Executive, President Kennedy spoke to a large group of businessmen in Washington, D.C. I was fortunate enough to be one of them.

He talked to us of problems of interest to businessmen, and we liked what we heard.

For the first time in a long time we heard a top Government official say that profits

were important in America, to its economy, and to its Government.

He said, "Our revenues and thus our success are dependent upon your profits and your success—and that, far from being natural enemies, Government and business are necessary allies."

#### ALLIANCE SOUGHT

He said also, "We know that your success and ours are intertwined, that you have facts and know-how we need. Whatever past differences may have existed, we seek more than an attitude of truce, more than a treaty; we seek the spirit of a full-fledged alliance."

According to the President there are "three areas of common concern to which that alliance must devote its full attention in the next few years—economic growth, plant modernization, and price stability."

After some 150 days of Kennedy administration some puzzling things about both the proposed alliance with business and the economic growth objective of the new administration seem worth exploring.

For example, while the President has declared national economic growth as his No. 1 economic policy objective, he has so far not set any definite target rate of growth. Perhaps he has been content instead to fall back on the words of advisers, fellow campaigners, and other voices in the economy.

Senator HUMPHREY, Mr. Keyserling and the AFL-CIO, all have called for a 5 percent target rate of growth.<sup>1</sup>

#### FOUR AND ONE-HALF PERCENT RATE PROPOSED

The Democratic majority on the Joint Economic Committee came out in favor of a 4.5 percent growth.<sup>2</sup>

The latest document strongly suggesting a target rate of growth is the report by the Council of Economic Advisers to the Joint Economic Committee, the Heller report. Here the authors agree with the President's economic message to the Congress where a 3.5 percent rate of growth is called not high enough.

The Heller report leaves one with the impression that 3.5 percent is the minimum, 4 percent the tolerable and 4.5 percent the really desirable rate of growth of the U.S. gross national product.

What puzzles me here are two things: (1) Why is so much emphasis all of a sudden placed upon economic growth? (2) How valid is the attempt to exceed minimum rates and to achieve target rates of growth?

To answer the first question first—in one form or another four sets of reasons are given by the ardent proponents of accelerated economic growth:

1. The unusually high number of unemployed must be absorbed by the economy.
2. U.S. capacity to compete militarily, economically, and ideologically in the cold war must be maintained and increased.
3. We cannot afford to let Russia outrun us in the international production race.
4. Only a rapidly growing economy can provide the resources needed for additional "vital public uses for output."

What about these reasons? How good are they?

As for absorbing the unemployed, in the 1960-61 recession, the unemployment rate rose to a level no higher than in the 1957-58 recession, and the increase in the rate of unemployment was less than in three previous recessions. At the same time, the total labor force employed stayed within 1 percent of the highest peak in the history of the United States.

No one worried much about the high employment. But those who worried about the

unemployment couldn't agree on what caused it.

#### STRUCTURAL UNEMPLOYMENT

Some analysts, among them the staff of the Federal Reserve System, tend toward the opinion that much of the unemployment is caused by structural changes in the economy, such as increased automation, changing demand and relocation of industries.

Others, including the Council of Economic Advisers, blamed the recession for the major part of unemployment, and therefore advocated increased spending programs to facilitate speedy recovery and reduction of the number of unemployed.

All analysts seem to agree that a high rate of unemployment is undesirable and wasteful. The advocates of growth argue that gross national product must be forced up to create an economy strong enough to overcome the unemployment problem.

Others believe the economy will adjust to the changed conditions; that private initiative, in combination with monetary and fiscal policies, can lead to increased employment opportunities; that this course of action will also lead to economic growth, and certainly to a better and more permanent solution of the unemployment problem than some sort of government forced feeding, on the nature of which even the experts do not agree among themselves.

As for the second reason, that we must have greater growth to compete in the cold war, it is true that the need for military preparedness, support of our allies, and aid to economically underdeveloped countries have placed increasing burdens on this country.

#### RUSSIAN DEFENSE COSTS

Growth proponents compare the share of U.S. real output which has been expended on these cold war needs with the proportion of Russian gross national product spent on defense. Since the percentage of Russian gross national product made available for these purposes is higher than ours, growth proponents reach the conclusion that this country is not putting forth enough effort. More and faster economic growth, they argue, would enable us to spend more in dollars on the cold war while not sacrificing any of the portions of our own gross national product presently spent on private consumption and private investment.

This line of reasoning overlooks that in absolute amounts we have been spending more than the Russians for some time.

If, in some areas, we have not been as successful as the Russians—this is not necessarily due to lack of funds. Different objectives, different methods of measurement, lack of foresight, or bureaucratic inefficiency may have been at least as responsible as lack of funds for specific areas in which we seem to have fallen behind.

#### BETTER DEFENSE EFFORTS

Rethinking, redirecting and reorganizing our defense efforts may prove more productive in the future than merely providing increased funds.

Next we come to reason No. 3. Some economic growth advocates are relying on the highly emotional competitive race with Russia based on Khrushchev's threat that he will bury us and that the U.S.S.R. will surpass us in per capita consumption and production, and in the economic growth race itself.

Any claim that we are falling behind Russia in this part of the cold war race seems to hit the panic button in this country. But what are the facts behind the economic race between Russia and this country?

We have heard figures for the growth of Russian gross national product as high as 13 percent annually. The real question is, How high has the Russian growth rate been over a period of time long enough and normal enough to have any meaning? Most of

the growth rates of 8 percent and above seem to have been derived from the Russian postwar period, from 1948 to 1953.

Prof. Colin Clark, a British economist, states: "It should be a commonplace of economics—though many prominent economists have in fact failed to see it—that when a country is recovering from war, invasion, and similar disasters, which have reduced its productivity to a low level, there will be a recovery period in which growth is rapid, followed by a period of rapidly decelerating growth."

#### MODERN NATIONS REBUILT

Many of the free-world advanced industrial countries have had to rebuild from scratch as Mr. Clark describes—Japan, Germany, Italy, Netherlands and France, for instance. These five nations have also shown the highest rates of growth of their real national gross output, ranging from 7.9 percent annually for Japan, to 4.3 percent for France for the period of 1950 through 1958.<sup>3</sup>

According to data prepared by the U.S. State Department, Russian gross national product (in 1958 dollars) grew \$62 billion from \$117 billion in 1950 to \$179 billion in 1957, an average annual growth rate of 6.3 percent.<sup>4</sup> The United States grew \$127 billion—from \$325 billion in 1950 to \$452 billion—over the same period. Even if the Russian gross national product should continue to rise at a more likely average annual rate of 6 percent until 1970, it would reach only \$378 billion, or 56 percent of the U.S. 1970 gross national product, if the United States were to grow at only 3.5 percent between now and then.

To look at this growth business another way—because we have today so much higher a gross national product base to start with, 1 percent growth for us adds \$5 billion a year, 1 percent in Russia adds about \$2½ billion, in Japan \$300 million, in Germany \$600 million.

It is apparent that Russia must have a percentage growth rate more than twice as large as our own and continuing for at least 10 years to match us in absolute dollars in any year, much less to be able to close the gap, or to pass us.

In fact, it is probably not an exaggeration to say that the only way Russia could possibly surpass us economically, as Mr. Khrushchev has threatened, is for us to make the mistake of so tinkering with our economy as to destroy its strength and vitality from within, a danger which seems to me to be implicit in the fourth reason advanced for emphasis on national economic growth.

This reason, you will recall, was that only a rapidly growing economy can provide the resources needed for additional vital public uses for output, with the implication that only the Government knows what these needs are or how they should be provided.

#### NEW FEDERAL ROLE

Fortune Magazine, in a penetrating article in its April 1960 issue, labeled this last reason for growth "A New Mask for Big Government."

It said, "The original American assumption was that if Government established a firm structure of essential order, then the economy would grow through the free decisions of its citizens. Famously, it grew. But now some Democratic spokesmen have given the word 'growth' a very special meaning. For them, 'growth' signifies a conscious assumption by the Federal Government of responsibility for seeing to it that the total U.S. economy, measured by the amount of goods and services produced in a year, shall grow at a predetermined rate."

<sup>3</sup> Joint Economic Committee, "Hearings on the January 1961 Economic Report of the President," p. 326.

<sup>4</sup> United Nations, "World Economic Survey," 1959, p. 26.

<sup>1</sup> Fortune, April 1960, p. 272.

<sup>2</sup> "Employment, Growth, and Price Levels," report of the Joint Economic Committee, 1960, p. 16.



It is important to note that national economic growth to its ardent advocates has become a task and a responsibility for the Government.

But who in Government is really qualified to assume this grave responsibility is a question which puzzles me deeply.

Such a responsibility must carry with it, first of all, an understanding of how our business and economic system operates. Yet so far there is little evidence that our new government, in the persons of many of its administrators or advisers, has such a knowledge.

Probably no Federal Government has relied so heavily on academic sources for guidance and planning, and from no area of the academic field so heavily as on the economists.

But do these economists understand how our business system operates?

#### PROFIT MOTIVATED ECONOMY

Do they understand the simple truth that the driving force behind our whole economic system is profits—profits made or profits expected—that there has to be a fair profit for labor, for the investor and for management?

Do they realize that it was the combination of American management, American labor, and the American industrial machine which gave us the strength to fight two wars and to help rebuild the free world after the last one?

Or do they think instead that it was really all done by Government with a slight assist from business, industry and its citizens?

I am not an economist, but following their speaking and writing, these things about economists seem apparent to me.

First of all, they do not agree among themselves as to cause and effect in their field.

Second, much economic writing and theory seems to be devoted to explaining what has happened and why. Sometimes it even seems that the more unique the explanation, the better.

#### FEDERAL SPENDING PRESCRIBED

Third, many economists seem much too sure they have diagnosed ills in the economic system under which we have lived so prosperously—much too sure that gigantic doses of Government spending and planning and direction are the only prescription which will insure the long-term health and growth of the patient.

But what if they are wrong?

There are other economists, equally competent, who sincerely believe they are wrong, who believe that such a prescription would so change America that our children would inevitably live in a country so short on freedom and so long on government direction and control as to offer little contrast to Mr. Khrushchev and his Russia.

Of even greater concern is the fact that, unlike professionals in scientific fields, the protagonists of massive government have never over the years had to test the validity of their theories in the test tube of everyday practice.

Frankly, I suspect many of them do not believe that our free enterprise business system can cope with the problems facing us today. They do not view the numerous able economists who have chosen to work within the business structure as real professionals, nor do they really believe that the men who operate it have made any major contribution to our society.

Small wonder then that I am concerned as I conclude that many of the economic architects of the New Frontiers have never had to design an earthquake-proof structure, yet we are living in earthshaking times.

Again perhaps I am wrong. Perhaps it is neither fair nor reasonable to assume at this early date that the economic and business structure of the New Frontiers will be

so poorly designed that it will collapse. After all, the architects have been working on the design for less than 150 days.

Perhaps instead it will be stronger than ever. Perhaps the new Government will do those things which it can do to give to the American business system new life and vitality; to create a climate in which it can continue to outperform our cocky friend in the Kremlin.

Perhaps we will develop shortly the full-fledged alliance the President urged in his February talk.

#### MOST IMPORTANT "PERHAPS"

Perhaps, and this is the most important "perhaps" of all, we will be able to develop a working understanding and relationship between our Government and our business, at least as good as that in other countries of the free world, instead of the relationship we have now, which is by long odds the worst in the free world.

Perhaps? But as of now there are many things that puzzle me—that fill me with misgivings.

Let's look together at some of these things which puzzle me.

First of all, because it is a subject prominently in the minds of both businessmen and the public these days—prices, price fixing, competition and all that go with them are worth a look.

Here is one area where the new administration could truly cross a New Frontier.

#### ANTITRUST HODGEPODGE

Our so-called antitrust laws, a hodgepodge which has been pieced and patched together for over 70 years, represent the greatest image of moral, legal and administrative inconsistency ever to arise to confuse a free people. And so-called legal Government actions have made them even more so. Our antitrust laws state that price fixing is illegal.

Yet in my State of Pennsylvania you cannot sell a bottle of milk except at or above a minimum price set by a State commission. You cannot buy a bottle of liquor except from a State store at a price fixed to give the State a profit.

If price fixing is illegal, why does Government in its farm bill encourage farmers to fix prices on agricultural products? Why does the Government allow labor to fix prices on its services? Why does the Government fix prices for the airlines? for railroads? for trucking?

The antitrust laws today are so complicated, so confused in their interpretations, that probably neither businessmen, their lawyers, nor even the courts understand them.

The law in this area needs to be made clear. It needs to be equally applied to all. Only then can every honest businessman and citizen know how to work within the spirit of it.

Today you can go to jail for agreeing on a low price, or a high price; you can even go to jail for agreeing on a fair price. Or you can go to jail if you refuse to agree on any price at all.

What, may I ask, is the difference between following a fair price and fixing a fair price? Yet one is legal and one is illegal.

#### ADMINISTRATION'S OPPORTUNITY

What an opportunity for the new administration to work with business, industry and the Congress to clarify and restate these confused and conflicting laws and decisions.

Instead, I am puzzled because both the new Attorney General and the President's party in Congress seem determined to use this confusion to undermine to the greatest extent possible, in the shortest time, the confidence of the man on the street in a system of life which has given him the greatest freedom, mobility, and independence known to any nation on earth in all of its history.

I am puzzled as to whether they don't know the truth that American business has always been fundamentally honest, or whether business is simply the political whipping boy least likely to retaliate on the present horizon.

Perhaps it is some of both.

If so, I am concerned because then it must be assumed, as I have suggested earlier, that some members of the Government, the Congress, and their advisers simply do not understand the nature nor the strengths of the system on which our future in the struggle against communism must depend.

I am puzzled also as to whether they fail to sense the deadening impact of what they are doing on the increase in national economic growth they are seeking.

Investment in plant and equipment has always been regarded as an important factor in such growth. And such investment has traditionally been furnished by private enterprise in the United States.

Deadening impact on investment by business? Certainly.

This administration cannot overlook the fact that profit expectation and a political climate in which the businessman can expect with some confidence administration policies that will make that profit possible are the prime movers behind business investment.

In his February 13 speech Mr. Kennedy said he believed in profit.

#### PROFIT RESENTMENT STIRRED

What puzzles me then is the attitude of his Attorney General, many of whose public statements seem designed to fan the flame of public resentment against corporate profits and the continued barrage in Congress of hearings and bills supposedly protecting the public from high prices carrying with them an inferred outrageous profit.

All of this in the face of the facts that since 1947 corporate profits have dropped from 7.8 percent of our gross national product to 4.9 percent in 1959. The trend has been the same in the ratios between corporate profits and sales or rates of return on investment.<sup>5</sup>

Nor have actions which raised the unemployment tax, recommendations to further increase social security taxes, or many features of the proposed tax bill, done anything to lead business to believe that new investment will continue to be profitable, as this administration moves further toward the New Frontiers.

Perhaps even more important as a measure of climate are the implications in the tax bill which confirm that not only has the government redeclared itself a 52-percent partner in business profits, but now wants to write the rules of the game by deciding what expenses it will allow, regardless of reality, and to take from stockholders, the owners of these same businesses, a substantial part of the rebate it offers for building additional plants or buying new equipment.

Another thing that puzzles me:

On several different but critical occasions Mr. Kennedy has told us we must make great sacrifices if we are to maintain our strength in the free world.

#### NO SACRIFICES ASKED

But so far his programs do not seem to me to have called for what could truly be called national sacrifices in which we could unite as a people.

Certainly he has not asked of workers that they forgo wage or salary increases until we can redemonstrate our ability to compete throughout the world, or that they work more productively. Or of management that they forgo price and profit increases for a like period; sacrifices which taken to-

<sup>5</sup>Joint Economic Committee, "Comparisons of the United States and Soviet Economists," pt. II, p. 534.

gether as a package might really be great, and new, and productive.

On the contrary, most of his legislative proposals would give to people, not get from them.

Look at some of them. A higher minimum wage for more people; medical care for the aged, whether they need it or not; easier terms for new housing and more public housing; 212,500 4-year Federal college scholarships which many college administrators say are not needed; earlier retirement under the social security plan; a farm program which will increase income of farmers.

#### LUXURY TAXES PROPOSED

Or could he be laying the foundation for the type of sacrifices which would be called for by the prelection statements of some of his economic advisers who would use high sales taxes to force people to stop buying in that manner of luxury items so the resultant savings could be diverted into goods and services identified with what they call more urgent public needs.

This might be a minor sacrifice for the people who could no longer afford the higher priced cars, clothing, radio and television sets, household equipment and other similar items which would have to be included.

But it would be a major catastrophe for the thousands of people whose jobs would be wiped out and corporate suicide for many companies whose facilities would be put out of productive use.

In time of war our people have made just such sacrifices and more. But in time of war there are other needed uses for the facilities and other jobs crying for the workers.

In times of peace, a Federal Government pursuing such a program may well find itself with neither the jobs nor the revenues and well on the way to the very economic collapse which Mr. Khrushchev has predicted for us.

It is impossible for me to believe that the economists who write so provocatively would not think long and hard before imposing these types of sacrifices on the American people, or that the men of wisdom in Congress would let them get away with it if they tried.

Two more things which puzzle me are the apparent conviction that money—Federal money—and plenty of it—will cure any of our national or local problems, and that only the Federal Government can determine the problems and define their solution.

#### SCHOOL AID BILL

A good example lies in the aid-to-public-schools bill before Congress which provided \$2.3 billion of grants to be allotted to the States over 3 years for construction of classrooms and payment of teachers' salaries.

Why?

A recent Saturday Evening Post editorial raised the question and answered it better than I could:

"Advocates of Federal aid to education contend that local authorities are financially unable either to build the classrooms required for rising enrollments or to pay decent salaries to the teaching staff.

"Five years ago the White House conference estimated that in the period 1955-60, the Nation would have to build 369,000 classrooms. Some people took this as conclusive proof that the task was too enormous for anything but a Federal program. Yet, in the last 5 years, without Federal aid, we have built an average of 68,000 classrooms annually, for a total of 340,000. If we did not quite meet the projected goal, the difference of 29,000 in 5 years is hardly big enough to justify a radical departure from the settled American policy.

"Last December the U.S. Office of Education made a forecast of school needs for

1960-70. Their total estimate: 610,000 classrooms in 10 years. The present rate of construction would provide 680,000 over the same period.

"On the question of teachers' salaries, the record is just as encouraging \* \* \*. In 1950 the national average of teachers' salaries was \$3,126. By 1956 it had risen to \$4,350, and this year it is \$5,389, an increase of 72.4 percent over the past decade. The trend continues upward, as it should.

"At a time when school bonds find a ready market, at rates of interest lower than the Treasury can command, it is hard to see any rational case for educational grants-in-aid. State and local authorities know their own problems far better than any bureaucracy in Washington."

#### AID TO SCHOOLS OPPOSED

To this could be added the fact that there is a National School Boards Association, which should be much closer to the problem than the U.S. Office of Education. It is interesting to note that it has never yet passed a resolution asking for Federal help, and at its 1961 convention voted overwhelmingly to oppose it.

Yet the Federal Government has persisted that it, and only it, can do the job.

Perhaps at this point we might be moved to conclude that only one thing really seems to be very clear on the economic scene in Washington these days—the Government stands ready to take a larger and larger part in the economic affairs of our country.

The last thing which puzzles me is that as of now, less than 120 days since President Kennedy urged on business "a full-fledged alliance" with Government, to use his exact words, we find ourselves explaining to the Congress why many of us sincerely believe measures he has proposed would be bad not only for business but for the future of America.

#### ALLIANCE NOT APPARENT

Somehow or other I can't help but feel that this could not be happening if the "full-fledged alliance" were really in effect, if the administration's advisers would give more serious consideration to views which may be different from their own.

Ours is a great and democratic Republic. For nearly 200 years its heart has been a dynamic, vigorous economic system to which we in business have made major contributions.

We have faith in that economic system, and we believe it can be improved and strengthened. So does labor.

It is clear that the President and his advisers share in that belief also.

What we in business would do might be different from what either of them would do. What we might do, all working together in "the spirit of a full-fledged alliance," could be even better for America than any one of us would do alone.

The goals ahead of us are clear—good overall performance in terms of employment and output, economic growth, and price stability. But never at the price of loss of freedom, of action and choice.

One of the key requirements of the sixties will be to create new job opportunities at a rate about 50 percent larger than in the fifties. This will call for a tremendous investment of private capital in productive facilities.

Concurrently, we simply must learn to keep our costs and prices from continuing to rise if we are to be competitive in our own and world markets. Improved efficiency, better machinery and processes and new and more attractive products are the basic tools we must use to insure our leadership in the world economy.

What needs to be done?  
Who ought to do it?

This is not a blueprint; but here are a few thoughts.

Let's take business first.

#### BUSINESS MUST INNOVATE

Our job is to innovate—in improving productivity; in developing new products; in lowering costs and prices through increased efficiency; at the same time maintaining a spread between costs and prices sufficient to yield adequate profits. For without attractive profits the vast capital needs for new investment will not be met.

Then government?

Its jobs are many. To refrain from legislative programs that force up wages, costs, and prices; to spend for public needs, not public wants; to reform business taxes to stimulate greater capital investment and to make American business competitive worldwide. Most important of all, to create a climate in which business will be encouraged rather than harassed.

And labor.

To face this simple basic fact.

If American wage and salary rates are to be the highest in the world, this can continue only if unit costs of American goods are finally competitive, at home and abroad. And to realize that this suggests the bargaining table becomes, instead of an internal battleground, a council of war in the world economic struggle.

And last for all three of us—Government, business and labor—to agree that in a cold war, as in a hot war, the whole of our national strengths and energy should be devoted to winning the future for all of us instead of winning something now for some of us.

#### CONSTRUCTION OF THE "KITTY HAWK," AIRCRAFT CARRIER

Mr. SCOTT. Mr. President, with regard to the remarks of the distinguished majority whip with reference to the *Kitty Hawk*, I certainly cannot speak from any personal knowledge, but I suggest that the charge as to the unseaworthiness of or the improper construction of the *Kitty Hawk* was made by a single person—true, a very esteemed and respected admiral—and the charge has been denied by those responsible for the construction. I hope that judgment on this matter can be deferred until further study indicates who is correct. The New York Ship Co. has an excellent reputation for shipbuilding, and has turned out a number of our naval vessels, including other aircraft carriers which have performed effectively, safely, and satisfactorily. Therefore, I think it best that no conclusions be reached on this matter until all the facts are in hand.

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

Mr. SCOTT. I am glad to yield to the Senator from Minnesota.

Mr. HUMPHREY. I understood the Secretary of the Navy to have made some comment on this subject which indicated that the charges may very well have been far beyond what the facts would justify. I made mention only of an allegation, and I surely stand corrected by the Senator.

Mr. SCOTT. I thank the Senator. I very much appreciate his fairness in elaborating on the statement.

Mr. DIRKSEN. Mr. President, reserving my right to the floor, I yield to the distinguished Senator from Nebraska.



# THE FORT ROBINSON BEEF CATTLE RESEARCH STATION IN NEBRASKA

Mr. HRUSKA. Mr. President, Fort Robinson Beef Cattle Research Station in Nebraska was established in 1948 as a result of a 1946 congressional act providing for a program designed to obtain information that breeders can use to improve beef cattle.

This research station is located in Dawes and Sioux Counties in the very northwest corner of the State.

Recently it was my privilege to tour and inspect Fort Robinson; not only the research station portion but also the historical site thereof as well.

At the fort headquarters building and museum the group of visitors, of which Nebraska Governor Frank Morrison was one, was welcomed by James E. Ingalls, Superintendent of the station, and the U.S. Department of Agriculture representative there. Mr. Ingalls heads this project which is one of three of this kind in the United States.

The Nebraska station, which is the largest of them, is in the north-central region, composed of 13 States which cooperate in its operation.

Similar research stations are located at Fort Reno, Okla., and in Front Royal, Va.

## IMPORTANCE OF BEEF INDUSTRY

It is not difficult to find basis for this research work. Beef is the largest volume item sold in the food stores in America. Although it is only one among some 5,000 items in these stores, beef generates upward of 10 percent of their total dollar sales.

The Nation's per capita consumption of beef on an annual basis is 85 pounds. In 1950 it was about 63.4 pounds.

Nebraska is one of the Nation's top livestock producing States. About 43 percent of its farm income comes from cattle.

In addition to its vast raising and feeding operations, it has some 60 meat-packing establishments, and of course the world's largest livestock market which is located in Omaha.

During our visit I was driven over a part of the research station by Mr. Ingalls, in company with State Senator George Gerdes who represents the senatorial district in which Fort Robinson is located.

It was a very revealing tour indeed in so many ways.

For example we were told of this statistic: by raising Nebraska's percent of calves weaned by only 5 percent—present average is 75 to 80 percent—the State's total additional income would be some \$10 million.

What a boon this would be for the cattle industry which is also afflicted with the brutal price-cost squeeze which prevails throughout agriculture.

And research is pointing the way.

Nebraska is fortunate to have the resources in the right kind of land and climate to be preeminent in the beef industry which is its fundamental industry.

However, we know that it has been as a result of almost 100 years of hard and

consistent work by generations of cattlemen.

It took much effort to have made the gains which are evident today. It takes much effort to hold them and to constantly improve that position.

The Fort Robinson Beef Research Center is proof of this fact.

Mr. President, I ask unanimous consent that the text of Mr. James Ingalls' welcoming remarks to our visiting group be printed in the RECORD at this point.

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

REMARKS OF JAMES E. INGALLS, SUPERINTENDENT, U.S.D.A., UNIVERSITY OF NEBRASKA BEEF CATTLE RESEARCH STATION, FORT ROBINSON, NEBR.

Senator and Mrs. Hruska, Governor Morrison, and other dignitaries, welcome to Fort Robinson.

Northwest Nebraska has been honored today with many dignitaries present for the dedication of the historical marker. I predict that in the future there will again be a dedication here at Fort Robinson commemorating the research accomplished in beef cattle breeding research and its application to the industry.

The Research and Marketing Act passed by Congress in 1946 to better promote the livestock interests of the Nation is the basis of the origin of the Fort Robinson Beef Cattle Research Station. Two other stations with similar assignments came into existence at the same time—Fort Reno, Okla., and Front Royal, Va.

Fort Robinson is the world's largest beef cattle research station devoted exclusively to the improvement of beef cattle through breeding. Nebraska is 1 of 13 cooperating States in the north-central region. The entire Nation is united in three regions in their efforts through both State and Federal cooperation in the improvement of beef cattle through breeding.

Industry used the slogan: "Research is the key to tomorrow." Always our American goals have been to make a good product better through research. The United States has led the world in total research since 1776. How many of us know that it was President Lincoln who signed into law the act creating the land-grant colleges, experiment stations, and agricultural research to explore and add to our knowledge of agriculture? It will soon be 100 years ago that President Lincoln signed the acts for this research. Can you imagine the vision and foresight of this busy President who was directing the most bloody war in the history of the United States?

Our vast land frontiers are no longer available for expansion of the livestock industry. Millions of acres in the United States have in the foreseeable future no other practical use other than to furnish grazing for beef cattle. Therefore, it behooves us to do a better job of producing livestock on land that we now have.

We have heard of the tremendous population growth in recent years and in the immediate future. What are we doing now to prepare for feeding these additional millions in the few short years ahead?

The Nation's per capita consumption of beef is 85 pounds. We enjoy being the best fed and best clothed nation on earth. What are we doing to continue this American tradition? We, too, can use the slogan: "Research is the key to tomorrow."

Instead of now raising only 100 pounds of beef per acre of grazing land, let's set our goal for 200 or 300 pounds of beef from an acre of grass. Let's have as a goal a 95 percent calf crop weaned instead of the present average of only 75 to 80 percent.

Let's have each cow wean a heavier calf in 1961 than she did in 1960. Let's have calves of more uniform size, quality and grade. Let's produce animals with the genetic ability to gain more rapidly and efficiently thereby reaching market at an earlier age. This must be an animal that is potentially more desirable for the eastern Nebraska and Corn Belt feeder to market with more lean meat that is tender, juicy and appetizing.

Dr. Wiltbank, our capable and learned Animal Physiologist at Fort Robinson, has shown that by raising the percent of calves weaned only 5 percent in our State of Nebraska, the total additional income would be \$10 million. This would be dollars spent here in our own communities, all benefiting thereby.

Nebraska ranks second in the Nation in the numbers of beef cattle on ranches, farms and feedlots. We have more beef cattle than humans in Nebraska. Forty-three percent of the total income from all sources in the State of Nebraska is derived from beef cattle. The research in progress in beef cattle genetics, physiology, nutrition and management at Fort Robinson is answering and will continue to answer the questions uppermost in the minds of the progressive cattlemen in the industry.

History has been recorded at Fort Robinson for three-quarters of a century. However, we are no longer fighting Indians or settling the West. Today and tomorrow Fort Robinson is dedicated to recording history in another area through research to serve the Nation.

## OPEN SPACE PROVISION OF THE FEDERAL HOUSING ACT

Mr. CLARK. Mr. President, will the distinguished Senator from Illinois yield 1 minute?

Mr. DIRKSEN. I yield, without losing my right to the floor.

Mr. CLARK. Mr. President, on Tuesday, June 20, the New York Times published two important statements dealing with the general subject of open space. I ask unanimous consent that an editorial entitled "Urban Sprawl and Open Space" and a letter entitled "Open Space Law Backed," written by William H. Whyte, the author of "The Organization Man" and "The Exploding Metropolis," may be printed in the RECORD at this point in my remarks.

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

### URBAN SPRAWL AND OPEN SPACE

The haphazard suburban developments—"urban sprawl"—spreading with alarming speed around the perimeters of our cities present an issue of truly national proportions. The open land areas are rapidly giving way to the indiscriminate advance of the bulldozer and the real estate promoter. Yet open space is essential not only to the suburban areas themselves but also to the welfare of the cities they surround. Planning and controls are badly needed to assure that the developments which do take place provide the best possible environment for living and for efficiency in transportation and production.

Title VII of the Federal Housing Act, now before the House of Representatives, contains a sound program for Federal aid, both financial and technical, to local and State bodies in meeting these needs—incorporating for the most part the proposals of Senator HARRISON WILLIAMS, of New Jersey, referred to in a letter on this page. The assistance provided for in title VII would be

given only to projects essential to a well-conceived area development plan. This would be an effective stimulant to State and local action which otherwise might not be taken.

While the Senate passed the housing bill by the decisive vote of 64 to 25, title VII was separately voted down—without adequate consideration and by a majority of only four. The House should keep it in the bill and, if it passes, so should the conference committee in the final draft.

#### OPEN SPACE LAW BACKED: PROTECTION OF SUB-URBAN AREAS IS PROVIDED IN HOUSING ACT

To the Editor of the New York Times:

The open-space provision of the Federal Housing Act needs its friends and it needs them right now. Five months ago, when Senator HARRISON WILLIAMS of New Jersey introduced the measure, it seemed like one of those ideas so good the wonder was it hadn't been passed before. It provides for \$100 million in grants to State and local governments to preserve key open spaces before their metropolitan areas finally become a hopeless mess.

It is to be seed money; local governments would have to put amounts up to \$3 for every dollar in grants, and they would have to come up with a plan for the area's growth.

Since the Federal Government's highway and housing dollars have helped to accelerate the urban mess, this turnabout seemed very fair play indeed, and was approved in committee in the Senate and the House.

The sailing was so smooth, unfortunately, that latent citizens' support remained largely latent. Then on June 8, on the floor of the Senate, there was an unexpected attack. Except for Senator DIRKSEN, who heaped ridicule on it, no one seemed particularly opposed to the basic idea; the trouble was the lack of information on the urgency of the problem for our urban areas.

The provision was struck out by the excruciating margin of 46 to 42.

But there is still a chance. If the House keeps the proposal in, a Senate-House conference may restore it in the final bill.

#### EFFECT ON STATES

There is an important fact that Congress should know: the surprisingly strong effect the open-space proposal has already had on State and local governments. In anticipation of the grant program, groups all over the country have been invigorated to press for action. Only in the last few weeks a number of States have come to the very verge of large-scale open-space programs.

Do the people want such action? Last fall New York voters approved Governor Rockefeller's \$75 million open-space program by a whopping three-to-one plurality and the old "fine-idea-but-they'll-never-go-for-it" argument was destroyed. This January, Governor Meyner proposed a \$60 million "green acres" bond issue for New Jersey. Several weeks ago the legislature voted unanimously to put the bond issue on the ballot this fall.

In Wisconsin, Gov. Gaylord Nelson has been barnstorming the State to rouse support for an imaginative \$50 million program. Its fate in the legislature is still in the balance, but the popular support is impressive.

Many an embryo program is in the balance, too. Citizens have been using the upcoming Federal program as a lever for getting their communities to tackle planning now.

#### VALUE OF FEDERAL PLAN

It's not the money so much—the local governments would have to raise the bulk themselves and \$100 million, spread over the United States, would mean that the initial grants would be fairly modest. But the multiplying effect would be tremendous. The great virtue of the proposal is that it

uses open space as a tool for shaping future growth.

No plan, no money.

This is why the relatively modest open-space provision can be so important to the whole housing program. If we are to have billions for new subdivisions, surely we should spend a little to see that they are worth living in—and living with.

We know what will happen if the mixture continues as before: an aimless, ugly sprawl, only bigger and faster, and more hopeless. We can clean up the mess later with a vast suburban renewal program; a modest open-space program now seems a better investment.

It would be tragic if this farsighted proposal were scuttled by inadvertence. If Congress fails to pass it, it will be because citizens and officials in our urban areas have not made their case known to Congress. Senator WILLIAMS has done a magnificent job; if the rest of us pitch in—and with some good old-fashioned citizen pressure—the fight can be won.

WILLIAM H. WHYTE.

New York, June 12, 1961.

Mr. CLARK. Mr. President, these two documents support strongly the position of the distinguished junior Senator from New Jersey [Mr. WILLIAMS], who was the author and principal proponent of the open space section of the omnibus housing bill, which, much to my regret, was not approved by the Senate, but which I hope will be approved by the House and accepted in conference.

I thank my friend for yielding.

#### THE GERMAN AND BERLIN PROBLEMS

Mr. DIRKSEN. Mr. President, reserving my right to the floor, I yield to the distinguished Senator from Kentucky 6 minutes.

Mr. COOPER. Mr. President, since 1946, the United States and its allies have faced the possibility of a Berlin crisis, for it became evident then that the Soviet Union would not carry out its wartime agreements for the unification of Germany by free elections.

The status of Germany and of Berlin has been discussed with the Soviet Union many times—by the United States and its wartime allies France and the United Kingdom, by the United States through diplomatic channels, by President Eisenhower and President Kennedy, and in the General Assembly of the United Nations, but to no avail.

In 1951 at Paris I had the opportunity to represent the United States on the question of Germany, and I remember then the experience of learning of the uncompromising attitude of the leaders of East Germany as well as the Soviet Union. It was only after the blockade of Berlin and our airlift that the Soviet Union took some steps to confirm the Allied rights of access to Berlin.

Now, the positions of the Soviet Union and the United States have again been stated. Since 1958, Mr. Khrushchev has been threatening to conclude a separate peace treaty with East Germany if the United States, Great Britain, and France will not join in a peace treaty with the two Germanys. Only last week, Mr. Khrushchev reasserted his position. For the United States, President Kennedy has said that a "binding peace treaty is

a matter for all who were at war with Germany, and we and our allies cannot abandon our obligation to the people of West Berlin."

It is inevitable and correct, that this issue must be debated in the Congress. The distinguished Senators from Montana [Mr. MANSFIELD] and from New Hampshire [Mr. BRIDGES] have presented views, alike in their patriotic purpose, but nevertheless apart concerning the policy our Government should undertake.

As the debate proceeds, it is possible that we will have a polarization of views in the Congress along the lines advocated by Senators MANSFIELD and BRIDGES—one to hold without deviation to the position the United States has asserted in the past, and the other to find an alternative.

I think it is possible, although I hope it will not be true, that this debate might divide along party lines.

But it is not my purpose today to discuss the speeches of the two Senators, or to discuss the substance of the German and Berlin issues. My purpose is to suggest means to best meet the crisis which looms before us. We must recognize that the German and Berlin issues are critical, dangerous, and the most important ones that confront our Nation. They hold within them the possibility of war, and as Mr. Khrushchev said, "a thermonuclear war at that."

If a showdown comes, the President will need the full support of a unified Congress and a unified country. I believe that if he is to have such support, the Congress and the country must believe that the best consideration has been given by the administration to every aspect of this issue. We have confidence in the President and in the Secretary of State, the Honorable Dean Rusk. We know that such men as Charles Bohlen, Llewellyn Thompson, and George Kennan have great knowledge of the Soviet Union and its policies. Undoubtedly there are other able men in the Department of State who have dealt with the problem of Germany and Berlin for many years.

Nonetheless, to secure the support that the President will need in the Congress and the country, I believe that he and the Secretary of State should be assisted in the review and the consideration of the issues of Germany and Berlin by men who have had specific, and practical, knowledge of the issues—men who have dealt with them face to face, who have political understanding—I think that point important—and who are broadly representative of our country. Without excluding others, I think of such men as Gen. Lucius Clay, John McCoy, and former Under Secretary of State Robert Murphy, who were in Germany and who dealt at firsthand with our allies, with the Soviet Union, and with West Germany on these very issues.

I think of others, such as former Secretary of State Acheson, Dr. Conant, the Honorable David Bruce, and the Honorable Christian Herter, all of whom have vast experience in this matter. And if it is believed that the views of these men have been expressed for the status quo, there are undoubtedly other able men



who could be joined with them. I suggest that such a group be formed as a consultative committee to work under the Secretary of State for the full review and consideration of every aspect of the German and Berlin issues.

I think that we owe that consideration to this country, as well as to Berlin and Germany and to the security of the world.

Certainly Presidents Eisenhower and Truman might be consulted upon occasion.

In summary, my suggestion has the following purposes:

First, to provide for the President and the Secretary of State the best knowledge and experience available upon the issues of Germany and Berlin and, in addition, to provide advice from men who have practical experience in facing these issues, and who have political judgment.

Second, to give confidence to the Nation and the Congress that these issues are receiving the fullest and best consideration. I have no doubt that they are receiving thorough consideration day by day, but I believe it would give more confidence to Congress and the Nation if we knew that such a committee of able men—men who have had practical experience in dealing with this issue since World War II—were being consulted and were giving the benefit of their advice and their experience.

Third, to provide for the President the broadest base of support for the decisions he will be required to make regarding Berlin and Germany.

Mr. DIRKSEN. Mr. President, I yield 1 more minute to the Senator from Kentucky.

Mr. COOPER. I know there will be debate on this subject in Congress, and I am sure consideration is being given daily to this problem in the Department of State and at the White House. I would not like to see the situation occur, some time before the first of the year—and it may not wait until the first of the year, because it could happen at any time between now and the first of the year—when the Congress would be faced with an accomplished fact, if Mr. Khrushchev should decide to act. Then we would have to begin to consider what we should do, or at least what Congress thinks it should do.

I believe that consultation such as I have suggested—with men who are known throughout the country, men belonging to both parties, men of great experience in facing this problem and in dealing with both the Russians and the Germans and with our allies—would be reassuring to all of us. It certainly would be reassuring to know that not only were they being consulted, but also that they were working steadily on this problem.

#### HARVESTING OF HAY ON CONSERVATION RESERVE ACREAGE

Mr. DIRKSEN. Mr. President, the distinguished Senators from North Dakota have an emergency measure which they would like to bring up at this time. It has been reported by the Committee on Agriculture and Forestry without objec-

tion. Mr. President, I would have no objection to having the matter presented now.

