United States of America

Congressional Record

PROCEEDINGS AND DEBATES OF THE 87th CONGRESS, FIRST SESSION

SENATE

FRIDAY, AUGUST 11, 1961

The Senate met at 11 o'clock a.m., and was called to order by the President pro tempore.

Rev. Raymond Shaheen, pastor, St. Luke Evangelical Lutheran Church, Silver Spring, Md., offered the following prayer:

Eternal God, keeper of all yesterdays and Lord of all tomorrows, as our fathers turned to Thee, so do we in this present hour. But it is not custom alone that prompts us to approach Thy throne. We are driven by the compelling pressures of every single second of each new day.

Wilt Thou be pleased to hear our prayer, O God, in behalf of these Thy servants whose voices heard within the walls of this Senate Chamber are echoed and reechoed the world over.

We pray to Thee, the Father of all mankind, whose paternal goodness claims each of us a member of Thy family and who would have every man look upon another as his brother, enable Thy servants to fashion their hearts and minds according to Thy good pleasure. May it be their intention to please Thee, for we know that only those things which are acceptable in Thy sight can be for the people's good.

Bend them, therefore, by Thy Holy Spirit and suit them according to Thy will that they may discharge their obligations to the family of man with wisdom far greater than their own. Through Jesus Christ, our Lord. Amen.

THE JOURNAL

On request of Mr. SMATHERS, and by unanimous consent, the reading of the Journal of the proceedings of Thursday, August 10, 1961, was dispensed with.

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILL

Messages in writing from the President of the United States were communicated to the Senate by Mr. Miller, one of his secretaries, and he announced that on today, August 11, 1961, the President had approved and signed the act (S. 1815) to provide for one additional Assistant Secretary of Labor in the Department of Labor.

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 the following bills, in which it requested the concurrence of the Senate:

H.R. 2732. An act to amend section 303 of the Career Compensation Act of 1949 to provide that the Secretaries of the uniformed services shall prescribe a reasonable monetary allowance for transportation of house trailers or mobile dwellings upon permanent change of station of members of the uniformed services; and

H.R. 7651. An act to amend the Career Compensation Act of 1949 to authorize the payment of an accrued portion of incentive pay to certain aeronautically rated or designated officers who have been eligible to such pay for a minimum of at least 10 years and who subsequently are removed from the status to such eligibility due to the fact that a determination has been made that the requirement for them in this capacity is no longer necessary in the interest of national security.

HOUSE BILLS REFERRED

The following bills were each read twice by their titles and referred to the Committee on Armed Services:

H.R. 2732. An act to amend section 303 of the Career Compensation Act of 1949 to provide that the Secretaries of the uniformed services shall prescribe a reasonable monetary allowance for transportation of house trailers or mobile dwellings upon permanent change of station of members of the uniformed services; and

H.R. 7651. An act to amend the Career Compensation Act of 1949 to authorize the payment of an accrued portion of incentive pay to certain aeronautically rated or designated officers who have been eligible to such pay for a minimum of at least 10 years and who subsequently are removed from the status to such eligibility due to the fact that a determination has been made that the requirement for them in this capacity is no longer necessary in the interest of national security.

LIMITATION OF DEBATE DURING MORNING HOUR

Mr. SMATHERS. Mr. President, I ask that the Senate now proceed to the morning hour, and I ask unanimous consent that statements in connection therewith be limited to 3 minutes.

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

MENOMINEE INDIAN LEGISLATION—JOINT RESOLUTION OF WISCONSIN LEGISLATURE

Mr. WILEY. Mr. President, currently the bill, H.R. 4130, relating to termination of Federal control over the Menominee Indian Tribe, of Wisconsin, is pending before a conference committee.

On May 9, the House of Representatives passed its version of this legislation. The Senate acted on June 12.

In my judgment, the House bill, as I stressed at the time, represents a far more adequate effort to meet the complex needs of the tribe during its efforts to resolve problems of termination.

Today I was privileged to receive a joint resolution from the State Legislature of Wisconsin, urging the Congress to adopt the House version of this legislation.

Mr. President, the State government in Wisconsin, as well as many other wide interests, has exerted great efforts in trying to find a workable program for the tribe, to protect its assets, as well as the rights and futures of the members of the tribe.

The resolution, I believe, reflects a realistic assessment of the needs of the tribe. Believing this resolution deserves the attention of Congress, and, particularly, of the members of the conference committee, I request unanimous consent to have it printed at this point in the RECORD.

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

JOINT RESOLUTION 93

Joint resolution urging the congressional conference committee on H.R. 4130 to adopt the provisions of the House bill

Whereas the U.S. Congress has under consideration H.R. 4130, which provides for a loan fund for Menominee Enterprises, Inc., to assist the Menominee people in developing and diversifying industry in Menominee County; and

Whereas the House bill contains further provisions for $540,000 in aid for health, education, and welfare programs in Menominee County for the first year, and to continue such aids on a declining basis over the ensuing 5 years; and

Whereas the present tax base in Menominee County is inadequate to properly finance the basic and essential health, education, and welfare programs; and

Whereas the U.S. Senate has not concurred in the allowances made in H.R. 4120 for health, education, and welfare aids; and

Whereas the bill is now in joint conference committee: Now, therefore, be it

Resolved by the senate (the assembly concurring), That the congressional conference committee be urged to adopt the provisions in the House bill; and be it further

Resolved, That copies of this resolution be sent to the members of the conference committee and the members of the Wisconsin delegation in Congress.

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

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

RESOLUTIONS OF COUNCIL OF POLISH SOCIETIES AND CLUBS, WILMINGTON, DEL.

Mr. WILLIAMS of Delaware. Mr. President, I present, for reference to the appropriate committee, three resolutions adopted by the Council of Polish Societies and Clubs of Wilmington, Del.

The first resolution expresses their opposition to the admission of Red China to the United Nations. The second expresses their opposition to the administration's Federal aid to education bill, and the third resolution expresses their support of the House Un-American Activities Committee.

The PRESIDENT pro tempore. The resolutions will be received and appropriately referred.

The resolutions were referred to the Committees on Foreign Relations, Labor and Public Welfare, and the Judiciary, respectively.

REPORTS OF A COMMITTEE

The following reports of a committee were submitted:

By Mr. STENNIS, from the Committee on Armed Services, with amendments:

H.R. 4785. An act relating to withholding for State employee retirement, disability, and death benefit system purposes on the compensation of certain civilian employees of the National Guard (Rept. No. 709).

By Mr. BARTLETT, from the Committee on Armed Services, without amendment:

H.R. 7724. An act to provide for advances of pay to members of the armed services in cases of emergency evacuation of military dependents from oversea areas and for other purposes (Rept. No. 707).

By Mr. BUSH, from the Committee on Armed Services, with an amendment:

H.R. 7934. An act to authorize the Secretaries of the military departments to make emergency payments to persons who are injured or whose property is damaged as a result of aircraft or missile accidents, and for other purposes (Rept. No. 708).

BILLS INTRODUCED

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

By Mr. STENNIS (for himself and Mr. EASTLAND):

S. 2403. A bill to authorize the Secretary of Agriculture to encourage and assist the several States in carrying on a program of forestry research, and for other purposes; to the Committee on Agriculture and Forestry.

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

By Mr. MAGNUSON (by request):

S. 2404. A bill to amend section 510(i) of the Merchant Marine Act, 1936, relating to the exchange of vessels; to the Committee on Commerce.

By Mr. GORE (for himself and Mr. KEFAUVER):

S. 2405. A bill to provide for flood control on Stones River, Cumberland River Basin, Tenn., and for other purposes; to the Committee on Public Works.

By Mr. ERVIN (for himself and Mr. JORDAN):

S. 2406. A bill for the relief of Balkrishna Govind Gokhale and his wife, Beena Gokhale, and their two daughters, Javashree Gokhale and Maya Gokhale; to the Committee on the Judiciary.

By Mr. HILL:

S. 2407. A bill to amend section 510(i) of the Merchant Marine Act, 1936, relating to the exchange of vessels; to the Committee on Commerce.

By Mr. ALLOTT:

S. 2408. A bill for the relief of Mrs. Jessie M. Smith; to the Committee on the Judiciary.

By Mr. HUMPHREY:

S. 2409. A bill to amend section 203(j) of the Federal Property and Administrative Services Act of 1949 so as to provide that certain surplus property of the United States shall be offered for sale to the States; to the Committee on Government Operations.

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

By Mr. BURDICK:

S. 2410. A bill to permit the State of North Dakota to modify its agreement entered into under section 218 of the Social Security Act so as to exclude from social security coverage thereunder services performed by student employees of such State; to the Committee on Finance.

S. 2411. A bill to authorize the alteration of the Federal building at Minot, N. Dak., to provide additional office space for the use of Federal agencies and an additional courtroom for the district court of the United States, and for other purposes; and

S. 2412. A bill to change the name of the reservoir above Garrison Dam, known as Garrison Reservoir or Garrison Lake, to Lake Garrison; to the Committee on Public Works.

ASSISTANCE TO STATES IN A PROGRAM OF FORESTRY RESEARCH

Mr. STENNIS. Mr. President, on behalf of myself and my colleague, the senior Senator from Mississippi [Mr. EASTLAND], I introduce, for appropriate reference, a bill to authorize the Secretary of Agriculture to encourage and assist the several States in carrying on a program of forestry research, and for other purposes.

I expect later in the day to make some remarks, if I can obtain the floor, with reference to the purposes of this bill.

I ask unanimous consent that the bill may be printed in the RECORD at this point in my remarks.

The PRESIDENT pro tempore. The bill will be received and appropriately referred, and, without objection, the bill will be printed in the RECORD.

The bill (S. 2403) to authorize the Secretary of Agriculture to encourage and assist the several States in carrying on a program of forestry research, and for other purposes, introduced by Mr. STENNIS (for himself and Mr. EASTLAND), was received, read twice by its title, referred to the Committee on Agriculture and Forestry, and ordered to be printed in the RECORD, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That it is hereby recognized that research in forestry is the driving force behind progress in developing and utilizing the resources of the Nation's forest and related range lands. The production, protection, and utilization of the forest resources depend on strong technological advances and continuing development of the knowledge necessary to increase the efficiency of forestry practices and to extend the benefits that flow from forest and related rangelands. It is recognized that the total forestry research efforts of the several State colleges and universities and of the Federal Government through the Forest Service of the Department of Agriculture are more fully effective if there is close coordination between such programs.

SEC. 2. In order to promote research in forestry, the Secretary of Agriculture is hereby authorized to cooperate with the several States for the purpose of encouraging and assisting them in carrying out programs of forestry research. Such assistance shall be in accordance with plans to be agreed upon in advance by the Secretary and land-grant colleges and other State-supported colleges and universities offering graduate training in the sciences basic to forestry and having a forestry school. The plan shall provide for the allotment of Federal funds to the cooperating college or university to carry out the forestry research provided for by this Act.