Mr. CLARK. Mr. President, I ask unanimous consent that the pending business be temporarily laid aside and that the Senate proceed to the consideration of the measure referred to by the Senator from Illinois, Senate bill 2113.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. DIRKSEN. Mr. President, accordingly, in behalf of the Senators from North Dakota [Mr. Young and Mr. Burdick], I ask unanimous consent that the Senate proceed to the consideration of S. 2113, Calendar No. 409.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (S. 2113) to amend the Soil Bank Act so as to authorize the Secretary of Agriculture to permit the harvesting of hay on conservation reserve acreage under certain conditions.

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. YOUNG of North Dakota. Mr. President, the bill would amend the Soil Bank Act by permitting farmers to make hay on soil bank land under the same conditions which is now possible for pasturing of soil bank land. Under emergency conditions, if the Governor of a State declares a disaster area, and it is approved by the Secretary of Agriculture, under present law farmers can have their stock graze on soil bank land. In North Dakota and Montana, and in much of the area in that part of the country, we are faced with a serious drought situation. It will mean the liquidation of many cattle unless additional forage can be found. On the soil bank land oftentimes, because nothing has been harvested for several years, and the snow has gathered on it in the winter-time, there is a pretty fair growth of hay. It would be a pity to let the hay go unused when the farmers all around very badly need hay. Unless this can be made available, hay would have to be shipped in from outside areas; and, as is so often the case, the Government would bear much of the cost.

This does not make sense. It does not make sense to let that hay go to waste, and to permit cattle and other livestock to be liquidated, and to ship in hay from a long distance away. This is a real emergency situation in North Dakota. If the bill is passed, immediate help can be afforded. I ask unanimous consent to have an excerpt from the committee report printed in the Record at this point in my remarks.

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

The Committee on Agriculture and Forestry, to whom was referred the bill (S. 2113), to amend the Soil Bank Act so as to authorize the Secretary of Agriculture to permit the harvesting of hay on conservation reserve acreage under certain conditions, having considered the same, report

thereon with a recommendation that it do pass without amendment.

This bill, for the period of 1 year after its enactment, would authorize the Secretary of Agriculture to permit hay to be harvested from conservation reserve acreage where necessary to alleviate hardship caused by drought or other natural disaster. Permission could be granted only after certification by the Governor of the State of the need therefor and upon the independent determination by the Secretary of such need.

Grazing of conservation reserve lands is now permitted under sections 103(a)(3) and 107(a)(4) of the Soil Bank Act under conditions such as those under which hay harvesting would be permitted by the bill. The Department of Agriculture advised the committee that under either the existing grazing provision or the proposed hay harvesting provision, the Department would ordinarily require the value of the grazing or hay to be deducted from the payment for the year, as a condition of granting permission for such grazing or haying. However, the Department has granted grazing privileges in flood areas for very short periods of time where such deductions were not warranted or made. The Department also pointed out the advisability of leaving the Secretary free to impose such conditions as might be most suitable to the particular emergency and provide for the most effective administration.

The committee had before it two bills covering the subject, S. 36, introduced by Senator Young of North Dakota, and S. 2056, introduced by Senator Burdick. The Department of Agriculture's favorable report on S. 2056 is attached.

#### DEPARTMENTAL VIEWS

DEPARTMENT OF AGRICULTURE,  
Washington, D.C., June 19, 1961.

HON. ALLEN J. ELLENDER,  
Chairman, Committee on Agriculture and Forestry, U.S. Senate.

DEAR SENATOR ELLENDER: Bill S. 2056 on which you requested a report June 13 would amend section 107(a)(3) of the Soil Bank Act so that if a Governor of a State certifies, and the Secretary determines it is necessary to permit the sale of hay harvested from conservation reserve acreage in order to alleviate damage, hardship, or suffering caused by severe drought, flood, or other natural disaster, the Secretary may authorize the local county committees to sell hay on such acreage, with the consent of the producer, to the highest bidder and return the proceeds thereof to the U.S. Treasury, less such amounts as the committees deem adequate to compensate the producer for damage if any to his premises.

We approve in principle the purpose expressed in this bill; however, we would prefer that it be modified to provide that the producer would have the entire responsibility for the disposition of the hay. We recommend that the local county committee determine the fair current local market value of the hay on an unharvested basis and that the annual conservation payment which would otherwise be due the producer for that year be reduced by this value. Should the fair current local market value of the hay thus harvested exceed the conservation reserve contract rental otherwise due the producer for that year we would not recommend recovering the excess amount from the producer. These suggested modifications should not remove the Secretary's discretionary authority as to where and when the provisions would be placed in operation.

Both bill S. 2056 and the suggested modifications thereof, by requiring a loss of contract rental where hay is harvested, contemplate a return to the Government for its investment in prior establishment and maintenance of the conservation cover. It is believed the suggested modifications might (1)

obtain more participation by absentee landlords, (2) avoid controversies over damages, and (3) be generally more satisfactory to administer.

Additional costs under either approach will depend on the extent of natural disasters calling for the harvesting of hay. Administration of this proposed legislation would cost slightly more than would current legislation, but the additional amount probably would not exceed \$10 per farm, taking advantage of the recommended provisions. Costs of administering the bill as introduced would be slightly larger per farm because of the competitive bidding and damage assessment features.

The Bureau of the Budget advises that there is no objection to the presentation of this report from the standpoint of the administration's program.

Sincerely yours,

CHARLES S. MURPHY,  
Under Secretary.

#### CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in *italics*, existing law in which no change is proposed is shown in *roman*):

#### SOIL BANK ACT

"SEC. 107. (a) To effectuate the purposes of this title the Secretary is hereby authorized to enter into contracts for periods of not less than 3 years with producers determined by him to have control for the contract period of the farms covered by the contract wherein the producer shall agree:

"(1) To establish and maintain for the contract period protective vegetative cover (including but not limited to grass and trees), water storage facilities, or other soil-, water-, wildlife-, or forest-conserving uses on a specifically designated acreage of land on the farm regularly used in the production of crops (including crops, such as tame hay, alfalfa, and clovers, which do not require annual tillage).

"(2) To devote to conserving crops or uses, or allow to remain idle, throughout the contract period an acreage of the remaining land on the farm which is not less than the acreage normally devoted only to conserving crops or uses or normally allowed to remain idle on such remaining acreage.

"(3) Not to harvest any crop from the acreage established in protective vegetative cover, excepting timber (in accordance with sound forestry management) and wildlife or other natural products of such acreage which do not increase supplies of feed for domestic animals, and except that the Secretary may, with the approval of the contract signers, permit hay to be removed from such acreage if the Secretary, after certification by the Governor of the State in which such acreage is situated of the need for removal of hay from such acreage, determines that it is necessary to permit removal of hay from such acreage in order to alleviate damage, hardship, or suffering caused by severe drought, flood, or other natural disaster.<sup>1</sup>

"(4) Not to graze any acreage established in protective vegetative cover prior to January 1, 1959, or such later date as may be provided in the contract, except pursuant to the provisions of section 103(a)(3) hereof; and if such acreage is grazed at the end of such period, to graze such acreage during the remainder of the period covered by the contract in accordance with sound pasture management."

Mr. MANSFIELD. Mr. President, I wish to join with the distinguished senior

Senator from North Dakota [Mr. YOUNG] and the junior Senator from North Dakota [Mr. BURDICK], and with the junior Senator from Montana [Mr. METCALF] in urging the passage of this vitally needed measure at this time. Because of the condition which exists in eastern Montana and in the western Dakotas, it is our hope that the bill will receive the unanimous approval of the Senate.

Mr. YOUNG of North Dakota. I might add that the bill gives discretionary authority to the Secretary of Agriculture to permit the making of hay on this land. He can make a charge for it and deduct the amount from the payments to the farmers, and he can prescribe regulations under which the hay can be made.

Mr. MUNDT. Mr. President, I would like to add that the proposed legislation is in strict harmony with legislation which Congress passed a year or two ago dealing with similar drought situations, and which provided for the utilization of feed grains at that time, at support levels.

The pending bill simply would relieve a situation of feed shortages in restricted areas, by adding hay to the feed grain situation, which was covered by previous legislation.

Mr. YOUNG of North Dakota. That legislation was sponsored by the senior Senator from South Dakota, and I was a cosponsor.

Mr. MUNDT. That is correct. I salute the Senators from North Dakota for bringing the bill to the Senate and asking for its immediate consideration, because they face a condition in North Dakota which, happily, is not very widespread, but which does affect certain areas of South Dakota. I hope not much of the State is affected. Certainly the whole State is not affected at the present time. However, it is a great problem in other areas of the United States, and it is a matter that can affect any area of the United States, because drought is no respecter of State boundaries. We all know that a drought can occur in almost any agricultural area.

Mr. BURDICK. I join in the remarks of my colleague from North Dakota, and I point out that North Dakota is facing one of the most serious droughts it has faced since the 1930's. The drought extends across the entire State and also extends into eastern Minnesota and western Montana.

Many of the cattle of our State may have to be disposed of or sold if immediate action is not taken. I add one more point, and that is, that this proposed legislation is not designed to provide permanent legislation. It is limited to 1 year. I sincerely hope that the Senate will see fit to pass the bill unanimously at this time.

Mr. McCARTHY. I should like to ask the Senator from North Dakota whether the bill also includes land that has been put into the reserve under the temporary feed grain bill which Congress approved. How would the pending bill affect land that has been taken out of production under the provisions of the Feed Grain Act?

Mr. YOUNG of North Dakota. I do not believe the bill would affect it at all. The bill only amends the Soil Bank Act. The only thing it does is to permit the making of hay on soil bank land, in the same way it is now possible to pasture that land.

Mr. McCARTHY. Was the question of extending it so as to include the acreage taken out of production under the Feed Grains Act considered?

Mr. YOUNG of North Dakota. No; it was not.

Mr. BURDICK. The matter has been discussed with the Department of Agriculture, and they are searching the law now to determine whether the proposal suggested by the Senator can be handled administratively. The last time I talked with the representatives of the Department, they were of the opinion that it could probably be handled administratively, but they wished to examine further into the particular question.

Mr. McCARTHY. Is there any objection to inclusion of such a proposal in this particular bill? Would there be a need for additional hearings?

Mr. BURDICK. I would have no objection.

Mr. YOUNG of North Dakota. If the Senate added anything more to the bill, its passage might be complicated or delayed. I would rather see this proposal handled by separate legislation. Unless this legislation can take effect either next week or not later than 10 days from now, it will be useless. Therefore, I would rather not see it amended.

Mr. McCARTHY. A number of areas in my State, and I assume in other States as well, have been rather severely affected by drought in the current crop year. There is not much grassland in those areas, and the feeling is that the provision of this act is not particularly helpful. However, there is considerable acreage which has been withdrawn from production under the Emergency Feed Grains Act which might very well be used either for grazing or as a source of hay.

I wondered whether it would be possible to include such a provision in this bill, or if the Senator from North Dakota could give me some assurance that the question will be considered further, with a view to the passage of additional legislation to modify temporarily the Feed Grains Act and thus accomplish the same purpose.

Mr. YOUNG of North Dakota. I should like to see the problem handled in a separate bill. I assure the Senator from Minnesota that I will cooperate fully toward securing such proposed legislation to accomplish the purpose he suggests.

Mr. McCARTHY. I thank the distinguished Senators from North Dakota.

The PRESIDING OFFICER. The bill is open to amendment. If there be no amendments to be proposed, the question is on the engrossment and third reading of the bill.

The bill (S. 2113) 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 (a)*

<sup>1</sup> The amendment would be effective for 1 year after its enactment.



section 107(a)(3) of the Soil Bank Act is amended by changing the period at the end thereof to a comma and adding the following: "and except that the Secretary may, with the approval of the contract signers, permit hay to be removed from such acreage if the Secretary, after certification by the Governor of the State in which such acreage is situated of the need for removal of hay from such acreage, determines that it is necessary to permit removal of hay from such acreage in order to alleviate damage, hardship, or suffering caused by severe drought, flood, or other natural disaster."

(b) The amendment made by this section shall expire one year from the date of enactment of this Act.

#### REORGANIZATION PLAN NO. 1 OF 1961

The Senate resumed the consideration of the resolution (S. Res. 148) opposing Reorganization Plan No. 1 of 1961.

Mr. DIRKSEN. Mr. President, the pending business is Senate Resolution 148, submitted by the distinguished Senator from New York [Mr. JAVITS], for himself and the distinguished Senator from Indiana [Mr. CAPEHART], and reported by the distinguished Senator from Arkansas [Mr. McCLELLAN]. The resolution recites that the Senate does not favor Reorganization Plan No. 1 of 1961, transmitted to Congress by the President on April 27, 1961. The proposal relates to a regulatory agency and is the first of seven reorganization plans which have been submitted by the President.

As I think of regulatory agencies, I think back to the first one, which was created in 1887, namely, the Interstate Commerce Commission. That Commission came into existence as a result of the abuses, the rebates, and one thing and another, which obtained in the West and the Middle West. It was created as a result of the efforts made by the Populists, the Grangers, and others, who finally managed to secure the legislation under which the Interstate Commerce Commission was created. That was 75 years ago, or nearly so. Since that time a good many other independent agencies enjoying administrative, legislative, and quasi-judicial power, have been created by Congress.

Congress, of course, is not an enforcing agency; it is a legislative agency or a legislative branch of the Government. If it intends to translate a given policy into action, it can place it in a department of Government or an existing agency, or it can create a new agency endowed with the various powers necessary to give effect to the will and the intent of Congress. So these agencies have been created over a period of time, all of them lumped, appropriationswise, in the independent offices appropriation bill.

I think it is a recognition by Congress of the fact that conditions do change and that situations arise which call for remedial action. I think generally that is conceded. It is conceded also that the executive branch would have an interest in the subject.

This administration has sent to Congress seven plans, the last two having come to the Senate on June 12. One of them relates to the maritime functions,

the other to the housing agency and its component parts.

This is a subject of more than casual interest, because I served on the first reorganization committee which was created in the Roosevelt administration, when I was a Member of the House of Representatives. I recall that at that time a most distinguished North Carolina lawyer, a Member of the House, by the name of Lindsay Warren, who had a fine legal mind, worked out, I believe in conjunction with others, the procedure whereby these plans become effective unless they are disapproved by one branch of Congress in a period of 60 days.

The second plan submitted by this administration was acted on by the House of Representatives. It related to the reorganization of the Federal Communications Commission. The House rebuffed the administration on that plan by a vote of 323 to 77. What is involved in an identic resolution, now before the Senate, dealing with the Securities and Exchange Commission also came on for action in the House of Representatives, and that plan was approved by a vote of 212 to 176. That is a disparity of 34 votes, with respect to the reorganization plan now before the Senate. So there is a question whether the Senate, taking its part under the basic Reorganization Act, will approve or disapprove what is now before us.

I trust that the Senate will disavow, reject, and disapprove the plan which is before us at present. That requires a little look at the Securities and Exchange Commission. First I might recite that the Commission enjoys particular powers. I was in the National Legislature when every one of the acts administered by the Securities and Exchange Commission was placed upon the statute books. They include not only the Securities Act of 1933, but also the Securities and Exchange Act of 1934, the Public Utility Holding Act of 1935, the Trust Indenture Act of 1939, and the Investment Advisory Act of 1940. All of these acts, some of them highly complicated, are under the administration of the Securities and Exchange Commission.

Among other things, the Commission exercises certain rulemaking power. What they do by way of rules has the force of law; and in connection therewith, I should point out that most of these acts are criminal statutes, for a violation of which—for a violation of a rule prescribed by the agency—there can be a criminal penalty.

Frankly, the only power, actually, that Congress can exercise over the Securities and Exchange Commission or any other regulatory agency created in the same fashion is, first, by withholding the confirmation of nominations of personnel, if it chooses to do so; and second, by amending the act.

Before the Senate today, then, is the question whether these agencies should actually reorganize themselves and undertake broad powers which can have criminal effect because of the penalties provided in the basic act. What is proposed in the so-called reorganization plan now before the Senate? First, it

would delegate the rulemaking function—and that is a broad power. In the first instance, Congress had to delegate this power to a quasi-judicial agency and say, in effect, "Five hundred and thirty-one Members of the House and Senate cannot administer an act of this kind, so we create you, the agency, as a kind of semicorporate body having certain powers. You are to enforce the act, and execute its provisions for us."

It is a creature of Congress, pure and simple; it is not a creature of the executive branch, as such.

In the delegation of this rulemaking function, they propose to go rather far, because, as we observe by examining the plan the President submitted, in section 1, under the authority to delegate, it is stated:

In addition to its existing authority, the Securities and Exchange Commission, hereinafter referred to as the "Commission," shall have the power to delegate, by published order or rule any of its functions—

"Any of its functions," Mr. President. It would not make any difference what they were.

Then, when we consider where the delegated power would be lodged, the dimensions of the proposed power become even more apparent, because it is set forth that the power can be delegated to a Commissioner or to a hearing examiner or to an employee or to a group of employees. So we are asked to delegate a wide power to the Commission, as such. In fact, as I view the matter, there would be no limit, in view of the language used in the plan, which states that any such functions can be delegated. It is true that the Commission members have said they may not use that power in all cases. But, Mr. President, that makes no difference; we cannot rely upon a transient group of Commissioners to determine when the power would be used.

I believe that the Chairman of the Commission and others who appeared before the committee said that it is not proposed to use some of these powers. That may very well be; but if they do not propose to use them, why should the Congress confer on them the power to delegate them, in the first instance?

The second point I wish to make about the delegated power, as proposed, is that when it is delegated to an employee or to a hearing examiner or to a group of employees, it is in effect a delegation of power to persons whose qualifications have not been examined by the Senate of the United States and whose nominations have not been confirmed by the Senate; and, in consequence, we would not know their competence or their talents or how they would articulate this power. So, Mr. President, for all practical purposes we would have no control whatsoever over the use of the power or its delegation.

When a power is given to a Commissioner, regarding whose tenure the Senate has something to say, that is a different matter. But it is quite another matter to have the power delegated to any of the personnel of the Commission, and to provide that the power can be delegated and redelegated, clear down to the very lowest echelon.

So the first objection I would register with respect to the reorganization plan is my objection to the proposed broad delegation of power.

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

Mr. DIRKSEN. I yield.

Mr. LAUSCHE. Is a conflict in reasoning regarding the principle that no person shall serve on the Securities and Exchange Commission unless his nomination has been approved by the Senate reflected in the general view that this important assignment should not be occupied by a person unless the Senate, through an examination of his integrity, his judgment, and the other attributes needed by the one who performs that job, has declared that he is fit to serve in that capacity?

In the second place, as regards the case when the one chosen and approved by the Senate delegates to subordinates this important function of government, let me put the matter in capsule form: Is there a conflict between the two situations—one, that no one shall serve in such a position unless his nomination has been approved by the Senate; the other, that the members of the Commission may delegate to any employee of the Commission the performance of these important duties?

Mr. DIRKSEN. Basically, the distinguished Senator from Ohio is absolutely correct. It might not be so material in the case of minor matters going before the Commission; but when matters of great import, involving the rights of persons and corporate entities and large amounts of money and individual interests of all kinds are involved, I believe the Congress owes it to the country and to the Congress itself to be very circumspect and careful in regard to how far such delegation of authority goes.

It is interesting to note that in times past I received the impression, from proposed reorganizations, that there would be something specific about them; and in earlier days we always insisted that the reorganization plans spell out precisely what would be done.

But in this case we have a vague and almost amorphous grant of power to various persons, even though we know nothing about their qualifications, competence, experience, and ability to reach decisions in connection with matters of great import and moment. So I quite agree with the Senator from Ohio.

Mr. LAUSCHE. Perhaps the Senator from Illinois will recall the Latin legal maxim *delegata potestas non potest delegari*—meaning that a power which has been delegated to one cannot be delegated by him to others.

Mr. DIRKSEN. Yes.

Mr. LAUSCHE. In other words, when a person is chosen, because of his judgment and integrity, to serve in a special post, basically he cannot delegate his obligations and responsibilities to someone else.

I recognize that Congress, as a principal, has the power to give to the Commissioners authority to delegate to subordinates the performance of duties. But, in my judgment, that would be in complete conflict with the proposition that the Congress has said that the mem-

bers of the Securities and Exchange Commission deal with very important matters affecting the public of the United States, and that, therefore, no person shall be permitted to render judgment on such matters unless his integrity, his ability to analyze, and his ability to judge have been passed on favorably by the Senate of the United States.

Mr. DIRKSEN. And, even more important, that he judges fairly and impartially when there is an adversary interest involving the citizenry of the country.

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

Mr. DIRKSEN. I yield.

Mr. HOLLAND. I commend the Senator from Illinois and the Senator from Ohio on the position they have taken. I wonder whether I may read into the RECORD, at this time, a short and, I believe, very excellent description of the tremendous power the SEC has, which could be delegated to any employee under this reorganization plan. I refer to the statement made by Mr. Keith Funston, president of the New York Stock Exchange, in his testimony before the subcommittee headed by the Senator from Arkansas [Mr. McCLELLAN].

Mr. DIRKSEN. I have no objection.

Mr. HOLLAND. All of Mr. Funston's statements are interesting; and among them we find the following:

The Securities Exchange Act of 1934 gives the Securities and Exchange Commission very broad rulemaking power. Rulemaking power is, in the eyes of the laymen, the power to legislate. As we read Reorganization Plan No. 1, the Securities and Exchange Commission could delegate its rulemaking power to a Commissioner, to an employee, or to an employee board. Under its rulemaking authority, the Securities and Exchange Commission has adopted sound and reasonable minimum capital requirements which apply to more than 6,000 broker-dealers. A revision of these requirements could seriously restrict the ability of broker-dealers—and even the entire securities industry—to continue to serve the investing public effectively.

The Commission has other vast powers. Under section 19 of the 1934 act the Commission has power to suspend or withdraw the registration of an exchange, to suspend trading in securities, and to revise the rules of exchanges in many important areas. Furthermore, section 15(b) of the 1934 act gives the Commission power to put a broker-dealer out of business by revoking his registration.

In our view the Commission should not be permitted to delegate to anyone its legislative powers or its life-and-death authority over so important a segment of our economy.

I close the quotation at that point.

Does the Senator see how this Congress, which so carefully has delegated the powers to a bipartisan Commission, consisting of several well selected persons, could legislate a provision under which any of these important—these "life and death"—powers could be delegated by the whole of that Commission to a humble employee?

Mr. DIRKSEN. The Senator is exactly correct. In other days, when reorganization plans were submitted, they were spelled out in very careful detail. Congress made exceptions with respect to departments and agencies,

and put a strict limit in every case upon the power to be delegated. But here is a broad power that, in the hands of any agency, even though it proclaims the fact that it probably is not going to use the power, could, if the power was used, make it subject to abuse in the sense that it fell into the wrong hands.

So I welcome the contribution by the distinguished Senator from Florida.

Mr. President, I had one other point. There has been a contention that the proviso in the reorganization plan takes the curse off it, because the proviso reads:

Nothing herein contained shall be deemed to supersede the provisions of section 7(a) of the Administrative Procedure Act, as amended.

The amazing thing about that comment is that the Chairman of the Commission, himself, stated to the Senate committee that none of the Commission's broad rulemaking powers, through rulemaking under section 4 of the Administrative Procedure Act, is subject to the exception in the Reorganization Plan No. 1 concerning the applicability of section 7 of the Administrative Procedure Act.

So those who contend that the proviso saves the day, fly right in the face of the statement of the Chairman of the Securities and Exchange Commission, himself, to the Senate committee.

The second point I make is that the right of review is extinguished, and the review of an aggrieved person or entity before the Commission becomes nothing more than a privilege, rather than a right.

It is a fixed principle, it seems to me, in the whole field of American jurisprudence, and, for that matter, in the whole field of administrative law, that when a party comes before some kind of a tribunal and has his right contested there, he can go higher and secure a review of that right. That right is about as elementary as any I know of in the whole scheme of government. However, it becomes now, not a right, but a discretionary right, according to the President's adviser. In my judgment, there is no such thing as a discretionary right. A right either exists or it does not exist. And it does not exist by virtue of the sufferance or the discretion of any individual or group.

When the President's special assistant in this field, Dean Landis, was testifying on this matter, he said:

There exists a right of appeal from the hearing examiner's decision to the Commission, and then this plan substitutes a discretionary right for the right of appeal that exists today under the law.

Mr. President, how can it be a right if it is discretionary and its exercise reposes in the minds of only a few people sitting on a commission?

So that is the second reason why I think the plan, in these vague and broad outlines, should be rejected by the Senate.

It has been pointed out that a person could get a review by getting enough votes on the Commission, in the same way, I suppose, that one could file a petition in certiorari to go to a higher court



from a lower court. But a person has a chance, without a petition, to go from the lower court to the second step in the circuit system. It is only when one gets to the high tribunal that he has to rely upon a writ of certiorari and a request that the record be certified to the high tribunal. That is where the analogy applies.

Mr. President, this is supposed to be a discretionary right. That is another reason why I oppose the plan. It seems to me when mistakes are made below by a hearing examiner, by an individual Commissioner, or by anybody else who may be entrusted with making a decision of that kind, the courts would be saved a great deal of work by requiring review, if possible, or making it easy to secure a review, so that the mistakes are corrected before they leave the Commission and before the record is ever reviewed by a court.

The third point that occurs to me is that, under the powers here delegated, actually the Commission can completely circumvent the whole system of hearing examiners, on which Congress has spent a great deal of time, over long years. The power can be delegated to an employee. It is said that power is subject to the provisions of section 7(a) of the Administrative Procedure Act. However, the exception is unless there is a designation by statute of employees.

The plan will have the force and effect of a statute, and, for practical purposes, the sky would be the limit.

Mr. President, we have had great concern over hearing examiners. Only a year or 2 ago, I said on the Senate floor their status ought to be raised, they ought to be better compensated, and we ought to get the best talent possible at that level, because it is highly important that, as they take testimony, an impartial and sound record is taken. It is on the basis of that record that a review can be effected and a citizen can have his day in court.

In the 79th Congress, as a matter of fact, in a report, the Judiciary Committee went into that matter at great length. I was a Member of that Congress. I have a quotation with respect to the concern we showed at that time. If any Senator is curious, he need only obtain a copy of Report No. 752, 79th Congress, 1st session. He will find this statement therein:

Should the preservation in section 7(a) of the "conduct of specified classes of proceedings in whole or part by or before boards or other officers specially provided for by or designated pursuant to statutes" prove to be a loophole for the avoidance of the examiners system in any real sense, corrective action would be necessary.

That is what is in the Judiciary Committee report in the 79th Congress. The committee foresaw the possibility of loopholes. The committee foresaw the possibility of circumventing the so-called hearing examiner setup. That language was included in the report.

The report continued:

That provision is not intended to permit agencies to avoid the use of examiners but to preserve special statutory types of hearing officers who contribute something more than examiners could contribute and at the

same time assure the parties a fair and impartial procedure.

The distinguished former Senator from Nevada, the late Senator McCarran, with whom I served on the Judiciary Committee, and under whose chairmanship I served, stated on March 12, 1946, on the floor of the Senate:

The committee has considered the possibility that the preservation in section 7(a) of the "conduct of specified classes of proceedings in whole or part by or before boards or other officers specially provided for by or designated pursuant to statute" might prove to be a loophole for the avoidance of the examiners system. If experience should prove this true in any real sense, corrective legislation would be or might be necessary. Therefore, the committee desires that the Government agencies should be put on notice that the provision in question is not intended to permit agencies to avoid the use of examiners.

Here we observe that kind of a situation. It is not necessary to delegate to hearing examiners. The provision is worded so that the delegation can be to an employee. Perhaps under given circumstances there may be an employee whose mental inclination and whose general social viewpoint is such that certain people would like to have him sit in and test and evaluate the equities and merits of a case, bypassing the hearing examiner. That can be done under the proposed reorganization plan. That is a broad rather than a specific power. Under those circumstances, it should not be granted.

Mr. President, the fourth item as a basis for the rejection of the plan is that there are no specifics. It is up to the Congress. All five plans are in the same category.

Mr. President, there are now seven plans. I have not examined in detail the last two. Those two deal with the Housing and Home Finance Agency and the Maritime Administration. Those are plans 6 and 7. They were submitted on the 12th of June. We do not have five plans now, but we have seven plans. The same defect appears in all the plans.

What shall we say when we examine the review power, which is made discretionary? We examine the power of delegation, and can come to only one conclusion. What is that? The President is asking for a blank check, and the agencies are asking for a blank check, in order to reorganize themselves. This is to be no reorganization by the Congress.

The Senator from New York [Mr. JAVITS] very squarely put his finger on the problem when he was quizzing Dean Landis, the President's special emissary. This is what the Senator from New York said:

So what you really want us to do is to transfer the authority from us to them? In other words, we should let them decide when, and in what cases, they are going to delegate the rulemaking power, instead of reserving to ourselves the authority to decide when we are going to let them do it?

What was the answer? Dean Landis said that was his understanding of the matter. I have his language before me. Mr. Landis, in answer to the question by the Senator from New York [Mr. JAVITS] said:

That is correct.

The Senator from New York [Mr. JAVITS] said:

That is really what it comes down to, is it not?

Mr. Landis then said:

It does.

What is being asked for today is a blank check, for vague power, to sponge out the right of review and to make it discretionary. With the right number of votes on the Commission and the delegation of rulemaking power, that can go down to the veriest employee on the Commission.

For those and other reasons, Mr. President, the Senate is not justified in placing a stamp of approval upon this kind of a plan, so the Javits-Capehart resolution which is pending before the Senate, which asks the Senate to disavow the plan, ought to be approved.

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

Mr. DIRKSEN. I yield.

Mr. LAUSCHE. If the principle embodied in the plan is sound in its application to the Securities and Exchange Commission, would it follow, in the opinion of the Senator from Illinois, that it would be sound in application to all of the other quasi-judicial bodies?

Mr. DIRKSEN. Yes. We can reach the problem even as the Chairman of the Federal Communications Commission said on television last Sunday, and as he has said publicly in the print. Legislation could be asked for to meet the problem, and testimony could be taken. There could be a hearing on the request, with a careful measuring of power, and then an expanded authority given, under big and broad language, so that nobody could tell what would be the implications.

Mr. LAUSCHE. If we give this power to delegate to the Securities and Exchange Commission would not the argument be sound that it should then be given to the National Labor Relations Board and to other boards, so that each one of those boards, instead of exercising judgment on its own, could delegate to subordinates?

Mr. DIRKSEN. Exactly so.

I wish to add one thing before I finish, on the question of whether the power will be used.

One of the Commissioners, Mr. Robert Bradley, appeared before the House committee and said:

The Constitution places the regulation of commerce in the Congress. Section 2 of the proposed plan could be employed, I believe, to shift the regulation of interstate and foreign communications from an independent commission to the executive branch of our Government. Whether this power would be exercised is not the question.

That is something which the Commissioner of the Federal Communications Commission said, when he testified on the plan which was rejected by the House of Representatives.

What the distinguished Senator from Ohio says about these plans is uniformly true. The same threat of making review discretionary and wiping out the right of review, with the same power to delegate down to the veriest employee, over whom we have nothing to say except to

appropriate money for his salary, obtains in every case.

The same weakness, that there is no "specific" operation, obtains in every one of these plans.

Mr. President, I sum up by saying that this is a request to extend a blank check to seven agencies of Government, including the one presently before the Senate, to organize themselves on such lines as they see fit. If we permit it, I think we shall do a rare disservice not only to the people of the country but also to the regulatory agencies themselves and to the Congress, which is the exclusive legislative body in our scheme of government.

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

Mr. DIRKSEN. I yield.

Mr. BUSH. I should like to compliment our minority leader, the distinguished Senator from Illinois [Mr. DIRKSEN] for his eloquence and precise argument against the recommendation of the President. I shall support the views that he has expressed and vote appropriately to support his position on the measure.

I should like to ask the minority leader if what I am about to express is not one of the real dangers in this situation. I have in my hand a copy of Public Law 86-750, which is an act to amend certain provisions of the Investment Advisors Act of 1940, as amended. In section 9 of the act is the following language:

That the Commission shall, for purposes of this paragraph 4, by rules and regulations define and prescribe means reasonably designed to prevent such acts, practices, and courses of business as are fraudulent, deceptive, or manipulative.

In other words, the law specifically directs the Commission to enunciate these rules and regulations. The Reorganization Act proposes that the Commission should not have to do so any more, and that the Chairman could delegate an employee or a member of the staff to make such rules and regulations as might be necessary to determine whether certain business operations are fraudulent, deceptive, or manipulative. I suggest that such a delegation is a very dangerous delegation of power, and one of the reasons why we should oppose the measure. I ask the Senator from Illinois whether that statement is not correct?

Mr. DIRKSEN. The Senator is correct. His statement applies to the Trust Indenture Act, the Investors Advisory Act, the Public Utilities Holding Act, and the Securities and Exchange Act. The Commission has broad power, which reaches over into every section and interest in the United States. Of course, there must be read in its content a so-called criminal statute, for there are penalties for violation.

Mr. BUSH. I thank the Senator. I read further the language contained in section 14(a):

The Commission shall have authority from time to time to make, issue, amend, and rescind such rules and regulations and such orders as are necessary or appropriate to the exercise of the functions or powers con-

ferred upon the Commission elsewhere in this title.

But the Reorganization Act would provide that the Commission could duck that responsibility by delegation of power; is that not so?

Mr. DIRKSEN. Exactly. The danger is that there is actually proposed a royal road or short cut. I remember the disarming proposals that started with the language, "Notwithstanding any other provision of existing law"—bang. That is the point at which we were hit, because with one sweep of words everything on that point was wiped out in the statute books.

Then certain provisions were added, to the effect that "This obtains," or "that obtains," or we confer a right. Broad reorganization plans must be watched very carefully because of the danger which is involved.

Mr. MUSKIE. Mr. President, will the Senator from Arkansas yield?

Mr. McCLELLAN. How much time does the Senator desire?

Mr. MUSKIE. Ten minutes.

Mr. McCLELLAN. I yield 15 minutes to the Senator from Maine.

Mr. MUSKIE. Mr. President, at the outset I should like to make a disclaimer. I am not an expert in the work of the Securities and Exchange Commission. I have never appeared before the Commission. My participation in the securities market is negligible. However, I happen to be a member of two subcommittees to which the reorganization plan was referred. They are the Subcommittee on Securities of the Committee on Banking and Currency and the Committee on Government Operations. Both of those committees held hearings on this and other reorganization plans.

I should like to express my opposition to Reorganization Plan No. 1 in my own terms. I suspect my views are somewhat different from those which were expressed on the floor by the distinguished minority leader.

I believe that at the outset we should understand why the proposed plans were sent up to the Hill by the President. They were sent here to correct a condition which has been a cause of concern not only to the President, but to the Congress, and to those who have appeared before the Commissions and worked with it.

The President defined the problem, in part, in the following words:

A. Allocation of agency activities.—The reduction of existing delays in our regulatory agencies requires the elimination of needless work at their top levels. Because so many of them were established in a day of a less complex economy, many matters that could and should in large measure be resolved at a lower level required decision by the agency members themselves. Even where, by the force of circumstance, many of these matters are now actually determined at a lower level they still must bear the imprimatur of the agency members. Consequently, unnecessary and unimportant details occupy far too much of the time and energy of agency members, and prevent full and expeditious consideration of the more important issues.

The remedy is a far wider range of delegations to smaller panels of agency members, or to agency employee boards, and to give

their decisions and those of the hearing examiners a considerable degree of finality.

It is with respect to the point which I have read that I would like particularly to address my remarks. We are all concerned, of course, with the fact that there are excessive delays and very burdensome workloads in the Commissions. These are created in part at the top level—the Commission or the board level—and in part at the staff level. The answer at the staff level is to provide more staff and more appropriations to the extent that appropriate committees of Congress think necessary. But the problem with which the reorganization plan deals is the excessive delay and workload at the Commission level.

I concede at the outset that there is merit to the approach taken by the plan. I know of no other way to reduce a workload at the Commission level except to permit the Commission in some way to delegate some part of its work.

But this is the point at which I took issue with the reorganization plan. I should like now to say a word about the impact of this plan upon the Securities and Exchange Commission. The plan would do two things. First of all, it would authorize the Commission to delegate any of its functions, without restriction, to subordinates—hearing examiners, individual employees, or groups of employees. Secondly, it would limit review of the acts of the employees to whom the Commission would delegate its functions. Thus it would vest in hearing examiners or other employees a finality of decision which they do not now have. In the Securities and Exchange Commission this question is particularly important, because under its current practice hearing examiners have never had the power of initial decision. I should like to read from a letter which is printed on the third page of the committee report, which I think is revealing:

This agency has never used the procedure of initial decisions by hearing examiners. Our hearing examiners make only recommended decisions. The full membership of the Commission participates in the final findings and opinion in every case adjudicated by this agency, except, of course, for occasional nonparticipation by an individual Commissioner because of absence, illness, or personal disqualification. The answer to your question as to our present practice with respect to review of adjudicated cases by the full Commission is, therefore, that we have no such practice. This Commission does not review any decisions made initially at lower levels. It makes the decisions initially and finally at full Commission level in all adjudicatory cases.

What we have, then, is the situation that at the present time the full Commission makes all initial decisions and all final decisions in all adjudicatory matters. Under the proposed plan the Commission could delegate all these functions to hearing examiners, who do not now exercise them, and give a degree of finality to the decisions of these hearing examiners which they do not now have, because the practice does not now obtain in the work of the Commission.

I should like to refer to some of the testimony by the Commission, and in



that regard I refer to an expert. I have pointed out that my activities in the security market are negligible. Therefore I am not an expert. However, I refer to the testimony of Mr. G. Keith Funston, president of the New York Stock Exchange, to give the Senate some idea of the importance of the matters which are involved. I quote from his testimony:

The Securities Exchange Act of 1934 gives the Securities and Exchange Commission very broad rulemaking power. Rulemaking power is, in the eyes of the laymen, the power to legislate. As we read Reorganization Plan No. 1, the Securities and Exchange Commission could delegate its rulemaking power to a commissioner, to an employee, or to an employee board. Under its rulemaking authority, the Securities and Exchange Commission—

I emphasize the full Commission—

has adopted sound and reasonable minimum capital requirements which apply to more than 6,000 broker-dealers. A revision of these requirements could seriously restrict the ability of broker-dealers—and even the entire securities industry—to continue to serve the investing public effectively.

The Commission has other vast powers. Under section 19 of the 1934 act the Commission has power to suspend or withdraw the registration of an exchange, to suspend trading in securities, and to revise the rules of exchange in many important areas. Furthermore, section 15(b) of the 1934 act gives the Commission power to put a broker-dealer out of business by revoking his registration.

In our view the Commission should not be permitted to delegate to anyone its legislative powers or its life-and-death authority over so important a segment of our economy.

I believe that testimony is significant in suggesting the importance of the matters which are involved.

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

Mr. MUSKIE. I am glad to yield.

Mr. SYMINGTON. Do I understand from the able Senator's reading of the testimony of Mr. Funston that under the reorganization plan the Securities and Exchange Commission could delegate to any employee regardless of his position such power as to suspend or withdraw registration or suspend trading in securities?

Mr. MUSKIE. I can answer that question best, if I may, by reading the provision of the plan itself. Section 1 of the plan provides:

Section 1. Authority to delegate.—(a) In addition to its existing authority, the Securities and Exchange Commission, hereinafter referred to as the "Commission," shall have the authority to delegate, by published order or rule, any of its functions to a division of the Commission, an individual Commissioner, a hearing examiner, or an employee or employee board, including functions with respect to hearing, determining, ordering, certifying, reporting or otherwise acting as to any work, business, or matter.

Mr. SYMINGTON. Then the impression of the able Senator from Maine would be the same as mine, that the Commission could delegate to any employee regardless of his position any authority in this field if it decided to do it.

Mr. MUSKIE. I agree with the Senator from Missouri. That is not to suggest that the Commission would indeed do so. I wish to read into the RECORD

some of the testimony by the Commission on this point. However, the power would be there if the plan were adopted.

Mr. SYMINGTON. I thank the Senator.

Mr. MUSKIE. Returning to the testimony of Mr. Funston, let me emphasize once more that these functions which Mr. Funston describes are not now exercised by anyone in the Commission other than the Commission itself.

The question next arises whether or not it is the function of the Commission to delegate powers of this importance to hearing examiners or other employees. The chairman of the Commission made it very clear that it was not his intention to delegate powers of this importance to hearing examiners or other employees. The chairman of the Commission made it very clear that it was not his intention to so delegate. Let me read, if I may, from his testimony. He says:

Further, I would like to go to the general areas in which we do not contemplate delegation. Mr. Funston was quite correct this morning in indicating what I previously have stated, and I now reaffirm, that we do not plan a delegation of our general rulemaking.

Then we have a letter dated June 7, 1961, written by the general counsel for the Commission, Mr. Walter P. North, to the Senate Committee on Government Operations, in which the following paragraph appears:

I am sure I need not add that the foregoing is merely a statement of our understanding of what we could do under the plan. It is not to be taken as an indication that this Commission would resort to any such broad delegation of its adjudicatory functions. In fact, I believe our chairman has indicated in testifying before committees, both in the Senate and in the House of Representatives, that our present tentative thinking is that we would at most delegate adjudicatory functions in uncontested or relatively routine cases.

Let me then make these points. First of all I suggest that the testimony which I have read indicates it would be undesirable to permit the Commission to delegate broad powers of this nature to employees and, I might say, who were not employed to exercise functions of this importance. They were selected and they were evaluated and they were appointed on the basis of responsibilities and duties of a far lower level of importance than those which we are discussing here.

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

Mr. MUSKIE. I am happy to yield.

Mr. LAUSCHE. Is it not a fact that when these subordinate employees were chosen, they were chosen with the knowledge that ultimate decisions would not be reposed in them, but that the final judgment would have to be rendered by the Commissioners appointed by the President and confirmed by the Senate?

Mr. MUSKIE. As a matter of fact, the point could be made even more strongly, because when they were appointed they did not have the power even of initial decision, and they had only the power to recommend decisions in those

matters which were delegated to them. The Commission itself by its disclaimer of any intention to use such broad powers indicates its awareness of the undesirability of such broad delegation.

The question then arises, if nobody seems to be for this kind of general delegation, Why does the plan provide for it? The answer that is given on this point is not very satisfactory. This is the testimony appearing on this point given by the Chairman of the Commission, Mr. William L. Cary.

In this connection, however, for this plan to be amended to exclude general rulemaking poses a substantial problem in my opinion because of the fact that the word "rulemaking" is so broadly defined in the Administrative Procedure Act. As a consequence, it is very difficult to draw a line and isolate out general rulemaking, the broad rulemaking, in distinction to that type of rule which concerns agency housekeeping, such as the number of copies of a registration statement, but which is considered rulemaking under section 2 of the Administrative Procedure Act.

I do not know about the ingenuity of the persons who draft these provisions for the Securities and Exchange Commission, but I have been exposed to the ingenuity of Senators and Senate committees, and I suggest, with some degree of authority, that it is possible to draw this kind of line. Indeed, I should like to refer to another statement by the Chairman, which indicates that he himself has found it possible to draw such a line. From his prepared statement, submitted at the hearing of the Subcommittee on Securities of the Committee on Banking and Currency, I quote:

On the basis of our study to date, I would place at least the following items in the category of nondelegable responsibilities:

1. The general rulemaking powers of the Commission under the acts which it administers. Under these statutes the Commission has the power to promulgate rules of general applicability which serve to implement or interpret the acts it administers. As these rules involve basic policy considerations and are applicable in a general manner, it would not be advisable, and the Commission does not intend, to delegate its rulemaking power relative to policy matters.

Mr. President, let me suggest to the Senate that the Chairman himself, in these words, has indicated that it is possible to make a distinction between the general rulemaking power and more specific powers.

Let me refer to another portion of his statement:

As I have stated, it is not the Commission's intention to delegate its general rulemaking powers. In some cases, however, it may be appropriate to delegate to a Commissioner or a staff member the authority to issue rules in limited areas which do not deal with the basic policies of the acts. I might cite as an example the mechanical requirements dealing with registration statements, e.g., the number of copies to be filed. Examples of existing rules which might have been delegated include the following—

Then he lists rules requiring marked copies of amendments to proxy material and registration statements; rules dealing with the number of copies, binding, paper, and printing of registration statements; rules dealing generally with the mechanical requirements for forms filed

under the Securities Exchange Act; rules concerning the formal requirements of registration statements or reports filed under the Investment Company Act.

The Chairman has done very well, it seems to me, and with considerable specificity, in stating what he believes could not be done, namely, to make a delineation between general broad powers, which almost everyone agrees ought not to be delegated by the Commission, and those more formal, less important powers, which almost everyone agrees probably should be delegated. So what the proponents of the plan seek to do, what they urge as the extent of their objective, can be done. Unfortunately, it cannot be done in a reorganization plan. We must vote it up or down. We cannot modify it. We cannot work on its details. But this is not a question of such urgency that we ought to allow ourselves to become a party to this kind of legislation, and this is legislation. The Commissions have been dealing with the problem of delay and overwork for a long time, and I feel certain that they could continue to do so for a while longer.

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

Mr. MUSKIE. I yield.

Mr. LAUSCHE. It seems to me on the basis of what the head of the Commission stated, that he divided into two classes the functions of the Commission: That is, that the judicial, discretionary functions cannot be delegated; the mechanical and ministerial duties, which require no judgment and no discretion, can be delegated.

The position of the Senator from Maine is that in order to facilitate the disposition of the business there ought to be a delegation of powers, but that delegation ought not to center in the judicial and discretionary functions of the Commission, which are so important to the stock- and bond-buying people of the United States.

Mr. MUSKIE. I would make one qualification concerning the Senator's statement. Perhaps even in the adjudicatory field some routine matters might be delegated, if they were delegated in accordance with standards that were very carefully drawn. I would not object to that. But we are dealing here with larger organic statutes which are involved in the Securities and Exchange Commission, and certainly our committees did not have the opportunity or the time to evaluate the impact upon those statutes and the rights of the people affected by them under this reorganization plan. This formula for relieving the workload of the commissions was devised—and I see nothing objectionable in the overall purpose—and applied with almost no variation to five, and I think perhaps seven, commissions or boards at this time.

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

Mr. McCLELLAN. Mr. President, I yield the Senator from Maine as much additional time as he may desire.

Mr. MUSKIE. Mr. President, I think that what is needed—and I am sure

that everyone who concerns himself with the plan knows it is needed—is to have these proposals presented before committees which can give the appropriate time and study, with the necessary authority on their own part to modify the plans and to present them to the Senate. This is an objective which can be met. It is an objective which ought to be met. I am sure it is an objective that will be met if it is handled properly and referred to the appropriate committees to be handled as a legislative matter.

Since these questions have not been presented on the floor, to the best of my knowledge, I think I ought to call the attention of the Senate to some questions which were raised in the committee report concerning this plan. These are questions which the Senate ought to answer before it votes on the plan. The questions were raised at the hearings, and they ought to be raised before the Senate.

First, is it proper or desirable to delegate the exercise of the rulemaking adjudicatory functions to subordinates of a staff without providing for mandatory review of their determinations by the full agency? On this question, I make this additional comment: No one on the committees has had an opportunity to evaluate the performance of hearing examiners. Has their performance been such as to merit the confidence of Congress in handling responsibilities of this seriousness? As I pointed out earlier, when the examiners were appointed, they were not appointed to discharge such responsibilities. Congress has not really had an opportunity to evaluate their performance. I believe we ought to have such an opportunity before we act upon a proposal of this seriousness.

The second question: Would the delegation to subordinates result in policy being made by the staff instead of by the legally constituted agency?

Another question: Since the proposed delegation can result in final determinations by members of the staff, whose nominations are not subject to Senate confirmation, and who are not responsive to the public, is this a proper or desirable practice?

The next question is: By permitting only discretionary review before the full Commission, is a litigant being deprived of a substantive right?

Another question: If the present review procedures are altered, or if final determination may be made by a subordinate, will it not be more time consuming for the Commission—and we are talking about time—to have to make a determination as to whether the matter should be reviewed, and then to proceed to review it, than to leave the final decision in the Commission, where it now is?

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

Mr. MUSKIE. I yield.

Mr. JAVITS. Mr. President, if necessary, I shall be glad to yield some time to the Senator from Maine.

I have been very much heartened by the Senator's feeling that this plan should be disapproved. He is on the side

of the administration; he would naturally be inclined to favor the administration.

I really had no desire, myself, in submitting the resolution and undertaking the questioning before the committee, to interfere in any way with what would be the most efficient practice. It was an important confirmation to me that he was trying to arrive at some objective judgment when the Senator indicated he was persuaded by what he heard in response to one of the questions asked. What worried me from the very inception—perhaps it is based upon the fact that I have had so much experience as a practicing lawyer in this field, long before I became a Senator or was in public life at all—was the staff question.

I have the feeling that in view of the tremendous sweep of the authority given to the Commission which could thus be delegated and in view of the operations of the SEC—which are so heavily dependent on the functioning of each staff member; and when, as Senators know, the staff is dealing with the regulation of private businesses, not with the issuance of a license by a Government agency, as in the case of the FCC or similar agencies; and when the least breath of concern or suspicion could be disastrous to such an economic situation; and when the staff alone could ruin a private organization or group, merely by calling for additional hearings, and so forth, with the result that the private organization or group concerned would be "licked," because it could not proceed within the time the market would require—we should therefore, at the least, retain in the SEC the rule-making power. In fact, I thought the final straw was the request that the SEC be given the authority to delegate that power. I wonder whether that may have had a strong effect on the position taken by the Senator from Maine.

Mr. MUSKIE. Indeed so; and I feel much more strongly about the plan in regard to the SEC than I do about some of the other plans.

Furthermore, one of the reasons why I oppose this plan, and why I may oppose the others, is that I want to see this administration succeed, and I want to see this administration approved, and I want all actions taken by the agencies for which it is responsible to be soundly based. So, Mr. President, if the friends of this administration cannot protect its interest in this respect, I do not know who will do it.

Other questions which were raised at the hearings should be called to the attention of the Senate; and I put them into the RECORD, not because all Senators will have an opportunity to read them before they vote on this plan, but in order that they may have an opportunity to read them before they vote on the others.

Another question is as follows:

Would the vesting of authority in the Chairman to determine the specific personnel who would perform the function authorized to be delegated (under sec. 1 of the plan) vest undue power and authority in the Chairman?



This is an aspect of the plan which I have not discussed this afternoon, and I shall not now take the time of the Senate to discuss it, because it is not of as much concern to me.

Then, Mr. President, one final question:

Can either procedural or substantive rights, which are established by statute, be altered or eliminated by a reorganization plan?

Mr. President, that is my case. I really did not make it for the purpose of trying to persuade anyone else that my position is the correct one. Instead, I made this presentation because, as a member of these two committees, I feel that I have some obligation to make my position clear. Even so, I would not have done so if I had not felt so strongly that what is now proposed would be the wrong thing to do.

Mr. President, I yield the floor.

Mr. BUSH. Mr. President, I yield myself 1 minute.

The PRESIDING OFFICER (Mr. HART in the chair). The Senator from Connecticut is recognized for 1 minute.

Mr. BUSH. Mr. President, I am glad to be able to state that I have followed the argument which the distinguished Senator from New York [Mr. JAVITS] has made in regard to this matter, both here on the floor and throughout the hearings; and I believe that one has only to examine the hearings in order to realize that his incisive questioning has brought out some of the weaknesses of this reorganization plan.

We are fortunate in having one such as the Senator from New York, himself an able lawyer who understands the problems of finance and, particularly, the problems of securities and stock exchanges, serve on the committee and be in a position to give leadership and understanding to all of us in connection with a plan such as this one. I believe that the argument he has made here today is most persuasive, and I am happy to support the position he takes.

Mr. McCLELLAN. Mr. President, how much time remains available to those in opposition?

The PRESIDING OFFICER (Mr. THURMOND in the chair). The Senator from Arkansas has 235 minutes remaining under his control.

Mr. McCLELLAN. Mr. President, in view of the fact that ample time remains available, I now suggest the absence of a quorum.

The PRESIDING OFFICER. Is it understood that the time required for the quorum will be charged equally to both sides?

Mr. McCLELLAN. Yes.

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

The absence of a quorum has been suggested; and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. McCLELLAN. Mr. President, I ask unanimous consent that further proceedings under the quorum call be dispensed with.

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

Mr. McCLELLAN. Mr. President, I yield to the Senator from Minnesota such time as he may desire.

The PRESIDING OFFICER. The Senator from Minnesota.

Mr. HUMPHREY. Mr. President, I shall take very little time. I realize that in the discussion of the reorganization plan most of the time has been used by Members of the Senate who are in opposition to the plan and in support of the resolution of disapproval. I would caution my colleagues to remember that in the other body a considerable discussion of this plan took place and that the effort to register disapproval was defeated. This occurred despite the fact that on the Federal Communications Commission plan for reorganization, the resolution of disapproval was overwhelmingly, in that instance, accepted and approved.

The burden of the argument in reference to opposition, at least on one point, is the delegation of the rulemaking authority, and, of course, the delegation of authority to the examiner to make decisions, of course, subject to the review of the full commission.

The argument, as expounded in support of the measure, is that the reorganization plan runs along the traditional lines of other reorganization proposals.

This is the plan as I see it, and I do not claim to be an expert in it. I have reviewed the testimony very briefly. I have read the RECORD in reference to the argument in the other body. I have that RECORD before me. I have noticed that one of the most persuasive arguments which was given emphasized the fact that the plan did not trespass upon the prerogatives or in any way on the policies which have been enunciated, promulgated, and passed by the Congress.

In fact, the reorganization pattern for this particular proposal is very much along the lines of ones which have taken place in regard to other regulatory agencies.

The main point which I am sure bothers Senators is that the rulemaking power might be abused. That theoretically is a possibility. I am sure this has been gone into in detail. I gather from the testimony that the members of the Commission made it quite clear they had no intention of exercising that authority.

Under the terms of many reorganization proposals we have had, such as the Hoover Commission reports, and some of the principles enunciated in those reports, the delegation of rulemaking authority has been subscribed to.

Frankly, I think the administration would have been wiser if it had consulted a little more carefully with some of the legislative committees of the respective Houses. I wish it had. I do not believe there is anything in the plan which will be injurious to the public interest. In fact, I think it will be helpful for the public interest. It will surely improve the administration of the regulatory agency and it ought to expedite the work.

One of the complaints on regulation is the long delay which takes place in the regulatory bodies. One of the efforts being made in the reorganization program is to expedite action without at the same time losing the right of review and of

appeal, and the final authority of the Commissioners themselves to review actions of their subordinates.

There is not a Senator present who has not had constituents come to him and urge that something be done in one of the regulatory bodies. The constituent does not necessarily ask, "Get a decision my way." What the constituent asks is, "Please get a decision. Get a 'yes' or a 'no.' Get a denial or an affirmation, but please get some action."

Apparently that is one of the compelling reasons for the effort being made in the reorganization program in regard to the Securities and Exchange Commission, as well as with regard to other agencies.

Mr. President, I hope the Senate will support the administration in this effort. Congress always has the power to alter any authority of any regulatory agency. If authority is abused, Congress can take corrective action. I am sure there is no evidence there will be any abuse.

My final thought on this proposal is that the testimony on behalf of the administration for Reorganization Plan No. 1 indicates that under the proposal of reorganization the work of the Securities and Exchange Commission can be expedited, the public interest can be furthered, and the administration of the regulatory commission will be improved. I hope the Senate will reject the resolution of disapproval.

Mr. JAVITS. Mr. President, I yield myself 10 minutes.

The PRESIDING OFFICER (Mr. MUSKIE in the chair). The Senator from New York is recognized for 10 minutes.

Mr. JAVITS. Mr. President, we come now to the point of summing up the arguments made. I shall endeavor to do exactly that.

I wish to pay my respect to and express my appreciation to, first the chairman of the committee for the fair and very proper way in which he allowed all points of view to be developed and the way in which he guided the committee in its final judgment as to what ought to be done in the matter, as well as the fine and gracious way in which he handled the debate.

I express appreciation to my colleague from Maine, who looked into the problem and convinced himself, and therefore was all the more stalwart a supporter of the idea, which I feel is a sound one, that the reorganization plan is unacceptable.

I express appreciation to my colleagues from Ohio and from Florida who spoke on the resolution. I certainly appreciate their views.

I also express appreciation to my distinguished colleague from Connecticut, who has been so gracious in his references to the examination which took place, which forms the basis for the RECORD.

Finally, I would like to express my appreciation to my distinguished colleague, the senior Senator from Indiana [Mr. CAPEHART], who stepped aside and permitted me to be principal sponsor of this resolution, for his unfailing support.

Mr. President, one thing is very clear. It is that the Congress has a duty to decide whether it will allow an agency to

delegate a certain type of authority. This is a matter of judgment for the Congress.

Though one knows that men have volition, often men may wish to divest themselves of a tough problem on which they have volition. The authority which gives them that power may feel it wishes them to wrestle with the problem until they come to a conclusion. On that it seems to me the main sticking point is the rule-making power which we are asked to allow the Commission to delegate. This has been referred to a number of times. The Commission itself has very grave doubts as to whether it ought to delegate more than a very small part of the rule-making power.

As the Senator from Maine [Mr. MUSKIE] noted, the Chairman of the Commission himself, as is shown on page 31 of the record of the hearing before the Committee on Banking and Currency, spelled out the kinds of relatively minor things in regard to rulemaking which the Commission would think of delegating.

Mr. President, it seems to me that when there is so great a question, with so much concern about the authority to delegate, which is such a critical power, the proposal can hardly be saved, in terms of our view that we should not allow the Commission to delegate, by the relatively minor matters upon which the Commission may choose to exercise authority now. It may choose to exercise authority with reference to minor matters today and it may choose to exercise authority with reference to major matters tomorrow. The fact that the Commission absorbs the work on a few minor matters, it seems to me, is far the lesser of the two difficulties, when it is compared to giving authority which might very well work adversely to the public interest if overly exercised.

Mr. President, upon that point alone, upon the right to delegate rulemaking power, it seems to me we should defeat the reorganization plan.

Secondly and very importantly, it seems to me, also, is that we would fortify the powers of the staff. That is the whole direction of the reorganization plan, because it would deny the right to a review by the Commission as a right and put it only on the basis of a review which is granted by one less than a majority of the Commission. If we permit the right to delegate rulemaking power we strengthen the hands of the staff. The whole idea the Commission had, in desiring to delegate authority in noncontroversial matters, of which it has cataloged quite a few, is to make the staff do more and the Commission do less.

Theoretically at least—and this is certainly not anything to be ashamed of—this is an effort to make it possible for the Commission to concentrate upon policy and high level determinations.

Mr. President, one can be completely sympathetic with that point of view, provided there is retained in the Commission the ultimate authority to correct situations and provided the Commission has the basic authority and exercises the basic authority to lay out the course of action of the whole Commission, as well as the various authorities of its em-

ployees. This the Commission would give up if it were given the power and the authority to delegate the rulemaking power.

It seems to me this is the essence of why, in this situation, we should turn down the plan.

Further, Mr. President, let us understand, as we developed a minute ago in the colloquy, that the Securities and Exchange Commission is uniquely an agency which regulates private business. Private business, and especially the securities business, is a sensitive area, and it is possible to inflict great injustice even without intending to do so and even without any fundamental decision or determination from which an appeal might be taken to the Commission.

So, as we would fortify the staff and give the staff more responsibility, I feel that we must retain the residual authority in the Commission itself, and that residual authority is the total of the rulemaking power.

One of the former Commissioners made a very interesting point in respect to the work of the Commission as bearing upon the subject which we are now discussing. I believe he probably struck the proper note upon which to conclude. Ralph H. Demmler, former Chairman of the Securities and Exchange Commission over the years 1953 to 1955, was asked by Dean Landis what he thought about the idea of the reorganization of the SEC. His letter, which is addressed to James M. Landis, is found on page 33 of the hearing before the subcommittee of the Committee on Banking and Currency. What he had to say was very interesting. He said:

Under existing practices, the members of the Commission have too many matters to pass upon personally.

Mr. Demmler then proceeded to develop that point. He said that the Commission must meet every day, on most days for an aggregate of 5 hours, and he said that many things passed on by the Commission could just as well be disposed of by the staff. He gave some examples. He concluded:

When a conscientious Commissioner is multiplied by five, the time consumed by the superstaff function gets out of hand.

These were difficulties. These were impediments slowing up the work of the Commission. Mr. Demmler concluded in his last sentence as follows:

I think, however, that a study of the subject, followed if necessary by a few statutory amendments (possibly provision for rule-making power with respect to delegation of authority) could work wonders.

In short, even Mr. Demmler, a former Chairman of the Commission, recognized the fundamental power vested in the hands of the Commission, the use of which power could help it with its work, provided the Commission retained the ultimate rulemaking authority.

I point out also that among those who opposed the reorganization plan before the committee were the president of the New York Stock Exchange, the president of the Boston Stock Exchange, and the president of the American Stock Exchange, Edward T. McCormick, himself a former commissioner of the SEC.

There are some things that should be done about the SEC, especially the right to delegate some of the functions which Mr. Demmler called superstaff functions. Professor Cary, the new Chairman of the Commission, described the functions of the Commission in that manner also. But such changes should not go to the extent of giving the Commission the power to delegate the core of its authority, which is its rulemaking power.

In that respect, and quite apart from grave doubts as to the machinery for appeals and other provisions of the plan, I believe the plan is fatally defective, and I hope very much, therefore, that the Senate may see fit to reject it.

I point out that whatever we may do about the plan, the administration can submit another plan more properly tailored to meet the situation, as indicated by the views which I believe have been specifically expressed. Also we ourselves can initiate legislation. Such action has been taken many times. We can tailor-make the type of reorganization authority which is needed for the SEC. The proposed reorganization plan is altogether too sweeping. The Commission would receive altogether too much power to delegate authority, far more than is good for the Commission, the security business, or the country.

I hope very much that the Senate will see fit to give the administration, now that it has had this attritional process of finding out what ought to be done, an opportunity to submit another plan immediately.

Mr. THURMOND. Mr. President, will the Senator for Arkansas yield to me?

Mr. McCLELLAN. I yield 10 minutes to the Senator from South Carolina.

Mr. THURMOND. I rise in opposition to the Reorganization Plan No. 1 of 1961, which provides for reorganization of the Securities and Exchange Commission.

There are various reasons why I feel that the plan should be defeated. However, I think the three reasons mentioned by the Committee on Government Operations in its report to the Senate are alone sufficient. These reasons are as follows:

First, the plan would authorize the delegation by the Commission of many of its functions to subordinates. In my judgment, that would be a very dangerous authorization and goes entirely too far.

Second, the plan would provide for only a discretionary right of review, which, if denied, would result in the action of the subordinate being final. I believe that reason speaks for itself and needs no further elaboration.

Third, the plan would vest in the Chairman of the Commission authority to choose the individuals who would exercise the delegated power. I believe that authority is too much power for the Chairman, and I am not too sure that a Chairman of the Commission would even want that much power. But if he did, the Congress should not allow him to have that much power. It seems to me Congress can consider the desire for necessary reorganization in its de-



liberations, and properly arrive at such changes as may be desirable or essential without adopting a plan of the kind proposed, which, in my judgment, would go entirely too far and would delegate entirely too much power.

I am opposed to the plan, and hope that the Senate will see fit to defeat it.

I thank my distinguished friend from Arkansas. I yield back the remainder of my time.

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

Mr. DIRKSEN. Mr. President, I yield 2 minutes to the distinguished majority leader.

Mr. MANSFIELD. Mr. President, Reorganization Plan No. 1 of 1961, providing for the reorganization of the Securities and Exchange Commission, has been considered by the Government Operations Committee under the distinguished chairmanship of the Senator from Arkansas [Mr. McCLELLAN] and also by the Banking and Currency Committee.

The proposal was sent to Congress by the administration for the purpose of streamlining and making more effective the administration of the SEC.

I hope that, while there was no clear-cut approval expressed by the committees which considered the matter, particularly the Government Operations Committee, nevertheless the fact that it was reported by a vote of 4 to 2 will be taken into consideration and that the objectives and the provisions of Plan No. 1 will be considered when the time comes for voting on the proposal.

I hope, therefore, that after the membership of the Senate has had an opportunity to understand the effect of plan No. 1 on the operation of the Securities and Exchange Commission, and after they have had an opportunity to understand how it would streamline and make more effective the Securities and Exchange Commission they will see fit to give the administration's proposal their approval or, if they have any doubts, to give the benefit of those doubts to the administration, so that the matter may be resolved and the reorganization plan approved.

Mr. McCLELLAN. I have no further request for time on this side. Does the Senator from Illinois have any request for time on his side?

Mr. DIRKSEN. No. I am prepared to yield back the remainder of my time.

Mr. McCLELLAN. I yield back the balance of my time.

The PRESIDING OFFICER. All time has been yielded back. The yeas and nays have been ordered.

Mr. DIRKSEN. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. DIRKSEN. The language of the resolution is that the Senate does not

favor Reorganization Plan No. 1 of 1961. Therefore, a "yea" vote would be a vote to reject the plan. Is that correct?

The PRESIDING OFFICER. The Senator from Illinois is correct. The yeas and nays have been ordered, and the clerk will call the roll.

Mr. HUMPHREY. I announce that the Senator from New Mexico [Mr. ANDERSON], the Senator from Alaska [Mr. GRUENING], the Senator from Oregon [Mr. MORSE], the Senator from Oregon [Mrs. NEUBERGER], the Senator from Utah [Mr. MOSS], the Senator from Mississippi [Mr. STENNIS], and the Senator from Texas [Mr. YARBOROUGH] are absent on official business.

I also announce that the Senator from New Mexico [Mr. CHAVEZ] is absent because of illness.

I further announce that, if present and voting, the Senator from New Mexico [Mr. CHAVEZ], the Senator from Oregon [Mrs. NEUBERGER], and the Senator from Alaska [Mr. GRUENING] would each vote "nay."

Mr. KUCHEL. I announce that the Senator from New Jersey [Mr. CASE] is necessarily absent.

The Senator from Wisconsin [Mr. WILEY] is absent on official business.

If present and voting, the Senator from New Jersey [Mr. CASE] would vote "yea."

The result was announced—yeas 52, nays 38, as follows:

[No. 82]

YEAS—52

Alken	Dworshak	Morton
Allott	Ellender	Mundt
Bartlett	Ervin	Muskie
Beall	Fong	Prouty
Bennett	Goldwater	Robertson
Boggs	Hickenlooper	Saltonstall
Bridges	Hickey	Schoepel
Bush	Holland	Scott
Butler	Hruska	Smathers
Byrd, Va.	Javits	Smith, Maine
Capehart	Jordan	Symington
Carlson	Keating	Thurmond
Case, S. Dak.	Kuchel	Tower
Cooper	Lausche	Williams, N.J.
Cotton	Long, Mo.	Williams, Del.
Curtis	Long, La.	Young, N. Dak.
Dirksen	McClellan	
Dodd	Miller	

NAYS—38

Bible	Hartke	McNamara
Burdick	Hayden	Metcalf
Byrd, W. Va.	Hill	Monroney
Cannon	Humphrey	Pastore
Carroll	Jackson	Pell
Church	Johnston	Proxmire
Clark	Kefauver	Randolph
Douglas	Kerr	Russell
Eastland	Long, Hawaii	Smith, Mass.
Engle	Magnuson	Sparkman
Fulbright	Mansfield	Talmadge
Gore	McCarthy	Young, Ohio
Hart	McGee	

NOT VOTING—10

Anderson	Morse	Wiley
Case, N. J.	Moss	Yarborough
Chavez	Neuberger	
Gruening	Stennis	

So the resolution (S. Res. 148) was agreed to, as follows:

Resolved, That the Senate does not favor the Reorganization Plan Numbered 1 of 1961 transmitted to Congress by the President on April 27, 1961.

#### EXTENSION OF SPECIAL MILK PROGRAM

Mr. MANSFIELD. Mr. President, I move that the Senate proceed to the

consideration of Calendar 411, Senate bill 146, to extend and increase the special milk program for children.

The motion was agreed to; and the Senate proceeded to consider the bill.

Mr. PROXMIRE. Mr. President, I ask unanimous consent that an explanation of the bill be printed at this point in the RECORD.

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

This bill extends the special milk program for children 1 year until June 30, 1962; and authorizes the expenditure of \$105 million of Commodity Credit Corporation funds to carry out the program for that year. No report has been received from the Department of Agriculture on this bill, since its provisions are included in S. 1643, the administration farm bill, and it, therefore, clearly has the Department's approval.

In his message of March 16, the President recommended extension and improvement of the program as follows:

"To improve further our system of distribution I recommend—

"2. Extension and improvement of the special school milk program. Existing authorization for this program expires June 30. No lapse should be permitted."

Since the present authority expires June 30, passage of the bill is urgent if a lapse is to be prevented.

The program has been in effect since 1954. Under the program the Department reimburses schools participating in the school lunch program at the rate of 4 cents per half pint in excess of the half pint provided in the lunch; reimburses other schools at the rate of 3 cents per half pint; and reimburses other child care institutions 2 cents per half pint. In the fiscal year just ending it is estimated that about 85,500 schools and other institutions are participating in the program, and reimbursements will total \$85,200,000 covering 2.5 billion half pints.

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. 146) was ordered to be engrossed for a third reading, 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 the first sentence of the Act entitled "An Act to continue the special milk program for children in the interest of improved nutrition by fostering the consumption of fluid milk in the schools", approved July 1, 1958, as amended (7 U.S.C., sec. 1446 note), is amended by inserting immediately after "\$95,000,000," the following: "and for the fiscal year beginning July 1, 1961, not to exceed \$105,000,000."*

#### DR. TUNG HUI LIN

Mr. DIRKSEN. Mr. President, I ask that the Chair lay before the Senate the amendments of the House of Representatives to Senate bill 1343.

The PRESIDING OFFICER (Mr. METCALF in the chair) laid before the Senate the amendments of the House of Representatives to the bill (S. 1343) for the relief of Dr. Tung Hui Lin, which were, in line 6, strike out "November 27, 1952," and insert "November 25, 1959," and in line 7, strike out "head tax" and insert "visa fee".

Mr. DIRKSEN. Mr. President, the only change the House amendments make in the bill is in regard to the date when the status of the immigrant will become effective.

I move that the Senate concur in the amendments of the House of Representatives.

The motion was agreed to.

#### EXTENSION OF EXISTING CORPORATE NORMAL AND EXCISE TAX RATES

Mr. MANSFIELD. Mr. President, I move that the Senate proceed to the consideration of House bill 7446, to provide a 1-year extension of the existing corporate normal tax rate and of certain excise tax rates.

The motion was agreed to; and the Senate proceeded to consider the bill.

#### LEGISLATIVE PROGRAM

Mr. DIRKSEN. Mr. President, I should like to ask the distinguished majority leader about the program for the remainder of the day and the program for tomorrow.

Mr. MANSFIELD. Mr. President, there will be some debate after the senior Senator from Virginia [Mr. BYRD] makes the opening statement on House bill 7446, which has to do with extension of the existing corporate normal tax rate and of certain excise tax rates. It is not anticipated that a vote will be taken on that measure tonight; but on tomorrow the Senate will resume the consideration of that bill at the conclusion of the morning business, and at that time the Senator from Kansas will have an opportunity to submit his remarks.

Mr. CARLSON. Mr. President, do I correctly understand that no final vote will be taken on that bill until after the completion of the debate tomorrow?

Mr. MANSFIELD. That is correct.

It is hoped that following the consideration of that measure, the Senate will proceed to the consideration of Calendar No. 400, House bill 6027, to improve the benefits under the old-age, survivors, and disability insurance program; and that following that we shall be able to take up the water-pollution-control bill.

Mr. DIRKSEN. I have received a great many inquiries in regard to what is likely to be the program during the 4th of July period. I have not conferred about that with the majority leader, but I wonder whether he has reached some conclusions which he would like to disclose to the Senate.

Mr. MANSFIELD. I wish I had some definite conclusions, because in this case I know what is in the mind of every Senator.

However, I hope that if the Senate proceeds with a reasonable degree of efficiency, it may be able to go over from Thursday of next week to the following Monday. In that event, on that day there would be only a pro forma session, but not votes; and that then the Senate would go over from Monday, over the 4th of July, to Wednesday, July 5. That would give the Members 4 or 5 days. Tentatively, that is the best I can say

at this time. But I am sure that even that is not too hard for Senators to swallow.

Mr. DIRKSEN. The majority leader has been indeed generous and most gracious in seeking to accommodate all Members of the Senate; and I proclaim my thanks to him for the gentle cooperation with which he has met all these requests from time to time. I think he deserves the plaudits and thanks of the Senate.

Mr. MANSFIELD. Mr. President, I am deeply appreciative of what the distinguished minority leader has just now said; but I call the attention of the Senate to the fact that this is a two-way operation, and that no one could be more cooperative, more understanding, or more tolerant than my colleague, the distinguished Senator whose seat is across the aisle from mine.

Mr. DIRKSEN. I thank my friend.

#### RECOMMENDATION OF LEGISLATION TO PROHIBIT NEGOTIATIONS WITH CASTRO OTHER THAN THOSE LEADING TO RETURN OF AMERICAN CITIZENS NOW HELD PRISONERS

Mr. CASE of South Dakota. Mr. President, I have received a resolution adopted by the American Legion, Department of South Dakota, which held its convention on June 16. The resolution is relative to the so-called Committee for Tractors for Freedom in exchange for certain prisoners. The resolution urges the Congress to enact such legislation as may be necessary to prohibit negotiations with Castro other than those which lead to the immediate return of all American citizens now held prisoners by Castro and those now held prisoners by any Communist government. I ask unanimous consent that the resolution, as adopted by the American Legion, Department of South Dakota, be printed at this point in the RECORD.

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

Whereas the American Legion, Department of South Dakota, convened in convention the 16th day of June 1961, has learned of and is aware of the activities of the Committee for Tractors for Freedom in exchange for certain undesignated persons most of whom are not citizens of the United States of America; and

Whereas it appears to the American Legion, Department of South Dakota, that such action on the part of said committee only tends to weaken the position of the United States in the world picture of international relations; and

Whereas it is obvious from the very recent negotiations that Castro is using Communist tactics of not abiding by his demands but upon our acceding to even a portion thereof, his demands become greater as time goes on, and it becomes obvious that he is not going to abide by any of his commitments whether it be in this phase or any other phase of international relations; and

Whereas it appears to us that compromising with Castro is degrading to the United States of America and is only another means of lowering our international prestige; Now, therefore,

We, of the American Legion of the Department of South Dakota, in convention convened in Watertown, S. Dak., this 16th day of June 1961, do urge the Congress of the United States to enact such legislation as necessary to prohibit negotiations with Castro other than those which lead to the immediate return of all American citizens who are now held prisoners by Castro together with those now being held as prisoners by any Communist government including that of Red China and that we use such means and force as is necessary to accomplish this purpose without in any way stooping to the insincere Communist bartering which is taking place in the world today; and be it further

Resolved, That a copy of this resolution be forthwith transmitted to the President of the United States, the Secretary of State, the Ambassador to the United Nations and to each of the members of the congressional delegation of the State of South Dakota.

#### EXTENSION OF EXISTING CORPORATE NORMAL AND EXCISE TAX RATES

The Senate resumed the consideration of the bill (H.R. 7446) to provide a 1-year extension of the existing corporate normal tax rate and of certain excise tax rates.

Mr. BUSH. Mr. President, let me ask whether the Senator from Montana has any idea of whether any amendments of an important nature will be offered to this measure.

Mr. MANSFIELD. I do not know. I suppose that if there are, word will go around and announcements will be made, and that if any are proposed, they will be printed in the RECORD, for consideration tomorrow.

But I do not know of any. I have not made any inquiries to that effect. Let me ask whether the chairman of the committee knows of any.

Mr. BYRD of Virginia. I hope there will not be any.

Mr. BUSH. I thank the Senator.

Mr. BYRD of Virginia. Mr. President, H.R. 7446, providing for a 1-year extension of the existing corporate normal tax rate and of certain excise-tax increases, most of which were adopted as a result of the Korean war, extends for 1 more year the 30 percent normal tax rate for corporations which otherwise would be reduced to 25 percent. The income tax on corporations consists of a normal tax, which applies to all taxable income, and a surtax which applies only to income exceeding \$25,000. The surtax rate is not affected by this bill. If the scheduled reduction were allowed to occur, the combined normal and surtax rate which the larger corporations pay would drop from 52 percent to 47 percent, and the tax rate for small corporations not subject to the surtax would drop from 30 percent to 25 percent.

The extension of the corporate tax rate for 1 year will yield \$2,030 million.

At the time of the Korean war, a number of excise-tax rates were temporarily increased, as well as the corporate rate. We have already extended these rates seven times, and this bill makes the eighth such extension. Six Korean excise-tax rates are involved in the bill,



and two other excise-tax rates were placed in the temporary category in 1959. The Korean excise rates apply to distilled spirits, beer, wines, cigarettes, passenger cars, and automobile parts and accessories. The two taxes later included are general telephone and transportation of persons taxes. The Korean tax rate will be reduced if the bill is not enacted, and the tax on transportation

also will be reduced; but the general telephone tax will be repealed completely.

I ask unanimous consent to have printed at this point in the RECORD a table showing the rates extended for both corporation and excise taxes.

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

*Corporation and excise taxes scheduled to be reduced July 1, 1961*

	Unit of tax	Present law rate	Rate to become effective July 1, 1961
Corporations.....	Normal tax net income.....	30 percent.....	25 percent.
Excises:			
Liquor taxes:			
Distilled spirits.....	Per proof gallon.....	\$10.50.....	\$9.
Beer.....	Per barrel.....	\$9.....	\$8.
Wine:			
Still wine:			
Containing less than 14 percent alcohol.....	Per wine gallon.....	17 cents.....	15 cents.
Containing 14 to 21 percent alcohol.....	do.....	67 cents.....	60 cents.
Containing 21 to 24 percent alcohol.....	do.....	\$2.25.....	\$2.
Containing more than 24 percent alcohol.....	do.....	\$10.50.....	\$9.
Sparkling wines, liqueurs, etc.:			
Champagne or sparkling wine.....	do.....	\$3.40.....	\$3.
Liqueurs, cordials, etc.....	do.....	\$1.92.....	\$1.60.
Artificially carbonated wine.....	do.....	\$2.40.....	\$2.
Tobacco taxes: Cigarettes.....	Per 1,000.....	\$4.....	\$3.50.
Manufacturers excise taxes:			
Passenger cars.....	Manufacturers' sale price.....	10 percent.....	7 percent.
Auto parts and accessories.....	do.....	8 percent.....	5 percent.
Miscellaneous taxes:			
General telephone.....	Amount charged.....	10 percent.....	0.
Transportation of persons.....	Amount paid.....	do.....	5 percent.

Mr. BYRD of Virginia. Mr. President, the extension of these excise rates for 1 full year is expected to bring in \$1,600 million. This, with the extension of the corporate rates, will bring in a total amount of \$3,659 million.