SEC. 3. To enable the Secretary to carry out the provisions of this Act there are hereby authorized to be appropriated such sums as the Congress may from time to time determine to be necessary. Funds appropriated and made available to the States under this Act shall be in addition to allotments or grants that may be made under other authorizations.

SEC. 4. The amount paid by the Federal Government to any State college or university under this Act shall not exceed during any fiscal year the amount available to such college or university during the same fiscal year for forestry research from State funds or private grants. The Secretary is authorized to make such expenditures on the certificate of the appropriate official of the State college or university having charge of the forestry research for which the expenditures as herein provided are to be made. If any or all of the colleges or universities of any State eligible to receive funds under this Act fails to make available for forestry research in any fiscal year sums at least as much as the amount for which it would be eligible for such year under this Act, the difference between the Federal funds available and the funds made available by the college or university shall be reapportioned by the Secretary to other eligible colleges or universities of the same State if there be any which qualify therefor and, if there be none, the Secretary shall reapportion such difference to the colleges and universities of other States participating in the forestry research program.

SEC. 5. Apportionments among participating colleges and universities of the States and administrative expenses in connection with the program shall be determined by the Secretary after consultation with a national advisory board of not less than five officials of eligible State institutions chosen by a majority of such institutions. In making such apportionments consideration shall be given to pertinent factors including, but not limited to, areas of non-Federal commercial forest land and volume of timber cut annually from growing stock.

SEC. 6. The Secretary is hereby authorized and directed to prescribe such rules and regulations as may be necessary to carry out the provisions of this Act. It shall be the duty of the Secretary to furnish such advice and assistance as will best promote the purposes of this Act.

SEC. 7. The term "forestry research" as used in this Act shall include investigations relating to: (1) Reforestation and management of land for the production of crops of timber and other related products of the forest; (2) management of forest and related watershed lands to improve conditions of waterflow and to protect resources against floods and erosion; (3) management of forest and related range lands for production of forage for domestic livestock and big game and improvement of food and habitat for

wildlife; (4) management of forest lands for outdoor recreation; (5) protection of forest lands and resources against fire, insects, diseases, or other destructive agents; (6) utilization of wood and other forest products for expanded forest industries and new and more effective uses of forest products; (7) economic and social considerations underlying establishment of sound policies for the management of forest lands and the harvesting and marketing of forest products; and (8) such other studies as may be necessary to obtain the fullest and most effective use of forest resources.

SEC. 8. The term "State" as used in this Act shall include Puerto Rico.

Mr. STENNIS subsequently said: Mr. President, for many years I have been a strong supporter of forestry programs—programs that provide for a rich and varied flow of products, services, and opportunities that benefit all people in our country. Nowhere in the world does a people have the bounteous production and use of timber crops, forest recreation, wildlife and fish, water, and range forage that we enjoy in the United States.

Today, I want to describe legislation I am proposing that will move forestry ahead faster through a strengthened research program to be shared by the Federal Government and the States. I am happy to join with Representative McINTIRE who has introduced a companion measure in the House of Representatives. Representative McINTIRE is a leader in forestry. His efforts to advance progress on forestry problems are well recognized not only in his own home State of Maine where forests are the backbone of the economy, but in all parts of our country.

Keeping the development and wise use of all forest resources moving ahead as our economy grows is a difficult task. The responsibility of the Federal Government, working in cooperation with the States and with private industry, continues as an important feature of the whole dynamic forestry program. I have often pointed out to the Members of the Senate, as well as to many interested groups nationwide, the significance of a strong research program to future progress in forestry. The Forest Service has a productive research program that is being developed along carefully planned lines with the endorsement and support of the Congress. This research program must continue to grow. However, along with the Forest Service research program there must also be a growing forestry research program at our State agricultural experiment stations and forestry schools.

To accomplish this, legislation is currently needed to facilitate a stronger cooperative research between the Forest Service and the States on troublesome forestry problems and to insure the steady progress that will keep our resources contributing what they can and should. I am proposing this bill because it represents the next needed legislative step in strengthening research on forest resource problems.

The forestry schools of the Nation have contributed significantly to progress through their fine academic programs of training professional people in resource management. They have stimulated research and in their graduate student training programs have advanced technical knowledge. Their competence in the forestry research field has been well demonstrated. The State agricultural experiment stations have also completed excellent research in forestry or in forestry-oriented fields.

The legislation I am proposing would stimulate even greater competence and greater forestry research effort in the universities. It would authorize such sums as the Congress may wish to appropriate to assist each land grant college and to assist other State-supported institutions that have a forestry school and a graduate training program. Training of graduate students as forestry-oriented scientists by having them do research is one of the objectives of this legislation. Thus, every State and Puerto Rico would be able to participate in the program inasmuch as each has a land grant college with graduate training in subjects basic to forestry. The Federal funds, which would be matched on an equal basis, would be administered by the Secretary of Agriculture. It is desirable that administration of the program would be through the Forest Service, the Federal agency with responsibility for forestry research. Apportionment of funds would be determined by the Secretary after consultation with a national advisory board representing eligible State institutions. Pertinent factors considered in the apportionment would include, but not be limited to, non-Federal commercial forest acreage and volume of timber cut. Research authorized would include investigations of all problems relating to the production, protection, and utilization of timber, water, recreation, wildlife and fish habitat, and range forage.

This legislation represents an essential next step in orderly progress to an adequate national forestry research program. The skills and professional scientific resources of the States must be enlisted if we are to move ahead in keeping forestry strong. The greatest strength lies in a foundation of scientific research carried on by the best qualified men of the Nation. We will reap additional benefits from broader and more effective training of scientists in forestry fields. Future forest resource supplies and usefulness will be assured.

SALE OF SURPLUS PROPERTY TO STATE AND LOCAL GOVERNMENTS

Mr. HUMPHREY. Mr. President, I introduce for appropriate reference, a bill to enable States, counties, cities, and towns to purchase Federal surplus property which is not donated for purposes of education, public health, or civil defense.

The PRESIDENT pro tempore. The bill will be received and appropriately referred.

The bill (S. 2409) to amend section 203(j) of the Federal Property and Administrative Services Act of 1949 so as to provide that certain surplus property of the United States shall be offered for sale to the States, introduced by Mr. HUMPHREY was received, read twice by its title, and referred to the Committee on Government Operations.

Mr. HUMPHREY. The object of the proposed legislation is to allow State and local governmental units to purchase property which has been declared surplus by the Federal Government and thereby acquire a clear title to such property. An outright purchase on these terms would avoid the artificial restrictions that now hamper both the local and the Federal Governments.

Administration of this proposal would not change nor interfere with the present program of donating Federal surplus property for purposes of education, public health, or civil defense. Instead, the General Services Administrator would be required to sell surplus property, which is not claimed for these purposes, to local and State governments at 5 percent of its original acquisition cost. These sales would occur within the framework of the existing donation program.

In order to avoid any possibility of any State or local governmental unit taking advantage of this legislation by purchasing equipment with the intent of reselling at a profit, the Administrator of GSA is authorized under this bill to issue the appropriate regulations to assure against such action.

This amendment would not result in a delay of the final disposal of unneeded Government property, nor materially increase the cost to the Federal Government. The establishment of a priority system would not be required since the sale would be administered through an agency designated by the State, in the same manner as the donation program.

This legislation has been carefully studied and represents many months of consultation between representatives of local governments and the Federal agencies which are connected with the administration of this program.

The National Association of County Officials, American Municipal Association, U.S. Conference of Mayors, and the Council of State Governments strongly endorse this proposed legislation. A companion measure is being offered in the House by Representative ZABLOCKI, of Wisconsin.

I ask unanimous consent to have printed at this point in the RECORD the accompanying letters of support.

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

NATIONAL ASSOCIATION OF COUNTY OFFICIALS,
Washington, D.C., August 8, 1961.

Hon. HUBERT H. HUMPHREY,
U.S. Senate,
Washington, D.C.

DEAR SENATOR HUMPHREY: The National Association of County Officials strongly supports your proposed legislation which would authorize States, counties, cities, and other State instrumentalities to purchase Federal surplus property at 5 percent of its original acquisition cost.

We much prefer outright purchase of these items, rather than a donation, because we can then avoid the artificial restrictions on use that now hamstring both our counties and the Federal Government.

Our support of this type of legislation was editorially expressed in the March 1961 issue of the County Officer. A copy of this editorial is enclosed.

We commend you for your interest in the problems of local government and we offer our complete support for this proposed legislation.

Sincerely yours,

BERNARD F. HILLENBRAND,
Executive Director.

SURPLUS PROPERTY AND THE TAXPAYER

(By Bernard F. Hillenbrand)

We've got nothing against hard-working junkmen, but we do think it is time for the Federal Government to recognize that tax-supported local governments should have a higher priority in acquiring Federal surplus property than do junkmen.

The present archaic Federal disposal policies which are costing taxpayers millions of dollars in double taxation work this way. Mr. Federal Taxpayer buys a bulldozer and the Federal using agency, for one of a variety of sound reasons, no longer needs the machine. It is declared excess to the Federal agency's need and is offered for sale to other Federal agencies. If there are no takers the bulldozer is then declared surplus and offered as a donation to State and local health, education, and civil defense agencies. If it is still not claimed it is then offered at competitive bid at public sale. Counties and other local government units are, of course, precluded by law from bidding at public auction and so a county that needs a bulldozer must buy a new one. Mr. Local Taxpayer, who is also our Federal taxpayer, must therefore pay for a second machine when his original purchase would have done just as well.

NACO strongly supports a revision of the procedures which require the General Services Administrator, who has charge of the surplus property program, to offer our bulldozer for sale to counties and other local units after it has been offered as a donation to health, education, and civil defense agencies, but before it is offered for public sale.

We favor sale to counties and local government units at the same price as the item was offered for sale as excess to other Federal agencies—usually about 5 percent to 10 percent of the original acquisition cost. We much prefer outright purchase on these terms rather than donation because we then avoid the artificial restrictions on use that now hamstring both our counties and the Federal Government.

A revision of this nature would require some additional effort on the part of the Federal Government. It may meet opposition by the junk dealers and possibly by some businessmen.

The stakes are high. Some $2 billion of Federal surplus is generated each year. Our position is right and fair. It will be strongly supported by county officials and by taxpayers alike.

We have an energetic new Congress and administration and it is time to take some constructive action on this fresh new idea.

THE COUNCIL
OF STATE GOVERNMENTS,
Washington D.C., August 8, 1961.

Hon. HUBERT H. HUMPHREY,
Senate Office Building,
Washington, D.C.

DEAR SENATOR: We are pleased to know that you are considering the introduction of a bill to permit State and local governments to purchase Federal surplus personal property at a price not to exceed 5 percent of the cost to the United States of acquiring such property.

This is a project in which the Council of State Governments as secretariat to the Governors' conference and the National Association of State Purchasing Officials, has been interested for many years. Repeated efforts have been made to devise a program satisfactory to all concerned whereby clear title to Federal surplus personal property could be obtained through purchase of such property by State and local governments. We are delighted that such now appears to be the case.

If we can be of assistance to you in any way in this matter, please call on us.

Yours very truly,

CHARLES F. SCHWAN, Jr.,
Washington Representative.

U.S. CONFERENCE OF MAYORS,
Washington, D.C., August 8, 1961.

Hon. HUBERT H. HUMPHREY,
U.S. Senate,
Washington, D.C.

DEAR SENATOR: On behalf of the U.S. Conference of Mayors, may I express our support for the legislation you propose to introduce to permit State and local governmental units to purchase personal property surplus to the Federal Government before it is offered for sale to the general public.

We have reviewed this proposal and believe that it offers a step toward improved intergovernmental relations. While in many instances the present donor program has proven satisfactory, there is good reason why States and cities would prefer to purchase surplus property. Once the property were purchased outright and title passed, the State or city could use this property in a manner consistent with other property that it owns and would be relieved of the burden of keeping separate, and often cumbersome, maintenance and care records for the Federal agency. Under the terms of the proposed legislation, outright purchase could be had and, at the same time, regulations could be drawn which would guard against abuses of this program.

We sincerely hope the appropriate committees of the Congress will give this matter early consideration.

Sincerely yours,

HARRY R. BETTERS,
Executive Director.

AMERICAN MUNICIPAL ASSOCIATION,
Washington, D.C., August 8, 1961.

The Honorable HUBERT H. HUMPHREY,
U.S. Senate,
Washington, D.C.

DEAR SENATOR HUMPHREY: We are pleased to learn that you are considering the introduction of legislation pertaining to the amendment of the Federal Property and Administrative Services Act of 1949. This proposed amendment would permit certain surplus property not needed for the purposes of education, public health, or civil defense to be offered for sale to local and State governments at a price not to exceed 5 percent of the cost of acquisition of said property.

The American Municipal Association would support such legislation since it would be consistent with its national municipal policy on surplus Federal property.

Personal property, once purchased from taxpayers' money by the Federal Government, and subsequently declared to be surplus and no longer needed for Federal, local health, educational, or civil defense purposes, should continue to be made available for taxpayers' benefit so long as a usable and needed Government purpose remains. In accordance with the provisions of the proposed bill which you are considering introducing, the Administrator would be given the authority to determine whether or not such equipment is usable and necessary for State or local government purposes and what regulations should govern its use.

With the burdensome cost of government continuing to mount and with the continued straining of local government resources, maximum use needs to be made of all facilities and resources under whatever intergovernmental cooperative mechanisms can be found. We believe the proposed legislation under consideration by you to be fair and equitable and with due regard for intergovernmental cooperation.

The American Municipal Association supports the proposed legislation which you are now considering, for it feels that State and local governments should be given the opportunity of purchasing such surplus properties at a negotiated sale before these properties are disposed of at public auction.

Sincerely yours,

PATRICK HEALY, Jr.,
Executive Director.

ACT FOR INTERNATIONAL DEVELOPMENT OF 1961—AMENDMENTS

Mr. YARBOROUGH submitted an amendment, intended to be proposed by him, to the bill (S. 1983) to promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic and social development and internal and external security, and for other purposes, which was ordered to lie on the table and to be printed.

Mr. JAVITS (for himself, Mr. BUSH, Mr. BEALL, Mr. BOGGS, Mr. COOPER, Mr. KEATING, Mr. KUCHEL, Mr. MILLER, Mrs. SMITH, Mr. SCOTT, and Mr. TOWER) submitted an amendment, intended to be proposed by them, jointly, to Senate bill 1983, supra, which was ordered to lie on the table and be printed.

NOTICE OF HEARING ON NOMINATION OF GEORGE W. MITCHELL TO BE A MEMBER OF THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

Mr. ROBERTSON. Mr. President, as chairman of the Committee on Banking and Currency, I desire to give notice that a public hearing has been scheduled for Tuesday, August 15, 1961, at 10 a.m., in room 5302 New Senate Office Building, on the nomination of George W. Mitchell, of Illinois, to be a member of the Board of Governors of the Federal Reserve System for the remainder of the term of 14 years from February 1, 1948, vice M. S. Szymczak, resigned.

At the indicated time and place persons interested in the hearing may make such representations as may be pertinent.

NOTICE CONCERNING CERTAIN NOMINATIONS BEFORE THE COMMITTEE ON THE JUDICIARY

Mr. EASTLAND. Mr. President, the following nomination has been received and is now pending before the Committee on the Judiciary:

William H. Terrill, to be U.S. marshal for the district of Colorado, for a term of 4 years, vice Tom O. Kimball.

On behalf of the Committee on the Judiciary, notice is hereby given to all persons interested in this nomination to file with the committee, in writing, on or before Friday, August 18, 1961, any representations or objections they may

wish to present concerning the above nomination, with a further statement whether it is their intention to appear at any hearings which may be scheduled.

ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE RECORD

On request, and by unanimous consent, addresses, editorials, articles, etc., were ordered to be printed in the RECORD, as follows:

By Mr. METCALF:

Article by him on Youth Conservation Corps, published in the American Legion magazine of August 1961; letter to him from William J. Lederer, chairman, Veterans' Advisory Commission, city of Philadelphia, on same subject.

THE NATURE OF COMMUNISM

Mr. THURMOND. Mr. President, on Sunday, August 6, there appeared in the Washington Post an editorial entitled "What's in a Label?" The editorial is very significant, in that it is a treatment or comparison of socialism and communism. As is pointed out in the editorial, this discussion of the relationship of socialism and communism was occasioned by remarks of mine directed to that subject in a discussion concerning the insidious campaign to censor and gag the military. I have discussed this subject on the floor of the Senate on July 26, 29, and 31, and on August 2, 4, and 10.

Mr. President, I consider it an urgent need that the people of the United States understand the total nature of communism; and this entails a clear understanding of the many points of similarity between communism and Marxist socialism. Without such a complete understanding, the American people will not be able to anticipate and judge the attitude of Marxist Socialists toward Sino-Soviet communism.

Because this matter is one that bears strongly on the need for public information on the total nature of communism and the menace of the cold war, I replied by letter to the editor of the Washington Post, in order to clarify and further discuss this subject. I ask unanimous consent that my letter of reply to the editor of the Washington Post be printed in the RECORD following my remarks; and I also ask that following my reply, the Washington Post editorial of August 6, 1961, entitled "What's in a Label?" be also printed in the CONGRESSIONAL RECORD. The Washington Post has not yet printed my letter to the editor, but I hope it will do so.

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

AUGUST 8, 1961.

Mr. J. R. WIGGINS,
Editor, the Washington Post,
Washington, D.C.

DEAR MR. WIGGINS: Your interest in informing the public about the specific nature of communism, and, as you conclude, its point of difference with socialism, as evidenced by your editorial of August 6, 1961, "What's in a Label?" is of great import, and I request that you print this letter in which I shall attempt to demonstrate the relationship of communism and socialism as I understand it.

As you so candidly admitted in your editorial, both socialism and communism derive from the teachings of Marx and Engels. In fact, the movements were one until the split over methods of approach, which resulted after the Russian revolution in 1905. The course of what we now call Communists was called revolutionary, and the course of what you labeled "Socialist Democrats" was called reformist. The aim and purpose of both was then and is now world socialism, which communism seeks to achieve through revolution and which Socialists seek to achieve through evolution.

The industrial achievements of the United States are the result of an economic system which is the antithesis of socialism. Our economic system is called capitalism or private enterprise and is based on private property rights, the profit motive and competition. The advantages of the system are not confined to economic benefits, however, for it embodies the economic freedom essential to the preservation and maintenance of political liberty, which you choose to call civil liberites. In practice, liberty is indivisible. The economic aspects of liberty provide the means for the exercise and enjoyment of the political aspects of liberty.

Both communism and socialism seek to destroy our economic system and replace it with socialism; and their success, whether through evolution by socialism or through revolution by communism, or a combination, will destroy not only our economic system, but our liberty, including the civil aspects, as well. As you pointed out in your editorial, but skirted in attempting to illustrate, our economic system has now become diluted with portions of socialism.

It is impossible to escape the conclusion that there are those among our society, even in the Government and the press, who are Marxist Socialists. The Socialists here, as in many European countries, have given up hope of destroying private property by means of nationalization, but seek the same direct end by the process of governmental regulation and control. In an article published in Masses and Mainstream in July of 1956, a Socialist writer, G. D. H. Cole, reviews the common ground of socialism and communism, and the first point made is that all Socialists and Communists "are all against capitalism—that is against private exploitation of the world's resources, and all those who work upon them for the pursuit of private profit."

Since Marxist Socialists share the ultimate goal of the Communists, their opposition to communism is limited. They oppose the use of armed forces by Communist nations to promote world socialism, for they consider it an unnecessary waste: they believe world socialism can be achieved through evolution. The Socialists do not oppose subversion, however, for it can promote the evolutionary process. The Socialists also oppose any step by the free world which could lead to war, for again they consider it a waste. In their estimation, world socialism is inevitable. This they share with the Communists.

Within our own country, the Socialists support anticommunism only so long as it is aimed exclusively at the Communist armed threat. They want world socialism controlled by themselves, not Russians or Chinese.

The biggest stumbling block to world socialism, from either revolutionary or evolutionary methods, is the political and economic structure of the United States, diluted to some extent with socialism as it is. It serves the Socialist as well as the Communist cause, and their common purpose, to weaken this structure. This is the reason why Socialists in this country attempt without cessation, all too often successfully, to frustrate policies designed to strengthen our system and our country.

Nationalism is as much an anathema to socialism as it is to communism, for both communism and socialism seek a world order rather than a national order. Domesticated Socialists are therefore always found in the ranks of the one-worlders.

Socialism joins with communism in discouraging the inculcation of patriotism, for patriotism is a form of nationalism which impedes the establishment of world, or international, socialism.

It should be apparent then, that the common ground of socialism and communism is a factor to which the American people should be alerted. Without a clear understanding that communism is socialism, with but a revolutionary rather than an evolutionary approach, the total threat and menace of the cold war, which is psychological, as well as subversive, political, economic, diplomatic, and military in nature, can never be comprehended and fought to victory.

Sincerely,

STROM THURMOND.

[From the Washington Post, Aug. 6, 1961]

WHAT'S IN A LABEL?

In his championship of the teaching of truth in the military services, Senator STROM THURMOND has made the point that socialism and communism are synonymous. If this were indeed true—if the millions of people around the world who call themselves Socialists were indistinguishable from the Communists—then the United States would have an incredibly more difficult task in the defense of freedom. Fortunately for this country in the struggle it faces, any such simple definition betrays a gross misunderstanding of reality.

It is true that both socialism and communism are thought to owe their modern-day incarnations to the same prophets, Karl Marx and Friedrich Engels. It is true that until the time of Lenin the world Socialist movement was more or less united, with various prickly offshoots. But at the time of the Bolshevik revolution the movement was split irreparably asunder. Although the Communist countries call themselves Socialist, and although some democratic Socialists elsewhere still pay obeisance to Marx and still advocate governmental ownership of the means of heavy production, there the similarities cease.