I ask unanimous consent to have printed at this point in the RECORD a table showing the revenue increases resulting from this bill.

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

*Estimated revenue effect of extending the corporate normal tax rate, and certain excise tax rates, fiscal 1962 and full year*

[Millions of dollars]

	Fiscal 1962	Full year
Increase in collections:		
Corporate normal tax.....	925	2,030
Excise taxes:		
Alcohol:		
Distilled spirits.....	155	158
Beer.....	87	89
Wine.....	11	11
Tobacco: Cigarettes (small).....	244	244

*Estimated revenue effect of extending the corporate normal tax rate, and certain excise tax rates, fiscal 1962 and full year—Continued*

[Millions of dollars]

	Fiscal 1962	Full year
Increase in collections—Continued		
Excise taxes—Continued		
Manufacturers:		
Passenger automobiles.....	352	402
Parts and accessories.....	65	75
Miscellaneous:		
General telephone.....	375	500
Transportation of persons.....	110	150
Total excises.....	1,399	1,629
Grand total, corporations and excises.....	2,324	3,659
Decrease in refunds (excises).....	178	.....
Total revenue effect.....	2,502	3,659

Mr. BYRD of Virginia. Mr. President, when we consider the budget situation, it is clear that we cannot afford to lose the revenue involved in these extensions. When the Secretary of the Treasury appeared before our committee, in execu-

tive session, he estimated that the deficit in the fiscal year 1962 would be \$3,700 million. This estimate was made on the assumption that the bill we are considering would be enacted, that the postal rates would be increased in order to eliminate a postal deficit, and that all of the President's revenue requests, including the airway user charge program and the highway program, would be enacted. Failure to enact this bill would mean a deficit of more than \$6 billion if it is assumed that there would be no postal deficit. If the postal rates are not increased the deficit will be further increased by \$741 million, reaching a total of practically \$7 billion.

In January when President Eisenhower presented his budget for fiscal 1962 a surplus of \$1½ billion was predicted. In late March the officials of the new administration estimated a budget deficit of \$2,800 million dollars for fiscal 1962 and that deficit estimate has now been revised up to \$3,700 million. If we do not pass this bill, the budget deficit will be increased to \$6,200 million, as shown by table III.

Mr. President, I ask unanimous consent to have printed in the RECORD tables showing the budget estimates for the fiscal years 1961 and 1962, the estimates in the Eisenhower budget of last January, the March estimates, and the latest estimates of the present administration.

I also ask unanimous consent to have printed in the RECORD a detailed table showing how the expenditure estimates for 1962 have increased.

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

TABLE III.—Budget estimates for fiscal 1962

A. Assuming enactment of President's program:

	Billions
Expenditures.....	\$85.1
Receipts.....	81.4
Budget deficit.....	3.7

B. Without passage of this bill (H.R. 7446):

	Billions
Expenditures.....	\$85.1
Receipts.....	78.9
Budget deficit.....	6.2

The President's program includes increase in postal rates to eliminate the postal deficit, failure to enact such legislation would add \$700 million to the estimated deficit for fiscal 1962.

### Receipts and expenditures

[Billions of dollars]

	Receipts	Expenditures	Surplus (+) or deficit (—)		Receipts	Expenditures	Surplus (+) or deficit (—)
Fiscal year 1961:				Fiscal year 1962:			
President Eisenhower's January 1961 budget estimates.....	79.0	78.9	+0.1	President Eisenhower's January 1961 budget estimate.....	82.3	80.9	+1.5
President Kennedy's March 1961 estimates.....	78.5	80.7	—2.2	President Kennedy's March 1961 estimate.....	81.4	84.3	—2.8
Latest administration budget estimates.....	78.2	80.7	—2.5	Latest administration budget estimates.....	81.4	85.1	—3.7

## Budget expenditure summary, May 25, 1961

[Fiscal year 1962. In millions of dollars]

Department or agency	Jan. 16, 1961, estimate	Mar. 28, 1961, estimate	May 25, 1961, increases	Total	Department or agency	Jan. 16, 1961, estimate	Mar. 28, 1961, estimate	May 25, 1961, increases	Total
Legislative branch and the judiciary	203	207		207	Department of Defense—Military:				
Executive Office of the President	92	92		92	Military functions	42,910	43,800	100	43,900
Funds appropriated to the President:					Military assistance	1,750	1,650	50	1,700
Mutual security—economic and contingencies	1,875	1,875	75	1,950	Department of Defense—Civil	984	1,021		1,021
Other	75	175		175	Department of Health, Education, and Welfare	4,005	4,798		4,798
Independent offices:					Department of the Interior	873	906		906
Atomic Energy Commission	2,680	2,670		2,670	Department of Justice	294	296		296
Federal Aviation Agency	730	743		743	Department of Labor	223	654	60	714
National Aeronautics and Space Administration	965	1,050	330	1,380	Post Office Department	63	63		63
Small Business Administration	98	98	88	186	Department of State	345	351		351
U.S. Information Agency	138	146	2	148	Treasury Department:				
Veterans' Administration	5,369	5,404		5,404	Interest	8,593	8,693		8,693
Other	436	456		456	Other	1,095	1,120		1,120
General Services Administration	496	498		498	District of Columbia	66	66		66
Housing and Home Finance Agency	728	942		942	Allowance for contingencies	100	100		100
Department of Agriculture	5,782	6,440		6,440	Subtotal	81,532	84,926	724	85,650
Department of Commerce	596	614	19	633	Deduct interfund transactions	667	667		667
					Total	80,865	84,259	724	84,983

NOTE 1.—Mar. 28 figures include reestimates of expenditures under the Jan. 16 program as well as new proposals of this administration.

NOTE 2.—Excludes amount for expansion of civil defense program.

NOTE 3.—Excludes certain small modifications proposed by the President between

Mar. 28 and May 25 which will affect 1962 expenditures by a smaller amount than the allowance for contingencies.

NOTE 4.—Detail may not add to totals because of rounding.

### ACCEPTANCE IN PEACE CORPS OF MATTHEW M. DEFOREST, OF CHICAGO

Mr. DOUGLAS. Mr. President, a Chicagoan by the name of Matthew M. DeForest has been accepted for admission to the Peace Corps. The circumstances in connection with the admission are quite striking. Mr. DeForest is a truckdriver, 31 years of age. He has not gone beyond the 12th grade. In the examination which was given to many thousands of applicants for the Peace Corps, he scored among the upper one-third. I am informed by Mr. Sargent Schriver that his rating on the American history examination was one of the best scores made.

I ask unanimous consent that an article about Mr. DeForest, from the Chicago Daily News of June 15, 1961, be printed in the RECORD at this point.

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

CHICAGOAN ACCEPTED BY PEACE CORPS—HE WELCOMES THE CHANCE TO SERVE  
(By William Braden)

A Chicago truckdriver named Matthew M. DeForest listened with interest when President Kennedy told Americans to ask what they could do for their country—not what the country could do for them.

That was last January. And, like many other citizens, the 31-year-old former Marine wondered what he could do for America. The President hadn't said exactly, and some people were complaining that the call to duty had been too vague.

But DeForest gave the matter a lot of thought. He assessed his abilities.

What could he do? He could drive a truck, and he knew how to handle other types of heavy equipment. He had some skill as an auto mechanic. He knew how to work a bulldozer.

His formal education had ended in 1948 when he graduated from St. George High School in Evanston. But he was interested

in the world and in the cultures of other lands, especially Latin America.

He'd had 2 years of Spanish in high school, and he had spent some time in Mexico. He liked the Latin people. He liked to read about them in the National Geographic magazine.

Then DeForest heard about the U.S. Peace Corps. And it sounded good.

DeForest was a bachelor, living with his parents at 2215 W. Greenleaf and delivering industrial gas cylinders as a truckdriver for the Welders Supply Co., 2328 W. Touhy. He decided he could spare 2 years for a good cause, so he volunteered for the Corps—stating a preference for work in South America.

Wednesday the Corps accepted him. He will become one of a group to train at Rutgers University and then go to Colombia in South America to help improve the farms there and help build feeder roads.

#### A CHANCE TO DO SOMETHING

"I'm glad," he said. "I'm glad I'll have a chance to do something. With the shape the world's in, I think there has to be active, personal participation by people to solve the problems."

President Kennedy said America has a duty to aid the poor of the underdeveloped nations, not because this country wants their votes—but because it is right. DeForest said much the same thing.

"This may sound kind of corny," he said. "But I think our first duty is toward God—then toward our country and then toward ourselves."

"I think the Peace Corps is good because it can help you serve all three."

"This will be real experience for me, and I hope to benefit from it. I hope being in the Peace Corps will help make me a better person. I hope I'll learn things. And that's serving myself."

#### A BETTER IMAGE

"Then I think the Peace Corps will help me serve my country. We need a better image in this world. We have to communicate somehow with the people in other countries. We have to show them what Americans are really like. And the only way to do that is to have Americans go to those countries and show them."

"But the most important thing is to serve God. And you serve God by serving your fellow man."

DeForest spoke with conviction, but he seemed a little bashful about voicing such sentiments. A reporter who was interviewing him hastened to assure DeForest he didn't think there was anything corny about them.

He didn't. And anyhow, he wasn't going to argue with a Marine.

Mr. DOUGLAS. Mr. President, I should like to call attention to a comment that Mr. DeForest made when he was asked why he wanted to serve in the Peace Corps. He said:

"I'm glad I'll have a chance to do something. With the shape the world's in, I think there has to be active, personal participation by people to solve the problems."

This may sound kind of corny, but I think our first duty is toward God—then toward our country and then toward ourselves."

I think the Peace Corps is good because it can help you serve all three."

It turns out that, although Mr. DeForest's formal education ended in 1948, he has studied Spanish and has spent some time in Mexico. Not only can he drive a heavy truck, but he knows how to handle other types of heavy equipment, has some skill as an automobile mechanic, and knows how to work with a bulldozer. He has enlisted for 2 years in the Colombia project, and will go to that country to help improve the farms there and help build feeder roads.

Mr. DeForest said:

"... I think the Peace Corps will help me serve my country. We need a better image in this world. We have to communicate somehow with the people in other countries. We have to show them what Americans are really like. And the only way to do that is to have Americans go to those countries and show them."

But the most important thing is to serve God. And you serve God by serving your fellow man."



I think there are many people in the country like Mr. DeForest. It is cases like this that give us renewed faith in our fellow man and in the soundness of the American people.

I know I speak for us all in expressing my personal sense of indebtedness to Mr. DeForest and wishing him a most useful and truly rewarding life.

#### LEGISLATIVE PROGRAM

Mr. MANSFIELD. Mr. President, since a number of Senators are present in the Chamber I should like, with the cooperation of the distinguished minority leader, to make a change in the announcement in our earlier colloquy. Following consideration of the corporation and excise tax extension bill the Senate will consider noncontroversial bills on the calendar and the bill to amend the Federal Water Pollution Control Act, and Calendar No. 400, H.R. 6027, to improve benefits under the old-age, survivors, and disability insurance program, will be considered on Monday next instead of this week.

Further, the Senate will be honored tomorrow afternoon by having the Prime Minister of Japan, Mr. Ikeda, visit the Senate at about 2:45 or 3 p.m. I express the hope, on behalf of both the minority leader and myself, that as many Senators as possible will be present on that occasion.

#### THE FOREIGN AID PROGRAM

Mr. SCHOEPEL. Mr. President, my views on the foreign aid program of the United States are well known. It is my belief that to a large degree the original purposes have been accomplished. For this reason time and time again I have requested a thorough reexamination of the program in order to remove from the back of the American taxpayer this staggering burden which threatens our economy.

On June 1, 1961, I inserted into the RECORD an article from Human Events concerning fees paid by the Iranian Government to American citizens. In order to preserve the continuity of my remarks, I ask unanimous consent that my comments and the article from Human Events be inserted in the RECORD at this point.

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

#### FEES PAID BY IRANIAN GOVERNMENT TO AMERICAN CITIZENS

Mr. SCHOEPEL. Mr. President, let me respectfully invite the attention of the Senate, and particularly the attention of the Foreign Relations Committee and the Appropriations Committee, to an article entitled "Iranian Gold Mine," contained in the June 2, 1961, issue of the Washington newsletter, Human Events.

Actually, I have no evidence to support the allegations contained in this article. I have, however, determined that the Development and Resources Corp. is in fact a registered agent of the Iranian Government, and that, according to the report of the Attorney General of the United States, it has received from Iran fees which total \$78 million during the period 1956 through 1960.

It occurred to me that the receipt of such fees on the part of American citizens from a country which itself has been the recipient of almost \$600 million of the American taxpayers' money is significant.

I sincerely request that both the Senate Foreign Relations Committee and the Senate Appropriations Committee, which are duly charged with the responsibility in these matters, thoroughly investigate this particular corporation, and answer, for the benefit of all American taxpayers, some of the questions that have been raised in this article.

I ask unanimous consent that the article be printed at this point in the RECORD, as a part of my remarks.

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

"[From Human Events, June 2, 1961]

"Iranian gold mine: Reports filter in from one of the largest foreign aid recipients—Iran—that all is not well with that country's Government, despite mammoth handouts from Uncle Sam every year since World War II ended.

"One reason why Iran may be receiving such huge sums—\$588.4 million in total aid since 1956—is the Development and Resources Corp., headed by David Lilienthal, former Atomic Energy Commissioner and leading figure in the Roosevelt and Truman administrations. This outfit is listed with the Justice Department as a foreign agent—or lobby for foreign interests. In every year since 1956, the Iranian Government has supplied the Development and Resources Corp. with all or most of its income from abroad. Lilienthal's firm has received fees from Iran totaling \$78.3 million. This is about 13.3 percent of the entire amount of assistance the United States has given Iran during the corresponding period (1956-60).

"These millions, which Lilienthal receives for promoting Iranian interests, presumably come, directly or indirectly, from the foreign aid payments which U.S. taxpayers provide.

"This situation prompts several questions, such as: Isn't it unusual for a foreign agent to receive such a large sum—both in terms of dollars and percentage—from the foreign aid recipient he represents? What services does the corporation perform in the United States for the Iranian Government? How much of the \$78.3 million in fees went into development projects in Iran, and how much became assets of the corporation? Does this—and possible kindred situations—call for a congressional investigation?"

Mr. SCHOEPEL. Mr. President, on June 13, 1961, Mr. Gordon R. Clapp, president of the Development and Resources Corp., addressed a letter to me in which he commented that I had been inadvertently led into an error. He asked me to place his letter in the CONGRESSIONAL RECORD in the interests of courtesy and accuracy.

It will give me great pleasure to do so. However, I briefly comment on a few items not covered by Mr. Clapp in his letter on June 13.

According to the report of the Attorney General to the Congress of the United States on the administration of the Foreign Agents Registration Act of 1938, as amended for the period January 1, 1955, to December 31, 1959:

Individuals, organizations, corporations, and other combinations of individuals are required to file if they act or agree to act within the United States as agents of foreign governments, etc.

Mr. Clapp's letter does not mention any activities which his corporation has

performed "within the United States" on behalf of the Government of Iran which would necessitate this corporation filing under the Foreign Agents Registration Act.

Furthermore, I invite the attention of the Senate to an article in the Washington Post and Times Herald of June 17, 1961, in regard to the appearance of the President of the United States before the National Conference on International Economic and Social Development. The President appealed for widespread support for his \$4.8 billion aid program and particularly for authority to put it on a long-term basis.

Mr. David E. Lilienthal also addressed the conference and appealed for long-term commitment authority in the area of foreign aid.

At this point in my remarks I ask unanimous consent to insert the article from the Washington Post and Times Herald.

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

#### PRESIDENT PROMISES TO END INEFFICIENCY IN FOREIGN AID PLAN—RENEWES PLEA TO PUT WHOLE PROGRAM ON LONG-TERM BASIS

(By Carroll Kilpatrick)

President Kennedy yesterday promised to correct waste and inefficiency in the foreign-aid program, but he said he was more concerned about the waste to America's security of an effort that is "too little and too late."

In this "crucial year," he said, there is no point in speaking out against the spread of communism if the American people are unwilling "to pay the price and carry the burdens" necessary to maintain their security.

Mr. Kennedy spoke at a luncheon meeting of the National Conference on International Economic and Social Development in the Shoreham Hotel. He appealed for widespread support for his \$4.8 billion aid program and particularly for authority to put it on a long-term basis.

#### CONCEDES MISTAKES

Departing frequently from his prepared text, the President said the program "does offer hope of stemming the advance" of communism. There have been many mistakes in the execution of the aid program, the President conceded, but added that without the program some countries that are free today would be under Communist domination.

Former President Eisenhower sent the conference a message declaring that continuation of the aid program is "imperative for our country's security and the continuing strength of the free world."

The aid program is a "historic venture, completely bipartisan in origin and implementation," General Eisenhower said.

President Kennedy walked into the luncheon meeting on crutches and delivered his speech while sitting in a chair. He seemed well and at ease.

While he frequently referred to his text, much of what he said was ad libbed. The President seemed well aware that, as Secretary of State Dean Rusk told the conference Thursday, many persons believe the aid program is in serious trouble on Capitol Hill.

"I cannot understand those who are the most vigorous in wishing to stem the tide of communism around the world and who are at the same time bombarding the Congress and the administration with attacks on this program," Mr. Kennedy said.

The President said Laos might be cited as an unfortunate example of the effectiveness

of foreign aid, adding: "And perhaps it is and perhaps the money was not wisely spent."

But he said that the former Ambassador to India, Ellsworth Bunker, recently told him that "in his long experience as head of one of the most important companies in the United States he did not believe that he had ever seen money as usefully and as wisely spent as the American assistance which he saw in India."

The President emphasized the need for economic reforms and economic and social advances if the fight against communism is to be won.

"The so-called war of liberation Mr. Khrushchev has described cannot be stopped by a new B-58 squadron," the President said.

"Subversion and revolt feed on social injustice and economic chaos," Mr. Kennedy said.

"It is difficult for me to believe that in the climactic period of this great era the United States is going to fail to meet its responsibility to itself and to those who look to it."

The President said that those who oppose aid should remember that the Communists do not oppose it.

"Their aid to less-developed countries is rising sharply," he said. "Even in our own hemisphere Communist bloc aid is dangled before the eyes of those who have long been devoted to freedom but have longed for an end to their poverty."

The President said that under the long-term program he recommended to Congress this country will be asking a much greater effort by the nations receiving aid.

Also, he said, "we will be asking the other industrialized nations to undertake a much greater effort of economic aid. \* \* \* Unless this is a long-term effort with long-term authority, we cannot convince these individuals and these other nations that we are serious about this program, now and in the years to come."

The President argued that if waste and inefficiency are to be ended and if there are to be realistic targets and stiff criteria "the new program must include long-term authority."

David E. Lillenthal, former TVA Director and former Chairman of the Atomic Energy Commission, told the conference that as a strong believer in the importance of aid for the peace of the world he thought it would be better "that Congress pass no economic aid bill at all this session than to pass legislation without this crucial long-term commitment authority."

Mr. SCHOEPPEL. Mr. President, did the President of the United States know that he was appearing on a program with a registered foreign agent of the Iranian Government?

Did the audience know that they were being addressed by Mr. Lillenthal, a registered foreign agent of the Iranian

Government and chairman of the board of Development and Resources Corp., which, according to Mr. Clapp's letter, made almost a million dollars in fees from the Government of Iran in the period 1956 to 1960?

Do the people of the United States realize the extent to which some American individuals and some corporations are receiving fees and expenses from foreign principals? Could these figures perhaps explain the tremendous lobby on behalf of the continuation of the foreign aid program?

I invite the attention of the Senate again to the "Report of the Attorney General to the Congress of the United States on the administration of the Foreign Agents Registration Act of 1938, as amended for the period January 1, 1955, to December 31, 1959, dated June 1960, appendix VI," beginning on page 332.

I am perfectly willing to read into the Record the figures contained herein, but in the interest of conserving the time of the Senate, I ask unanimous consent that appendix VI of this report, pages 332 to 368, be inserted at this time.

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

EXHIBIT C.—Table showing amounts, including fees and expenses, reported as received from foreign principals by American organizations and citizens whose registration statements have been in an active status since Jan. 1, 1955

Registrant and foreign principal	1955	1956	1957	1958	1959
Adams, John B.: <sup>1</sup> Pakistan Information Service, Washington, D.C.	\$16,900.00	\$14,900.00	\$620.00		
Legation of Laos <sup>1</sup>	1,250.00				
Adkins, Elmer H., Jr.: <sup>1</sup> George Maldonado, Caracas					\$16,000.00
Aiken, Paul C.: Sultan of Muscat and Oman	None	None	733.41	None	None
Albert Frank-Gunther Law, Inc.: <sup>1</sup> Dominican Republic, Ciudad Trujillo		55,000.00			
Albin Dearing, Inc.: <sup>1</sup> Kusushige Hirasawa, Tokyo			None	\$10,821.32	
Alk, Isadore G.: <sup>1</sup> Government of Thailand, Bangkok	8,000.00	30,173.71	17,141.90	None	
Allied Public Relations, Inc.: <sup>1</sup> Republic of Haiti, Port-au-Prince				2,083.33	
American Surveys: Nord Aviation, S.A., Paris					\$3,154.86
Anderson, Ervin O.: Embassy of Japan	6,000.00	6,200.00	7,200.00	7,200.00	7,200.00
Ansara, James M.: <sup>1</sup> Arab States Delegations Office			2,325.00		
Arnold, Fortas & Porter: <sup>1</sup> The Diplomatic Mission of the Federal Republic of Germany	10,000.00	5,000.00			
Arroyo, Julian A.: <sup>1</sup> Ministry of Foreign Affairs of the Republic of Venezuela	7,355.16				
Associated Detective, Inc.: <sup>1</sup> Rudolph Baboun, vice consul of Haiti				1,000.00	
Atlas Packers, Inc.: <sup>1</sup> Alex A. Kelen, Ltd., Montreal; U.S. Europa Corp., New York	2,735.29	2,483.10			
Austin, Guilford M., Jr., German Amado-Blanco, Havana, Centro Obrero Dominicano, Caracas					
Baar, Bennett & Fullen: Japan Frozen Foods Exporters Association and Japan Frozen Aquatic Product Manufacturers Association, Tokyo		2,930.57	5,061.37	2,099.96	2,457.87
Baff, William E.: <sup>1</sup> Mr. Vassilev, Embassy of the U.S.S.R.					50.50
Barry, Frank M.: Government of Nicaragua, Managua			25,000.00	18,000.00	18,000.00
Batten, Barton, Durstine & Osborn, Inc.: Air France, New York				121,952.90	143,052.03
Pan American Coffee Bureau					63,212.83
Bartlett & Partners, Inc.: <sup>1</sup> Artex Hungarian Foreign Trading Co., Budapest				11,470.52	
Beasley, Peter: <sup>1</sup> Republic of Panama	None				
Bell, Bernard R.: <sup>1</sup> Ministry of Finance, Government of Israel		40,723.19	26,723.50	87,369.88	19,550.67
Government of Indonesia <sup>1</sup>			60,000.00		
Belleau, Wilfrid E.: Tourist Bureau, Province of Quebec	1,300.00	1,600.00	1,600.00	1,800.00	1,800.00
Bennett Associates, Inc.: National Wool Textile Export Corp., England				62,525.00	97,903.00
Government of Eastern Nigeria					None
Bernard Relin & Associates, Inc.: <sup>1</sup> Organizacion Tecnica Publicitaria Latino Americana, S.A.					26,978.06
Birnbaum, Martin T.: Inter-American Public Relations, Ltd., Rio de Janeiro					1,260.00
Boeri, Louis J.: Cuban Tourist Commission		4,000.00	28,313.00	25,500.00	
Borger Associates: Republic of Haiti				5,791.85	5,919.85
Borkin, Joseph: Republic of Indonesia, Djakarta	24,110.61	28,350.33	10,123.99	9,312.49	9,434.00
Boukstein, Maurice M.: Government of Israel, consulate general, New York		2,750.00	6,000.00	3,000.00	5,000.00
Jewish Agency for Israel		9,900.00	9,999.96	14,166.63	18,333.29
Boykin, deFrancis, Grimes & Smith: Embassy of the Federal Republic of Germany	6,000.00	20,300.00	35,119.74	31,574.04	27,353.59
Mrs. Claire Hugo Stinnes, Sr., Germany	None	5,000.00	None	None	None
Studiengesellschaft fur Privatrechtliche Auslandsinteressen e.V., Germany	21,666.07	14,000.00	None	10,000.00	10,000.00
Askania Werke Aktiengesellschaft, Germany	1,175.00	None	None	None	None
Dr. Rolf C. Galler, Germany			10,000.00	None	None
Carl Zeiss, Germany			5,000.00	None	None
Government of Italy					9,000.00
Braun & Co.: K.L.M. Royal Dutch Airlines, The Hague					None
Brennan, Earl: Dr. Gaston Jumelle, president, Parti National (of Haiti), Mexico City					None
Parti National (of Haiti)					
Brookhart, Becker & Dorsey: <sup>1</sup> Comision de Defensa del Azucar y Fomento de la Cana, Ciudad Trujillo		21,240.93	14,000.00	24,852.00	14,000.00
Agencia Industrial, C. por A., Ciudad Trujillo <sup>1</sup>					
Osterreichisches Seefrachtenkontar Ges., Austria <sup>1</sup>					

<sup>1</sup> Termination.



EXHIBIT C.—Table showing amounts, including fees and expenses, reported as received from foreign principals by American organizations and citizens whose registration statements have been in an active status since Jan. 1, 1955—Continued

Registrant and foreign principal	1955	1956	1957	1958	1959
Brown, Francis L.: K.L.M. Royal Dutch Airlines, The Hague.		\$3,300.00	\$12,600.00	\$13,200.00	\$13,200.00
Brunner, Toby E. G.: <sup>1</sup> Embassy of Japan.	\$3,958.47	6,533.43			
Butrick, Richard P.: Carlos Alberto A. de Carvalho Pinto, Governor of the State of Sao Paulo, Brazil.					None
Byline Newsreel Productions: Government of the Dominican Republic.					19,900.00
Caples Co., the:					
East Africa Tourist Travel Association <sup>1</sup> .	14,283.95	16,199.08	8,252.00		
British Railways <sup>1</sup> .	74,685.83	102,804.76			
Swiss National Travel Office <sup>1</sup> .	261.39	216.64			
Mexican Government Railway System <sup>1</sup> .	396,057.17				
British West Indian Airways <sup>1</sup> .	73,663.92	17,583.45			
Montego Beach Hotel Co., Ltd., Jamaica <sup>1</sup> .	8,936.82	2,243.38			
Inverurie Hotel Co., Ltd., Bermuda.	36,993.20	7,261.90			
South African Railways.	4,389.56	14,666.22	24,383.63	20,262.63	18,348.49
Coras Iompair Eireann.	5,879.42	None	6,753.05	10,702.44	11,647.42
South African Tourist Corp.	99,644.81	108,579.89	65,037.44	81,673.84	81,653.46
African Car Hire, Ltd.	1,483.86	2,034.21	1,650.00	2,831.22	630.00
European Travel Commission.	251,004.11	289,380.49	142,618.93	222,587.35	87,221.00
Swedish America Line.	29,285.54	93,442.36	135,138.99	205,381.52	184,668.63
Arab Information Center.		1,940.00		705.66	None
Scandinavian Tourist Commission.			33,433.24	32,634.80	54,545.30
Irish Airlines.				143,182.36	223,039.56
Irish Industrial Development Association.				11,275.17	52,002.56
Irish Tourist Information Office.	92,500.95	84,616.06	43,085.14	46,948.51	21,479.88
Japan Tourist Association.				15,641.81	26,040.21
Shannon Free Airport.				31,992.57	31,192.00
City of Vienna, Austria.				5,519.86	14,396.50
Carey, Edward L.: Government of the Dominican Republic, Ciudad Trujillo.					None
Catto, Robert J.: <sup>1</sup> Tran Van Chuong, Ambassador of Vietnam.	3,430.00	None	4,500.00	900.00	
Chapman, Wolfsohn & Friedman:					
Union Nacional de Productores de Azucar, S.A. de C.V., Mexico.	27,498.87	24,416.32	24,129.70	27,819.63	29,937.12
Cordeleros de Mexico, S. de R.L. de I.P. y C.V., Yucatan <sup>1</sup> .		6,000.00			
Republic of Haiti, Port-au-Prince.				10,000.00	38,955.16
Camara de Minera de Mexico.				None	2,079.95
Government of Guatemala <sup>1</sup> .				5,614.35	None
Republic of Korea, Seoul.				5,000.00	12,500.00
Empresa Guatemalteca de Aviacion.					
Charles, George J.: <sup>1</sup> Royal Greek Information Service, Embassy.	4,400.00	4,800.00	1,600.00		
Charles Snitow Organization, Inc.: <sup>1</sup> Chamber of Commerce of the U.S.S.R., Commercial Counselor, Embassy.					17,000.00
Charles von Loewenfeldt, Inc.:					
Japan Airlines, Co., Ltd., Tokyo and San Francisco.	26,765.80	40,329.35	16,314.77	41,113.91	68,430.98
Japan Trade Center, San Francisco.	15,630.06	43,598.90	36,659.59	32,227.71	60,121.29
Consulate general of Japan, San Francisco <sup>1</sup> .	4,740.04	843.12			
Charles W. Hoyt Co., Inc.:					
Royal Dutch Airlines <sup>1</sup> .	567,559.42	723,915.55	1,123,719.97	397,668.23	None
Netherlands National Tourist Office.	4,834.42	6,590.76	6,092.48	8,821.22	None
Netherlands West Indies Tourist Committee.	1,919.37	3,176.62	9,987.05	3,000.38	17,966.19
Austrian State Tourist Department.	2,648.81	3,542.09	831.05	921.66	338.27
Jamaica Tourist Trade Development Board <sup>1</sup> .	65,662.31				
Switzerland Cheese Association.	48,133.80	45,709.00	36,062.77	106,390.78	126,984.66
Lufthansa German Airlines.				223,525.75	356,932.69
Royal Netherlands Industries Fair <sup>1</sup> .	14,355.79				
British Industries Fair <sup>1</sup> .	74,413.72	69,152.82			
T. B. Lee.				28,440.60	7,761.39
Tower Isle and Myrtle Bank Hotels.				None	None
Trimingham Bros.				14,596.71	17,042.65
Surinam Tourist Bureau.					1,552.71
Cheneva, Virgil E.: The Development Board, Nassau.	12,913.00	12,996.00	12,996.00	17,333.30	19,801.59
Citron, Wolfgang: <sup>1</sup> Press & Information Office, Federal Republic of Germany.	240.00				
Clark, Charles Patrick: Government of Spain, Madrid.	89,999.97	79,250.00	85,750.00	77,000.00	87,000.00
Cleary, Gottlieb, Friendly & Hamilton, New York.					
Cleary, Gottlieb, Steen & Ball, Washington, D.C.:					
Government of the French Republic.	19,354.96	8,224.86	11,414.25	17,506.92	13,599.94
Conseil National du Patronat Francais.	50,027.13	39,255.88	39,694.06	36,645.28	39,604.72
High Authority European Coal & Steel Community.	51,750.00	23,495.92	31,561.18	23,602.99	19,326.39
National Cuban Sugar Mill Owners Association and Cuban Sugar Cane Growers Association.	172,346.54	98,980.78	None	25,610.18	None
European Economic Commission.					1,107.61
Coelran, Gosselin & Associates: <sup>1</sup>					
H. E. Jose Maria de Arelliza, Count of Matricio, Ambassador of Spain.	4,000.00	None			
Embassy of Nicaragua.		1,000.00			
Cohen, Dowd & Alshire, Inc.:					
Allitalia Airlines, Rome.					96,351.86
Consulate General of Italy, Rome.					None
Venice Tourist Bureau, Venice.					484.29
European Travel Commission, Brussels.					14,184.02
Collier, Robert A.: Panama Refining & Petro-Chemical Co., Inc., Panama City.					None
Communications Counselors, Inc.: <sup>1</sup>					
Belgian Government, Consulate General, New York.			95,000.00	160,000.00	84,000.00
National Planning Board of Cuba.				225,000.00	None
Government of Morocco <sup>1</sup> .				20,000.00	None
Conlon Associates, Ltd.: <sup>1</sup>					
Office Nationale du Tourisme, Vietnam.				1,460.00	1,460.00
Tokyo International Trade Fair, Japan.				None	750.00
Continental Allied Co.: <sup>1</sup> Government of Guatemala, Guatemala City.	5,932.00				
Convention Consultants: <sup>1</sup>					
Embassy of Morocco.			953.64	3,755.84	460.83
Embassy of Afghanistan.				None	638.13
Cooper, Harold: Liberian Embassy.				3,500.00	8,425.03
Copel, Rita B.: <sup>1</sup> Embassy of Japan.	1,430.00				
Corcoran, Howard F.: <sup>1</sup> His Thai Majesty's consulate, Miami.		25,263.12			
Costello, William A.: <sup>1</sup> Government of Honduras.			4,800.00		
Council for Improved United States-Japanese Trade Relations: <sup>1</sup> Japan Cotton Textile Exporters Association.		19,200.00			
Covington & Burling:					
Government of Denmark, Embassy.	52,920.83	53,628.83	None	55,000.00	55,000.00
Government of Iran, Embassy.	None	None	None	None	11,200.00
Republic of Colombia.	5,766.37	5,802.63	5,607.57	11,711.51	None
Government of Pakistan.	215,140.62	111,556.13	154,495.80	110,000.00	113,013.30
International Nickel Co., Canada.		12,005.58	None	3,912.76	None
Government of Venezuela.					None
Government of the Netherlands <sup>1</sup> .	None	None	1,947.76		
Royal Swedish Air Board <sup>1</sup> .	None				
Dominion of Canada, Embassy <sup>1</sup> .	30,952.60				

<sup>1</sup> Termination.

EXHIBIT C.—Table showing amounts, including fees and expenses, reported as received from foreign principals by American organizations and citizens whose registration statements have been in an active status since Jan. 1, 1955—Continued

Registrant and foreign principal	1955	1956	1957	1958	1959
Cox, Langford, Stoddard & Cutler:					
Government of Italy, Italian technical delegation	\$8,762.76	\$3,660.50	None	None	\$11,620.11
Government of France	2,000.00	2,000.00	\$7,169.62	\$2,000.00	1,000.00
Government of Belgium	6,000.00	10,209.42	5,500.00	6,000.00	5,500.00
Government of Austria, Embassy and ERP Office	2,524.46	None	None	None	None
Italian Federation of Farmers' Cooperatives	None	None	None	None	None
Malek Mansour Solat Ghashghal, Iran	None	None	None	None	None
Ufficio Italiano del Cambi, Rome <sup>1</sup>	None	5,299.63	5,000.00	None	None
Cross, John W.: Deutsche Amerikahöhlen-Transportgesellschaft, MBH, Düsseldorf	None	4,600.00	None	None	None
Crum, Bartley C.: The Municipality of Tel Aviv-Yafo					
Culbertson & Pendleton:					
Sociedad Mixta Siderurgia Argentina, Buenos Aires	1,200.00	2,400.00	2,400.00	2,400.00	2,400.00
Corporacion Argentina de Productores de Carnes	1,200.00	1,200.00	1,200.00	1,200.00	2,600.00
Embassy of the Republic of the Sudan					430.00
Dominican Sugar Institute <sup>1</sup>	6,000.00	3,000.00			
Cummings, Sellers, Reeves & Conner: Embassy of the Dominican Republic	15,832.90	22,326.58	26,069.48	26,000.00	24,000.00
Curtis J. Hoxter, Inc.:					
Austrian Information Service				12,000.00	10,000.00
Government of Guatemala, Foreign Minister, Guatemala				8,500.00	
Dadian, Arnold H.:					
Embassy of Japan	6,425.00	7,150.00	6,600.00	7,000.00	7,005.00
United States-Japan Trade Council			1,580.00	3,080.00	3,600.00
Danforth Investigation Bureau: Indonesian Mission to the United Nations			1,940.25		
Danielson, George: Branko Karadzole, Consul General of Yugoslavia					2,102.08
Davidson, I. Irving:					
President Luis Somoza, Managua, Nicaragua	6,000.00	22,000.00	22,100.00	374,035.05	89,090.77
Tavi Dar, Director, Israel Military Industries, Tel-Aviv					
Davidson, Marth Golden: Embassy of the U.S.S.R.			2,850.00	4,125.00	4,500.00
Davies, Richberg, Tydings, Landa & Duff:					
Aramayo Corp., Ltd., Switzerland (owners of tin mines in Bolivia)	None	None	None	None	None
Hochschild Corp., Ltd., Chile (owners of tin mines in Bolivia)	None	None	None	None	None
Bergantin Corp., Dominican Republic <sup>1</sup>	18,750.00				
Davis Polk Wardwell Sunderland & Kiehl:					
Compagnie Financiere de de Suez, Paris <sup>1</sup> (Suez Canal Co.)	29,297.21	26,250.00	66,242.26	162,031.24	None
Government of Jamaica				None	22,745.18
The Government of the United Kingdom of Great Britain and North Ireland <sup>1</sup>					1,578.25
Del Rio, Daniel A.: Banco Nacional de Cuba, Havana			11,774.38	27,743.29	14,933.33
Delson, Levin & Gordon:					
Embassy of the Republic of Indonesia	40,833.24	27,830.80	39,899.16	48,929.00	20,359.81
Indonesian Mission to the U.N.					5,630.52
Embassy of the Union of Burma	259.00	None	None	None	None
Permanent Mission of Ghana to the U.N.					2,615.48
Embassy of Ghana					None
DeSvernine, Raoul E.: Association for the Return of Japanese Seized Assets in U.S.A.				None	1,500.00
De Veau, J. Harold: Embassy of Liberia				3,500.00	5,740.49
Development & Resources Corp.:					
Plan Organization of Iran, Teheran		1,811,473.92	7,351,886.60	27,062,795.40	24,990,200.00
Corporacion Autonoma Regional del Cauca, Colombia <sup>1</sup>		32,950.61	12,051.05		
Cassa per Opere Straordinarie di Pubblico Interesse nell'Italia, Rome <sup>1</sup>		125,000.00	125,000.00		
De Vries, Henry P. (June 1959–December 1959) (see also: Hyde & De Vries):					
Netherlands Ministry of Finance, The Hague					12,569.24
Government of Surinam					4,096.62
Dewey, Ballantine, Bushby, Palmer & Wood:					
Republic of Ankara, Turkey	75,000.00	150,000.00	75,000.00	75,000.00	75,000.00
Japan Export Trade Promotion Agency (JETRO), Tokyo					50,000.00
Dodd, Thomas J.: Republic of Guatemala			24,999.96	41,666.62	
Donohue, James J.: Asociacion Nacional de Ganaderos, Inc., Dominican Republic			None	16,000.00	3,500.00
Donovan, Lelsure, Newton & Irvine: Government of Thailand, Embassy	51,597.26	60,724.46			
Don Pryor Associates: Embassy of Saudi Arabia			8,885.40		
Dow, Lohnes & Albertson: Dr. N. B. Buu-Hoi, Vietnam Embassy, Paris					None
Dowd, Redfield & Johnstone, Inc.: <sup>1</sup>					
Alitalia Airlines, Rome				35,194.70	113,541.21
Consulate general of Italy, Rome					7,689.00
Venice Tourist Bureau, Venice					137.86
Doyle Dane Bernbach, Inc.:					
El Al Israel Airlines, Ltd., Tel Aviv				289,570.65	145,248.29
Israel Government Tourist Office, New York				43,021.17	40,967.38
Dwight, Royall, Harris, Koegel & Caskey: The Republic of Korea, Seoul		5,484.35	13,376.59		
Dye, Joseph W.: Regie Nationale Des Usines Renault, France			None	2,722.60	
Edward L. Greenfield & Co.: Yugoslav Information Service, New York	2,750.00				
Edward W. Barrett & Associates, Inc.:					
Compagnie Universelle du Canal, Paris (the Suez Canal Co.)	32,112.98				
Office of the Consulate General of Japan, New York	37,927.19				
Eggleston, Arthur: Indonesian Permanent Mission to the U.N.				1,550.00	
Einhorn, Nathan: Embassy of the Polish People's Republic	7,920.00	7,920.00	8,009.15	8,068.30	7,260.00
EMB (Ltd.):					
Commonwealth Bank of Australia					750.00
Development Bank of Brazil					750.00
Bank of Canada					750.00
Central Bank of Chile					250.00
National Bank of Cuba					3,160.45
Bank of France					250.00
Bank of Greece					750.00
Bank of Israel					250.00
Bank of Italy					250.00
Netherlands Bank					250.00
Central Bank of the Philippines					1,500.00
Reserve Bank of South Africa					250.00
Erbe, Carl: Edmund C. Chester, Havana	6,500.00				
Ernst, Morris L.: Dominican Republic, Ciudad Trujillo			90,000.00	111,793.00	
Feeney, Joseph G.: Dominican Republic, Ciudad Trujillo		13,500.00	16,500.00	10,500.00	
Felschreiber, Selven F.: Kingdom of Toro, Uganda			None	None	None
Feldman, Maurice:					
Osterreichischer Dundes, Pressedienst, Austria			1,000.00	6,671.21	5,083.40
Republic of Brazil <sup>1</sup>					1,500.00
Felt, Truman T.: Embassy of the Republic of Indonesia		1,497.10			
Fernandez, Louis A.: Economic Counselor's Office, Embassy of the Argentine Republic	2,400.00	600.00			
Finley, Forrest E.: Embassy of Haiti	14,700.00				
Fleisher, Henry C.: Embassy of Israel	150.00				
Forbes Marketing Research, Inc.:					
Japan Trade Center					13,060.00
Japan Machinery Federation					8,000.00
Forrest E. Finley & Associates: Embassy of Ethiopia	15,615.23				

<sup>1</sup> Termination.



EXHIBIT C.—Table showing amounts, including fees and expenses, reported as received from foreign principals by American organizations and citizens whose registration statements have been in an active status since Jan. 1, 1955—Continued

Registrant and foreign principal	1955	1956	1957	1958	1959
Fowler, Leva, Hawes & Symington: KLM Royal Dutch Airlines, The Hague					None
Frank, John Joseph: the Government of the Dominican Republic, Ciudad Trujillo					\$6,000.00
Fred Rosen Associates, Inc.: Ministry of Foreign Trade of the Italian Republic, Embassy					64,000.00
Freed, William H.: Scandinavian National Travel Commission, New York	\$7,003.91	\$7,232.67	\$7,223.11	\$7,420.00	8,791.91
Friedman, Eric: Embassy of the Federal Republic of Germany, Cultural Department	None	3,600.00	3,600.00	3,600.00	2,703.21
Friedman Radio & Broadcasting Co.: Consulate of the Federal Republic of Germany, Philadelphia					1,800.00
Frontaura, Pablo: Cuban delegation to the U.N.		1,440.00	1,440.00	1,440.00	None
Indonesian delegation to the U.N.		2,000.00	2,000.00	3,000.00	None
Pakistani delegation to the U.N.			1,500.00	3,400.00	1,400.00
Argentinian delegation to the U.N.		None	None		
Chilean delegation to the U.N.		None	None		
Bolivian delegation to the U.N.		100.00	200.00		
Colombian delegation to the U.N.		3,000.00	None		
Nicaraguan delegation to the U.N.		None	None		
Venezuelan delegation to the U.N.		None	1,200.00		
Brazilian delegation to the U.N.		1,000.00	None		
Galland, Kharasch & Calkins: Swissair, Swiss Air Transport Co., Zurich			8,004.66	2,500.00	9,231.73
Garretson, Albert H.: Imperial Ethiopian Government, Addis Ababa			None	3,000.00	6,000.00
Gass, Oscar: Government of Israel	150,000.00	38,904.66	13,600.00	22,525.06	37,795.38
Government of the Union of Burma	5,000.00				
Government of the Republic of Indonesia			45,000.00		
George Peabody Associates: Secretariado Nacional de Informacao, Cultural Popular E Turismo, Lisbon	48,300.00	48,300.00	16,100.00	48,300.00	48,300.00
Government of the Republic of Guatemala		8,801.28			
Casa de Portugal, New York			2,500.00		
Gerechter, Gerhard G.: Sozialdemokratische Partei Deutschlands, Bonn	None	None	100.00	None	None
Gileadi, Ian: Haiti National Office of Tourism, Port-au-Prince	6,798.91				300.00
Haiti Tourist Board, Port-au-Prince					
Ginsburg, Leventhal, Brown & Morrison: Government of Israel, Embassy and Supply Mission	12,178.11	12,140.75	10,340.21	6,355.51	7,610.15
Society to Study Private Property Interests in Foreign Countries, Germany	9,875.00	18,250.00	31,375.00	16,000.00	12,000.00
Jean Excellent, Embassy of Haiti					1,000.00
Government of Guatemala, Embassy		8,333.50	66,666.64		
Grant Advertising, Inc.: Guatemala Government Tourist Bureau	None	8,178.84	None		
Bahamas Development Board, Nassau				53,541.00	362,831.00
Gravelle, Whitlock & Markey: Government of Haiti, Port-au-Prince			None	68,717.09	None
Arab Information Center, New York		7,096.87			
Gregory, Gene A.: Embassy of Vietnam	1,700.00				
Hagan, Mary F.: Syrian Broadcasting System			None	1,750.00	
Bashir Kaadan, editor, Al-Jomhour, Damascus					None
Mikhail Chakravartty, editor, India Press Agency, New Delhi					None
Hamilton Wright Organization: Italian State Tourist Office, Rome	35,000.00	44,078.58	20,000.00	5,000.00	None
Government of Venezuela, Caracas	135,954.44	176,658.52	170,080.62	68,290.71	
Republic of China, Formosa			150,000.00	262,500.00	112,500.00
Government of Ceylon Tourist Bureau, Colombo			15,000.00	10,000.00	50,000.00
Victor, Eastman Lasso, Ecuador	30,000.00				
Ministry of Economy, Government of Ecuador		40,000.00	3,000.00		
Ministry of Information, Government of Colombia		150,000.00	249,165.12		
Hanard, Vincent J.: Capt. Marco Gil Gonzales, Dept. Investigacion Tecnico, Havana				25,597.91	700.00
Hank Meyer Associates, Inc.: Government of Aruba, Executive Council, Oranjestad					41,115.83
Harnews, Inc.: Willy H. Schlieker, Dusseldorf			12,000.00	12,000.00	12,000.00
Fried Krupp Essen, Germany			36,000.00	None	2,000.00
Harold L. Oram, Inc.: State of Vietnam, Saigon	None	41,144.59	52,471.10	41,713.53	37,844.44
Harry Klemfuss Associates, Inc.: Dominican Republic Information Center, New York		116,209.68	151,584.72	6,034.89	
Harris & Co. Advertising, Inc.: Cuban Tourist Commission, Havana					198,845.34
Government of Aruba					1,425.47
Hart, Donald R., Jr.: Sindicat d'Iniciativa, Andorra-la-Vella, Andorra				None	None
Hart, Edward: General Fulgencio Batista, Portugal					18,785.00
Hays, Alan S.: Regie Nationale Des Usines Renault, France			None	3,828.23	
Hedrick, Travis K.: Embassy of the U.S.S.R., magazine U.S.S.R.		4,200.00	7,200.00	7,800.00	
Hedrick & Lane: Embassy of Peru, Comite de Productores de Azucar, Lima					None
Henley, Lillian: Embassy of the U.S.S.R.	4,125.00	4,890.00	6,000.00	6,000.00	6,750.00
Hensel, H. Struve: Fried Krupp, Essen, Germany			23,923.59		
Hickman, Paul B.: Francois Duballer, President of Haiti			None	None	
Hill & Knowlton, Inc.: Compagnie Universelle du Canal Maritime de Suez, Paris (Suez Canal Co.)		23,256.58	45,729.09	15,250.55	957.00
Office of the Consulate General of Japan, New York		54,336.09	44,185.72	31,471.90	37,698.56
Societe de l'Exposition Universelle et International de Bruxelles 1958, Brussels		13,250.00	53,400.66	60,424.04	2,181.12
The Development Board, Nassau			117,543.85	141,939.45	130,893.76
Hillestad, Hallvard: Norges Bank, Oslo	30,000.00	30,000.00	30,000.00	31,200.00	59,000.00
Government of Norway, Ministries of Finance and Commerce	None	None	None	None	None
Den Norske Credit Bank, Oslo	1,200.00	1,200.00	1,500.00	1,200.00	1,200.00
Brabeco, S.A., Panama City					None
Hillings, Patrick J.: KLM Royal Dutch Airlines					2,500.00
Hogan, Donald W.: 26 de Julio, Committee in Exile, Miami					None
Hofbauer, Egon: Motokov, Praha, Czechoslovakia		2,211.35			
Hoite Agey Advertising, Inc.: Cuban Tourist Commission	62,096.43	68,404.14			
Houghton, Evans F.: Fidel Castro, Havana					2,000.00
Hull, A. Tyler: Government of the Dominican Republic, Ciudad Trujillo				35,000.00	
Humphrey, Renee C.: French Financial Counselor, Embassy					1,500.00
Huntington & Neapolitan: Karel Nikijuluw, Republic of South Moluccas			300.00		
Hyde & DeVries (1956 to June 1959) (see also DeVries, Henry P.): Netherlands Ministry of Finance, The Hague		8,205.79	4,573.13	7,102.52	11,998.24
Ambassador of Afghanistan to the United States		2,000.00	None		
Hynning, Clifford J.: Embassy of Japan					3,524.01
Independent Syndicate, Inc.: Embassy of Korea	3,000.00				
Intercontinental Public Relations, Inc.: State of Israel, Jerusalem	81,623.86	53,211.46	7,747.72		
Province of Quebec			None	None	
Desbarats Advertising Agency, Montreal			3,675.00	2,179.41	
Government of France, Paris				4,000.00	4,000.00

<sup>1</sup> Termination.

EXHIBIT C.—Table showing amounts, including fees and expenses, reported as received from foreign principals by American organizations and citizens whose registration statements have been in an active status since Jan. 1, 1955—Continued

Registrant and foreign principal	1955	1956	1957	1958	1959
International Economic Consultants, Inc.: United States-Japan Trade Council <sup>1</sup> Japanese Embassy <sup>1</sup> Italian Embassy <sup>1</sup> Cooperative Azucarera Salvadoreña, Ltda., El Salvador				\$1,000.00 None 1,100.00	None \$4,000.00 6,700.00 3,003.35
International Services, Inc.: <sup>1</sup> Government of the Dominican Republic, Ciudad Trujillo	\$27,500.00	\$262,500.00	\$45,618.43		
Ivan Bloch & Associates: <sup>1</sup> Ministry of Finance, Jamaican Government		12,059.50			
James, Chauncey T.: Republic of Haiti			37,789.70	79,910.62	1,675.79
James O. Seix Co., Inc.: Government of India Tourist Office, New York			103,581.95	98,738.93	109,979.46
Iberia Air Lines of Spain			6,474.87	40,851.66	59,712.80
Air India International Office: Embassy of Japan				113,566.00	32,853.42
Japan Trade Promotion Office: Embassy of Japan					188,346.54
Jenkins, Ray L.: Société Internationale Pour Participations Industrielles Et Commerciales, S.A. (Interhandel), Switzerland			20,000.00	30,000.00	61,410.09
Jerome Jacobson Associates: <sup>1</sup> Embassy of Italy	6,000.00	1,500.00			
John A. Clements Associates: <sup>1</sup> Government of Guatemala	18,370.00				
John C. Metcalfe & Associates, Inc.: <sup>1</sup>					
Dr. S. M. Vinocour (for Korea), Washington, D.C.	1,738.20	211.00			
Finn Moe, Norway <sup>1</sup>	None				
John Moynahan & Associates: <sup>1</sup>					
Republic of Indonesia, Djakarta <sup>1</sup>	21,074.83				
Jamaica 300 Years Celebration Committee, Kingston	4,897.07				
Industrial Development Corp., Jamaica			14,400.00	29,238.06	31,765.45
Jones, Robert N.: <sup>1</sup> Denmark's Provincial Chamber of Commerce, New York					None
Julius Klein Public Relations: The Society for the Promotion of the Protection of Foreign Investments, e.V., Germany		20,000.00	14,400.00	29,238.00	80,000.00
European Atomic Energy Community, Brussels					15,000.00
Kangies, Constantine N.: Republic of Cuba, Havana					None
Keats, Allen & Keats: <sup>1</sup> Government of Guatemala	9,000.00				
Keesing, John M.: Ministry of War, Republic of Peru			None	None	None
Government of Haiti					None
Kehr, Ernest A.: Postal Administration of Egypt, Cairo					None
Kelly, Nason, Inc.: The Development Board, Nassau	64,232.86	86,171.75	106,085.48	101,348.58	101,704.87
Nova Scotia Ministry of Industry and Publicity	11,233.66	20,338.08	21,265.95	20,957.10	30,187.02
Italian State Tourist Office	19,681.35	18,041.33	22,492.48	21,519.58	18,038.48
Spanish National Tourist Department	21,191.48	24,115.63	29,503.42	41,228.17	31,598.12
Yarmouth County Tourist Committee, Nova Scotia <sup>1</sup>	None	None	None		
Ingres Cia. Navagacion, S.A., Panamá City <sup>1</sup>	17,362.79	8,024.20	None	18,050.60	8,370.12
Japan Travel Bureau	1,145.87	3,096.65	270.73	541.86	745.41
Nassau Yachthaven, Bahamas	None	None	None	None	111.33
Cremo Cheese Co., Denmark <sup>1</sup>	None	None	None	3,678.19	
Lauro Lines, Naples	3,273.08	2,516.61	None	None	None
Burns House, Ltd., Nassau	90.41	319.16	None	191.74	106.13
British Colonial Hotel, Nassau	4,703.78	304.14	None		
Kingdom of Greece, National Tourist Organization, Athens	None	None	None		
Egyptian State Department of Tourism, Cairo <sup>1</sup>	1,499.02	2,592.00	218.05	None	None
Perret & Berthoud, S.A., Geneva <sup>1</sup>	3,281.32	3,450.79	35.00		
Hotel Princess of Bermuda <sup>1</sup>	1,553.86	None	None		
United Arab Tourist Office				2,185.97	2,703.16
Cabo Blanco Fishing Club, Peru	632.17	437.59	355.01	319.12	1,456.27
Palmdale Villas, Nassau <sup>1</sup>	88.90	None	None	None	
Lingjebuss International A.B., Stockholm	646.74	2,829.28	None	2,378.02	2,544.13
Italian Airlines <sup>1</sup>	15,752.80	17.01	None		
Autotransporte Turístico Español, S.A., Madrid	123.11	116.11	52.34	720.56	425.56
Japan Trade Center <sup>1</sup>	15,762.80	16,418.79			
Iberia Air Lines, New York	None	858.52	105.46	1,387.95	1,628.33
Japan Camera Information and Service Center, New York	804.56	1,702.98			
Japan Tourist Association			5,241.32	4,532.84	2,352.93
Lyford Cay Development Co., Ltd. <sup>1</sup>			1,593.34	None	
City Gift Shop, Nassau <sup>1</sup>		113.57	None		
Yugoslav State Tourist Office			85.46	39.49	None
Christie, Harold G.			88.29	73.19	None
Montago Beach Hotel, Nassau					8,758.73
Ingres Line Agency, New York					7,743.73
French Leave, Bahamas					113.63
Kem, James P.: U.S. Cuban Sugar Council	10,000.00	27,500.00	7,500.00	7,500.00	7,500.00
Kemmore Associates, The: <sup>1</sup> The Jewish Agency, Inc., New York and Jerusalem		65,454.55	65,454.55		
Key, Marjorie: Embassy of Japan	2,915.00	3,200.00	1,040.00	3,580.00	3,710.00
Keyserling, Leon H.: <sup>1</sup> Jean Richard Commercial Counselor, French Embassy	4,500.00	6,000.00	6,000.00		
Kimmel, Clarence H.: <sup>1</sup> Republic of Cuba, Military Intelligence Service, Havana	3,149.28				
Kinsky, Joseph: <sup>1</sup> Republic of Cuba, Havana			64,000.00	9,650.00	
Klein & Saks: <sup>1</sup> Industrias Químicas Reunidas, S.A., Brazil	13,280.44	13,140.15			
Mina Valencia, Uruguay <sup>1</sup>					406.59
Government of Guatemala					102,000.00
Government of Haiti <sup>1</sup>					156,000.00
Ministerio de Sanidad y Asistencia Social, Republic of Venezuela <sup>1</sup>					2,009.00
Koehler, John T.: Government of Denmark	1,506.50				
Kramer, Charles: Republic of Liberia, Monrovia	9,999.96	10,500.00	10,500.00	11,725.00	13,650.00
Kramer, Marx, Greenlee & Backus: Jamaica Industrial Development Corp., Kingston					None
Kreisinger, Robert: USSG magazine, Washington, D.C.	4,680.00	4,360.00	2,500.00	5,275.00	5,700.00
Krook-Erwin Associates, Inc.: <sup>1</sup>					
Government of the Union of South Africa	3,500.00				
Dr. Carlos Frio Socarras	7,854.87				
Laitman, Leon: Government of Tunisia				3,471.00	22,000.00
Lamberton, Harry C.: Embassy of the Polish People's Republic	14,796.21	14,586.97	14,708.96	17,491.98	16,761.81
Embassy of Czechoslovakia	7,854.87	9,935.22	11,011.81	12,515.00	974.86
Rumanian Legation <sup>1</sup>		410.00	None		
Landis, Coen, Rubin & Schwartz: Netherlands Government, Ministry of Social Affairs and Public Health, The Hague			None	None	11,482.43
Law, Robert H., Jr.: Legation of Latvia, Charge d'Affairs and Counselor, Washington, D.C.	None	15,000.00	None	None	11,500.00
Lehouf, Lamb & Leiby: <sup>1</sup> Republic of Argentina, Embassy				6,000.00	
Lee, Lawrence D., Jr.: <sup>1</sup>					
Teodoro Picado Lara, Nicaragua	135.00				
Teodoro Picado Michalski, Nicaragua	None				
Lejarza Mora, Salvador: Enrique Lacayo Farfan, Costa Rica					None
Lerman, Louis: USSR Illustrated Monthly, Washington, D.C.		4,047.64	8,785.18	7,503.82	9,497.99
Soviet Exhibition of Science, Technology & Culture, New York					500.00
Lever, Michael: <sup>1</sup>					
Government of Costa Rica, Embassy	14,758.95	11,250.00			
Embassy of Uruguay	None	1,000.00			

<sup>1</sup> Termination.



EXHIBIT C.—Table showing amounts, including fees and expenses, reported as received from foreign principals by American organizations and citizens whose registration statements have been in an active status since Jan. 1, 1955—Continued

Registrant and foreign principal	1955	1956	1957	1958	1959
Levy, Joseph M.: Embassy of the French Republic.	\$12,000.00	\$12,000.00	\$12,000.00	\$19,200.00	\$19,200.00
Liljenquist, L. Blaine: Philippine Coconut Administration, Manila, Carlos P. Romulo, Ambassador.			None	4,000.00	4,000.00
Lininger, Fred T.: Republic of Liberia, Monrovia.				None	None
Lockard, Diana: Embassy of Viet Nam.	1,550.00				
Lockett, Edward B.: His Thai Majesty's consulate, Miami.	13,323.81	None	1,500.00		
Low & Stone: Consulate General of the State of Israel, Los Angeles.					350.44
L.S.S. Associates: Association of Guatemalan Sugar Mills, Guatemala City.					None
Luboshez, S. N., Ferris: The Central Trust of China, Taiwan & New York.		2,016.00	7,846.55	6,417.57	2,535.69
Lucas, Scott W.: Republic of Panama.		5,000.00	10,050.11	5,000.00	
Lum, Fairlie & Foster: Embassy of the Republic of Cuba.				17,500.00	
Lynch, Wilde & Co., Inc.: Central Electrica De Furnas, S.A., Rio De Janeiro.					3,928.85
Centrais Electricas De Minas Gerais, S.A., Brazil.					3,753.42
Companhia Hidro Electrica Do Sao Francisco, Rio de Janeiro.					2,295.05
Paraguayan Road Commission.					None
Corporacion De Obras Sanitarias De Asuncion, Paraguay.					1,895.90
Comision De Obras Del Aeropuerto De Asuncion, Paraguay.					600.00
Lyons, Thomas E.: Colon Free Zone, Panama.		13,735.50	23,091.61	21,608.54	14,470.93
MacCracken, Collins & Whitney: Compagnie Aramayo de Mines en Bolivie, Geneva.				2,000.00	5,355.31
Madden, Murdaugh S.: Embassy of Saudi Arabia.				None	650.60
Major, Dale R.: Office of the President, Luis A. Somoza, Government of Nicaragua.					None
Margold, Stella: J. Winterhalter, Yugoslav Information Center.	200.00				
Fayez Sayegh, Arab Information Center.	150.00	70.00			
Marias, Joseph F.: Compania Maritima, Manila.	8,876.04	4,000.00			
Martial & Co., Inc.: Instituto Brasileiro de Cafe, Rio de Janeiro.				60,000.00	15,000.00
Alitalia, New York.				15,000.00	12,000.00
Embassy of the Republic of Cuba.				10,000.00	5,000.00
Mission of Ecuador to the United Nations.					1,500.00
Max Rogel, Inc.: Office of Public Information of the Republic of Korea, Seoul.					5,000.00
The Minister of Foreign Relations of the Republic of Nicaragua, Managua.					None
McBryde, F. Webster: Miguel Ydigoras Fuentes, Guatemala.				None	None
McCarthy, Matthew E.: Republic of the Philippines.				None	None
McDonnell & Slattery: Commercial Office of the Embassy of Spain.	36,666.63				
McDonnell, Joseph: Transportes Maritimos Mexicanos, S.A., Mexico City.		2,400.00			
McLaughlin, Charles A.: Government of the Dominican Republic.	7,200.00	7,200.00	7,200.00	7,200.00	12,000.00
McMahon, Patrick: The Government of Guatemala, Guatemala City and Embassy.	None	21,000.00			
Republic of Guatemala.			3,000.00	2,000.00	
Mel Adams & Associates, Inc.: Aerlinite Eireann Tia., Dublin.				24,538.76	12,725.64
Shannon Free Airport Development Co., Ireland.				200.00	None
Shannon Airport, Ireland.				None	None
Linea Aeropostal Venezolana.					None
Meyer, Hermine H.: Embassy of Switzerland.		466.66	1,200.00	3,000.00	3,400.00
Michie, Allan A.: Embassy of Ghana.				8,608.45	13,500.00
Mintzer, George J.: Government of Turkey, Ankara.	20,000.00	20,000.00			
Moment, Samuel: Government of Jamaica.			1,200.00	5,500.00	5,800.00
Moss, Edward K.: Republic of Liberia, Monrovia.	9,500.00	13,537.97	13,833.90	8,088.14	
Embassy of India.				29,801.33	34,416.08
Government of Italy.				74,164.62	1,580.13
Government of Ghana.				1,502.87	614.00
Republic of the Sudan.				1,250.00	638.40
Munson, William H.: Dominican Republic, Ciudad Trujillo.			25,020.76	14,863.36	
Nash, Abner & Abell: Government of Switzerland.	20,000.00	15,000.00	20,000.00	2,000.00	
National Counsel Associates: Movimiento de Liberacion Dominicana de la Union Patriotica Dominicana y demas Organizaciones Asociadas, Havana.					2,000.00
Newcomb-Oram International Corp.: State of Vietnam, Saigon.	None	14,083.00			
Nichols & Peters: Israel Government Tourist Office, New York.		1,700.00			
Nordlinger, Riegelman, Benetar & Charney: Republic of China, Taipei.			5,053.85	10,147.74	10,159.59
North Pacific Consultants: Ministry of Trade and Industry, Jamaican Government.		20,022.92	1,845.50		
O'Donnell, John A.: Philippine Sugar Association, Manila.					26,925.50
O'Dunne, Eugene, Jr.: Government of Peru, Embassy.	5,500.00	5,500.00	6,000.00	5,500.00	3,600.00
Comite de Productores de Azucar, Lima.	8,166.71	16,433.71	13,199.67	7,968.00	13,391.66
Sociedad Nacional de Pesqueria, Lima.		1,500.00	1,500.00	122.00	None
Regie Nationale des Usines Renault, France.			57.25		
Sociedad Nacional de Minería y Petros.				3,136.00	
Omella & Kaye: Gubbins & Co., Lima.					None
Certain Latin American persons and firms on pt. I of proclaimed list.					
O'Neill, Charles F.: Ministry of Finance and Public Credit of the Government of Guatemala.			27,353.76	None	
Osherman, Jack A.: Haitian Government.					7,000.00
Overseas Management Services, Inc.: Colon Free Zone, Panama.					587.90
Pan-American Public Relations, Ltd.: Dominican Republic, Ciudad Trujillo.			125,000.00	125,000.00	
Generalissimo Rafael L. Trujillo, Ciudad Trujillo.					
Republic of Pakistan.					
Patricia Dickerman, Inc.: Japan Airlines, Co., Ltd., Tokyo.	2,861.81	12,970.26		8,458.27	9,933.25
Paulino, Manuel: Partido Dominicana, Ciudad Trujillo.			14,000.00	None	None
Fehle, Lesser, Mann, Riemer & Luxford: Government of Yugoslavia, Belgrade and Embassy.	12,000.00	12,000.00	12,000.00	11,750.00	
City of Lucerne, Switzerland.		None	None	None	2,293.75
Government of France, Paris.		None	None	None	None
Government of Jamaica, Kingston.		None	362.50	None	
Etibank, Ankara.					7,500.00
Government of Cuba and agencies or instrumentalities thereof.					7,736.30
Comision Ejecutiva Hidroelectrica del Rio Lempa (Oficina Arbitraje), El Salvador.		None	725.00		
Pan American Union Economic & Social Council.			2,000.00		
Philip M. Bottfield, Inc.: Haitian Tourist Board, Port-au-Prince.					None
Phillips, Wendell: Sultan Said bin Taimur of Muscat and Oman.	None	None	None	None	None
Pierson, Ball & Dowd: Royal Thailand Irrigation Department, Bangkok.				6,396.09	4,217.49
Pierson, Ball & Dowd: Metropolitan Electricity Authority, Bangkok.					1,000.00
P. K. Macker & Co.: Victorian Promotion Trust Fund, Melbourne.			30,000.00	43,303.29	43,859.01
Public Relations Associates International: Republic of Haiti, Port-au-Prince.		13,200.00			
Quinn, Arthur L.: Asociacion de Colonos de Cuba, Havana & Asociacion Nacional de Hacendados de Cuba, Havana.				12,000.00	17,863.50
Rapaport, Frederick: Austrian Federal Ministry of Finance.				None	12,000.00
Rasponi Associates, Inc.: Iranian Information Center, New York.					None
Rengers, Daniel D. W.: Embassy of the Republic of Indonesia.	5,000.00				
Rips, Serge: Government of Thailand, Bangkok.	79,029.87	60,853.93	61,152.97	None	
Republic of Haiti, President and Ambassador.	2,000.00				

<sup>1</sup> Termination.

EXHIBIT C.—Table showing amounts, including fees and expenses, reported as received from foreign principals by American organizations and citizens whose registration statements have been in an active status since Jan. 1, 1955—Continued

Registrant and foreign principal	1955	1956	1957	1958	1959
Robert R. Nathan Associates:					
Embassy of Israel, Government of Israel Supply Mission	\$14,012.42	\$15,775.32	\$22,338.39	\$18,110.09	\$18,747.54
Government of the Union of Burma	214,575.19	203,372.67	302,844.16	312,496.08	176,243.77
Embassy of Vietnam				6,875.00	13,650.00
National Railroads of Colombia					49,015.90
Jewish Agency for Palestine <sup>1</sup>	6,260.35				
Robinson, Harold R.: <sup>1</sup> Chinese Nationalist Government, Taipei					1,000.00
Rodenberg, Robert R.: Government of the Dominican Republic, Ciudad Trujillo					None
Roosevelt, Franklin D., Jr., Clark, Charles Patrick: <sup>1</sup> Government of the Dominican Republic, Ciudad Trujillo		30,000.00	30,000.00		
Roosevelt, Summers & Hamilton, Inc.: <sup>1</sup> Republic of Haiti, Port-au-Prince				37,500.00	
Ross, John C.: Aly S. Khan, Representative of Pakistan to the U.N.				12,000.00	18,000.00
Ross, Leo: <sup>1</sup> Press attaché, Union of South Africa	2,500.00	1,000.00	750.00		
Rumanian-American Publishing Association: <sup>1</sup>					
Committee for the Cultural Establishment of the Rumanian Peoples Republic, Bucharest				11,000.00	
Cartimex, Bucharest				3,570.00	
Rowe, James H.: <sup>1</sup> His Thai Majesty's Embassy and Miami consulate	13,250.00	17,421.73			
Royal, Koegel, Harris & Caskey: <sup>1</sup> The Republic of Korea				10,070.25	
Roy Bernard Co., Inc.:					
Federal Republic of Germany	144,906.00	144,100.10	152,656.68	192,988.72	220,702.26
European Economic Community					75,160.00
Rudick, Albert J.: Republic of Liberia	3,750.00	15,000.00	15,900.00	18,121.00	20,050.00
Rutherford, Richard C.: <sup>1</sup> Republic of Haiti					250.00
Ryan, Charles E., Jr.: <sup>1</sup> Fidel Castro, Havana					None
Sachs & Jacobs: Government of Venezuela					300.00
Samuel B. Stavisky & Associates, Inc.:					
United States Cuban Sugar Council				3,022.67	29,606.94
National Cuban Sugar Mill Owners Association & Cuban Sugar Cane Growers Association					
Banco Nacional de Cuba				41,706.59	27,580.65
Sanders, Gravelle, Whitlock & Markey: <sup>1</sup> Arab Information Center	8,652.08			22,096.65	23,507.14
Satterlee, Brown & Cherbonnier:					
Editorial Ozama, C. por A., Ciudad Trujillo				2,500.00	None
Astilleros Dominicanos Gibbs, Ciudad Trujillo <sup>1</sup>				2,166.66	None
Lineas Areas de Nicaragua, Managua <sup>1</sup>				6,602.31	6,602.31
Sayers, Elliseva: <sup>1</sup> Japan External Trade Recovery Organization and Japan Trade Center		2,200.00			
Schaler, Butler & Associates: <sup>1</sup>					
Republic of Liberia, Monrovia	33,600.00	28,246.55			
Embassy of Ethiopia	1,000.00	4,018.00			
Embassy of Austria <sup>1</sup>	1,300.00				
Embassy of the Republic of Indonesia <sup>1</sup>	7,487.00				
Schaumburger, Max M.: Miguel Ydigoras Fuentes, President of Guatemala				7,500.00	3,787.97
Scott, Robert Day: <sup>1</sup>					
Ethiopian Government, Addis Ababa		6,016.80			
Imperial Ethiopian Government, Addis Ababa			2,491.80		
Imperial Ethiopian Government, Addis Ababa				800.00	None
Scott, Wilson & Associates: <sup>1</sup>					
Government of Guatemala, Guatemala City <sup>1</sup>	23,850.63	15,650.48	20,500.00		
Lineas Aeropostal Venezolana, Caracas				11,925.39	
Seger, Gerhard H.: German Embassy	2,940.00	1,125.00	3,000.00	3,000.00	3,750.00
Select Magazines, Inc.:					
Embassy of the U.S.S.R.			2,985.00	14,203.16	12,253.61
Embassy of the Polish People's Republic					4,532.21
Selva & Lee, Inc.:					
Pan American Coffee Bureau	38,500.00	15,000.00	15,000.00	15,000.00	15,000.00
Government of Bolivia <sup>1</sup>	9,000.00	16,500.00	2,250.00		
Shannon, Palmer S.: Canadian National Exhibition Association, Toronto					None
Shaw, Pittman, Potts & Maechling: Government of the United States of Brazil					451.50
Sims, John R., Jr.: <sup>1</sup> Embassy of the Union of South Africa			2,623.42	640.00	
Skadden, Arps & Slate: <sup>1</sup> The Mutawakelite Kingdom of Yemen	1,000.00	None			
Skelly, John T.:					
Maj. Fidel Castro, Havana					None
Jorge Quintana, Havana					
Smith, Alan Dexter: Consulate general of Japan, New York	4,550.00	4,550.00	4,800.00	5,450.00	5,850.00
Smithhart, Clyde G.: Government of Nicaragua				None	None
Southern Advertising, Inc.: <sup>1</sup>					
Cuban Tourist Commission, Havana			45,413.74		
Presidente Hotel, Havana			780.88		
Vedado Hotel			3,360.92		
Speers, P. Carter: <sup>1</sup> Pakistan Information Service, Washington, D.C.	6,172.20	3,096.00	6,000.00	6,500.00	
Spencer, William B.: <sup>1</sup> Embassy of the Republic of Indonesia	4,576.50	5,277.52			
Stan Markusen & Associates: <sup>1</sup> Arab States delegations office, New York			8,000.00	16,000.00	6,000.00
Standard Public Relations Service, Inc.: <sup>1</sup> Cuban Tourist Commission and Embassy of the Republic of Cuba				35,000.00	
Stanley Neal Productions, Inc.: <sup>1</sup> Arab States delegations office, New York			2,500.00		
Stavisky, Samuel B.: <sup>1</sup>					
National Cuban Sugar Mill Owners Association & Cuban Sugar Cane Growers Association, Havana	42,675.25	40,027.11	58,134.73		
United States Cuban Sugar Council, Washington, D.C.	13,691.39	2,998.14	None		
Compania Textilera Anguanabo, S.A., Havana <sup>1</sup>		459.06			
Banco Nacional de Cuba, Havana			None		
Steele, Raymond E.: Japan Export Frozen Tuna Products Association & Japan Frozen Food Exporters Association, Tokyo				8,967.82	3,750.00
Stephen Goerl Associates, Inc.:					
German Tourist Information Office, New York	102,814.43	63,320.48	27,874.67	36,952.27	49,322.59
Caribbean Tourist Association, New York <sup>1</sup>		4,857.75	22,596.70	1,648.00	
Government Tourist Bureau, Ceylon		31,402.14	960.00	13,864.25	7,494.20
Trinidad and Tobago Tourist Board			4,455.27	23,065.90	45,225.88
Stitt & Hemmendinger: Embassy of Japan, Washington, D.C.				10,400.00	8,400.00
Association to acquire compensation for damages prior to peace treaty, Okinawa and the Relief Association for Okinawa and OGA Sawara, Tokyo				7,000.00	11,615.00
Japan Canned Foods Exporters Association, Tokyo <sup>1</sup>					7,913.92
Stitt, Nelson A.: <sup>1</sup>					
Embassy of Japan	9,100.00	9,100.00	9,500.00		
Council for Improved United States-Japanese Trade Relations			3,200.00		
Stuart, John: Embassy of the Polish People's Republic	8,545.00	8,523.00	8,428.00	8,620.00	8,355.00
Surrey, Karasik, Gould & Efron: <sup>1</sup>					
Comision de Defensa de Azucar y Fomento de la Cana, Dominican Republic	57,076.94	40,469.17			
Embassy of Sweden				None	None
Swanson, E. B.: Republic of Venezuela, Ministry of Mines and Hydrocarbons, Caracas				5,939.96	7,460.00
Sydney S. Baron & Co.: <sup>1</sup> Dominican Republic			262,855.39	300,000.00	
Tanaka, H. William:					
Embassy of Japan		1,800.00	3,600.00	4,400.00	6,000.00
Japan Canned Tuna Exporters Association, Tokyo <sup>1</sup>		None			
Teller, Judd L.: <sup>1</sup> Dr. Nahum Goldmann, World Zionist Organization			900.00		

<sup>1</sup> Termination.



EXHIBIT C.—Table showing amounts, including fees and expenses, reported as received from foreign principals by American organizations and citizens whose registration statements have been in an active status since Jan. 1, 1955—Continued

Registrant and foreign principals	1955	1956	1957	1958	1959
Tex McCrary, Inc.: <sup>1</sup>					
Government of Argentina, Ambassador				None	\$15,000.00
Government of El Salvador					10,000.00
Gyalo Thondup, representative of the Dalai Lama					1,500.00
Tobolowsky, Edwin: Azteca Films, Inc., California				\$6,944.51	7,911.79
Townley, Updike, Carter & Rogers: Dominican Republic Information Center, New York		\$5,145.34	\$2.50		
Travel Associations, Inc.: <sup>1</sup>					
British Honduras Government			375.00		
Windsor Hotel, Nassau			200.00		
Santa Maria del Mar Apartment Hotel, Cuba			225.00		
Cuban Tourist Commission			375.00		
Transportes Aereos Nacionales S.A., Tan, Honduras			375.00		
P. & O. Steamship Co., Liberia			125.00		
Fort George Hotel, British Honduras			150.00		
Travel Development Corp.: National Tourist Office of Haiti, Port-au-Prince	\$9,999.96	1,333.33			
Triant, Dimitris J.: Greek Government, Ministry of Coordination, Athens			None	None	None
U.S. Commercial & Distribution Corp.: Glasseport, Prague			None	4,975.98	
United States-Arab-Asian Institute, Inc.: <sup>1</sup>					
League of Arab States			None	None	
Saudi Arabia			None	None	None
United Arab Republic				285.00	None
Jordan				None	None
Sudan				None	250.00
United States-Cuban Sugar Council: Member companies owning or operating sugar properties in Cuba	133,420.58	206,965.62	109,294.38	73,433.77	94,299.17
United States-Japan Trade Council: Japan Trade Promotion Office			32,880.00	87,000.00	142,557.23
United States Navigation Co., Inc.: Federal Government of West Germany			None	None	None
Universal Public Relations, Inc.: Republic of Korea, Seoul	21,128.78				
Universal Research & Consultants, Inc.: <sup>1</sup>					
Arab States Delegations Office			2,067.04	1,613.00	
Republic of Egypt				160.00	
Republic of Venezuela			3,000.00	9,000.00	
Republic of Cuba			6,200.00	27,456.05	15,233.05
IV Anti-Communist Congress, Guatemala			None	None	None
Vavin, Inc.: <sup>1</sup>					
Ministry of Information and Tourism of the Sharifian Empire of Morocco				12,022.00	7,616.39
French Government Tourist Office, New York				17,522.45	48,612.16
Vinocour, S. M.: Korean Information Service, Inc, Seoul	9,300.00	9,300.00	6,070.85	4,650.00	7,179.20
Visson, Anatole: Spanish Government, Ministry of Information, Madrid	5,194.25	5,600.00	2,950.00	3,300.00	2,000.00
Von Blomberg, W. Fray: Landsmannschaft Ostpreussen, Germany					750.00
W. F. Lane Agency: Cuban Government, Havana			39,166.65	1,833.33	
Wachtell, Mannheim & Grouff: Republic of Austria, Vienna		5,695.00	14,500.00	32,317.65	23,447.28
Wagg, Alfred: Government of the Philippines, Manila				29,702.37	None
Walsh, Bailey: Government of Nicaragua, Managua	None	None	None	None	None
Ward & Ward: Venezuelan Embassy					8,434.62
Washington Service Associates: Argentine Government Oil Fields Commission in the United States, New York	3,600.00	2,400.00	2,700.00	1,100.00	1,200.00
Wattawa, John:					
Finska Angfartyge Aktiebolaget, Helsingfors	2,000.00	None	None	None	None
Stiftung, Jng., Vaduz, Liechtenstein					
Weaver & Van Koughnet: Republic of Guatemala, Guatemala City	15,000.00	18,000.00			
Weaver & Van Koughnet:					
Samuel Oiglen & Morris Black, Toronto				32,283.52	42,012.79
Titan Petroleum Corp., Ltd., Toronto				None	10,690.86
Azteca Films, Inc., and Mexfilms, Inc., Los Angeles				None	10,000.00
Weil, Gotshal & Manges:					
Aba S. Eban, Ambassador of Israel	10,017.34	10,124.73	9,505.78	6,142.30	2,431.55
Government of Israel, Tel Aviv					
Abraham Harnen, Ambassador of Israel					
Wendell P. Colton Co.: <sup>1</sup>					
Compania Sud American de Vapores, New York				4,203.76	568.35
Barbados Publicity Committee, B.W.I.	7,289.35	9,585.18	8,784.98	21,510.26	17,003.81
Aerovias Nacionales de Colombia, New York				231,231.52	30,572.82
Argentine State Line, New York				8,481.45	3,581.87
Israel Government Tourist Office, New York	61,789.13	44,693.49	9,051.55	None	10,010.52
Compania Mexicana de Aviacion, S.A., Mexico				953.89	3,273.68
Colombian National Tourist Board				None	None
Costa Rica, C.A., Edmond Gerli, Mario Echandi, President					
Trinidad & Tobago Tourist Board, B.W.I.	24,791.44	21,801.29	1,877.21		
Wentworth, John B.: Embassy of Japan			2,925.00	5,670.00	5,875.00
Williams J. Burns International Detective Agency, Inc., The Venezuelan Embassy					500.00
Williams, Jay Jerome: Embassy of Korea	9,000.00	12,000.00	12,000.00	12,000.00	12,000.00
Willis, Charles F., Jr., Government of Haiti, Port-au-Prince			None	51,139.24	None
Wilson & Pryor: Embassy of the Union of Burma	None	4,500.00			
Win Nathanson & Associates, Inc.: <sup>1</sup>					
Mauricio Hochschild S.A.M.I., New York	52,721.06	41,811.18	17,717.19	28,000.00	18,000.00
Cie. Aramayo de Mines en Bolivia, New York					
Worton, Cline & Manker: Republic of Cuba, Havana					3,000.00
World Information: Arab Information Center, New York	16,809.58				
Young, Richard:					
Government of Saudi Arabia	6,039.25	35,158.55	10,589.24	10,376.76	None
Government of Honduras	None	24,000.00	9,000.00	6,829.33	None
Government of Japan	7,500.00	6,600.00			

<sup>1</sup> Termination.