The most meaningful difference between present-day Social Democrats and the Communists is of course over civil liberties. Democratic Socialists uphold democratic methods and the rights of the individual. The Communists proceed by conspiracy, violence and the knock on the door. This distinction is fundamental.

Individual Socialist Parties vary in their ideologies. Some, particularly in Western Europe, have divested themselves of their Marxist class-warfare trappings and of their belief in nationalization as a panacea. Others, as in the case of the majority Socialist movements in Japan and Italy, have rather woolly fringes.

But in the main, the democratic Socialist Parties are today among the strongest and most effective opponents of communism—a fact that Mr. Khrushchev has recognized with the special ire he reserves for the Social Democrats. Communism has no fiercer foe, for example, than Norman Thomas, the longtime American Socialist presidential candidate and a dedicated democrat and civil libertarian. West Berlin Mayor Willy Brandt has proved his credentials in the defense of freedom.

In economic philosophy most of us in the United States prefer the private enterprise system, for we believe that it provides the

greatest stimulus to expansion and improvement of the general standard of living. But even here, our labels and slogans sometimes depart from the facts. What we have is a far reach from the laissez-faire of Adam Smith; it is a thoroughly mixed and regulated system in which private and public enterprise are functional and complementary.

In the process we have acquired some facets of what Mr. THURMOND might call socialism, because the Government undertakes to provide for the general benefit. Conspicuous examples are the Post Office and the Atomic Energy Commission—and the Armed Forces, in which both Senator THURMOND and his like-minded companion, Senator GOLDWATER, hold Reserve commissions as general officers. Few persons would think that these functions should be turned over to private enterprise, whatever the criticisms of governmental efficiency.

Much the same pattern prevails in other developed non-Communist countries. In such an indubitably free enterprise nation as West Germany, for example, the railroads, telephone and telegraph long have been government-owned. In nominally Socialist Scandinavia, the private businessman is altogether at home and finds substantially the same encouragements as in the United States.

In underdeveloped countries, too, the patterns are very mixed. Many of the new governments proclaim themselves Socialist, for sentimental as well as practical reasons. Socialism has an egalitarian and anticolonial connotation. More than this, in poor countries which are not yet attractive to foreign private investment, government is often the only substantial source of capital. Yet in Socialist India the public sector is still much smaller, proportionately, than in the free enterprise United States; and the private sector in India has been growing with encouraging vigor.

There is a truly enormous distinction between such system and the system found in the Communist bloc—a system that amounts to tyranny, whatever it is called. Civil liberties, free elections, responsive constitutional government—these, rather than economic labels, are the really essential elements in the battle.

The danger in the sort of labeling in which Mr. THURMOND has engaged is that it confuses understanding of the nature of the real foe. By lumping together not merely the democratic Socialists, but also social welfare legislation as extensions of communism, Mr. THURMOND insults millions of freedom-loving individuals and confers on the Communists allies which they in no sense possess.

FOREIGN ASSISTANCE ACT OF 1961

Mr. McNAMARA. Mr. President, several days ago I offered an amendment to the pending bill. This proposed amendment has received some publicity in the newspapers of my home State, and elsewhere.

Various newspaper editors, who in the past have had an uncanny knack for being wrong, have imputed various motives to my action.

I am not unduly disturbed by their unfavorable comments, since their editorial "advice" has usually been a pretty good indication of what not to do. In fact, whenever they comment favorably upon some action of mine, my suspicions are aroused and I carefully reexamine my position for possible error.

However, for the RECORD of this body, I feel obligated to state my position on this matter more fully.

The amendment I proposed would eliminate all economic assistance from the pending measure, S. 1983.

I offered this amendment to call attention as forcibly as I can to some recent developments that have greatly disturbed me.

Two weeks ago President Kennedy went before the people of this country with a stepped-up program of military preparedness to meet the increasing Communist challenge to our liberties in Berlin and elsewhere.

The response of the Congress to his request has been swift and overwhelming.

However, hardly had the President finished his televised address to the Nation than demands began to arise from members of the opposition party and others for a cutback in our program to develop and strengthen the domestic economy.

These demands were made on the specious grounds that the United States of America, the richest nation on earth, could not afford both the military buildup needed to protect us against our enemies abroad and the social and economic programs necessary to make us strong at home.

These demands for domestic cutbacks, incidentally, occurred at a time when major portions of the administration's domestic program remain to be acted upon by the Congress.

It should be noted that we have made some substantial progress with this domestic program. We have enacted a new minimum wage law, extending coverage to 3.6 million additional workers. We have enacted an important new housing law. We have enacted legislation designed to aid economically depressed areas through an area redevelopment program. We have made some progress in liberalizing the social security program. We have enacted a water pollution control law. We have extended the temporary unemployment compensation program.

However, we still have much important, unfinished legislative business relating to the domestic economy. We have done nothing about providing a realistic program of medical care for our elderly citizens through the social security system.

Federal aid to education has bogged down in the parliamentary process and its prospects for passage have diminished. The importance of Federal aid for school construction and teachers salaries cannot be overemphasized.

I do not believe that we have made sufficient progress in meeting head on the problem of unemployment.

In his most recent report, the Secretary of Labor notes that unemployment in the United States has increased by 1,123,000 over the month of July one year ago.

The problem of the hard-core chronic unemployed remains with us. According to the Secretary of Labor, the number of workers unemployed for 6 months or longer increased during the month of July 1961, by nearly 100,000 over the previous month to a total of 1,026,000.

Secretary Goldberg also reported a small increase rate of unemployment to the total work force from 6.8 percent in June of this year to 6.9 percent in July.

He further noted that the number of major population areas, rated as having substantial unemployment with 6 percent or more of the available labor force out of work, remains at 88, which is unchanged from last month.

Further, when I offered my amendment, I felt that the administration had not made the case it should have made for foreign economic aid.

Happily, the great address by the distinguished junior Senator from Arkansas [Mr. FULBRIGHT] in support of S. 1963 on August 4 has resolved many of my doubts on this score.

It was a forceful and eloquent presentation, and I listened to it with keen appreciation and great admiration.

However, in rereading the RECORD certain questions occur to me that I should like to address to the distinguished chairman of the Foreign Relations Committee.

The Senator, in his presentation, stated that under this bill it will be our aim—and I quote—"to provide succor for the needy, the materially and spiritually deprived majority of mankind."

He speaks of "a pulse of sympathy" and "an instinct of compassion" that has figured prominently in the foreign relations of our country since the founding of the Republic.

It is often said that half the people in this world go to bed hungry every night. I sympathize with this situation, but I submit that too many of these hungry people live in the United States.

Would not the Senator agree that this same "instinct for compassion," this same "pulse of sympathy" should be directed toward the underfed, toward the millions of unemployed workers and their families—the elderly who cannot afford the medical care they so desperately need—the children who are being short-changed on their education—all of whom are citizens and residents of the United States?

In his fine address, the Senator from Arkansas referred to section 201A of the bill which states in part:

> Loans shall be made only upon a finding of reasonable prospects of repayment.

The Senator notes that all loans extended under the new authority must be repaid in dollars over terms of up to 50 years.

I wonder how these countries will obtain these American dollars, and how this process will affect unemployment in this country?

It is my understanding that the economic assistance funds will be directed largely to the underdeveloped nations of Asia, Africa, and South America. I know that our foreign aid funds in the past have been used to rebuild the war-ravaged economies of Europe, to the point that in most cases of these countries today the economies are flourishing, the unemployment rate is extremely low, and, indeed, in most cases these countries are experiencing labor shortages.

I wonder if the Senator could tell me whether economic assistance under this bill will be directed to any European countries and, if so, which ones?

It is my understanding that we are now sending assistance, either economic

or military, or a combination of both, to some 97 nations out of 110 and the question naturally arises, when will it end? And where?

I should like to ask the distinguished Senator from Arkansas one final question.

It has been stated that we now have in the "foreign aid pipeline" some $5 billion that has not been expended.

If this indeed is the case, if this $5 billion is uncommitted, would it not be reasonable to declare a 1-year moratorium on foreign economic asistance and use the money to strengthen our own economy—for Federal aid to education, for medical care for the aged, and for measures designed to stimulate the American economy and increase employment opportunities for our own people?

I should like to say that in the remaining period of this session we must demonstrate to the American people and to the world that we can and must afford both the necessary military buildup the President has requested, and the strengthening of the domestic economy he has, with equal urgency, demanded.

We must demonstrate to the people that not only can we afford both military strength and domestic welfare, but also that the strength of the domestic economy is an indispensable basis of any strength—military, diplomatic, or other.

In conclusion, I should like to summarize the reasons I offered the amendment that is now lying on the desk.

First, I wish to express my dissatisfaction with the progress, or lack of it, in the important area of domestic legislation.

Second, I wished to emphasize that foreign aid, whether it be military or domestic, will do us no good unless we are strong at home.

Third, I wish to serve notice that I do not buy the specious argument that necessary progress on the domestic front must be sacrificed to the military buildup.

I believe most strongly that we can and must do both. With our great productive capacity, our technical know-how, our enormous natural resources, and the basic strength and devotion of our people, there is no question as to our ability to handle both jobs.

On this point I am in complete agreement with the President and with the distinguished chairman of the Foreign Relations Committee.

I hope that by pointing up the possibility of eliminating economic assistance completely I have demonstrated the absolute necessity for making America strong at home.

Because if we cannot take care of our people here at home, we will never be successful abroad. If we really want to protect our freedom and extend the concepts of democracy throughout the world—as I know we do—then we must take the necessary steps to strengthen our economy at home, too.

Believing that we can and will do both of these two important jobs—strengthen our own economy and help our friends throughout the world—I now state for the RECORD that my amendment will in all probability not be called up.

THE DRUG INDUSTRY

Mr. DIRKSEN. Mr. President, Senate bill 1552, known as the Drug Industry Antitrust Act, is pending before the U.S. Senate Antitrust and Monopoly Subcommittee, of which I am the ranking Republican member. Thus far, we have had some hearings. Additional hearings will be held in the future.

From the many letters I have received, there is one in particular that tells a significant story. The letter was written by Dr. Melville Sahyun, president of Sahyun Laboratories, Santa Barbara, Calif. This company is not one of the major drug manufacturers, and to me that fact makes his letter the more important. I ask unanimous consent that the letter and also a statement by Dr. Sahyun be printed in the RECORD in connection with my remarks. I also ask unanimous consent to have printed at this point in the RECORD a speech by John T. Connor, president of Merck & Co., before the National Academy of Sciences, National Research Council, Patent Symposium. The speech is entitled "Patents and the Conquest of Disease," and it was delivered on June 14, 1961, at Washington, D.C. I also ask unanimous consent to have printed at this point in the RECORD a letter to me from Mr. W. B. Reynolds, vice president of General Mills, Inc. commenting on the patent aspects of the Senate bill 1552.