Mr. SCHOEPEL. Mr. President, there is a lot that the American people ought to know about the foreign aid program.

In my opinion there is a lot they do not know.

I again invite the attention of the Senators on the floor, and particularly members of the Senate Appropriations Committee and of the Senate Foreign Relations Committee, who are charged with responsibility in these matters, to examine this entire situation.

Now, Mr. President, as a matter of courtesy and in the interest of accuracy,

I ask unanimous consent to insert in the RECORD the letter addressed to me by Mr. Gordon R. Clapp, president, Development & Resources Corp.

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

DEVELOPMENT & RESOURCES CORP.,  
New York, N.Y., June 13, 1961.

HON. ANDREW F. SCHOEPEL,  
Senate Office Building,  
Washington, D.C.

DEAR SENATOR: The CONGRESSIONAL RECORD of June 1, 1961, at page 8607 reports you as stating that according to a report of the At-

torney General, the Development & Resources Corp. received from the Government of Iran fees totaling \$78 million during the period 1956 through 1960.

You mentioned that you had determined this as a matter of fact, after reading an article dated June 2, 1961, in a Washington newsletter known as Human Events which you inserted in the RECORD of June 1 as a part of your remarks.

As president of the corporation to which you refer, I wish to correct the error into which you have inadvertently been led.

It is not true that this corporation has received fees of \$78 million from the Iranian Government.

From the beginning of our relationship with the Iranian Government in 1956 until December 31, 1960, our total fees (meaning profit or compensation over and above costs) have amounted to less than 1½ percent of the figure you cite.

In referring to "fees" of \$78 million you cited as the source of your statement the report of the Attorney General. Perhaps you were referring to the "Report of the Attorney General to the Congress of the United States of the Administration of the Foreign Agents Registration Act of 1938, as amended, for the period January 1, 1955, to December 31, 1959" of June 1960.

Appendix VI of that report, at p. 332, is a "Table showing amounts including fees and expenses reported as received from foreign principals" by registrants under the act. If this is your source of reference, the omission in your statement of the Attorney General's characterization of the multi-million-dollar amounts you cite presents a very misleading implication which I am sure you could not possibly have intended.

The funds received by Development & Resources Corp. from the Government of Iran are received under contracts with the Plan Organization of that Government. These contracts are on file with the U.S. Department of Justice. The funds are Iranian Government funds. They are received by us, in amounts agreed upon, to commit and disburse them on account of expenses, including fees, for the execution for that Government of a development program authorized by that Government in the Khuzestan region of Iran. This corporation was requested and retained by the Plan Organization of the Government of Iran in 1956 to provide technical and managerial assistance and to supervise the work of this development program. This assignment has been an important part of the corporation's work since that time.

All the sums received by this corporation from the Iranian Government in the 5 years involved, 1956 through 1960, with the exception of the sum of \$993,750 in fees for this corporation, have thus been devoted to the interests of the Iranian Government and expended by this corporation on behalf of that Government.

Pursuant to our contracts with the Iranian Government, the corporation submits semi-annually to Iranian authorities a certified independent audit report covering all expenditures the corporation makes from the Iranian funds entrusted to it for work authorized by and performed for Iran. This independent audit report is prepared by the firm of auditors, Lybrand, Ross Bros. & Montgomery and its international affiliate, Coopers & Lybrand.

It may be of interest to note that the funds thus devoted by the Government of Iran to the work it has assigned to this corporation, except for the foreign exchange loaned in mid-1960 by the International Bank for Reconstruction and Development to the Government of Iran, are a portion of Iran's oil revenues which the Government of Iran allocates to its internal economic development.

The loan agreement between the World Bank and the Government of Iran provides \$42 million available as required during the construction of the Dez Dam multipurpose water control project, including the start of a substantial irrigation development, the construction of transmission lines, rehabilitation of local electric distribution systems, etc. The loan is repayable in 25 years plus annual interest at 6¼ percent.

The Khuzestan region comprises an area of some 58,000 square miles with a population of approximately 2½ million. The plan prepared and now in various stages of construction or operation includes a dam for power, irrigation, flood control, and related purposes; power transmission and local dis-

tribution systems; establishment or encouragement of local manufacturing and processing industries; expanded agricultural production, including a sugarcane plantation and refinery; and the task of training local personnel to operate and manage these undertakings. The corporation was also assigned direct responsibility for managing and supervising, on behalf of Plan Organization of Iran, the execution of the projects to be undertaken within the authorized development scheme.

The corporation's work in Iran is carried out by the corporation's Khuzestan Development Service, staffed by some 100 professional technical and managerial people, a majority of whom are Americans, and 1,000 Iranian nationals. The consultants and contractors we employ in Iran include experienced Dutch, English, Italian, American, and Iranian firms. In total, as of now, a force of some 4,800 including 4,100 Iranian nationals are at work in Iran in this development.

As a matter of courtesy and in the interest of accuracy, you may wish to put this letter into the RECORD so that whoever may be interested may be correctly informed of the facts.

Very truly yours,

GORDON R. CLAPP,  
President.

#### PRESIDENTIAL SUPPORT OF THE GARRISON DIVERSION IRRIGATION DEVELOPMENT IN THE UPPER MISSOURI RIVER BASIN

Mr. BURDICK. Mr. President, North Dakota had a red letter day today. There was great satisfaction, if not jubilation, upon receiving the word that President Kennedy had endorsed the Garrison diversion unit in a news release today.

An endorsement of this kind is almost unprecedented. It gives the project a tremendous boost and underscores the President's determination to expand water resources development. We are on the threshold of realizing our dream of a Garrison diversion.

Mr. President, I ask unanimous consent to have the White House press release printed in the RECORD at this point.

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

THE WHITE HOUSE, June 21, 1961.

President John F. Kennedy today announced his support of the Garrison diversion irrigation development in the Upper Missouri River Basin. Administration approval of the project was transmitted to the Congress by the Department of the Interior in the form of a report from Secretary Stewart Udall and by testimony before a Senate subcommittee by Assistant Secretary for Water and Power Kenneth Holm.

The irrigation project, located principally in North Dakota, will, when completed, enable the farmers of the area to diversify their crops and as a consequence stabilize the economy of the region. Completion of the project, to serve 250,000 acres initially, will not bring additional land into crop production, but will make it possible for the area's farmers to change from dry farming of wheat which is in surplus to varied crops including those which will support cattle raising and yield higher incomes.

The Garrison diversion for irrigation was authorized nearly 17 years ago. Since then most of the flood control, navigation, and power feature of the project have been constructed with a loss of valuable fertile farm-

land in North Dakota and South Dakota. Action on the irrigation project would fulfill a longstanding obligation to the people of these States. More land, now dry farmed, would be irrigated to replace the fertile lands that have been submerged. The project will also provide the area with valuable fish and wildlife and other recreational benefits.

In commenting on the project, the President made the following statement: "As indicated in my message to the Congress on natural resources, 'wise investment in a resource program today will return vast dividends tomorrow, and failures to act now may be opportunities lost forever.' The Garrison diversion project is an excellent illustration of the principle. The investment to be made now in the upper Missouri River Basin will in the future bring to the people of the Dakotas and the Nation at large great benefits in the form of a sound agricultural economy, improved recreational facilities, and perhaps most important of all, the region will be able to retain and support its greatest resource, the young people who have in recent years been forced to leave farms in the areas in alarming numbers."

The cost of the stage of the Garrison diversion unit proposed for construction would be \$183 million to be expended over a period of 10 or more years.

#### THE NO. 1 PUBLIC ENEMY: INFLATION

Mr. MILLER. Mr. President, almost 2 years ago I made the statement that the No. 1 public enemy of the United States, on the domestic scene, is inflation. With the loss of foreign markets for some of our manufacturers, with the increased competition in our domestic markets from foreign manufacturers, and with the balance of gold payments problem—all of which have arisen since that time—I am even more convinced today that inflation is our greatest enemy, second only to world communism. Indeed, the degree to which we conquer inflation will have a powerful bearing on our national will to resist Communist aggression.

In his special message to Congress, the President called for fiscal integrity. He asked Congress to put aside those things which are merely desirable in favor of those things which are essential. Unfortunately, he did not include in his message a request that some of his domestic programs, desirable though they might possibly appear, be delayed in favor of increased spending for national defense and foreign aid, which he states are most essential. The result is that the American people are likely to get both, along with inflation and further dilution in the value of their money.

It is encouraging for the Secretary of the Treasury to speak hopefully of increased business growth, more tax revenue, and a balanced budget someday in the future. It would be much more encouraging to people who are concerned over the value of their money, and to private business which is discouraged over the prospects of another round of inflation, to have this administration recommend action which will give us a balanced Federal budget for 1962. There is an old saying that one should not put off until tomorrow what can be done today.

In this connection, a timely article by Mr. George E. Sokolsky on "How To Go



Broke" appeared in this morning's Washington Post and Times Herald, pointing out, among other things, that money is the business of Congress and that Congress has not been keen on resuming its responsibility in this respect. I ask unanimous consent that Mr. Sokolsky's article be printed in the RECORD.

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

**How To Go Broke**  
(By George E. Sokolsky)

Prof. Robert Triffin of Yale writes with wisdom on how to go broke. Of course, it is not essential to go broke. This is most often avoidable, but some set out to do it without much thought of the aftermath.

There are even those who enjoy going broke, spending their way through life until nothing is left for them but to make a touch.

So the learned professor does an essay on the subject with apt applications to what has happened and is happening to the American dollar because of the improvident spending of our money. Professor Triffin says:

"There are two ways to go broke: a slow one and a fast one. The slow way is to go on, year after year, spending more money than you earn. But if you are rich to begin with, you won't go broke very fast that way. You will pay for your overspending by depleting your bank balance and other assets and by getting loans from people who trust your capacity to repay them later.

"A much faster way to go broke is to finance too much of your overspending by short-term borrowing. Even if you stop overspending, you may then still run into serious trouble if your I O U's are suddenly presented to you for repayment at a time when your bank balance has fallen too low to cover them. If you still have other, longer term assets in sufficient amount, you will remain perfectly solvent, but you will be confronted, nevertheless, with what is called a liquidity crisis."

The term, "liquidity crisis," might be translated into the simple word "tight." Many of us have been tight, or to put it another way, short of cash. When a nation gets to be short of cash, it can, of course, print more paper money. It can go on printing money until its money is worthless.

Professor Triffin makes the point: "We have, over the past decade, spent, lent, and given away about \$20 billion more than we earned and covered the difference by cash payments in gold (\$6 billion) and also by short-term I O U's (\$14 billion), which foreign central banks, private banks, and individuals were, until recently, quite glad to invest in, since the dollar was regarded as safer than any other currency, and even for the time being, as safe as gold itself."

It was, of course, too much to give away; so the dollar depreciated in value. We were not conscious of this in the United States because we did not go hungry here. The country was rich. The people were well off. We have a high standard of living. Nevertheless, economics walked its harsh way without regard to human enthusiasms and the result was that our gold supply began to disappear.

I can remember when \$25 a week was very good pay for a secretary who could take stenography, spell, add a column of figures, and say, "Good morning," politely. A girl who can do all that today might command \$100 or more a week, but is she getting more? The likelihood, adding taxes, social security, and the high cost of living is that she is getting less. The same is true of all wage earners; their nominal wages go up but it is in money that is worth less.

Money is nothing to fool about and politicians have a way of covering up errors by doing the wrong thing grandiloquently. But it is our money and we need to give it watchful attention. Money is the business of Congress and Congress has not been too keen on resuming its responsibility to rest on the American dollar.

### THE IOWA ADJUSTMENT PLAN

Mr. MILLER. Mr. President, I have received a number of letters requesting information on my reasons for voting against the so-called depressed areas bill. Some of these letters were undoubtedly generated by the unfortunate statement of the National Democratic Chairman in Des Moines a few weeks ago, criticizing the two Senators from Iowa for voting against this legislation and implying that there are centers of unemployment in Iowa which would benefit under the legislation.

Of course, it is common knowledge that there are no depressed areas in Iowa which will qualify for assistance, which would be one reason for voting against the bill. But another and far more persuasive reason for voting against it is that artificial Federal Government stimulus of industry in areas of chronic unemployment will not provide a sustained answer to the problem. The answer will be a combination of retraining of the unemployed and movement of the unemployed to locations where jobs need to be filled in industries which are growing in accordance with sound economic demands.

This has been Iowa's approach to the problem involving numerous unemployed farmers who have left the farm as a result of the technological revolution in farm production. We have not sought to artificially stimulate industrial growth, as some other States have done. No doubt we have lost some industrial growth by our failure to do so, but when these States end up with a chronic unemployment problem resulting from their own artificial stimulation of industrial growth I do not believe that Iowa taxpayers should be called upon to bail them out. Recently there appeared a well-thought-through editorial on this subject in the Waterloo, Iowa, Daily Courier, and I ask unanimous consent that the editorial be printed in the RECORD.

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

#### UNITED STATES SHOULD STUDY IOWA ADJUSTMENT PLAN

The Kennedy administration is currently putting into operation a program, enacted this spring by Congress, designed to assist areas of chronic unemployment.

One \$100 million loan fund will be for industrial redevelopment and another of the same amount will be for rural redevelopment. A third \$100 million loan fund was established to finance public facilities in these areas.

Critics of the program insist that this program merely involves easy credit to entice industry away from areas of natural economic advantage to areas where the advantage consists of Government aid.

The publication Business Conditions of the Chicago Federal Reserve Bank points out that depressed areas are no new thing in American history and that artificial govern-

ment solutions are not promising means of solving the problem where the natural economic factors are unfavorable.

The publication points out that the great lumber boom of the post-Civil War period in the Great Lakes region of Minnesota, Wisconsin and Michigan began to slump in the early days of this century as the white pine was consumed. The large work force which had been assembled for the lumbering operations was no longer needed and conditions of chronic unemployment developed.

There was a Government-sponsored attempt to develop an agricultural economy in the cutover stump land; but this attempt collapsed with the decline in farm prices following World War II. Enormous tracts of land reverted to State ownership after no purchasers could be found at tax sales.

Meanwhile, a natural economic growth developed. Grand Rapids became the furniture center of the world. Oshkosh and Saginaw became prosperous centers for manufacture of wood products and woodworking tools. And in recent years, a new boom has developed in the vacation industry with 1960 tourist expenditures in the three States calculated at a billion and a half dollars.

The question of aid to depressed areas might also be highlighted by a comparison of the Iowa and West Virginia situations. The great technological evolution which struck agriculture in the past four decades has caused a constant and sharp decline in the manpower required on farms. It is estimated that more than a million people have migrated out of Iowa since the turn of the century, most of them in search of jobs. Iowa has solved the problem by educating and exporting her children.

But the technological evolution which hit the coal mining industry has brought a lesser migration from coal States like West Virginia. Improved machinery has reduced the demand for coal miners and high wages have caused coal to decline in importance in comparison with other fuels. But the unemployed have survived on unemployment checks and relief, few having the opportunity or desire to obtain new skills for employment elsewhere.

The moral is not that the Government has no responsibility in these matters or that the alleviation of suffering is not needed. The moral is that the Iowa pattern has been more successful from both the economic and human standpoint than the West Virginia pattern.

The unemployed in the depressed areas are largely the unskilled and the poorly educated. A Government program of retraining is likely to be more effective than attempting to attract new industries which perhaps should not locate in these areas and probably would find little use for the unskilled worker if they did.

### THE CALENDAR

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the pending business be laid aside temporarily, and that the Senate proceed to the consideration of the calendar from Calendar No. 368 to and including Calendar No. 396, without my making the request for the consideration of each item.

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

#### MRS TAKIMI YAMADA

The bill (S. 19) for the relief of Mrs. Takimi Yamada was considered, 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, for the purposes of the Immigration and Nationality Act, Mrs. Takimi Yamada shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of enactment of this Act upon payment of the required visa fee. Upon granting of permanent residence to such alien as provided for in this Act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

#### HELGA G. F. KOEHLER

The bill (S. 231) for the relief of Helga G. F. Koehler was considered, 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 notwithstanding the provisions of paragraph (28) of section 212(a) of the Immigration and Nationality Act, Helga G. F. Koehler may be issued an immigrant visa and admitted to the United States for permanent residence if she is found to be otherwise admissible under the provisions of such Act: *Provided*, That this Act shall apply only to grounds for exclusion under such paragraph known to the Secretary of State or the Attorney General prior to the date of the enactment of this Act.

#### FRANCISZEK ROSZKOWSKI

The bill (S. 332) for the relief of Franciszek Roszkowski was considered, 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, for the purposes of the Immigration and Nationality Act, Franciszek Roszkowski shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act, upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this Act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

#### SARA MISHAN

The bill (S. 1007) for the relief of Sara Mishan was considered, 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, for the purposes of the Immigration and Nationality Act, Sara Mishan shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act, upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this Act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

#### ARAM FAYDA AND HIS WIFE ELENA FAYDA

The bill (S. 1405) for the relief of Aram Fayda and his wife Elena Fayda

was considered, 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, for the purposes of the Immigration and Nationality Act, Aram Fayda and his wife, Elena Fayda, shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act, upon payment of the required visa fees. Upon the granting of permanent residence to such aliens as provided for in this Act, the Secretary of State shall instruct the proper quota-control officer to deduct the required numbers from the appropriate quota or quotas for the first year that such quota or quotas are available.

#### WEN NONG WONG

The bill (S. 1576) for the relief of Wen Nong Wong was considered, 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, for the purposes of section 9 of the Act entitled "An Act to amend the Immigration and Nationality Act, and for other purposes", approved September 11, 1957 (71 Stat. 639), Wen Nong Wong, who was physically present within the United States on July 1, 1957, shall be held and considered to be the beneficiary of an approved visa petition for immigrant status under section 203(a)(1)(A) of the Immigration and Nationality Act filed on his behalf prior to September 11, 1957.

#### CLARINDA DA VEIGA

The bill (S. 1645) for the relief of Clarinda da Veiga was considered, 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, notwithstanding the provisions of paragraph (4) of section 212(a) of the Immigration and Nationality Act, Clarinda da Veiga may be issued a visa and be admitted to the United States for permanent residence if she is found to be otherwise admissible under the provisions of such Act: *Provided*, That a suitable and proper bond or undertaking, approved by the Attorney General, be deposited as prescribed by section 213 of the said Act. This Act shall apply only to grounds for exclusion under such paragraph known to the Secretary of State or the Attorney General prior to the date of the enactment of this Act.

#### EDUARDO GIRON RODRIGUEZ

The bill (S. 1785) for the relief of Eduardo Giron Rodriguez was considered, 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, for the purposes of the Immigration and Nationality Act, Eduardo Giron Rodriguez shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act upon payment of the required visa fee.

#### FOR RELIEF OF CERTAIN ALIENS

The bill (H.R. 1441) for the relief of certain aliens was considered, ordered to a third reading, was read the third time, and passed.

#### MRS. LILYAN ROBINSON

The bill (H.R. 1642) for the relief of Mrs. Lilyan Robinson was considered, ordered to a third reading, was read the third time, and passed.

#### ELIE HARA

The bill (H.R. 1677) for the relief of Elie Hara was considered, ordered to a third reading, was read the third time, and passed.

#### NARINDER SINGH SOMAL

The bill (H.R. 1710) for the relief of Narinder Singh Somal was considered, ordered to a third reading, was read the third time, and passed.

#### ANGELO LI DESTRI

The bill (H.R. 1717) for the relief of Angelo Li Destri was considered, ordered to a third reading, was read the third time, and passed.

#### JAIME E. CONCEPCION

The bill (H.R. 1718) for the relief of Jaime E. Concepcion was considered, ordered to a third reading, was read the third time, and passed.

#### JOVENAL GORNES VERANO

The bill (H.R. 1860) for the relief of Jovenal Gornes Verano was considered, ordered to a third reading, was read the third time, and passed.

#### TOMISLAV LAZAREVICH

The bill (H.R. 1888) for the relief of Tomislav Lazarevich was considered, ordered to a third reading, was read the third time, and passed.

#### MRS. FRANCISCA HARTMAN

The bill (H.R. 2152) for the relief of Mrs. Francisca Hartman was considered, ordered to a third reading, was read the third time, and passed.

#### HANS HANGARTNER

The bill (H.R. 2351) for the relief of Hans Hangartner was considered, ordered to a third reading, was read the third time, and passed.

#### GIOVANNA BONAVITA

The bill (H.R. 2671) for the relief of Giovanna Bonavita was considered, ordered to a third reading, was read the third time, and passed.

#### JOSEPH MAZ

The bill (H.R. 2991) for the relief of Joseph Maz was considered, ordered to a third reading, was read the third time, and passed.



## JOZEF GROMADA

The bill (H.R. 3146) for the relief of Jozef Gromada was considered, ordered to a third reading, was read the third time, and passed.

## MIECZYSLAW BAJOR

The bill (H.R. 4023) for the relief of Mieczyslaw Bajor was considered, ordered to a third reading, was read the third time, and passed.

## EVANGELIA KURTALES

The bill (H.R. 4201) for the relief of Evangelia Kurtales was considered, ordered to a third reading, was read the third time, and passed.

## URSZULA SIKORA, RADOSLAV VULIN, AND DESANKA VULIN

The bill (H.R. 4482) for the relief of Urszula Sikora, Radoslav Vulin, and Desanka Vulin was considered, ordered to a third reading, was read the third time, and passed.

## SANG MAN HAN

The Senate proceeded to consider the bill (S. 1100) for the relief of Sang Man Han, which had been reported from the Committee on the Judiciary, with an amendment, in line 7, after the word "natural", to strike out "parents" and insert "mother", so as to make the bill read:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of sections 101(a) (27) (A) and 205 of the Immigration and Nationality Act, the minor child, Sang Man Han, shall be held and considered to be the natural-born alien child of Arthur E. Schneider, a citizen of the United States: Provided, That the natural mother of the said Sang Man Han shall not, by virtue of such parentage, be accorded any right, privilege, or status under the Immigration and Nationality Act.*

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, was read the third time, and passed.

## SHAU YING LIN AND OTHERS

The Senate proceeded to consider the bill (S. 1432) for the relief of Shau Ying Lin and others which had been reported from the Committee on the Judiciary, with an amendment in line 8, after the word "fees", to insert "Upon the granting of permanent residence to such aliens as provided for in this act, the Secretary of State shall instruct the proper quota-control officer to deduct the required numbers from the appropriate quota for the first year that such quota is available.", so as to make the bill read:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Shau Ying Lin, Gee Chek Lin, Gee Ming Lin, and Chi Fong Lin shall be held and considered to have been lawfully admitted to the United States for permanent*

*residence as of the date of the enactment of this Act, upon payment of the required visa fees. Upon the granting of permanent residence to such aliens as provided for in this Act, the Secretary of State shall instruct the proper quota-control officer to deduct the required numbers from the appropriate quota for the first year that such quota is available.*

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, was read the third time, and passed.

## BLAGOJE POPADICH

The Senate proceeded to consider the bill (S. 1673) for the relief of Blagoje Popadich, which had been reported from the Committee on the Judiciary, with an amendment, to strike out all after the enacting clause and insert:

*That, for the purposes of sections 101(a) (27) (A) and 205 of the Immigration and Nationality Act, Blagoje Popadich shall be held and considered to be the natural-born alien minor child of Mr. and Mrs. Lezar G. Popadich, citizens of the United States: Provided, That the natural parents of the said Blagoje Popadich shall not, by virtue of such parentage, be accorded any right, privilege, or status under the Immigration and Nationality Act.*

*SEC. 2. That, notwithstanding the provision of section 212(a) (6) of the Immigration and Nationality Act, Blagoje Popadich may be issued a visa and be admitted to the United States for permanent residence if he is found to be otherwise admissible under the provisions of that Act under such conditions and controls which the Attorney General, after consultation with the Surgeon General of the United States Public Health Service, Department of Health, Education, and Welfare, may deem necessary to impose: Provided, That a suitable and proper bond or undertaking, approved by the Attorney General, be deposited as prescribed by section 213 of the said Act: And provided further, That this exemption shall apply only to a ground for exclusion of which the Department of State or the Department of Justice has knowledge prior to the enactment of this Act.*

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, was read the third time, and passed.

## EMMANUEL P. SKAMANGAS

The Senate proceeded to consider the bill (S. 491) for the relief of Emmanuel P. Skamangas, which had been reported from the Committee on the Judiciary, with an amendment, in line 4, after the word "Act", to strike out "Emmanuel P. Skamangas" and insert "Emmanuel Epaminondas Skamangas", so as to make the bill read:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Emmanuel Epaminondas Skamangas shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act, upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this Act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appro-*

*prate quota for the first year that such quota is available.*

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, was read the third time, and passed.

The title was amended, so as to read: "A bill for the relief of Emmanuel Epaminondas Skamangas."

## NARDINA COCUZZA (LEONARDA COCUZZA)

The Senate proceeded to consider the bill (S. 1549) for the relief of Nardina Cocuzza (Leonarda Cocuzza), which had been reported from the Committee on the Judiciary, with an amendment in line 4, after the word "Act", to strike out "Nardina Cocuzza (Leonarda Cocuzza)" and insert "Leonarda Cocuzza", so as to make the bill read:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act Leonarda Cocuzza shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act, upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this Act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.*

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, was read the third time, and passed.

The title was amended, so as to read: "A bill for the relief of Leonarda Cocuzza."

## JOSHUA TREE NATIONAL MONUMENT

Mr. MANSFIELD. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 404, H.R. 5416, which will be the last order of business this evening.

The PRESIDING OFFICER. The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (H.R. 5416) to include within the boundaries of Joshua Tree National Monument, in the State of California, certain federally owned lands used in connection with said monument, and for other purposes.

The PRESIDING OFFICER. The question is on the motion of the Senator from Montana.

The motion was agreed to; and the bill was considered, ordered to a third reading, read the third time, and passed.

## ENROLLED BILLS PRESENTED

The Secretary of the Senate reported that on today, June 21, 1961, he presented to the President of the United States the following enrolled bills:

S. 32. An act for the relief of Jeno Becsey;  
S. 68. An act for the relief of Kay Addis;  
S. 70. An act for the relief of Mah Ngim Hay (Joe Mah);  
S. 71. An act for the relief of Mah Ngim Bell (Bill Mah);  
S. 186. An act for the relief of Dr. William Kwo-Wei Chen;

S. 219. An act for the relief of Dr. Nobutaka Azuma;  
 S. 268. An act for the relief of Hob Yuen Woo;  
 S. 395. An act for the relief of Fausto Lavari;  
 S. 400. An act for the relief of Mrs. Keum Ja Asato (Mrs. Thomas R. Asato);  
 S. 441. An act for the relief of Rodopi Statherou (Statheron);  
 S. 452. An act for the relief of Nellie V. Lohry;

S. 485. An act for the relief of Charles Edward Pifer;  
 S. 746. An act for the relief of Yee Mee Hong;  
 S. 759. An act for the relief of Sadako Suzuki Reeder;  
 S. 865. An act for the relief of Wieslaw Barbara Krzak;  
 S. 921. An act for the relief of Martha Uchacz Barras; and  
 S. 1093. An act for the relief of Sze-Foo Chien.

## ADJOURNMENT

Mr. MANSFIELD. Mr. President, if there be no further business to come before the Senate at this time, I move that the Senate adjourn until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 36 minutes p.m.) the Senate adjourned until tomorrow, Thursday, June 22, 1961, at 12 o'clock meridian.

## EXTENSIONS OF REMARKS

## Report to the 86th Congress on the Study of Small Business Problems

## EXTENSION OF REMARKS

OF

## HON. THOMAS B. CURTIS

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 21, 1961

Mr. CURTIS of Missouri. Mr. Speaker, in the closing days of last year, the Selected Committee on Small Business presented its final report on House Resolution 51—A Resolution Creating a Select Committee To Conduct a Study and Investigation of the Problems of Small Business. It is report No. 2235 and I should like to call it to the attention of the Congress and to excerpt from the minority views expressed therein those points which I feel are especially pertinent. These excerpts are included below:

## MINORITY VIEWS

## INTRODUCTION

The minority regrets to find in the final report of the committee for the 86th Congress the same type of destructive criticism which we have found in similar reports in the past. Destructive criticism is in the same category as other destructive elements in the spectrum of our national existence. Undoubtedly, destructive criticism directed at our economy becomes a savory morsel in the mouths of our enemies and detracts from our position in world affairs.

On the contrary, constructive criticism which is designed to build and improve our position is in the interest of national security and prestige. The minority believes the careful reader will find little evidence of constructive criticism in the final report of the Select Committee on Small Business in the 86th Congress.

Regrettable as are bankruptcies and business failures, the majority fails to relate such failures to the increased business population and to other factors which have a definite influence on the success or failure of a small business. The majority is reminded that the years referred to so frequently as "since 1952" are the same years covering a transition from a wartime economy to what we describe as normal times. If the comparison of the majority is to be realistic, comparison should be made to the 48 failures per 10,000 business concerns in 1920, in the period following World War I, with 42 failures per 10,000 business concerns in 1954, following the Korean war. The minority further notes that in 1940, the last peacetime year prior to World War II, the rate of failure was 63, which compares unfavorably with the rate of 52 per 10,000 businesses in 1959.

The majority had 25 years or more of almost constant control of the Congress, and if

there are loopholes in our antitrust statutes, as the report would have us believe, the majority has failed to take the necessary action. As to effective enforcement of the antitrust statutes, the most vigorous enforcement in nearly a half century has taken place, as we will show, during the 8 years of the present administration.

The majority describes the decline in the proportion of Government procurement being awarded to small business as "a shocking decline." The majority also claims "neglect" in the award of contracts for research and development. The majority takes the magic date of 1953 as its benchmark in proving all of these matters when, as a matter of fact, from 1949 to 1953 small business' share of Government procurement declined from 27 percent to 16 percent primarily because of the Korean war and the type of equipment required to fight that war. Although the dollar value of awards to small business has been steadily increasing because of increased expenditures, it is true that the percentage of dollar-value awards has declined. The question is: Why? The answer is simple. When the Russians put the sputnik into orbit, dollars which had been utilized for other purposes were diverted in order to speed up our space-age requirements in missiles, antimissile missiles, and other space projects designed to add to our knowledge and power. These matters were, in truth, as the records show, given little attention prior to the present Republican administration. After sputnik, many of the ideas and plans which had previously been judged as fantastic and impractical suddenly became not only necessary, but very practical indeed. . . .

The minority does not feel that it is in the interest of small business to indulge in high-sounding, meaningless, theoretical, and philosophical phrases—many of which, as practical men, we know cannot and will not receive even passing consideration by the Congress. We prefer to stick to the hard basic facts of small business life and to meet the problems head on in an effort to find a reasonable and logical solution. . . .

## ECONOMIC GROWTH

In its introduction to the final report the majority makes the following statement: "Historically, during the past 100 years, the gross national product has grown at an average rate of about 3 percent a year, computed in dollars of constant value." (More precisely, the historic annual rate of growth, according to the Joint Economic Committee of the Congress, has been 2.9 percent.)

Thereafter, the majority attempts, through the means of selective statistics, to prove that the last 8 years witnessed a decline in the growth rate of the United States—this, despite the fact that during the present administration the gross national product climbed to a record peak of over half a trillion dollars.

The juggling of statistics, of course, constitutes a distortion of economic realities. In point of fact, the record of growth during the prior administration left much to

be desired. From 1945 to 1952 the GNP increased \$32.7 billion in constant value dollars. Thus, the Truman years reflected an overall gain of 8.9 percent and an average annual growth rate of 1.1 percent—a disappointing rate indeed. Figures for these years, taken from chart D-2 of the 1960 Economic Report of the President, are reproduced below.

Year	Gross national product (billions)	Percent change over previous year
1944.....	\$366.3	-----
1945.....	359.9	-1.8
1946.....	316.0	-12.2
1947.....	315.7	-1
1948.....	327.9	+3.9
1949.....	328.2	+1.09
1950.....	356.2	+8.5
1951.....	385.0	+8.1
1952.....	399.0	+3.6
Total gains.....	32.7	+8.9

1.1 percent annual average.

It is interesting to note that most of the gains of the Truman administration reflect industrial growth triggered by the Korean war (1950-52). If pre-Korean war years alone are considered, the gross national product fell back in 2 years, inched ahead less than 1 percent in a third, and gained modestly in a fourth.

The story of the last 8 years is a very different one, however. For the first time in history the gross national product climbed over the \$500 billion mark. A chart showing GNP figures for the Eisenhower administration is reproduced below.

Year	Gross national product (billions)	Percent change over previous year
1953.....	\$417.1	+4.5
1954.....	408.8	-2.0
1955.....	441.5	+8.0
1956.....	450.9	+2.1
1957.....	458.9	+1.8
1958.....	448.6	-2.2
1959.....	479.5	+6.9
1960.....	503.0	+4.9
Total gains.....	124.0	+25.1

3.1 percent annual average.

These figures represent an increase in constant value dollars of 124 billion, reflecting an overall increase of 25.1 percent and an average annual growth rate of 3.1 percent. Thus, the annual growth rate of the Eisenhower administration is almost three times that of the Truman administration which preceded it, and more than matches the historical annual figure of 2.9 percent previously referred to. Significantly, this rate of growth was achieved without the stimulus of war.

Americans must always be concerned with the pace of our Nation's growth. We are engaged in a life-and-death struggle with a



totalitarian force dedicated to the destruction of our way of life. In this struggle there is always room for improvement. But criticism of past performance if it is to be constructive, if it is to be valid, if it is to assist in the struggle, must be based upon fact not fancy. And statistics cited to support criticism, if they are to be worth while, must tell a full and complete story rather than a stilted, biased, wishful, or partisan one.

Regrettably, the majority, in its zeal to paint a dark picture of Republican accomplishments during the last 8 years, has chosen the latter course. This attempt, in view of claims of committee nonpartisanship, is peculiarly out of place in this report.

#### BANKRUPTCIES AND BUSINESS FAILURES

##### Chapter II of the final report

Chapter II discusses bankruptcies and business failures at length. In it the statement is made that "In fiscal year ended June 30, 1960, 110,034 bankruptcy petitions were filed in the U.S. courts. This was by far the largest number in the history of the country." Of course, only a little over 10 percent of the bankruptcy petitions are business bankruptcies. For example, in 1959, there were 10,891 business bankruptcies out of a total of 100,672 bankruptcies. To our knowledge, the exact number of business bankruptcies for fiscal 1960 is not yet available.

Without belaboring the question, because any business or individual failure is of great concern, the minority feels that the number of business failures is not as significant as the rate of failure per 10,000 business concerns. This is because of the constant increase in business population which now (1960) numbers more than 4,700,000. In 1920 there were 2,570,000 business institutions. Thus, merely to play around with the number of business failures without relating such figures to the business population and rate of failure per 10,000 businesses, is statistical sleight-of-hand.

As to the age question, the Survey of Current Business for December 1955 (p. 15 et seq.) tells us the median age of business firms in 1947 was 2.75 years and by 1954 this median age had increased to 6.75 years, a very healthy gain indeed.

In comparing business gains and losses in terms of entry into business and failure or other disposal of a business, it is appropriate to call attention to the fact that we are increasing our business population at a rate of approximately 65,000 annually. At the same time let us not confuse total bankruptcy petitions filed in U.S. courts with the 10 percent of such petitions which represent business failures.

The minority here repeats its concern and regrets that even one business or one person must find relief from unconscionable financial burdens through bankruptcy proceedings. As a committee of the Congress established to help small business solve some of its problems, the minority is certain all of our members are concerned with small-business failures. The minority is constrained to say, however, that shaking the confidence of the small-business segment of our economy is not helpful in solving small-business problems. Certainly the record of the past 8 years has, on the whole, been one of progress for small business. The minority is not convinced that any previous administration can surpass or even match the record of constructive and positive action in the interest of the small-business community of our country which has taken place during President Eisenhower's administration.

The minority includes as a part of its views two additional charts for the record: (1) "Rate of Business Failures per 10,000 Firms, 1900-60"; and (2) a reprint from Dun's Review and Modern Industry, "Why Businesses Fail."

Rate of business failures per 10,000 firms, 1900-1960

Year:	Failure rate
1900	92
1901	90
1902	93
1903	94
1904	92
1905	85
1906	77
1907	83
1908	108
1909	87
1910	84
1911	88
1912	100
1913	98
1914	118
1915	133
1916	100
1917	80
1918	59
1919	37
1920	48
1921	102
1922	120
1923	93
1924	100
1925	100
1926	101
1927	106
1928	109
1929	104
1930	122

Rate of business failures per 10,000 firms, 1900-1960—Continued

Year:	Failure rate
1931	133
1932	154
1933	100
1934	61
1935	62
1936	48
1937	46
1938	61
1939	70
1940	63
1941	55
1942	45
1943	16
1944	7
1945	4
1946	5
1947	14
1948	20
1949	34
1950	34
1951	31
1952	29
1953	33
1954	42
1955	42
1956	48
1957	52
1958	56
1959	52
1960 (January through June)	53

Source: Dun & Bradstreet.