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

SAHYUN LABORATORIES,
Santa Barbara, Calif., August 1, 1961.

Hon. EVERETT M. DIRKSEN,
U.S. Senate,
Washington, D.C.

MY DEAR SENATOR DIRKSEN: This is with reference to bill S. 1552 introduced by Senator KEFAUVER, which was read twice and referred to the Committee on the Judiciary. It may be cited as the Drug Industry Act.

I am enclosing for your consideration my comments on bill S. 1552. Therein I present my reasons why the bill must be defeated.

Herein, I wish to submit my opinion as a scientist, with a Ph. D. from Stanford University, and as an inventor with 38 years of experience in research and development of new drugs.

As a scientist, I have to my credit some 80 scientific publications in such journals as the Journal of Biological Chemistry, Journal of the American Chemical Society, Journal of the American Medical Association, Journal of Pharmacology & Experimental Therapeutics, Archives of Medicine, American Journal of Physiology, Journal of Infectious Diseases, etc. I have also authored and edited two books, one of which was selected by the American Society of Librarians as one of the best 100 books of 1948.

As an inventor, I have been granted some 40 U.S. patents, 25 of which were obtained during the past 10 years.

I have introduced several outstanding ethical drugs, many of which are widely used throughout the world. Some of these are:

Crystalline insulin (first). Trade name, Zinc Insulin Crystals. Research and development of this product, 1923–38.

Amino acids (first). Trade name, Parenamine. Research and development, 1933–41.

Protein preparation (first). Trade name, Essenamine. Research and development, 1937–44.

Ferrous gluconate (treatment of iron deficiency anemia). Trade name, Fergon. Research and development, 1936–40.

Isuprel (treatment of asthma). Research and development, 1943–47.

Tyzine (nasal preparation for treatment of colds and allergies). Research and development, 1952–55.

Visine (ophthalmic preparation). Research and development, 1952–55.

Daricon (treatment of ulcers and intestinal pain). Research and development, 1953–58.

In 1950, I established my own research institution, Sahyun Laboratories, in Santa Barbara, Calif., which I devote entirely to creative research and development in medicinal chemistry and nutrition. I have 10 individuals on my staff, with some 30 dependents. Sahyun Laboratories is an independent institution supported financially entirely from earned and advanced royalties.

Needless to state, in the research and development of a new drug, or, as a matter of fact, of any new and useful article, there is considerable investment in capital, effort, time, and equipment. There is also considerable risk. Ideas for a new product are worthless unless they can be translated into useful commodities that are better and have decided advantages over existing similar commodities. In research and development, my staff and I are in friendly competition with research institutions that outnumber us in personnel, and who have tremendous financial backing at their disposal. Nevertheless, realizing all the obvious and numerous disadvantages, I was willing to take the risk for the following reasons:

1. Attain the realization of a dream that I could do outstanding independent work in my selected profession.

2. Work in a pleasant environment.

3. Contribute to my welfare, the welfare of my associates, and the welfare of society.

4. Succeed in my venture despite competition.

5. Enjoy freedom of choice in my work.

I am guaranteed this freedom of work and free enterprise by the Constitution, article 1, section 8. My philosophy of life is:

To gain my livelihood and that of my family in a free society by making use of God's gifts; thus benefiting myself, my neighbor, and my country.

In order to remain solvent and continue the operation of my research institution, it is mandatory that I find a market for my intentions, either by marketing my own inventions, or by granting an exclusive license to a second party to manufacture and market them.

Briefly, to market my own invention, or any patentable new drug, requires a large investment in property, equipment, technical staff, professional help, legal staff, sales force, labor force, etc. All this is beyond my financial ability.

Hence, the other alternative is to grant an exclusive license on a royalty basis. To expedite matters, I find it advantageous to grant an option for an exclusive license, provided the optionee will undertake, at his own expense, the cost of the required pharmacologic, toxicologic, and clinical studies for an effective new drug application. As a rule, the optionee is agreeable to such an arrangement provided I will grant him an exclusive license for the life of the patent—in other words, for 17 years.

If unbiased investigations disclose unfair practices within the drug industry which lead to excessive high costs for drugs, there are adequate laws which provide for corrective measures. Punitive measures directed toward the entire industry and inventors of new drugs should not be the answer.

Only with an increase in the number of firms and individuals engaged in research

and development, with the concomitant increase in competition, can better and less expensive drugs be provided for the public.

I might further add that I feel the enactment of this bill would stifle incentive in our youth to major in chemistry, medicinal chemistry, or allied sciences. There would be no freedom of enterprise as far as the drug industry and its allied fields are concerned.

In the event bill S. 1552 is enacted, I am strongly of the opinion that our freedom of enterprise, yours and mine, will be curtailed, and that article 1, section 8 of the Constitution will be erased forever.

Thus, I, for one, will have no other choice but to close the doors of my research institution and, along with my associates, join the army of the unemployed.

Therefore, I request your thoughtful and serious consideration of this proposed Drug Act. The welfare of the Nation's physically ill and afflicted, especially those unable to provide for themselves the proper medical care, should not be used to make a scape goat of an industry that has contributed more to the general well-being of the people of this Nation, and responded most generously to all appeals for medical aid from distressed nations, than any other industry.

I would like to borrow from Abraham Lincoln's "Fragments on the Constitution and the Union," written about 1860:

"Without the Constitution and the Union, we could not have attained the result; but even these are not the primary cause of our greater prosperity. There is something back of these, entwining itself more closely about the human heart. That something is the principle of "Liberty to all"—the principle that clears the path for all—gives hope to all—and, by consequence, enterprise, and industry to all."

In conclusion, let us not fence with barbed wire the meadows of creative research in medicine and chemistry and set up costly tollgate fees to the paths that lead therein. These paths are already steep and tedious, but they are free to all. They are free to anyone who aspires to undertake the precipitous climb in order to roam in these meadows and bring back whatever fruit he can gather—to enjoy and distribute among his fellowmen—the fruit of prosperity, good health, goodwill, and industry.

Sincerely yours,

MELVIN SAHYUN, Ph. D.

COMMENTS ON CERTAIN ASPECTS OF KEFAUVER-CELLER BILL (S. 1552; H.R. 6245)

(By Melville Sahyun, Ph. D.)

COMMENTS ON BILL S. 1552

(A bill to amend and supplement the antitrust laws with respect to the manufacture and distribution of drugs, and for other purposes, and which may be cited as the Drug Industry Antitrust Act, hereafter referred to as the Drug Act.)

Scope of Drug Act

Section 201 of the food, drug, and cosmetic law defines the term "drug" as (1) articles recognized in the official U.S. Pharmacopoeia, official Homeopathic Pharmacopoeia of the United States, or official National Formulary, or any supplement to any of them; and (2) articles intended for use in the diagnosis, cure, mitigation, treatment, or prevention of disease in man or other animals; and (3) articles (other than food) intended to affect the structure or any function of the body of man or other animals; and (4) articles intended for use as a component of any articles specified in clause (1), (2), or (3); but does not include devices or their components, parts, or accessories.

Thus, it becomes apparent that the Drug Act is far reaching in scope as it embraces any chemical compound of utility to man or to animals. No chemical industry will be immune from the punitive measures provided by the Drug Act.

The Drug Act gives unlimited power to the Secretary of Health, Education, and Welfare, and to the Commissioner of Patents.

By the power given to the Secretary of Health, Education, and Welfare, he is the sole arbiter of the efficacy and safety of any drug or chemical compound of utility to man. Further, said "Secretary's determination or decision shall be accepted as conclusive and shall be sustained in any court if based upon a fair evaluation of the entire record before the Secretary."

Under certain conditions, the Drug Act authorizes the Commissioner of Patents, if he so desires, to confiscate the property of an inventor of a new drug, and virtually of any chemical industry in the United States, irrespective of constitutional rights.

Dictatorial powers, such as the Drug Act would grant to the Secretary of Health, Education, and Welfare, and to the Commissioner of Patents, are indeed contrary to our principles of democracy. It would give them almost complete jurisdiction over an entire industry.

Drug Act is discriminatory

Article 1, section 8 of the Constitution gives Congress the power:

"To promote the progress of science and useful arts, by securing for limited times to authors and inventors, the exclusive right to their respective writings and discoveries."

The Constitution makes no distinction among inventors. To the best of my knowledge, patent laws governing inventions of all kinds are fair and equitable, and, irrespective of race, color, or creed, a citizen of the United States is entitled to obtain a patent to protect his invention whether his invention relates to drugs, chemistry, physics, engineering, processing, or any other new and useful device.

The Drug Act is designed specifically to stifle inventions of new drugs, and, for the time being, to exempt all other inventions from the harsh and costly requirements it imposes.

Further, it is to be noted that it specifies in the case of a new drug that the term "effective date" means (a) the effective date of the application with respect thereto under section 505 of the act, and (b) in the case of any other drug, the date on which application was made for that patent.

Patent law clearly states that the duration of a patent is 17 years from the date on which the patent is issued, and not the date on which application is made for the patent, nor the date on which the new drug application becomes effective.

During the past 10 years, I have filed, through my patent attorney, more than 50 U.S. patent applications, and of these, some 25 patents have been granted. As a rule, it has been my experience that a patent application remains pending in the Patent Office for a period of not less than 3 years, i.e., from the date a patent application is officially filed to the official date of issuance.

Now then, the proposed Drug Act provides that:

"A patent (only for a new drug) shall be issued effective as of the date upon which the patent application therefore was duly filed by the prevailing party."

On page 6 of said Drug Act it states further:

"Every patent for a drug issued after the effective date of this paragraph shall contain a grant to the patentee, his heirs, or assigns, of the right to exclude others from making, using, or selling that drug for the term of 3 years from its effective date."

Therefore, either by design or misunderstanding of patent prosecution, only inventors of new drugs are to be deprived of their constitutional rights, as the 3-year period would probably have expired before the patent issues.

The Drug Act will discourage inventions of new drugs

Scientists and inventors of medicinal and useful chemical products need to be encouraged, and not discouraged, in their efforts to invent new drugs, irrespective of the magnitude or utility of their inventions.

All inventions per se, whether medicinal or chemical involving synthesis, are based on molecular modifications or manipulations. But, on page 3 of the Drug Act, it is stated: "No patent may be granted for any molecular modification, etc." Molecular modification is indeed a vague term. If by molecular modification is meant substitution of a certain chemical group by another group, or by addition of a certain chemical group to a compound, etc. then it would become almost impossible under the proposed Drug Act to obtain any kind of a new drug, or, as a matter of fact any kind of patent covering a chemical compound.

Once the chemical structure of a new drug or of a new chemical compound is disclosed, anyone skilled in the art could claim that such molecular modification was obvious to him. The elimination or limitation of molecular modification means the cessation of progress in chemistry and the chemistry of medicinal products.

Thus, in order to protect an invention, the inventor would have to resort to secrecy in preference to the filing of a patent application, and dissemination of knowledge.

The Drug Act is a deterrent to medical progress

Medical reports show that the span of life of the average U.S. citizen is now 65 years, in contrast to 40 or 45 years two decades ago. The creation of new drugs to conquer and control diseases has been one of the main factors in increased longevity. By reducing the number of inventions of new drugs, the health and welfare of the people of the United States, if not of the world, could be directly affected. The greatness and wealth of this country depend on the health and welfare of its citizens.

The secret of the U.S. economic success lies in the creativity of the American people. This creativity could not have been attained had it not been for the "incentive" guaranteed them by the Constitution.

Increased costs will eventually limit inventions to large corporations

The enactment of this Drug Act will eventually limit research and development of medicinal products to large corporations at the expense of the small research organizations and independent inventors with limited funds.

Under the present laws, the cost of obtaining a patent on a new drug is indeed expensive. In my experience during the past 10 years, I have found that it requires from 2 to 5 years of intensive research to reduce my invention from its conception, to practice, to the filing of the patent application.

The undertaking of additional research consisting of pharmacology, toxicology, and clinical evaluation as provided by the proposed Drug Act would be financially ruinous for the small research institution and independent inventor.

Patents are commodities—by increasing the cost of patents, a decrease in their number is bound to ensue. If the cost of a Chevrolet increased to that of a Cadillac, there would be far fewer owners of Chevrolets. Thus, if the cost of patents is increased, fewer patents will result, and new drugs will be even more expensive.

In brief, the proposed Drug Act is a destructive instrument designed to destroy the spirit and initiative of the independent in-

ventor, and will increase and not decrease the cost of new lifesaving drugs.

PATENTS AND THE CONQUEST OF DISEASE

(By John T. Connor, president, Merck & Co., Inc.)

It has been apparent for some years now that the ability of a free society to maintain a high rate of discovery in relation to that of the Soviet Union will largely determine the future complexion of history. It is therefore appropriate, it seems to me, that the National Research Council of the National Academy of Sciences should make a fresh examination of the contribution being made to our rate of discovery by the American patent system. It is a privilege to be asked to contribute to this examination.

Since the days when Robert Fulton got a patent on his steamboat, the environment of invention has shifted radically. Its modern home is the U.S. corporation, in whose laboratories roughly $10 billion will be spent this year. This is about 70 percent of the Nation's total outlay for research and development. Pharmaceutical companies are spending well over $200 million of this, or better than 9 cents out of every dollar they take in. This is a higher percentage of its own money devoted to R. & D. than you will find in any other industry. The relation of patents to the rate of discovery of new drugs is therefore most pertinent to the subject you are examining.

First, let me say that no drugs were ever discovered in our laboratories just because they could be patented. Businessmen do not find them; the search is conducted by scientists who are motivated by a desire to penetrate the unknown and to conquer disease. The businessman's job is the organization of this search; our incentive is the reward the American people give to those who make significant contributions to progress.

The partnership between the quest for scientific knowledge on the one hand and the drive for financial success on the other is one of the most powerful combinations developed by our free society. It has not only brought about the chemical revolution in medicine, it has transferred the work of our world from man to machine, powered our economic growth and built a mighty shield for the Republic.

To show how this partnership works in my industry, I shall use the case history of the most important compound our company has discovered since we introduced vitamin B-12 and cortisone. After telling the story of its development briefly, I shall then attempt to isolate the role that patents played.

The drug I have chosen is chlorothiazide, which I shall refer to by our trademark, Diuril. Diuril was chemistry's major contribution to medicine in 1958. It has saved countless lives. It is the first really safe and effective drug physicians have had for the treatment of edema, an often fatal condition associated with heart failure and other diseases. The victims of edema are unable to excrete fluids efficiently through the kidneys and literally become waterlogged. Diuril has also revolutionized the treatment of high blood pressure. Three or four million Americans are benefiting today from this discovery and from the new class of compounds that followed on its heels.

The Diuril story goes back to 1943 when our laboratory people, concerned because the treatment of certain diseases was being held back for lack of fundamental knowledge about the human kidney, launched a basic research project known as the Renal program. During the following 15 years, the Renal program discovered two medically significant drugs and added several striking new concepts to the theory and teaching of kidney physiology.

To direct the program, our research directors chose Dr. Karl H. Beyer, a young physiologist, and Dr. James M. Sprague, an organic chemist renowned for his discoveries in the field of sulfa drugs. Beyer and Sprague first tackled the problem of the excess excretion of penicillin, which went out through the kidneys so fast that four-fifths of it never reached the site of infection. In 1943 penicillin was so scarce that its waste could be counted in human lives.

Within a year, the Renal program had proved for the first time in medical history that a chemical compound could prevent the excretion of a single substance without blocking the excretion of everything else. Unfortunately, the compound, PAH, was too inefficient to be useful in blocking penicillin.

It took 3 more years to find a better one—carinamide—but this turned out to be the second big failure. In the process of discovering it, though, the Renal team developed an unorthodox theory which is too lengthy to explain here, even if I had the technical competence, but it opened up new horizons for renal physiology and therapeutics.

Finally, in 1951—almost 8 years after the Renal program began—we reached a drug that would do the job, our compound Benemid. But Benemid was born too late. Penicillin, by then, was both plentiful and cheap and medicine could easily afford to waste it. So Benemid became a remedy in search of a condition to relieve. One of the conditions that needed relief, I might add, was the company exchequer out of which the 8 years of commercially fruitless research had been paid.

Fortunately for both medicine and the exchequer, a chance observation led to the discovery that Benemid increased the excretion of uric acid, the principal villain in gout. As a result, for the past 10 years thousands of victims of this chronic, incurable disease have been beholden to this drug for saving them from the most severe effects of gout, including excrutiating pain. Benemid, which was patented, helped finance the Renal program through to its final achievement.

When the passage of time killed the usefulness of the penicillin project, the Renal program chose as its next objective the discovery of a diuretic that would remove sodium chloride from the body and draw out with it the excess water associated with edema. This was considered at the time to be theoretically impossible, but by then the Renal team felt they had accumulated enough fundamental knowledge about the kidney to find a way. It took them 4 more years and one more spectacular and costly failure to do it plus 2 more years of animal and human testing to be sure they had reached their objective. When they reached it, it was Diuril, which not only proved to be the first safe and effective diuretic in medical history, but it bore out the Renal team's theory that a compound that would increase the excretion of salt would also lower blood pressure.

Now, let us try to isolate the role that patents played in this research. We can do this by seeing whether the major decisions made during the course of the Renal program would have been different had the patent system not been in existence when these decisions were made.

Major decision No. 1 was to launch the Renal program in the first place. In the absence of the patent system, such a basic research program on the human kidney would have been economically unsupportable. Let me explain why. The normal function of an industrial laboratory is applied research and development. The amount of the financial commitment is within predictable limits. Basic research, on the other hand, is a corporate luxury.

When you are searching for the unknown, you are—by definition—paying an unknown price for an unknown result. About 99 times out of 100 the cost turns out to be high and the result turns out to be zero. During World War II, for instance, Merck dumped the equivalent of $2 million in 1961 dollars into an effort to synthesize penicillin. We won praise from the scientific community for our contributions to knowledge. But we ended up with nothing we could sell. As a double punishment for failure we also lost our once-commanding position in the penicillin market to competitors who had followed the more predictable applied research route of large-scale fermentation.

The kind of basic research that produced such historic contributions to medicine as cortisone, Diuril and the vitamins, B-6 and B-12—all of which were born in Merck laboratory—is possible only if the potential reward is commensurate with the risk. The patent system was established to provide just such a reward and encourage just such a risk. In the absence of the patent system, physicians would still be helpless in the face of many—if not most—of the disease conditions these drugs alleviate. The basic research that brought them into being would not have been undertaken.

Let us now return to the Renal program. Without the protection of the patent system, our laboratories might still have tackled the immediate research problem of finding a substance that would inhibit the excretion of penicillin. But for how long? Perhaps the project might have survived failure No. 1—PAH, which took a year. But it is clear that the Renal team would not have been supported for 4 years through failure No. 2—carinamide. Well before then they would have folded their tent and moved on to a more commercially promising line of inquiry.

What would have been lost? First, Benemid would not have been discovered in 1951. Since nothing comparable has turned up in the past 10 years, we can assume that scores of thousands of sufferers from gout would have paid for this slowdown in the rate of discovery with a decade of frequent physical torture.

Second, Diuril would not have been born in 1958. No one knows how long the 3 or 4 million victims of edema and hypertension who have benefited from its discovery would still have to wait for the new lease on life brought them by this drug and its analogues.

Third, renal physiology and therapeutics would have lost the significant scientific papers contributed by Beyer, Sprague and others throughout the whole 15 years of the Renal program. Without the protection of patents, corporate research would have to be conducted in secrecy.

One of the most valuable effects of the patent system is that it protects disclosure and encourages the sharing of newly discovered knowledge. This has been very evident in our industry. Merck scientists in one recent year published more basic research papers than those working for any but four of the largest corporations in the country—General Electric, Bell Telephone, Du Pont, and American Cyanamid.

Fourth, the Merck, Sharpe & Dohme Research Laboratories would have lost the nourishing income produced by Benemid & Diuril since past discoveries pay for future research. How many of the 1,000-plus employees in our research laboratories would still be there if the patent system were abolished, and what they would be doing with whatever was left of their $20-odd million budget, I am not prepared to speculate.

By using the same case history approach I have with Diuril, I could cite chapter and verse from the development sagas of several sulfa drugs, streptomycin, cortisone, and the B vitamins. The facts—all taken from

Merck's records—speak the same conclusion: without patents, the rate of significant drug discovery would eventually slow down to its pace in the Soviet Union, where it is only slightly ahead of the snail.

It is not just an academic exercise I have been taking you through in the past few minutes. It is on the verge of becoming a reality. Senator KEFAUVER right now is trying to drive a bill through Congress that is designed to remove both the encouragement and the protection of patents from the search for new drugs.

The Senator's bill would do this through three major provisions. First, it would cut the exclusive right to a patent down from 17 years to 3. Second, the 3 years would start running not from the date the patent is issued but from the date the new drug is permitted to be marketed by the Food and Drug Administration.

Third, after 3 years, compulsory licensing would force the inventor to share not only his patent but also all his know-how with any competitor willing to pay a maximum royalty of 8 percent. Let us examine these provisions.

The 3-year limitation would reduce by 80 percent the period when a patent is protected. It would be the first reduction in the term of a patent since 1790, when Congress, following the mandate written into the Constitution, passed the original patent statute. It would also be the first time a particular industry had been singled out for such discrimination.

The provision for starting the 3-year term as of the date the new drug is marketed would, for all practical purposes, complete the process of wiping out the protection of patents. This is because, in the case of a high percentage of new drugs, patents do not issue until at least 3 years after the product is put on the market. Patent interference suits account for most of this delay. The overburdened machinery of the Patent Office accounts for the remainder.