Why businesses fail—Classification of causes of business failures, 1956, based on opinions of informed creditors and information in Dun & Bradstreet's Credit Reports

Apparent causes	Manufacturing	Wholesale	Retail	Construction	Community service	Total
Neglect	3.1	5.1	4.8	3.7	3.5	4.3
Bad habits	.5	.9	1.2	.7	1.2	1.0
Poor health	2.1	3.5	2.7	2.3	1.4	2.5
Marital difficulties	.3	.5	.5	.6	.7	.5
Other	.2	.2	.4	.1	.2	.3
Fraud	2.0	4.6	1.9	1.9	1.0	2.1
Misleading name	0	.2	.1			.1
False financial statement	.3	.7	.4	.2	.1	.4
Premeditated overbuy	.1	.3	.1	.2	.1	.1
Irregular disposal of assets	1.4	3.1	1.1	1.3	.7	1.3
Other	.2	.3	.2	.2	.1	.2
Inexperience	92.7	88.0	91.1	92.2	91.8	91.3
Inadequate sales	54.5	45.7	50.4	34.2	44.6	47.9
Heavy operating expenses	8.8	6.2	4.8	13.1	7.2	7.0
Receivables difficulties	11.8	16.7	5.3	14.5	5.5	8.9
Inventory difficulties	7.2	10.2	10.4	1.9	2.0	7.9
Excessive fixed assets	9.1	3.3	6.0	4.6	12.1	6.6
Poor location	.5	1.1	5.2	.5	2.8	3.1
Competitive weakness	14.9	20.6	21.0	28.4	24.8	21.2
Other	5.1	3.9	4.0	9.4	4.7	5.0
Disaster	1.8	2.0	1.5	.6	1.3	1.4
Fire	1.1	.9	.7	.1	.4	.6
Flood	.3	.2	.3	.1	.4	.2
Burglary	0	.2	.1			.1
Employees' fraud	.1	.1	.1	.1		.1
Strike	.2	.1	0	.2		.1
Other	.1	.5	.3	.1	.5	.3
Reason unknown	.4	.3	.7	1.6	2.4	.9

NOTE.—While the percentage in the broad categories of apparent causes of failures (neglect, fraud, inexperience and so on) add to 100 percent, the sum of the specific causes may exceed the total for the category because some failures are attributed to a combination of specific causes. (Reprinted by permission of Dun's Review and Modern Industry.)

#### SMALL BUSINESS TAXES AND ECONOMIC GROWTH

##### Chapter XII of the final report

The minority members of the House Small Business Committee are not particularly in disagreement with the comment on taxes, as incorporated in chapter XII of the final report. However, we desire to further point to the fact that the minority members have introduced comprehensive tax bills in the interest of small business and small farmers in the past several Congresses. The principle embodied in this proposed legislation was

based in part on the hearings held by the House Small Business Committee in the 83d Congress under the chairmanship of Hon. HORACE SEELY-BROWN, JR., of Connecticut. The minority also desires to note that at least four of its proposals have been enacted into law.

During the hearings held by the House Ways and Means Committee on general revenue revision in the 85th Congress, all minority members of the committee presented their views in detail, which we feel

very materially aided in the passage of small business tax legislation in the 85th Congress (hearings, Ways and Means Committee, pt. I, pp. 13-67, inclusive, Jan. 1958.)

In support of the remarks of Hon. TOM STEED on the floor of the House on August 10, 1959, the ranking minority member of the committee, Mr. McCulloch, commended Mr. STEED for his diligence in the field of taxation and spoke of the impediments to the progress of small-business concerns that exist in the Internal Revenue Code. Mr. McCulloch remarked that the passage of Public Law 866 in the 85th Congress brought about some improvements, but at the same time stressed the fact that greater tax reform was needed, and referred to his bill, H.R. 6501, and the companion bills introduced by Mr. MOORE, of West Virginia, Mr. AVERY, of Kansas, Mr. SMITH of California, Mr. ROBINSON, of New York, and Mr. QUITE, of Minnesota, who at that time was a member of the committee.

Mr. McCulloch further stressed that the "underlying principle of tax reform and revision contained in H.R. 6501 and companion bills is to make small business financially self-sufficient insofar as is possible. In other words, to provide small business concerns with a tax structure which will permit earnings to be plowed back into the business for growth, expansion, and modernization."

Mr. McCulloch in his statement on August 10, 1959, made it clear that the minority was pleased that so many bills embodying the "plowback" principle had been introduced and that so long as the basic principle of tax reform and revision was maintained, the cause of small business would be well and properly served.

In the introduction of tax bills by the minority members of the committee we have been guided by certain basic principles which we are pleased to set forth at this point for the record.

#### Basic Principles

Any tax measure in the interest of small business should:

1. Provide for the retention of earnings for capital which can be utilized without penalty for growth, expansion, and modernization;
2. Apply to all forms of business enterprise, that is, to corporations, partnerships, and individuals;
3. Apply to business enterprises engaged in mining, manufacturing, wholesaling, or retailing which are engaged in trade or commerce;
4. Apply to business operations commonly characterized as "service" establishments;
5. Be confined to small business by appropriate ceilings depending upon the type of provision, namely, gross earnings, capital assets, number of shareholders, etc.;
6. Provide appropriate options to enable all small-business institutions to make periodic elections as to the various methods (corporate or proprietary) for computing income taxes under the Internal Revenue Code;
7. Be designed to encourage private investment and private loans to small-business enterprises;
8. Protect the "good will" of the business upon the demise of the owner or owners;
9. Make certain that estate taxes may be paid in such manner as to provide for the continuance of the business rather than forced liquidation, merger or sale of a small business;
10. Provide methods of amortizing and depreciating both new and used property which take into account the replacement or renewal of such property within its life expectancy; and
11. Classify family-sized farms or tenants of such farms as small-business enterprises in order to receive the benefits which would be derived by tax legislation applying to small business.

#### Methods of Taxation

1. In recognition of the opposition to graduated tax schedules (regardless of the extent of such gradations), any tax bill in the interest of small business should as a practical matter avoid graduated tax schedules. The so-called step method presently applicable to corporate taxes is believed to be the best approach.

2. The normal tax rate should be low.

3. Exemptions from surtaxes should be as liberal as possible but must be held within limits which will be acceptable from the standpoint of revenue.

4. Exemptions for expenditures for growth, expansion and modernization which may be deducted within a given period from ordinary income should be carefully considered.

The minority desires to reemphasize the point that tax reform and revision in the interest of small business is what is needed—not tax relief. We said in introducing minority tax bills on April 20, 1959, in part, that—

The fundamental principle which motivates us in introducing tax legislation is reform and revision of certain sections of the Internal Revenue Code in the interest of small business. We do not and cannot conceive lasting benefit from mere tax relief. We do not even like the term "tax relief." Small business is not a mendicant but represents the broad base on which our entire business economy rests. The latent strength of our small business economy of today is the assurance of a vigorous and healthy business economy in the tomorrows to come.

Unless we are willing to face up to the responsibility of providing the means by which our small business institutions may grow and expand on a sound, constructive basis, we will reach these tomorrows with a faltering business structure. This, our enemies, current and potential, desire above all else. A strong America is the keystone of a free world \* \* \*.

#### MINORITY COMMENTS RESPECTING CHAPTER XV Conclusions and recommendations of the final report Taxation

We do not believe, as we have previously stated, that H.R. 2 and the companion bill, H.R. 13, are the final answer to the small business tax problem. We would like to see the House Small Business Committee in the 87th Congress hold hearings and consider all types of proposals which have been introduced, including the proposals previously advanced by the minority. Following such hearings and studies we would like to see a unanimous recommendation of our committee to the Ways and Means Committee and a report based on the testimony received from small business itself \* \* \*.

#### Soviet Deportation of the Baltic Peoples

#### EXTENSION OF REMARKS OF

**HON. LEONARD FARBSTAIN**

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 21, 1961

Mr. FARBSTAIN. Mr. Speaker, the three small, but vigorous, units of the Baltic region—Estonia, Latvia, and Lithuania—were reconstituted after the First World War as independent republics. Peoples in all three countries had their own democratic governments, and with their democratic institutions, were living happily during the interwar years. Though during that time they experi-

enced some economic difficulties, and political setbacks, they succeeded in overcoming them and were doing their utmost to maintain their freedom. They lived in peace and friendship with their neighbors and their only desire was to be allowed to work and live in peace. But their most ferocious enemy, the Communist Government of the Soviet Union, seemed to have determined to crush their freedom at the first opportune time and annex these countries. And this is what the Soviets did in mid-1940, thus causing the tragedy of the Baltic peoples.

The Soviet Government was not content with the destruction of the independence of these countries and the consequent enslavement of the people there. In their attempt to eliminate and uproot all opposition to their oppressive Communist regime, Soviet authorities began systematic and wholesale arrests and imprisonments in these countries and deportations. This large-scale man hunt continued for more than a year, until mid-1941, by which time hundreds of thousands of innocent and helpless Estonian, Latvian, and Lithuanian citizens were exiled in freight cars to distant Asiatic Russia. That was more than 20 years ago, and unfortunately to this day neither the peoples in these three countries, nor the people of the non-Communist world know much of their fate. Of course, many of them must have died in misery while laboring in Soviet slave-labor camps, but we hope that many of them are still alive, and pray, on this anniversary of their deportation, for their deliverance from Communist totalitarian enslavement.

#### The Housing Bill

#### EXTENSION OF REMARKS OF

**HON. EDWIN B. DOOLEY**

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 21, 1961

Mr. DOOLEY. Mr. Speaker, many of the provisions in H.R. 6028 will be of unquestioned benefit to families owning homes or wishing to purchase homes in the higher-cost areas of the Nation such as my district. For this reason I am pleased to see a general unanimity of view in the Banking Committee with respect to the FHA provisions of most value in my area.

There is no dissent in the committee report, for example, on the proposals—section 605, pages 123-124—in H.R. 6028 which would provide more realistic down-payment requirements on FHA-insured homes of moderate to higher valuations, and which would increase the insured mortgage limit to \$27,500. In my opinion, this will put the FHA back into business in areas of the country such as mine, and yet the requirement will still be substantial for a family buying a home. On an FHA valuation of \$21,000 the proposed change would still require a cash outlay by the family of a \$1,200 downpayment plus



other closing costs and moving expenses. I am pleased to support these amendments.

The same section of the bill would extend from 30 to 40 years the maximum term permissible on an FHA-insured home mortgage, comparable to the 40-year term suggested for lower cost housing in the first part—section 101—of the bill. I do not share the fears of my colleagues over the extension of 10 years. I know the practical dilemma facing many families needing larger quarters or better housing, yet faced with heavily increased taxes, land and development costs. The monthly expenses of owning a home, over and above the payment of principal and interest on a mortgage, have risen rapidly in the past 10 years. Something must be done to alleviate the situation.

The proposal in this bill to extend the term limit from 30 to 40 years is a permissive measure only. It will force no one to make such loans. And in every instance the credit record and available income of a family will be examined carefully by lenders and FHA credit officials before such a mortgage can be made.

I am for homeownership for the benefit of our entire Nation, and I think that all the GI's from World War II and the Korean conflict who bought and own homes based on a no-downpayment, 30-year mortgage have been and still are good credit risks as well as solid citizens for this country. I am convinced the same will be true of the families who are enabled to buy a home under the proposals in this bill.

Another feature of the bill which I find of great interest and which I support is the proposed new program for FHA insurance of land development loans. This should enable many builders to compete with the large-scale land developers and break a monopoly which has arisen around many metropolitan areas in the possession of buildable land.

With FHA insurance, small businessmen or groups of small builders should be able to obtain the necessary financing to develop tracts of land properly and with FHA supervised planning without dependence upon the large-scale speculators in land who have done so much to add fuel to the inflation of land values. I believe this proposal will be a substantial contribution towards the improvement of federally assisted planning of suburban growth.

### Drastic Postal Increase Proposed for Small Newspapers

#### EXTENSION OF REMARKS

OF

### HON. WRIGHT PATMAN

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 21, 1961

Mr. PATMAN. Mr. Speaker, the postal rate increase bill under consideration by the House Post Office and Civil Service Committee contains such a dras-

tic rate increase for handling the second-class material of small daily and weekly newspapers that I am afraid it will force many of them to discontinue publication if adopted.

I am particularly concerned about the so-called country weeklies of small circulation and very limited advertising revenue. These newspapers now receive free in-county mail service from post offices which do not provide letter carrier service. Other in-county rates are generally a flat rate of 1 cent per pound. Under the proposal submitted to the committee, the 1-cent rate would be increased to 1½ cents per pound, plus one-fourth cent per piece. And that would include the now free in-county mail service. Testimony before the committee by the Post Office Department said this would amount to about a 79 percent increase in second-class revenues. This, I submit, is a pretty heavy burden on the smaller newspapers and particularly the small weeklies.

#### DISCONTINUING PUBLICATION

Mr. Speaker, the number of smaller newspapers in our country has been on the decline for years. Those that are managing to survive depend on what little local advertising that is available and the revenue received from circulation. Their revenue from national advertising has dwindled to the point where it now is virtually nonexistent. National advertising all has gone to the metropolitan dailies, the national magazines, and the big radio and TV networks.

A sharp increase in handling second-class material leaves them with no recourse except to charge a substantially higher subscription rate—a rate that the traffic will not bear.

I am seriously concerned about the fate of any small newspaper when the editor has to announce a subscription far and above what the subscriber had been paying. Few weeklies can hang on now unless they are located in county seats where they usually have an advantage in securing what legal advertising is available. Most of them also depend substantially on revenue from job printing. Others are being swallowed up by chains, many of whom find they can publish several small weeklies from a single plant located in cities outside of the areas where their small newspapers actually are distributed.

#### IMPORTANT PUBLIC SERVICE

I need not dwell on the importance of these smaller newspapers to the communities they serve. They perform a unique public service that no other source can provide. The residents of their areas are dependent upon them for news and information. In a vast majority of cases these communities are too small to accommodate any kind of local radio service which, in itself, could not substitute for the small daily or weekly newspaper.

Finally, there is the historic traditional policy that second-class matter does not pay its full way. I realize that it will not pay 100 percent of the cost under the new proposals, but the proposed increase is completely out of line with what

can be borne under the circumstances. It is generally agreed that public policy in regard to dissemination of second-class matter has not been fully resolved. Mr. Speaker, I urge that the present rates be permitted to continue until public policy has been fully determined. From the time of Benjamin Franklin, it has been public policy to encourage the widest possible dissemination of information and educational material as a matter of public policy and for the welfare of the general public. I sincerely hope the present proposal is not a step toward changing that policy and that it will not be accepted.

### West Virginia's 98th Anniversary as a State Is Attended by Signs of an Economic Renaissance—Service Clubs of Welch Hold Commemorative Program

#### EXTENSION OF REMARKS

OF

### HON. JENNINGS RANDOLPH

OF WEST VIRGINIA

IN THE SENATE OF THE UNITED STATES

Wednesday, June 21, 1961

Mr. RANDOLPH. Mr. President, it was my privilege yesterday to address a joint meeting of the civic and service clubs of Welch, W. Va., in commemoration of the 98th anniversary of President Lincoln's signing of the proclamation which created the State of West Virginia. Represented at the West Virginia Day banquet were the Lions Club, the Kiwanis Club, the Welch Chamber of Commerce, the Rotary Club, and Post No. 8 of the American Legion as well as the Welch 40 & 8.

It was my pleasure to sit near Mr. W. R. Keyser, editor of the Welch Daily News and the gentleman who introduced me to a McDowell County audience when I first visited there 35 years ago. Toastmaster for the occasion was the Reverend Howard C. Leming, president of the Welch Rotary Club.

Mr. President, this was but one of the many such gatherings being held throughout the State of West Virginia this week, all of which attest to the rebirth of vitality and spirit among our citizens and their determination to propel West Virginia once again into the mainstream of American economic life.

I ask unanimous consent that the program of the interclub meeting at Welch and the address which I delivered there be printed in the RECORD.

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

AN ADDRESS BY SENATOR JENNINGS RANDOLPH, DEMOCRAT, OF WEST VIRGINIA, WEST VIRGINIA ANNIVERSARY PROGRAM, JOINT MEETING, KIWANIS, LIONS, AND ROTARY CLUBS, CARTER HOTEL, WELCH, W. VA., JUNE 20, 1961

It is a privilege for me to address this joint gathering of Kiwanis, Lions, and Rotary members in commemoration of the 98th anniversary of the proclamation of the statehood of West Virginia. And I am gratified by the efforts throughout our State to make this week a significant one in the exploration

and the development of a new awareness of the capacities and potentialities of West Virginia and its people.

I hope, however, that the activities of the many service and civic groups during this West Virginia Week will not founder in a sea of talk and self-congratulations about what grand people we West Virginians are. We need more than the spirit of boosterism this week. We need the same qualities of zeal, determination, and high purpose with which the West Virginia delegates were invested at the Wheeling convention which nullified the Virginia ordinance of secession 100 years ago this month. It is my hope, therefore, that we will use this time for the purpose of generating new insights and a renewed will to attack the problems before us. Though we are not confronted with the critical issue of State survival, as were our forebears a century ago, our contemporary problems are difficult and complex.

I truly believe, however, that this commemorative week can have significance for us, as a time of appraisal and dedication to the task of revitalizing West Virginia. The time is ripe for an economic renaissance in our State. For almost a decade now, large segments of the economy of West Virginia have been seriously shaken and dislocated by the processes of mechanization and automation, by technological changes in the national industrial environment, and by foreign competition. During this time we have studied, analyzed, and criticized ourselves—and defended ourselves against the unjust criticisms of others—and we have received a variety of prescriptions for our ailments. Though we have a long journey ahead, significant advances have been and are being made.

As we near the end of our first century of existence as a State, I believe we can look forward to a new phase in the development of West Virginia's economic, social, and cultural foundations. And I do not say this in the spirit of mere Pollyanna optimism. There are sound reasons for this view.

There is more in the air than the balmy breeze of June. There is stirring evidence of progress in new and diversified industries in West Virginia. The announcement yesterday of the award of shipbuilding contracts to Marietta Ship Yards at Point Pleasant, the announcement earlier this month of a new plant to be constructed by North American Aviation in the Bluefield-Princeton area—these and other significant developments in private industry attest to the sound potential for economic growth in our State.

But there are other equally fundamental grounds for a hopeful view of the future. In the first place, the worst of our own transition has already passed. The tremendous reduction in employment in the coalfields since 1948—which was aggravated by the three recessions in the national economy—has probably leveled off. It is not likely to proceed much further at the present level of demand for coal, and it certainly will not again reach the precipitate rate of decline of the 1950's.

In terms of the national economy, we have learned much about the nature of recessions during the past 8 years. And though I do not offer this observation with partisan sentiment, I believe we will find that the present administration will readily apply this knowledge and information.

Just as our experience in the 1930's taught us much about the dynamics of a depression, on the basis of which we enacted many effective antidepression measures, so has our experience of the fifties taught us about recessions. And we are now in the process of enacting remedial legislation to deal with the problem of recurrent recessions and to provide for a firmer economic foundation and more effective utilization of our human and natural resources.

Our experience of the 1930's did disprove—and I believe the record which will be written of the 1960's will also disprove—the bleak generalization of the historian Nicholas Berdyaev when he wrote that "Man's historical experience has been one of steady failure, and there are no grounds for supposing that it will ever be anything else. None of the problems of any given historical epoch whatsoever have been solved, no aims attained, no hopes realized."

Though the achievements of the present Congress and administration fall short—as do the works of all men and women—of ideal perfection, they offer grounds for more than despair. And if we are to avoid such despair we must first acknowledge that the recurrent maladjustments within our economy are not cosmic accidents, they are not the acts of a vengeful God, nor are they the product of prideful men who violate some hypothetically supreme law of nature called supply and demand.

They are the result of an age of accelerated technological and social change, and they represent some of the current limitations of our system of production, distribution, and consumption in meeting the challenges of a modern urban and industrial civilization. Thus, these faults and maladjustments are subject to the analysis of our collective human intelligence. And it is on this basis that the Congress and the administration are proceeding—sometimes slowly, sometimes mistakenly, but always cautiously and carefully and I hope courageously—in the knowledge that the Federal Government has a responsibility to help maintain full employment and a high rate of national economic growth. Many of the measures that have been or will be enacted have direct application to the economic resurgence of West Virginia.

Foremost among these, of course, is the Area Redevelopment Act, concerning which there has been so much information in recent months and years that I shall not comment further on it here. In terms of immediate relief measures, we have written laws for aid to dependent children of the unemployed and extension of unemployment compensation. However, these two are admittedly palliative and emergency measures rather than long-term remedial acts.

There are, however, four measures of major significance which are well on their way to final enactment. Among these is the aid to education bill, which, in the form that it passed the Senate, will provide during the next 3 fiscal years more than \$37 million for West Virginia in school construction and teachers' salaries.

Of vital importance to West Virginia is the Federal Aid Highway Act of 1961, passed by the House on May 4 and by the Senate on June 15, and now referred to a conference committee, of which I am a member. The differences between the two bills are not major, and the final version will in all likelihood retain the authorizations for the Interstate Highway System in West Virginia of \$30 million in fiscal 1962, \$36 million in 1963, and \$39 million in 1964. In addition, a more immediate impact on our road construction will result from the President's recent decision to release \$18 million which had been frozen by contract control regulations of the previous administration, of which \$9.4 million is allocated to West Virginia.

Also looking toward the development of West Virginia, I would mention present and future progress in the field of water pollution control—an area of activity of vital importance not only to individual and community health standards but also to economic development and the fuller utilization of our recreational resources.

As evidenced by the number of antipollution projects under construction in West Virginia, the Federal Water Pollution Con-

trol Act has already been a major factor in helping us combat pollution. Under the authorization of this act, 35 projects have been approved in West Virginia, with total costs of more than \$16 million and Federal grants of more than \$4 million. As of March 31 of this year, 13 of these projects had been completed and 7 had been placed under construction.

Though this law has been an effective element in stimulating municipal construction of sewage treatment plants, our experience of recent years and the growing backlog of applications for aid indicate the need for expanding the Federal participation.

Consequently, the House of Representatives, on May 3, passed the Blatnik bill by a vote of 307 to 110. Among its most important features are these: it would increase the maximum allowable for individual construction grants, raise the total authorization of appropriations for such grants, increase grants to State and interstate agencies for water pollution control programs and advance the authorizations period to 1971. And most important for West Virginia, it would give priority to applications of less than \$250,000—that is, from our smaller towns and cities.

I was privileged to chair the recent hearings of the Senate Subcommittee on Flood Control—Rivers and Harbors on this and related bills, at which time we received testimony from public health and other experts and leading conservationists. The overwhelming consensus among these authorities is in favor of the major provisions of the House bill, most of which were retained in our committee report though with less overall authorization of funds. There is reason to expect that a bill providing for substantially increased Federal participation in water pollution control will be passed by the Congress and signed by the President during this session—thus providing a major step forward toward control of a vital national and State problem.

Finally, with reference to the long-term challenge of more effective utilization of our reservoir of human skills, I would comment on S. 1991, the proposed Manpower Development and Training Act, which is designed to offer vocational retraining to unemployed persons who have been displaced by automation, foreign competition or other structural changes in the national economy.

The pending measure, of which I am a cosponsor and on which the President has sent to the Congress a special message, would extend the national commitment to full employment first established by the Employment Act of 1946. In the language of the bill itself, "It is the purpose of this Act to require the Federal Government to appraise the manpower requirements and resources of the Nation, develop and apply the information and methods needed to deal with the problems of automation and with technological and other types of persistent unemployment, and provide for the adequate training and retraining of the Nation's force."

To implement the act would require, in the estimate Secretary of Labor Goldberg presented in testimony before our subcommittee, \$100 million in 1964. Though the specific allocations for the individual States have not been computed, the allocation formula will be based upon the number of long-term unemployed in a given State; on this basis it is estimated that West Virginia's allocation during the 4 years of the act's administration would be between \$15 million to \$18 million.

The initial responsibility will rest with the Secretary of Labor to determine, through surveys, the skill requirements of the national economy. Following this he will develop and encourage the development of on-the-job and related training programs, and in cooperation with the Department of



Health, Education, and Welfare and State vocational education institutions, encourage the development of vocational training programs. In every phase of the program, however, there will necessarily be a heavy reliance upon State and local officials and local business and civic leaders such as yourselves for the successful administration of the act.

For it will be the local industries which must provide the actual on-the-job training, and it will be the State vocational institutions and local private and public institutions which must devise the specific and diversified vocational training programs. And finally, it will be the State and local officials and leaders in business and development work who must attract the new industries to provide opportunities for the retrained worker, for as the Secretary remarked before our subcommittee, "It would compound frustration to retrain people and, after they are retrained, not have their skills utilized."

In speaking of these four measures, which are only part of the economic and resources legislation of this Congress, I have been dealing with large sums of money. I do not consider this matter lightly. But I would offer two relevant observations.

First, these are not spending bills—contrary views notwithstanding. They are investments in the future well-being of our State and Nation. It has always impressed me as a curious irony, that a private individual who builds a restaurant, or a garage or a bowling arena is considered to be investing his money, but when the Government constructs school buildings, or public housing, or sewage treatment plants, it is assailed by some as wild and improvident spending.

We are the only modern government in the world which does not maintain separate budgets for current operations and long-term investments. I am not alone in the Senate in recommending that we make this distinction. Among several of my colleagues who have also made such a recommendation is Senator HARRY F. BYRD of Virginia, chairman of the Senate Finance Committee, and a stalwart champion of economic conservatism.

But I would also add, that regardless of the accounting and the budgetary procedures we employ, the challenges which confront West Virginia and the United States today are going to cost money. We cannot provide for the economic security and development of either West Virginia or the United States at bargain basement prices. And I need not emphasize that the issues go far beyond merely economic growth. In the larger context of our struggle with international communism, the vitality and the resilience of our economic structure will be a determinant factor in the outcome of this contest.

For this reason, I have every confidence that the citizens of West Virginia, and in the country as a whole, will respond to the challenge when they are aware of the stakes at issue. We can do what we will, and we will do what is needed.

WEST VIRGINIA DAY, JUNE 20, 1961, WELCH, W. VA.

Singing of "America," led by Mr. F. W. (Bill) Hervey; pianist, Mrs. R. Pike.

Pledge of allegiance, led by Mr. J. C. (Buddy) Hunt.

Invocation, the Rev. O. C. (Oran) Zaebst. Dinner.

Singing of "West Virginia Hills," "Hall West Virginia."

Introduction of speaker, Mr. H. C. (Howard) Leming.

Senator JENNINGS RANDOLPH.

Benediction, the Rev. O. C. (Oran) Zaebst. The Welch civic clubs express appreciation to the members of the West Virginia Day

planning committee: Mr. W. H. (Wayne) Hash, chairman; Mr. J. R. (Bob) Austin, Mr. W. W. (Woody) Boyd, Mr. J. F. (Johnny) Hurd, Jr., Mr. W. D. (Dewey) Mentz, Mr. Sam Money, Mr. W. S. (Storther) Tabor.

Representatives at Speaker's table: Mr. Seldon Alpert, president, Welch Lion's Club.

Mr. J. C. (Buddy) Hunt, commander, Post No. 8, American Legion.

Dr. F. L. (Freeman) Johnston, president, Kiwanis Club.

Mr. W. R. (Bill) Keyser, editor, Welch Daily News.

Mr. C. K. (Claude) Kirkland, president, Welch Chamber of Commerce.

The Reverend H. C. (Howard) Leming, president, Welch Rotary Club.

Mr. H. C. (Nick) Nichols, Chef de Gare, 40 & 8.

Mr. M. G. (Mike) Polascik, president, Welch J. C.'s.

Mr. W. B. (Bill) Swope, mayor, city of Welch.

The Reverend O. C. (Oran) Zaebst, rector, St. Luke's Episcopal Church.

The Honorable JENNINGS RANDOLPH, U.S. Senator of West Virginia.

### Parental Responsibility

#### EXTENSION OF REMARKS

OF

HON. ALFRED E. SANTANGELO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 21, 1961

Mr. SANTANGELO. Mr. Speaker, I have introduced today a bill which is designed to place the responsibility for combating juvenile delinquency where it properly belongs, that is, upon the parents. My bill grants the juvenile court of the District of Columbia jurisdiction over parents, guardians, or custodians of children and authorizes the court to impose such terms and conditions as the court determines to be necessary to prevent a repetition of those acts or conditions which resulted in the child becoming a juvenile delinquent. The bill also provides that in the event the parent, guardian, or custodian willfully fails to obey any condition which the court imposes, that the parent, guardian, or custodian shall be punishable by a fine not to exceed \$200 or imprisonment not to exceed 6 months.

The rise of juvenile delinquency, not only in the District of Columbia, but throughout the United States is a cause for serious concern. Each group sees the problem in terms of its own activity. While organizations, schools, church groups, and social workers have been discussing this problem, the incidence of juvenile crime has risen. Many programs have been recommended to prevent the commission of delinquent acts. Enforcement provisions entail ever-increasing public expenditures by probation officers, social workers, psychologists, and psychiatrists. What is required in the main is a reaffirmation of the belief in the Ten Commandments and a cultivation of respect for authority, parental and state. The persons in the most favorable position to prevent children from doing wrong are the parents. Too

often have parental obligations been forgotten or neglected.

The question how far the law may wisely go in compelling parents to assume their admittedly enormous responsibility in preventing the delinquency of the children has long been controversial. I believe that once the parent has become apprised of the delinquency of its child then the parent's obligations are increased to prevent a repetition of such delinquency. My proposal permits the court to impose conditions upon a parent after the child has been adjudicated a delinquent and that the parent must then take affirmative acts to prevent a repetition of the misdeed. All the States of our Union have legislation which punish parents for contributing to the neglect or delinquency of children. My proposal does not affect the nature of such a statute. Under the circumstances, in our country it is high time that parents assume their responsibilities after they have been warned that their offspring or ward has violated statutes and committed acts which, but for the age of the offender, would in most instances be considered crimes.

I believe, Mr. Speaker, that too long have we delayed in this important field, and I urge favorable consideration of this parental responsibility proposal.

### A Memorable Occasion

#### EXTENSION OF REMARKS

OF

HON. DURWARD G. HALL

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 21, 1961

Mr. HALL. Mr. Speaker, recently over Memorial Day, I had an opportunity to visit many of our Navy installations in the Norfolk, Va., area, and I was so profoundly impressed with what I saw that, with permission to extend the following remarks in the RECORD, I should like, as a member of the Armed Services Committee, to share this experience with Members of the House:

Through the kind invitation of Vice Adm. Claude V. Ricketts, U.S. Navy, commander, 2d Fleet, I was privileged to spend a very enlightening few days visiting Navy installations in the Norfolk, Va., area and ships attached to the 2d Fleet.

Admiral Ricketts, a native of Missouri, was born in the congressional district which I have the honor to represent. His parents still live there. For this reason, and because of my membership in the Armed Services Committee, I was most anxious to avail myself of this opportunity to visit these naval units and gain firsthand knowledge of fleet capabilities and operations.

Admiral Ricketts was on hand to meet my plane on arrival in Norfolk on Sunday afternoon, May 28, and I was promptly taken on a thorough tour of the facilities of the huge naval base. That evening we had an informal dinner in the admiral's quarters and met a number of junior officers on the admiral's immediate staff.

The next 2 days were busy ones, indeed. As a general plan, we decided to visit shore-based installations on Monday, May 29, since these installations would be closed on the

following day for observance of the Memorial Day holiday. Since ships must be at least partially manned at all times, he suggested we visit them on the following day.

On Monday morning, we were up bright and early and walked from Admiral Ricketts' quarters to the U.S.S. *Northampton*, arriving before 7 a.m., and enjoyed a rather substantial breakfast before beginning our brisk but highly interesting tour. From the outset, I made it clear that I wanted to see and hear everything I could—that I wasn't afraid to bark shins and climb ladders. As a result I was given very thorough explanations and climbed into the most remote nooks and inaccessible crannies. I believe I even wore the admiral out. Under different circumstances I would have probably faltered, but I was too deeply impressed with the people I met and talked to and the things I saw that any thoughts of exhaustion never entered my mind.

To cut transit time from one activity to another so that more time could be devoted to actual visiting, we used a helicopter which was a new experience for me. Immediately after breakfast we boarded the helicopter and took off. Our first stop was at the assault evaluator of the Amphibious Training Command, U.S. Atlantic Fleet, which provides a realistic simulator of amphibious war situations for training amphibious support ships personnel and Marine landing forces. The fact that large numbers of men can be trained in many aspects of the highly complex art of amphibious warfare without the necessity of sending ships to sea is indicative of the Navy's efforts to maintain combat readiness at the least possible expense.

We next visited the Naval Air Station at Oceana and its impressive array of modern aircraft, which recalled to me much that I have heard this year during the golden anniversary of naval aviation. Oceana is the home base for carrier aircraft assigned to ships which have Norfolk as their home port. This situation provides the support necessary to train our jet pilots and crews between carrier assignments and also accomplishes major modifications and overhauls periodically required to keep our planes in peak operating condition.

Dam Neck, Va., a rather isolated area but necessarily so, is the home of the fleet anti-air warfare training center. It is here that our officers and men are trained to operate and maintain the anti-air weapons they will man aboard ship. The new missiles Terrier and Talos were of special interest since they are now replacing guns on many of our ships. We were also shown tow targets which are used to give realistic training to ships crews as well as aircraft pilots and gunners. The training center commanding officer, Captain Green invited us to his home for lunch where we met his charming wife and enjoyed a delightful meal and short respite from the accelerated pace we had set for ourselves. The biggest surprise of the day for me was meeting an old friend, Roger Gray, who I had not seen since our scouting days in Missouri many years ago. Now Lieutenant Gray, he is on duty with the training center.

The Norfolk Naval Shipyard in Portsmouth was a most impressive industrial complex where highly skilled civilian workers and a nucleus of naval officers can perform every task from the repair of a bilge pump to a complete facelifting of an obsolescent ship. Such complete overhauls, including the Navy's fleet modernization and maintenance (FRAM) program have increased the life of many of our older ships and have proved an effective emergency measure to prevent block obsolescence of the fleet, since funds cannot be made available to replace aging ships with new ones at the present time.

As we moved through the shops in the shipyard, accompanied by Rear Admiral Hiward, the shipyard commander, I particularly noticed the efforts made by workers and supervisors to reduce operating costs and effect economies. One dramatic instance of this was the repair of variable pitch propellers used by amphibious ships. A new propeller would cost \$40,000 but resourceful workers had devised ways of rebuilding propellers, including the forging of bronze blades, at a unit cost of \$12,000. This amounted to a saving of \$28,000 per propeller.

Antisubmarine warfare has become a paramount problem for the U.S. Navy since World War II, since the Communist countries are building more and better submarines. As submarines become nuclear-powered and equipped with ballistic missiles, this problem will become more acute. As an adjunct to antisubmarine hardware, there is located in the Norfolk area an antisubmarine warfare tactical school which teaches antisubmarine warfare personnel how to use most effectively the equipment at their disposal by concentrating on the most recent developments in antisubmarine tactics.

A last activity we visited, the fleet airborne electronics training unit, trains aviation personnel in the use of the latest electronic devices in use in the aircraft or navy vessels to which they will be later assigned. During this, as during all my visits both to shore-based and shipboard installations, I was very favorably impressed by the high level of training. Instructors were dedicated not only to the task of imparting technical skills, but also to stressing the importance of the skills acquired to the overall picture of the Navy's mission. Students demonstrated a high level of motivation, and seemed anxious to learn all they could about the equipment they would soon be using. It would seem that no matter how technical we get, if we can build it in the United States, the American youth can operate it. Although not on our schedule, I accepted an invitation to inspect the enlisted men's barracks. I'm glad that I did because I have never seen such well kept and clean quarters.

That evening I had a chance to meet with many of the Navy's top commanders in the Norfolk area at Admiral Ricketts' home and discuss with them the particular areas under their cognizance. Their charming ladies were also there and later we all went aboard the *Northampton* for a lovely dinner.

On Memorial Day, I visited a number of ships in the Norfolk area, trying to cover as completely as possible the range of various types in the time available. As a retired colonel in the Army Reserve, I frankly admit that I approached this prospect with excitement; for I am a complete landlubber. My only previous experience with the Navy had been a brief trip on the aircraft carrier *Shangri-La* several years ago, and an in-port visit to the cruiser *Providence* in the Bay of Naples under wartime and unusual circumstances.

We began a busy holiday with breakfast on Admiral Ricketts' flagship, U.S.S. *Northampton*. This is the only ship of its type in the Navy, and is designated a tactical command ship. Its superior intelligence and communications facilities make it an excellent command post, and you will recall the discussions earlier this year of this ship as a possible command post for the Nation's highest executives in the case of nuclear war.

The first ship on our schedule was the guided missile cruiser, U.S.S. *Galveston*, the first ship to carry the deadly Talos missile. The ship itself is an example of the Navy's efforts to utilize dollars effectively in national defense efforts. Nearly completed before the end of World War II, the ship was retained in the reserve fleet until 1956. Her after portion was redesigned to house Talos while the ship was being completed. The

missile is a supersonic surface-to-air missile with a range over 65 miles, but can also be used in surface-to-surface applications.

The ammunition ship, U.S.S. *Nitro*, is one of the auxiliary ships which make a task force at sea independent of shore-based facilities, creating true "islands of seapower" in ocean areas where no land appears. This type ship furnishes a task force its ammunition, while others furnish oil, another fuel, and still another supplies, spare parts and clothing.

We next visited the landing ship tank, U.S.S. *Graham County* and after completing our tour of the LST had lunch on board. I mention this because it gave me an opportunity to speak with the ship's officers concerning their recent good-will tour of African ports.

The *Graham County* was one of the five ships which took part in the first phase of a series of ship visits to Africa under the command of the commander South Atlantic. The very name given this task force—"Solant Amity"—stressed the good-will purpose of these visits. Sailors have traditionally been ambassadors of good will in places little frequented by Americans; but the ports visited by this task force were rare even on Navy itineraries. While I do not wish to detract from more formalized aid and information programs, there is certainly no doubt that the sailor's personal approach to the people-to-people program is tremendously effective. I saw pictures, and got firsthand narratives of such generous efforts as donations of sets of encyclopedias, hospital supplies, toys, food, and practically everything that would be helpful to emerging nations which, coming from American hands, do much more than reams of print or hours of broadcasting. More important, though, millions of Africans probably got their first look at a group of Americans, joined them in athletic contests, and practically swamped the ships in their eagerness to go aboard. This is especially noteworthy in that, many times, this meant they had taken a bus (or walked) 15 to 20 miles for the chance to get a glimpse of our ships—of a little bit of America visiting their shores.

As we were moving after lunch to the landing ship dock, U.S.S. *Hermitage* (which had been the flagship of the Solant Amity force), I recalled that just a year before, I had given a speech commemorating the dead of our wars. I wondered if our dead would not have been immensely pleased to see the intense dedication of the young men on these ships, whether in home or foreign ports. To me it was very reassuring to see their eager, positive-minded approach to their work, and their conviction that they—as individuals and as groups—had an important task in preserving the freedom their predecessors had won. I even pondered whether we shouldn't best turn the active management of the country over to them rather than by tradition let them await attrition.