To get a complete understanding of what the patent provisions of the Kefauver bill would do to the search for new drugs, we have to examine the effects of the third major proposal—the one for compulsory licensing, which requires the concurrent surrender of all know-how. A clear picture of this will emerge from another look at the case history of Diuril.

After more than 15 years of research by Merck men and women trained in 25 different specialties, including a year of testing the new compound on animals, 14 more months of testing it on patients by 1,000 clinical physicians in this and 18 foreign countries and extensive chemical engineering development to learn how to manufacture a safe and effective product on a mass production basis—after all this, we launched Diuril on the market. We then spent several million dollars to inform physicians about the drug's medicinal properties—good and bad—perfected our method of manufacture, and invested nearly $10 million in manufacturing facilities here and abroad to satisfy the worldwide demand.

Three years after we had introduced Diuril on the market Senator KEFAUVER would have the Government step in and order us to turn over everything we had learned to any number of our 1,300 competitors in this country and—even more serious—to any foreign producer who can get a license to sell in the United States.

The result would be to reward us for our 18 years of work and a magnificent contribution to the health of the American people by literally forcing us to subsidize our competitors here and abroad. These "freeloaders" could get into the business by merely writing a letter. They would have contributed nothing to the research, shared none of the risks and paid for none of the original costs. Their maximum investment, if any, would be the cost of duplicating our plant after we turned over our blueprints and technical data to them. But most of those "coattail riders" would not make any investment at all but would merely buy the drug—probably from a low-cost foreign licensee—in bulk for repackaging and sale to an already established market.

This is a most unusual way to promote progress. The Senator's proposal is that those companies that do research subsidize those that do none so that the imitators can sell below the costs of the creators.

It reminds one of what Voltaire had Candide say while observing the incentive system of 18th century England. The British had just hanged an admiral. "In this country," Candide explained, "it is found good, from time to time, to kill one admiral in order to encourage the others."

The author of the Kefauver bill explains the purpose of its patent provisions rather differently. They are designed, he says, to lower prices by increasing competition. He ignores the fact that prices have been steadily falling for years even in the face of rising costs. The composite index for all drugs sold by Merck's ethical pharmaceutical division, dropped 17 percent from 1953 to 1960. The record of the entire industry shows a decline of over 7 percent in prices charged by pharmaceutical manufacturers to their customers from 1949 to 1959—a time when nearly all other prices went up.

If in the face of this record, he still thinks that prices are too high—a conclusion he is fond of stating but was never proven—why does he not ask Congress directly for price control? He is smart enough to realize, of course, that to be effective price control would have to cover, not just the manufacturers, but the thousands of local retail and wholesale pharmacies, hospitals, and even fees charged by doctors for drug therapy. Instead of that politically unattractive alternative, he has selected the route of tinkering with patent incentives, thereby risking the destruction of the fiercest and most socially useful competition in the industry, which is the competition between laboratories. By robbing research of the rewards for medically significant discoveries, the Kefauver bill would not increase this kind of competition.

It would strangle it and divert the creative energies of the industry into the advertising and sale of the status quo.

It is clear from the record that the effect of patents in our industry has been to foster research competition and thus increase the rate of discovery of new and effective drugs. Since the late 1930's when our then infant industry, with the aid of patents, started to organize research for the war against disease, we have been able to make a contribution to the health of the American people that is comparable to what technology has done for their wealth. In those two short decades the life expectancy of our population has risen by 10 percent and the last of major terror diseases has been reduced, mainly through the invention of new medicines, to a handful.

Most of the important new medicines have not come, as is popularly supposed, from the scientists of our universities or Government, or, as Senator KEFAUVER would have the public believe, from abroad. Of the top 25 therapeutically most useful drugs—that is, those most frequently prescribed by today's physicians—six were combinations and therefore of mixed parentage. Of the remaining 19, 12 were born in the laboratories of the U.S. pharmaceutical industry. One was discovered at Yale by a researcher working under a grant from an American company. The remaining six came from abroad—one of them from Oxford and the rest from our competitors in Germany, France, and Austria.

Aside from the adverse effects on the pharmaceutical industry, the patent provisions of the Kefauver bill are contrary to the public interest. By destroying the patent incentive for research, this bill could well destroy pharmaceutical research itself. It would reduce the great creative companies in the U.S. pharmaceutical industry to the level of their counterparts in the Soviet Union, which merely copy what others have invented. It would stop in midstream many of the most promising inquiries into the nature and control of illness. It would slow down the rate of new drug discovery and defer our ultimate victory over heart disease, cancer, and mental illness. By doing so, it would cost countless American lives.

The Nation is on the road toward the conquest of disease through research. Our hopes and our hearts are in this battle. And hope deferred, as Solomon said, maketh the heart sick.

GENERAL MILLS, INC.,
Minneapolis, Minn., July 5, 1961.

Hon. EVERETT MCKINLEY DIRKSEN,
Senate Office Building,
Washington, D.C.

DEAR SENATOR DIRKSEN: Although I rarely find myself qualified to comment upon legislation introduced into the Senate I feel that S. 1552, introduced by Senator KEFAUVER and entitled "Drug Industry Antitrust Act," is a notable exception. As a research scientist with 25 years experience in research and research administration and a holder of over 50 U.S. patents in widely divergent fields, I feel that I may comment upon the most unfortunate patent aspects of S. 1552.

This bill, in an apparent vengeful spirit against alleged violators of fair merchandising practices, strikes a body blow at drug research itself and to the American patent system which has long been a bulwark of free enterprise. It is quite misleading for Mr. KEFAUVER to state as he did in his speech to the Senate (CONGRESSIONAL RECORD, p. 5638), that the United States alone, among the industrialized nations of the world, grants product patents on drugs—with no protection to the public interest. This emphasizes the technicality of product claims versus process and use claims and neglects the fact that most European countries do permit inventors a high degree of protection for drug developments. This protection is rightly deemed essential if research on new drugs is to continue at private expense.

General Mills is quite small in the drug business. We operate a plant in Mexico which extracts steroids from wild yams and we have a small unit in Kankakee which extracts stigmasterol from soybean residues. After a number of years of these operations we are only now beginning to recover the extensive investment made in reserach.

One way we hope we can make our drug venture profitable is through continuing research. Last crop year we spent over $200,000 on steroid research, which was more than the profit from the plant operations. It is our hope that we can discover patentable new steroids which we can sell at a profit in competition with the majors in the industry. Thus we depend upon the patent system for the security necessary to grow in this business. Without patent protection we could not continue our present scale of research since we would simply be developing products at great expense for more powerful pharmaceutical interests to exploit.

There must be many small companies in our position who depend upon patents to secure the fruits of their research. I do not say that these companies would be run out of business but I do wish to emphasize that, without patents, they could not afford to do extensive research.

Research is one area where small companies can compete quite well, since discovery is primarily a matter of individual genius and need not be backed by a huge

organization. In spite of allegations to the contrary our patent system is democratic and individualistic. Any inventor can patent the results of his discoveries and qualified individuals can compete with large organizations. Many useful drug developments come from university professors working alone or with a few students.

The provisions of S. 1552 which require transfer of know-how are particularly obnoxious and, in my opinion, un-American. Whenever the Government assumes this power to confiscate the assets of private industry we have, indeed, moved a long way toward totalitarian government.

The point I chiefly wish to make is that the American patent system protects the small inventor and the small company as well as the large. Surely, if problems exist in the area of drug merchandising they can be solved without this vindictive attack on one of the cornerstones of our free enterprise system.

Yours very truly,

W. B. REYNOLDS.

Mr. DIRKSEN. Mr. President, the U.S. Senate Antitrust and Monopoly Subcommittee is currently conducting hearings on Senate bill 1552, to amend the antitrust laws in relation to the manufacture of drugs, and also to amend the patent laws and Food and Drug Administration Act pertaining to certain aspects of the manufacture, distribution, and sale of prescription drugs.

Good Housekeeping magazine, a magazine with direct emphasis on the housewife and her needs about the home, has published an article entitled "The Price of Drugs"; and in preparing the article, the editors spent several months interviewing representatives of a wide variety of organizations—governmental, public health and welfare, medical, pharmaceutical, and pharmacist—to get answers to these questions: "Do trade-name drugs cost extra?" "Could you save money if your physician did not use trade names in prescriptions?" "Would this involve health risks to you and your family?"

It is interesting to note that their editorial on this subject presents a much different conclusion from the one reached in the so-called findings of the subcommittee report. I direct the attention of all the Members of Congress to this editorial, because it raises several significant questions that must be resolved fully and objectively in the consideration of S. 1552. I ask unanimous consent that the editorial be printed in the RECORD at the conclusion of my remarks.

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

(See exhibit 1.)

Mr. DIRKSEN. Mr. President, during the past week the witnesses before the subcommittee were representatives of the American Medical Association; namely, Dr. Hugh H. Hussey, Jr., dean of the Georgetown University School of Medicine, and who is chairman of the board of trustees of the AMA, and several of his associates. The Evening Star of Saturday, July 8, published an editorial entitled "Useful Drugs," wherein Dr. Hussey was quoted, as follows:

A drug which is, on the average, less efficacious than another, must still be available to every physician since it may be completely efficacious in treating the medical problems of one of his patients. We do not practice medicine on the average—we seek to solve or alleviate the problems of each and every patient. The point I am making is this: A drug's efficacy varies from patient to patient. Hence any judgment concerning this factor can only be made by the individual physician who is using the drug to treat an individual patient.

The editorial concludes with this statement:

It seems to us there is considerable merit to this view. Certainly there is merit enough to raise a serious question as to whether this provision of the bill might not disrupt the doctor-patient relationship by barring the private physician from access to a new drug which under certain circumstances might be useful to one of his patients.

Mr. President, of course these editorials deal with only two aspects of the issue on drugs, and are intended to cover only those two aspects, and not to cover the other pertinent issues involved in S. 1552.

Mr. President, I have noted that the minority views in the drug report, as expressed by the Senator from Nebraska [Mr. HRUSKA] and myself, have been misconstrued by some persons. The minority views vividly show that the majority used erroneous exhibits to show an extreme markup in the price of drugs, whereas the transcript of record shows exhibits which indicated that the earnings were approximately 11 percent of sales, or 7½ percent of adjusted sales, as shown by Dr. Frederick L. Thomsen, consulting economist, Pharmaceutical Manufacturers Association.

In connection with adjusted sales, these four factors should be considered: turnover; overall risk; circumstances such as growth and rate and position of industry cycle, if any; and external conditions, such as position cycle. One of the most important is turnover of both inventory and capital. Contrary to what might be expected without more thorough examination of the industry, ethical drug firms have a relatively slow annual turnover or capital—1.30 percent—whereas for other industries the lowest is 0.72 percent and the highest is 8.54 percent, according to the testimony of Dr. Thomsen.