Since the frigates had been so actively discussed during the Armed Services Committee procurement authorization hearings, I was quite anxious to visit one from stem to stern. U.S.S. *Norfolk* was the first of this new class ship and bears enough resemblance to the nuclear-powered *Bainbridge* to be useful for my purposes. The special sonar and antisubmarine rockets (Asroc) were extremely interesting. Of course, this ship does not have the guided missiles found on many later ships of this class.

I next visited two other destroyer types—U.S.S. *DuPont*, a comparatively new all-purpose destroyer and U.S.S. *Steinaker*, a radar picket destroyer. Destroyers have been traditionally known as the workhorses of the fleet, and are ideally suited to their multifaceted missions. Each had different missions, defensive and offensive armament.



Before returning to U.S.S. *Northampton* for dinner, we rounded out the tour with a visit to the submarine U.S.S. *Shark*. This nuclear-powered vessel was a convenient place from which to learn the values of nuclear-powered vessels, the role of the submarine, and antisubmarine warfare from the point of view of the hunted. The submarine officers and men were a proud lot, as expected.

Though I had seen a number of enlisted men during these days, I had not as yet had the occasion to sit down and chat with them informally. This was possible when I had dinner on the *Northampton* in the crew's general mess. I was seated with four crew members from Missouri—James E. Kiger, of St. Louis; Robert L. Bennett, of St. Charles; Robert E. Nelson, of Hannibal; and Franklin N. Hopple, of King City.

The wall plaques in my office from the 2d Fleet, from U.S.S. *Graham County* and U.S.S. *Hermitage*, and the photos of the ships and installations I visited would not be necessary to recall to me the magnificent experiences I had. We had perfect weather on the entire trip. Wednesday morning dawned bright and clear and it was back to work in Washington, D.C., for me. But before 7 a.m. aboard the *Northampton*, Admiral Ricketts was advised of the assassination of Dominican Dictator Trujillo. This incident required a change in plans. Accordingly Admiral Ricketts moved up his scheduled 1:30 p.m. address to the midshipmen at the Naval Academy to 11:30 a.m. and instead of dropping me off in Washington en route as was originally planned, we went by helicopter, land plane, and seaplane—another first for me—and dropped him off at Annapolis. I was brought to Washington from there and I have since learned that he returned to the *Northampton* immediately after addressing the midshipmen and was underway for Caribbean waters soon afterward. In the midst of jangling phone and the sparking and cracking of radios, the alertness and readiness of the seaborne first line of defense was clearly brought home to me.

The rewarding depths of participation Admiral Ricketts and I shared as well as the surge of inspiration culminating this visit will remain with me for a long time. I was so deeply moved that I cannot refrain from sharing my experience with you and encouraging others to visit our Navy ships and shore installations and meet first hand a segment of America dedicated to their job of preserving our way of life.

### "Where Is Our Plan for Peace"—Guest Editorial by Senator Joseph S. Clark

#### EXTENSION OF REMARKS OF

**HON. HUBERT H. HUMPHREY**

OF MINNESOTA

IN THE SENATE OF THE UNITED STATES  
Wednesday, June 21, 1961

Mr. HUMPHREY. Mr. President, I wish to invite to the attention of the Senate the guest editorial which appeared in the June 24 issue of *Saturday Review*, written by one of our most able and respected colleagues, Senator JOSEPH S. CLARK.

The Senator from Pennsylvania [Mr. CLARK] has given a good deal of attention to the subject of disarmament and negotiations for the peaceful settlement of disputes between nations. He has analyzed the importance of peace through world law. He is a keen student

of foreign affairs, and has directed his attention to the strengthening of the United Nations and the World Court.

His guest editorial, entitled "Where Is Our Plan for Peace," reveals a comprehensive knowledge of the current struggle between the Soviet Union and the free nations, as well as the urgent necessity for continuing negotiations in the field of disarmament.

I ask unanimous consent that the guest editorial be printed in the *RECORD*.

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

#### WHERE IS OUR PLAN FOR PEACE?

(EDITOR'S NOTE.—The author of the following guest editorial is the Honorable JOSEPH S. CLARK, Senator, from Pennsylvania.)

Vienna has come and gone. The air is a little clearer. The danger of war through miscalculation a little less. But the overriding problem of our time remains: How to prevent destruction of civilization through a war nobody wants.

A few things are slowly—all too slowly—becoming obvious.

1. It is as foolish to search for Russian intentions in the writings of Marx, Engels, and Lenin as it is to look for American intentions in Washington's Farewell Address. Both countries have clearly defined present and prospective objectives having only a remote connection with either traditional dialectic materialism or the foreign policy views of the Founding Fathers.

2. America's goal is a peaceful world where all people can live without hunger, in freedom, under governments that respect human rights. We are rendering massive assistance to help create that kind of a world.

3. Russia wants to export the current brand of communism, provided the cost is not too high; desires a higher standard of living for the Russian people, provided it can be achieved without danger to the Communist hegemony; fears, for the moment, any further relaxation of historic Russian secrecy; is suspicious of Western intentions and hence clings to the veto (troika); is seriously worried at the growing power of China and its acquisition of nuclear weapons; and wants to avoid world war III as much as we do. It is doubtful whether Mr. Khrushchev's belief that communism represents the wave of the future is as strongly held today as it was before Vienna.

4. Cuba, Laos, the Congo, Algeria, Angola, even Berlin—all major East-West disputes save one—can probably be resolved, or at least sterilized, by wise international leadership without seriously affecting the security of either the United States or the U.S.S.R.

5. Only the Chinese situation is dangerously explosive. Yet perhaps even it could be brought under control within the foreseeable future by joint American, British, and Russian efforts, particularly in view of critical economic and social conditions behind the Bamboo Curtain. One of the principal stumbling blocks to the initiation of such an effort is American public opinion.

6. The imperative of peace is increasingly understood by informed persons in the non-Communist world. Universal, total, controlled, and inspected disarmament, an adequately financed world police force capable of maintaining peace under a system of world law administered by a strengthened United Nations or a new international authority, is the only practical alternative to the destruction of civilization. "Arms control" may be useful as a first step, but it holds no promise as a long-range solution.

7. Russian leaders have not yet recognized that a peaceful world requires a strong international authority, but the Western World

has not yet forced their hand. There is no real reason to believe they will not reach this view eventually. There are, however, no grounds for believing the Chinese Communists would accept this view except under heavy international pressure.

8. While the threat of all-out nuclear or chemical, biological, and radiological warfare is clearly the overriding present danger, problems of poverty and population control in the Southern Hemisphere also require immediate attention.

What, then, should our American policy be? How should the administration respond to the need for leadership?

A Senator from Massachusetts, speaking in December 1959 about the expectations raised around the world by the Russian proposal for far-reaching disarmament, and the considerable disappointment that this proposal did not go far enough, said:

"It is for us now to meet these expectations with far-reaching new plans of our own, and not to disappoint the world by treating this problem merely as a matter of psychological warfare. We must design and propose a program that combines disarmament with the strengthening of the United Nations and with world development. We must propose the creation of new United Nations institutions of inspection and control and of economic development. So far we have lacked the vision to present a comprehensive program for the development of a world community under law."

The President of the United States must know that those words are as true today as when he first spoke them. One may only add that the program should include realistic steps for dealing with China and for the internationalization of further exploration of outer space.

The American people should insist that the President's words be translated into action by his advisers. Time is running short. The East-West Disarmament Conference meets on July 31.

Where is the comprehensive American plan for disarmament under enforceable world law? That plan is the present imperative for peace.

#### How To Go Broke

#### EXTENSION OF REMARKS

OF

**HON. DON L. SHORT**

OF NORTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 21, 1961

Mr. SHORT. Mr. Speaker, I have been concerned for quite a long time over the type of spending and financing being carried on by the Federal Government. I am not alone in this concern, believe me, because not only does my mail reflect the feelings of Mr. and Mrs. Private Citizen along this line—but many of my colleagues in the House and Senate are quite clear and consistent in their expression.

If it is not too pointed, may I take the liberty of saying that a Yale professor, Robert Triffin, has written with wisdom, or as we would say in our State—"horsesense," about the American dollar and what is happening to it.

We are about to be presented with a request for a supposedly temporary raise of \$13 billion in our public debt limit—a raise from the permanent figure of \$285 billion to \$298 as a temporary figure—the highest, I might add, in all our history as a nation, both during

peacetime and wartime. As even our distinguished Chairman of the House Ways and Means Committee admitted the other day—these temporary figures have a way of becoming permanent. This raise in our debt limit is a reflection of our \$3.7 billion budget deficit anticipated by our present administration, and judging from the many Federal spending plans promulgated from day to day, I have no doubt that we will be again asked to raise this debt limit temporarily at a later date, when Secretary of the Treasury Dillon feels he needs more "elbowroom," as he has been quoted as saying. It would seem that someone in this administration would have the commonsense and courage to halt this ridiculous rampage of spending, deficits, debt, and inflation.

I am not an economist, and of course the general public is always a little at sea in this field; however, common ordinary horsesense—which I referred to above—should indicate that we are trying to tread on water and we simply won't be able to do this without sinking sooner or later. And then is when our genial Russian peace-loving friend overseas will be able to carry out his promise to bury us. Or perhaps the words "drown us" might be more appropriate to use in my remarks.

President Kennedy has demonstrated already that he possesses the quality of leadership. When he asks for more billions from Congress—and states that "if we are to preserve our fiscal integrity and world confidence in the dollar—it will be necessary to hold tightly to prudent fiscal standards"—what kind of double-talk is this? Who has taken the leadership in asking for more and more Federal spending for more and more Federal programs? How can we spend and retrench all at the same time? If he really feels this way, perhaps we will see some vetoes when the bills passed by the Congress are presented to him for his signature—in which funds, in addition to those he has requested, have been added. In that way he could truly exert strong leadership—and many of us feel it would be justified. We will anxiously await his action on some of these measures to see if that leadership is to be forthcoming.

Mr. Speaker, under unanimous consent, I include with these remarks, a copy of an article written by George E. Sokolsky entitled "How To Go Broke," and published in the Washington Post on June 21, 1961:

**How To Go Broke**  
[By George E. Sokolsky]

Prof. Robert Triffin of Yale writes with wisdom on how to go broke. Of course, it is not essential to go broke. This is most often avoidable, but some set out to do it without much thought of the aftermath.

There are even those who enjoy going broke, spending their way through life until nothing is left for them but to make a touch.

So the learned professor does an essay on the subject with apt applications to what has happened and is happening to the American dollar because of the improvident spending of our money. Professor Triffin says:

"There are two ways to go broke: a slow one and a fast one. The slow way is to go

on, year after year, spending more money than you earn. But if you are rich to begin with, you won't go broke very fast that way. You will pay for your overspending by depleting your bank balance and other assets and by getting loans from people who trust your capacity to repay them later.

"A much faster way to go broke is to finance too much of your overspending by short-term borrowing. Even if you stop overspending, you may then still run into serious trouble if your I O U's are suddenly presented to you for repayment at a time when your bank balance has fallen too low to cover them. If you still have other, longer-term assets in sufficient amount, you will remain perfectly solvent, but you will be confronted, nevertheless, with what is called a liquidity crisis."

The term, "liquidity crisis," might be translated into the simple word, tight. Many of us have been tight, or to put it another way, short of cash. When a nation gets to be short of cash, it can, of course, print more paper money. It can go on printing money until its money is worthless.

Professor Triffin makes the point:

"We have, over the past decade, spent, lent, and given away about \$20 billion more than we earned and covered the difference by cash payments in gold (\$6 billion) and also by short-term I O U's (\$14 billion), which foreign central banks, private banks, and individuals were, until recently, quite glad to invest in, since the dollar was regarded as safer than any other currency, and even, for the time being, as safe as gold itself."

It was, of course, too much to give away; so the dollar depreciated in value. We were not conscious of this in the United States because we did not go hungry here. The country was rich. The people were well off. We have a high standard of living. Nevertheless, economics walked its harsh way without regard to human enthusiasms and the result was that our gold supply began to disappear.

I can remember when \$25 a week was very good pay for a secretary who could take stenography, spell, add a column of figures, and say, "Good morning," politely. A girl who can do all that today might command \$100 or more a week, but is she getting more? The likelihood, adding taxes, social security, and the high cost of living is that she is getting less. The same is true of all wage earners; their nominal wages go up but it is in money that is worth less.

Money is nothing to fool about and politicians have a way of covering up errors by doing the wrong thing grandiloquently. But it is our money and we need to give it watchful attention. Money is the business of Congress and Congress has not been too keen on resuming its responsibility to rest on the American dollar.

**Statement by Senator Mundt at Hearings  
on Work Stoppages at Missile Bases**

**EXTENSION OF REMARKS**

OF

**HON. KARL E. MUNDT**

OF SOUTH DAKOTA

IN THE SENATE OF THE UNITED STATES

Wednesday, June 21, 1961

Mr. MUNDT. Mr. President, I ask unanimous consent to have printed in the CONGRESSIONAL RECORD the text of my closing statement following our committee hearings on work stoppages and financial waste in construction at America's missile bases.

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

**CLOSING STATEMENT OF SENATOR KARL E. MUNDT—HEARINGS ON WORK STOPPAGES AT MISSILE BASES**

In reviewing the testimony and evidence received in the recently terminated series of hearings concerning the problems and high cost of development in our missile program, I think a signal service has been performed in bringing to public attention and to the attention of both the legislative and executive arms of our Government some of the most shocking excesses and abuses that have been encountered in a program of such vital life and death import to our national security.

The exposure of the amount of forced overtime due to slowdowns and walkouts, the implied threats to walk out unless favorable overtime was granted, the flimsy justifications given in starting jurisdictional disputes, and the general refusal by craft union personnel to allow nonunion employees to work in States that have right-to-work statutes, have seriously deterred our defense effort to date. A total of 327 work stoppages involving 162,872 man-days lost at our various missile bases have, as of March 31, 1961, resulted from the aforementioned activities.

In addition to the disclosures which have resulted from our hearings and which have already been mentioned, I should like to enumerate a few more which I consider to be of extreme importance.

1. At Vandenberg Air Force Base, Calif., Mr. Ewell H. Hodge, ex-contracting officer, stated that on some of the Martin-Titan jobs more people were employed than could possibly be accommodated, and that frequently there was no room to work in a confined work area. These contracts were on a cost reimbursable basis. At Cape Canaveral, a small general contractor stated that other contractors and subcontractors who were to follow in sequence had their men idle, but on the payroll, for fear of losing their crews while he completed his phase of the work. It should be noted that the first contractor's project had been placed on an overtime basis due to previous walkouts on other projects. All of these costs were passed on to the Government.

2. Mr. Hodge also stated, and it was generally agreed by other witnesses, that 24 to 26 wire terminations could be done hourly in a factory, with little overtime and at a lower hourly wage rate than could be accomplished by craft electricians in the field. The latter generally did two to four terminations per hour. Tremendous savings would have resulted if the craft electricians had not insisted on doing this work at the missile site. Mr. Hodge also testified that various attempts were made to prolong contractual work in order to obtain additional, but unnecessary, employment. One situation illustrative of this occurred at Lowry Air Force Base, Colo., where the craft electricians walked out because of a jurisdictional dispute with the industrial electricians as to which union would operate the powerhouse after the completion of the project, clearly not construction work within the terms of the Davis-Bacon Act upon which the crafts had been placing so much reliance. Mr. Hodge also explained that there were other instances where a "first check-out" of equipment had been undertaken and the equipment worked perfectly but that a "second check-out," apparently for no particular reason, would be undertaken with the results of the second test then being negative. As a result, a third check-out, at added expense, would be necessitated.

3. Mr. J. C. Cannady, Cost Analyst at Convair's Cape Canaveral facility, testified to the "shadow work" that had been prevalent at the Cape until he introduced a cost surveil-



lance program to Convair's subcontractors. Under this arrangement, as Convair would go through a systems validation for one of its various Atlas series conversions, they would employ one engineer, two inspectors, and a technician as "in house" employees to do the work. At the same time, the craft electricians had a "shadow crew" standing by, consisting of one engineer, one inspector, and two journeyman electricians who were being paid to do nothing unless a difficulty arose which they were to remedy before passing the subcontracted project on to Convair. Some \$238,190 in eighteen major conversions was thus unnecessarily expended in this manner.

4. The Department of Labor, since 1954, through the testimony of Mr. Lee Knack, director of labor relations for Morris-Knudson Co., Inc., has evidenced a trend to classify work which had historically been recognized as heavy construction work to be building construction work. Higher hourly wage rates and the inclusion of travel pay are generally found to be prevalent in the building trades category. For example, at Lowry Air Force Base, Colo., in performing a lump sum contract, Morris-Knudson found that in classifying the carpenters at the building construction rate of \$3.44 per hour as compared with the heavy construction rate of \$2.90 per hour, an increase of \$7.50 per employee per day resulted which, in turn, cost an additional \$1.5 million on this one item alone. Mr. Knack said this question does not arise in private industry, but that once determined by the Labor Department for Government work, there is no appeal from the ruling, although his company has resisted such liberal interpretations. Mr. Knack also indicated that, from his company's experience, the construction worker can do the job more efficiently and economically.

5. Two journeymen electricians engaged in work at Cape Canaveral received extraordinarily high wages, mostly on an overtime basis. In 1960, one of them collected \$21,432 in 52 weeks and \$26,843 in 50 weeks, while another received \$16,154 in 1958 in 49 weeks, \$24,274 in 1959 in 51 weeks, and then subsequently retired. The two men then formed a rental company, buying a used house trailer which was fitted out as a construction field office. They each invested \$600 for a total purchase price of \$1,200, and then rented the trailer back to Convair at \$100 per month for ten months, and then to other electrical contractors at the same rate thereafter. They also bought a portable warehouse and two other collapsible buildings for \$800 and then rented the warehouse to their employers at \$250 a month for ten months. Although the two workmen did nothing illegal, this definitely indicates a rather loose handling of the broad field of lease-rentals.

6. Discriminatory agreements have been and are still being entered into by the various craft unions, even since the inception of the subcommittee's investigations. In Montana, an agreement was entered into between the International Brotherhood of Electrical Workers and the Montana Line Contractors' Association on March 18, 1961, providing that foremen and cable splicers will receive \$4.35 per hour on "isolated projects," namely dams, powerhouses, air bases, and missile bases, while the same type of electricians would receive \$3.75 per hour elsewhere. The latter would cover most of the line construction work in Montana. Journeymen electricians would receive \$4.10 per hour at missile bases, etc. and \$3.50 elsewhere. Other wage rates for different classifications of workers would vary from 35 cents to 63 cents per hour.

It is interesting to note that the so-called isolated area of Malmstrom Air Force Base, where our first Minuteman missiles will be housed, is approximately 5 miles from Great Falls, Mont. Additionally, various rates of

travel pay have been incorporated into the agreement, ranging up to \$8.40 per day. Conveniently, the post offices of Billings, Helena, and Glasgow—not Great Falls—are used as Montana focal points from which the distances are calculated, which places the Air Force base in the higher wage bracket of the isolated areas.

7. The International Brotherhood of Electrical Workers, and the Plumbers and Pipefitters of America entered into separate agreements with their respective trade associations. It is significant to note that the IBEW local that serves Cape Canaveral and Patrick Air Force Base is located at Jacksonville, Fla., and that these military bases compose a jurisdictional island within an area that is otherwise served by the IBEW local at Orlando, Fla., the latter being closer in mileage to the two defense installations. Significantly, the wage rates at Canaveral and Patrick have a higher base rate of 10 cents per hour. Also, the agreement between the Jacksonville IBEW local is entered into with the Daytona Beach Division of the North Florida Chapter of the National Electrical Contractors Association. This is made by a comparatively small number of electrical contractors in the Daytona Beach area, but all other electrical contractors doing business at Cape Canaveral and Patrick are bound by its terms.

Several witnesses testified to the effect that the International Brotherhood of Electrical Workers, the Plumbers and Pipefitters of America, and the Ironworkers were the greatest offenders in causing most of the disputes involving walkouts and work stoppages at Cape Canaveral.

8. Mr. Robert Palmer, business manager for IBEW Local 756, Daytona Beach, Fla., testified that his brother-in-law, Mr. James H. Wynn, was on the IBEW payroll. Staff members testified that Wynn started to work with Mr. Palmer's local in June 1956 as an apprentice and that he became a journeyman electrician on January 28, 1959. Meanwhile, he served as a foreman at a higher hourly wage, collecting as high as \$745 per week, even though the collective bargaining agreement stated that an apprentice was not to perform work except under the supervision of a journeyman. At the same time, a foreman was not to work, but, instead, was to supervise the work of journeymen electricians. Another brother-in-law, Mr. Perry Woodson Miller, worked as a journeyman electrician, making some \$9,000 in 9 months beginning in February 1960, although he had been a coal miner by trade. Palmer's nephew, Mr. Richard Johnson, also was employed through IBEW Local 756, the local in which Mr. Palmer handles the hiring.

9. Local 295 of the Plumbers and Pipefitters of America, located at Daytona Beach, Fla., up to August 1960 caused 24 work stoppages of varying lengths and degrees, according to subcommittee staff records. Additionally, the workers stayed away from their work when other crafts initiated their own walkouts, in most instances. This seemed to be a common practice amongst the craft unions.

Specifically, in January 1957, Mr. Charles Tebbe, business manager of Local 295, would not agree to a proposal by a nonunion subcontractor to reactivate a dormant company and to then do a \$95,000 water and sewer installation with hired union employees. Tebbe gave as his reason that the subcontractor was operating an open shop at Orlando, Fla., at the same time. The subcontractor, when a request for assistance from Patrick Air Force Base officials proved futile, then cancelled his subcontract. In June 1956, another open shop subcontractor, in attempting to install water mains pursuant to a \$25,000 subcontract, agreed to pay union wages to pipelayers even though their degree of skill need not be as great as for a

plumber. The purpose was to avoid a plumber's walkout elsewhere on the cape, but the walkout developed anyway, until the subcontract was terminated by a satisfactory cancellation agreement.

In testifying before the subcommittee, Mr. Tebbe admitted under oath that "some of the walkouts were unjustifiable."

10. Local 402 of the ironworkers, located at West Palm Beach, Fla., resorted to the same type of unfair labor practice against a small nonunion contractor employed at Cape Canaveral in December 1960, on a \$26,500 camera platform fabrication and installation project. In refusing to yield to union pressure, the subcontractor was actually blamed by the Air Force contracting officer for causing the resultant walkout and shutdown at the cape which lasted 1 week, with the loss of 2,688 man-days, although the subcontractor ultimately successfully completed his contract. Mr. Raymond Beicher and Mr. Willie Kitchens, past and present officials of local 402, both testified that they were "ashamed" of this walkout.

11. Local 402 of the ironworkers also refused to go on three 8-hour shifts a day when requested by another contractor, the William R. Crall Construction Co., insisting instead on two 10-hour shifts a day. This also frequently occurred amongst other craft unions in the missile program as well. Local 402 also enjoyed a special negotiated 12½ cents higher hourly wage rate, plus a travel allowance, for the workers on the cape and Patrick than elsewhere, which was not uncommon.

12. It is significant to note that, despite Florida's right-to-work statute, there were 23 work stoppages and 9,045 total man-days lost because of the presence of nonunion workmen on Cape Canaveral. This becomes especially interesting when it is noted that the business agents of the Electricians, Plumbers, and Ironworkers, serving Cape Canaveral and Patrick Air Force Base, indicated that they did not call any of these or other strikes, but rather that they were self-inspired and that the business agents could not control their men. However, most of the business agents indicated that they controlled the hiring in their locals; most of the union's constitutions and/or bylaws indicated that the business agents had the control over the removal of their men; and Mr. Sherman Hodges, business manager of the Northern Colorado Building and Construction Trades Council, indicated in his testimony that he controlled his craft unions in ordering them back to work after they had walked out.

Each business agent also testified that his union respected the picket lines of other craft unions. Yet, in most instances, the picket lines were crudely established and the wildcat strikes were not organized but still the other crafts honored such activities and generally would not return to work until the initiating craft union had done so.

13. A "compatible workweek" practice developed at Lowry Air Force Base, Colo., in 1960 due to the migratory nature of the craftworkers. In that instance, Western Electric had been on a 40-hour week, while other contractors were working 50 to 52 hours weekly. Because of this, several trained craftsmen left Western Electric to go to the other jobs, causing the former to fall behind on their readiness date. The Air Force then authorized Western Electric to go on a 53-hour week for 6 weeks, from February 1, 1961, to the middle of March, costing the Federal Government some \$70,000 in extra overtime. On December 27, 1960, the Site Activation Task Force Commander at Lowry issued a memorandum, one pertinent paragraph being as follows:

"In order to prevent labor disturbances, proselyting of craftsmen by one contractor to the detriment of another, and general labor unrest on complex operations, all contractors must agree to maintain compatible

work schedules which are to be based on a 40-hour week but not to be in excess of 53 hours a week (five 9-hour days and one 8-hour day)."

14. It is interesting to note that, in furtherance of points (6) and (7), I have recently received an unsigned letter which points up further abuses in the area of discriminatory agreements entered into between the National Electrical Contractors Association and the International Brotherhood of Electrical Workers, as well as the Council on Industrial Relations for the electrical industry. It is a shockingly sad commentary on the state of affairs in the electrical industry:

"Senator KARL E. MUNDT,  
"Senate Office Building,  
"Washington, D.C.

"DEAR SENATOR MUNDT: I have recently read in the BNA construction labor report of your concern relative to the agreement between the Montana Line Contractors Association and the International Brotherhood of Electrical Workers.

"I and many other small businessmen, engaged in the electrical contracting industry, look with hope to men of your caliber to deliver us from an insidious situation which has developed over the years and now completely controls the Electrical Contracting Industry in these United States.

"I refer to the Council on Industrial Relations for the electrical industry. This council considers itself the Supreme Court of the electrical construction industry whose decisions are final and binding with no recourse or appeal.

"While at first glance this may seem a democratic body, on closer investigation you will find that the National Electrical Contractors Association's Field Staff and representatives on this council are members of the IBEW or chapter managers from some large city who collaborate with the IBEW in establishing unreasonable wage rates, featherbedding practices, fringe benefits and working conditions in exchange for IBEW support in applying economic pressure on any outside contractor who would attempt to perform work in that area.

"A recent indication of this collaboration was the appearance of the executive vice president of NECA before the Perkins subcommittee in support of the situs picketing bills. The membership of NECA never had an opportunity to express their opinion regarding this support.

"I am enclosing decisions of council which may give you a better understanding of this complex problem. Decision No. 574 and No. 578 are an indication of collusion between NECA and the IBEW to circumvent the intent of the labor management law of 1947, which outlaws the closed shop.

"Unfortunately, though a citizen of this country, I must shamefully admit that in fear of economic reprisals I dare not sign this letter; however, I can assure you that should the opportunity present itself, I and many others would be proud to assist in correcting the existing deplorable conditions.

"Sincerely yours,

"HOPEFUL."

#### RECOMMENDATIONS

Based on the foregoing disclosures, as well as those pointed out in the chairman's closing statement, I am of the opinion that certain remedies must be prescribed to correct these intolerable abuses.

First of all, most of the "disputes" that were brought out in the subcommittee hearings really constitute activities illegal under existing law because they are intended to force contractors and subcontractors to deal with unions who do not represent their employees, in violation of the Labor Relations Act. Strikes and picketing against one contractor because another contractor is utilizing members of another union, or non-

union employees constitute an unfair labor practice under section 8(b)(4) of the Taft-Hartley Act and create a cause of action for damages under that act. Also, strikes in protest against the handling of prefabricated products, of which the subcommittee took a great deal of testimony, are also unfair labor practices within the terms of the Taft-Hartley Act. I believe the Congress should clarify the Taft-Hartley Act by defining the Government as a person aggrieved who is entitled to bring an action for damages under section 303 (secondary boycotts and jurisdictional strikes) and under section 301 (breach of contract). I believe, further, that some provisions to the effect that if a contractor does not seek injunctive relief under section 10(1) of the Taft-Hartley Act for secondary boycott activity under section 8(b)(4), or seek to obtain damages for breach of contract, such right should be subrogated to the Federal Government within a specified period of time to do so.

Second, I believe that quicker action by attorneys for the National Labor Relations Board should be taken at the regional level in proceedings to stop action taken by way of illegal work stoppages, under existing legislation. The subcommittee found that in many instances important time was lost while the Washington office of the NLRB was being informed and subsequently deciding on the type of action to take in such work stoppages.

Third, I believe that in the field of work stoppages and unauthorized walkouts, serious consideration should be given to the possibility of making it a mandatory requirement that both management and labor enter into a performance bond arrangement to guarantee that the work is performed as contemplated in the contract. To this end, proper legislation should be enacted if it is not otherwise contained in future missile program contracts.

Fourth, I believe that the Davis-Bacon Act, upon which the craft unions have relied to stress that they should have exclusive jurisdiction to install and check out highly technical weapons systems and electronically equipped ground support equipment under the guise of it being construction work, should be updated. I do not feel that the suggestion by the Secretary of Labor that he will shortly bring forth new criteria in this area will solve the problem. Countless volumes of interpretations have preceded such regulations in other areas concerning the act, including the field of atomic energy, and I believe that it will only serve to compound the confusion. I think, therefore, that amendatory legislation should be enacted so as to update and to redefine either "construction" or "public works," or both, so as to more realistically determine and distinguish between the construction of a public work, as stated in the 1931 act, and the installation and operation of equipment which is an integral part of the missile facility.

Fifth, the President, on May 26, 1961, issued an Executive order setting forth procedures which would entail a no-strike pledge by the unions and which establishes a Missile Sites Labor Commission, as well as Missile Site Labor Relations Committees at the various missile sites. The Commission is to "establish procedures whereby it will be advised of any labor relations problems at any missile or space site which it appears cannot be settled by the voluntary settlement procedures in existence or by action instituted by the site Missile Labor Relations Committee. The Commission is authorized to establish special panels \* \* \* to hold hearings in disputed matters, to make findings of fact, to make recommendations for the settlement of disputes, to obtain agreement for final and binding arbitration of such disputes, to mediate such disputes, and to issue such directives and to take such other action as the Commission may

direct." The effectiveness of the Commission appears to be based on the voluntariness of the opposing groups to submit their disputes before it. The Chairman has indicated that he favors the enactment of legislation to curb strikes at missile installations. I am inclined to agree that Congress should find a way to outlaw strikes and work stoppages on Government defense contracts, especially as they concern the vital missile program. I also feel that the new Commission will serve very little purpose because it just adds one more unit to a remedy which can be invoked by the proper use of the Taft-Hartley Act and by amending the Davis-Bacon Act.

Sixth, the matter of overtime should be carefully controlled. The recent memorandum initiated by the Deputy Secretary of Defense, commensurate with the beginning of the subcommittee hearings, to limit the amount of overtime to 20 hours per week, except for compelling reasons is a step in the right direction. The implementation of this memorandum by a second Defense Department policy statement to the effect that the number of hours to be worked at Cape Canaveral would be 40 hours weekly, except for compelling reasons, was also a positive step toward controlling this problem. The number of overtime hours worked at added expense were practically unlimited, the lower efficiency for overtime hours was well demonstrated, and the willingness on the part of the union officials who appeared before our subcommittee to limit the hours to 40 per week all were strong reasons why such excessive overtime should be curtailed. It is incumbent upon labor, management, and the Department of Defense to all adhere to the proper supervision and enforcement of such no-unnecessary-overtime policies.

Seventh, I commend the Convair Co. for introducing on its own a cost surveillance program into its procedures concerning its relations with its subcontractors so as to effectuate better control of costs on the job rather than after the fact, as is done in auditing. The cost surveillance system, instituted at Cape Canaveral approximately 2 years ago and based on accepted accounting principles and audit procedures, involves four basic checks. They are: (1) Labor check, where the Convair personnel go into the field and check on the number of subcontractor employees working to assure that those charged to the payrolls are actually working; (2) material check where all material requests submitted by the subcontractor are examined to make certain that they are "good costs," reimbursable costs, and necessary costs; (3) an equipment rental check where equipment utilization logs are used to determine the amount of utilization each piece of rental equipment is capable of and what it is being used for; (4) accounting check, where, as the subcontract goes in to Convair, Convair reviews and updates quarterly the accounting, material control, and estimating procedures. I suggest that this system be utilized by other prime contractors, where appropriate, and that the Air Force in administering the contracts take it upon itself to introduce such a surveillance program uniformly as would be practicable.

Eighth, and closely related to the foregoing, is that the various types of subcontracts that the Government administrators should be studied carefully, and adapted uniformly, where appropriate. For example, Mr. Ewell Hodge, who administered approximately \$500 million of Martin-Titan project contracts, told our subcommittee that he found three types of subcontracts being used, namely: (1) Cost plus fixed fee; (2) fixed unit price, or, so much per foot or per installation; (3) time and material contract, plus a certain percentage for handling. Mr. Hodge stated that in his opinion the "time and materials plus a percentage for handling" type was the best type of subcontract for his type of work, in that it allowed the



Air Force to vary the supply of laborers with the particular need or requirement (this remedied point No. 1 under the earlier mentioned abuses). I suggest that the implementation of this system to other projects be undertaken by the Air Force, where appropriate.

Ninth, the recent hearings elicited information to the effect that there was a lack of a uniform bidding system between the prime contractors and the subcontractors. One small general contractor indicated that at Cape Canaveral there was no way of knowing who was the low bidder, what the other bids were, who was awarded the bid until it was seen that the work actually commenced, and that there was no formal advertising of bids nor formal bid-opening procedures. While the prime contractors should be able to decide which work may be subcontracted and which may be done by its own employees, the aforementioned practice should be immediately remedied, and I suggest that both the Army Corps of Engineers and the Air Force, in their respective positions of administering their contracts, promptly initiate uniform and fair practices in this regard.

Tenth, the subcommittee also heard testimony to the effect that there was no particular standard requirement as to whether an Air Force administrative contracting officer attended a specialized training program in the administrative contractual field. It is readily apparent that the people who administer these programs have the highest degree of skill possible and it seems, therefore, that as an absolute minimum each administrative contracting officer attend the Air Force school, or its Army equivalent, in this field. The magnitude of the contracts and the complications surrounding the administering of them make it of paramount importance that the contract officers are as well equipped for their job as is humanly possible. Additionally, I feel it is important that the labor relations advisers, employed by both the Corps of Engineers and the Air Force, possess as high a degree of skill as can possibly be obtained within the bounds of reasonable economics.

Eleventh, I feel that in the general field of contracts and the performance of work agreements between management and labor, the subcommittee has found a large number of discriminatory labor agreements and that, henceforth, all parties, including the Army Corps of Engineers and the Air Force, view with caution any agreements which tend to place a higher wage rate on work performed on a missile base or other defense facility with work immediately off of such a project. In addition, the travel time which has arbitrarily been placed in many of these agree-

ments seems to have been done frequently without justification. Future negotiations and renegotiations of these agreements should bear these facts in mind, with the realization that such discriminatory costs are ultimately borne by the Federal Government. The ultimate responsibility for the proper performance of these contracts lies with the Department of Defense and it is incumbent upon the Secretary of Defense that a general "beefing up" of the administration of such contracts be accomplished immediately. A contractors' and subcontractors' time and progress report system should be introduced, taking into consideration the contingencies of change orders. Proper supervision of the performance of the contract on the part of the subcontractors, the contractors, and the Department of Defense is of the utmost importance. The type of contract "with teeth in it," such as is utilized by the Federal Bureau of Public Roads, should be carefully studied and utilized where appropriate. I intend to communicate these recommendations in the contractual field to the Secretary of Defense and I will ask for a report on the type of action taken on them.

Twelfth, I feel that there are certain areas which the subcommittee has merely "scratched" in the broad field of lease-rentals. Mr. J. C. Cannady, cost analyst for Convair at Cape Canaveral, illustrated the added expense involved in this area when he testified that a private company had rented small tools to a Convair subcontractor at a figure of 200 percent to 300 percent above the original value in a 10-month period. He also stated that exorbitant house trailer field office rentals were being paid by these subcontractors, with the cost being passed on to Convair and other prime contractors, but, ultimately, to the Federal Government. This whole subject should be explored in much greater detail with the thought that either the subcontractor, prime contractor, or the Federal Government purchase, rather than rent, such equipment. Recapture clauses should certainly be considered an integral part of such lease-rentals.

Thirteenth, another field of management operation should be looked into by the staff of our subcommittee. This concerns the contractual relations between the prime and associate contractors and their subcontractors, and the subcontractors who, in turn, subcontract to other subcontractors. This becomes especially important where the cost-plus-fixed-fee type of contract is involved because the "pyramiding of the contracts," with the resultant number of fees which each subcontractor receives, becomes voluminous in number and expensive in nature. This is a second management area in which

I feel that great savings could result if properly explored and detailed.

Fourteenth, I believe that the Secretary of Labor should take a more realistic look and make a more realistic appraisal of the classification of work as between heavy construction and building construction so that the higher building rates, with the usual accompanying travel pay, are not automatically applied. It has been demonstrated that a great amount of money can be saved in this area if the Department of Labor bases its classifications on the historical distinction between the two classifications when considering work in the missile program.

Fifteenth, I believe immediate attention should be given to the security aspects involved in this vital program. While the technicians and scientists who work on our missiles receive security clearance, this is not true of the thousands of workers who work on the base. I do not question the patriotism of the missile workers. However, it seems to me we have opened the door wide for potential sabotage because no security clearance is required for these workers, and it is not beyond the realm of possibility that the Communists could infiltrate people into these sensitive areas.

Lastly, I do not believe that the hearings which have been suspended should automatically result in the curtailment of the staff investigations which preceded them. A vivid example for the need to continue such investigations was demonstrated by a newspaper article, dated May 10, 1961, one day after the notice to suspend hearings was issued, to the effect that a construction union strike in Philadelphia had hit the Nation's missile-space effort. The walkout and subsequent picketing by 30 members of the Operating Engineers Union caused 800 other building trades workers to leave their jobs and to halt work on a \$25 million high priority space simulator project at General Electric's Valley Forge Space Technology Center. Also, the day after our hearings were suspended, 15 millwrights walked off their job on the high priority Saturn complex at Cape Canaveral. Others undoubtedly will follow until proper legislation is enacted to curb such abuses. It is significant to note that Mr. B. G. MacNabb, project manager for Convair at Cape Canaveral and one of the foremost missile experts in the country, stated during the hearings, "Since the day that members of your staff first came to Cape Canaveral to start the investigation in which we are now participating, there has not been a walkout of any kind at Cape Canaveral, and the best thing you can do is to keep the McClellan committee in session for the next 15 years or until we change the labor laws."

## SENATE

THURSDAY, JUNE 22, 1961

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

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

Almighty God, Father of all men, trusting only in Thy everlasting mercy would we seek Thy face. We lift the paeon of our gratitude for all the gentle and healing ministries which soothe our often jaded and troubled souls. We thank Thee for the bright gladness of the morning after Thou hast washed the earth with rain, for the melody of the birds, for the freedom of the wind, for

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the drifting clouds and for the poems we call trees and flowers.

Above all we are grateful for the tender touch of human love, for the selflessness of parents, the smiles and confidence of little children, the patience of teachers, the loyalty of friends, and the lofty integrity of public servants who pour out their dedication that our liberties may be preserved and exported to the ends of the earth.

Drawing refreshment from vineyards we did not plant, drinking at cisterns we did not dig, knowing the very freedoms for which we contend have been bought with a crimson price, make us eager in the supreme tests of these days of destiny to make our individual service part payment on an unpayable debt.

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 Wednesday, June 21, 1961, was dispensed with.

## MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States submitting nominations were communicated to the Senate by Mr. Miller, one of his secretaries.

## MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the House had passed, without amendment,