We still maintain that unless people want Congress to pass price-control and wage-control legislation, Congress has no right under our American way of life to tell the corner grocer, the baker, the shoemaker, the candlemaker, or any industry—including the drug industry—whether big or small, what prices it shall charge for its products, what wages it shall pay to its employees, or how it shall advertise and distribute its products. Thank God, Mr. President, that in America we still have freedoms—although some of them are being whittled away, one by one—and that we are not like the wonderful people of Cuba, 90 miles south of the tip of Florida, who overnight found themselves under a communistic regime which ordered them by Government decrees to do the will of the Government, rather than live in a country "of the people, by the people, and for the people," as was the United States of America in 1776, endowed with its great blessings by brave pilgrims and colonists and their successors.

EXHIBIT 1

DO TRADE-NAME DRUGS COST EXTRA? COULD YOU SAVE MONEY IF YOUR PHYSICIAN DID NOT USE TRADE NAMES IN PRESCRIPTIONS? WOULD THIS INVOLVE HEALTH RISKS TO YOU AND YOUR FAMILY?

In the past year, welfare departments in several States have adopted rules designed to save money on prescription drugs bought for welfare cases. Other State welfare departments are considering similar action. These savings are sought by requiring that drugs be purchased by generic instead of trade names. This means that a prescription can be filled with a number of products which are considered to be essentially the same drug bearing a common—or generic—name. In many cases, these generic—or unbranded—products cost less than the trade-name drugs of that type.

THE PRICE OF DRUGS

In the wake of congressional investigations into the cost of drugs and of the various State actions, you may wonder whether generic prescribing would not be a way to reduce your own drug bills. At first glance, and based on a superficial knowledge of the pertinent facts, the answer to some people, appears to be yes. However, the matter of generic versus trade-name prescribing is a complex one that goes beyond any real or imagined price saving. To understand the key elements in this issue, it is first necessary to know that there can be three types of names applied to every drug—scientific chemical, generic, and trade name.

The chemical name of a drug, because of its complexity, is rarely used in medicine. Prescriptions are written in either the generic or trade name. All drugs have a generic name, which may be utilized by any manufacturer. A brand, or trade name, though, is copyrighted and is the property of the manufacturer owning the copyright. For example, one of the new blood-pressure-reducing drugs has the chemical name 3,4,5-trimethoxybenzoyl reserpate. Its generic name is reserpine. Its trade names include Rau-Sed, Reserpoid, and Sandril.

The pharmacist, presented with a prescription for a trade-name drug, will dispense only that product. Given a prescription for a generic drug, he can supply a brand product, or any equivalent product, depending on his stock.

Senator ESTES KEFAUVER, chairman of the Senate subcommittee which investigated drug prices, has introduced a bill in Congress that would require every drug label to carry a generic name in as large letters as the brand name. It also provides that the Food and Drug Administration establish an official list of generic names for drugs. The bill sets up a licensing and inspection plan for all drug manufacturing plants so that doctors can be sure all drugs meet Federal quality standards. The FDA and other members of Congress who have considered the problem believe that consumers should be able to buy any drug with confidence, regardless of its name or price.

Those who favor generic-name prescribing argue:

Many State and local welfare agencies and various Federal Government departments—military hospitals, the Veterans' Administration, the U.S. Public Health Service—buy drugs by generic names. If it is right and safe enough for them to do so, it is argued, why should it not be equally right and safe for the individual?

All drugs are legally required to meet certain standards, so quality should be uniform. Therefore, generic proponents say, individual physicians have no reason to hesitate to prescribe generically.

Generic prescribing will mean big savings on drug costs and will lower drug prices generally.

To such arguments, those who oppose generic prescribing for all drugs reply:

It is one thing for large hospitals and government agencies to buy by generic names, but it is an entirely different matter for the individual to get prescriptions on this basis. Institutions and agencies have the means to check quality and potency.

The fact that standards are set by law and are supposed to be met does not mean they are being met. The Food and Drug Administration has stated it cannot check all drugs produced, and admits that the amount of checking it is able to do is far from adequate to assure reliability of all drugs.

Generic prescribing does not necessarily mean lower prices. In a significant number of instances, it may mean no price difference at all if the drug is patented, and therefore available from only one source. In others, the difference may only be a few cents on a dollar. Manufacturers believe their costs of research and quality-control procedures—costs they say are not borne by manufacturers who produce only generic drugs—necessitates a price difference between some generic and trade-name products.

Generic drugs are not always available, and, then, the prescription probably would be filled with a trade-name product. Even when generic drugs are available, the quality, it is claimed, is not always guaranteed.

It would be wrong to deprive the individual physician of the free choice to prescribe drugs that he feels are best suited to his patient.

Trade-name manufacturers stand behind any product carrying their brand. Pharmacists know that in instances where there has been any question about a brand-name product, the manufacturer steps forward to take responsibility.

What do physicians think about generic prescribing? The American Medical Association and the American Public Welfare Association have adopted a joint set of guiding principles for doctors treating welfare patients. Included is a suggestion that welfare patients be given prescriptions for lower cost drugs "of equal therapeutic effectiveness when available (and) when the quality of the product is assured." However, it should be noted that this statement hinges on the assurance of quality. The New York County Medical Society has gone beyond the AMA position by urging that all prescriptions be written in generic terms. In a resolution, it urged that, "where the prescribing physician or the licensed pharmacist can be assured of the quality of the drugs * * * members use generic names rather than * * * brand names in prescribing." But, perhaps, significantly, the society left the question of assuring the quality primarily to the pharmacist. This means that physicians writing generic prescriptions would depend upon the druggist to make sure the drugs meet legal standards.

In a time, though, when there are thousands of drugs available, is it reasonable to assume that the individual pharmacist can actually test each and every generic drug to ascertain or guarantee the quality—something even the FDA says it cannot do? As a matter of practical fact, regardless of how conscientious the druggist may be, this is just not possible. Instead, the pharmacist, even as the physician, has come to rely on the reputation and integrity of manufacturers. Trade names, in many instances, are their main guides to quality. For most drugs already on the market, the FDA says it can only detect errors after they occur. Consequently, the burden of maintaining quality standards falls on the drug manufacturers.

The problem created by having drugs listed by so many different names is being met in some Government and private hospital pharmacies by establishing drug formularies. A formulary is a list of generally used drugs stocked in a pharmacy. Under a hospital formulary system, usually only one drug of a kind is stocked. The American Hospital Association and the American Society of Hospital Pharmacists have both said that a valid hospital formulary is based on use of generic terms. One private hospital, for example, has about 400 drugs in its formulary. If it stocked these drugs under all their various names, it estimated it would have to keep 10,000 items. But in some hospitals, however, a physician can prescribe by brand name outside the formulary list if he considers that best for his patient.

Money can be saved by generic prescribing under a formulary system where drugs are ordered in large quantities. But just how much is saved on the individual prescriptions outside of hospitals is open to question. A study made by one manufacturer, Smith Kline & French Laboratories, showed the cost of 15 drugs by brand-name prescriptions averaged about 12 percent more than generic (unbranded) prescriptions. Some State welfare agencies estimate that generic prescribing has saved 5 percent of drug costs. (To encourge use of brand-name drugs by welfare departments, two large manufacturers, Merck-Sharpe & Dohme and E. R. Squibb & Sons, provide a 10 percent rebate on drugs bought for welfare purposes in certain States.) When a State like New York spends $5 million annually on welfare drugs, an overall saving of, say, 5 percent adds up to many thousands of dollars.

But to an individual taking a prescription to his local drugstore, such percentage savings would amount to from 5 to 12 cents on each dollar spent, and that saving might not seem enough to warrant taking any chances at all on quality. Some manufacturers say in certain instances they produce brand drugs that are lower priced than the same generic drug.

To prepare this article, Good Housekeeping editors spent several months interviewing representatives of a wide variety of organizations—governmental, public health and welfare, medical, pharmaceutical and pharmacist. A broad range of opinion was obtained. From almost the start, it became obvious that the central issues are complex. Despite the widespread press attention to the overall subject of the cost of drugs became equally obvious that the specific point of whether drugs should be prescribed by generic instead of trade name is not simply a matter of price. To the editors, there is a more basic consideration:

Can the individual physician now prescribe drugs by generic names with assurance that their quality, in all instances, is equivalent to the trade-name products he has prescribed and is familiar with?

Until that can be answered with an unequivocal "yes," you can only rely on the judgment of your own physician as to how he will write your prescription—by trade or generic name.

CONDITIONS AND PROSPECTS IN EAST GERMANY

Mr. SALTONSTALL. Mr. President, about the middle of July, I received a most interesting and informative letter from a respectable Massachusetts citizen who presently is doing business in East Germany. He asked not to have his name disclosed—for obvious reasons. But his comments are so pertinent to the present crisis which we face in Germany that I wish to have them printed in the body of the RECORD.

At this time I shall read part of them:

A number of the very clever people in whom I have a great confidence told me that Walter Ulbricht, the East German boss, has long wanted a Budapest type of showdown in East Germany. The East Germans have not been good subjects—enjoyed too much freedom and to restive. It is believed by these people that a revolution or uprising is being planned by the Government to take place this summer or early autumn. This would of course be a controlled revolution such as the one in Hungary in 1956.

The Hungarian revolution has long since become a classic example of how to tame an unruly populace. A certain amount of bloodshed and a glaring failure is just what many Communists have been recommending for the East Germans.

Mr. President, I ask unanimous consent to have the entire letter printed in the body of the RECORD.

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

I have just returned from 2 weeks traveling about East Germany on business.

The numerous people with whom I spoke on this trip and my intimate knowledge of this area from several years of visiting there, I am convinced that we are in for some very serious developments within the not too distant future unless the West takes very strong steps to assure the East Germans that it is ready to defend them against intimidation. I hope that you will see that these observations are brought to the attention of the proper people.

Everywhere I went, Leipzig, Dresden, Karl Marxstadt, Erfurt, Plauen, Bitterfeld, Halle, and Magdeburg, I have never found the inhabitants at such a high pitch of tension and determination to move once they have been "sold out." Somehow they are convinced that the West is ready to make a deal which will seal forever their fate.

These people have known chronic food shortages ever since 1938 thus this is of little importance to them at the moment. More important is that the leadership in Washington and London has convinced them that they are ready to recognize once and for all the principal of a Communist East Germany.

Never have these people taken their present government seriously. It has hardly been more than a joke. They have endured it because they were certain some day it would fall, for they are sensible people who know that such uneconomic bungling cannot go on forever. Those who have remained have too much property, too much to lose, to get up and move.

Now, however, the situation is greatly changed. I found valuable family heirlooms being offered at the lowest prices that have existed since the war. I found West German bank notes in 100 mark denominations and gold bars commanding prices 20 to 30 percent above West German prices. An unusual condition.

These people are getting ready for a mass exodus. This exodus will most certainly take place as soon as Khrushchev has a deal.

Everyone I spoke to, with exception of the hard-boiled party members, told me they just would not stay. When I asked them what they would do if the Volkspolizei resisted their movements, the invariable answer was we will go anyway.

A number of the very clever people in whom I have a great confidence told me that Walter Ulbricht, the East German boss, has long wanted a Budapest type of showdown in East Germany. The East Germans have not been good subjects. Enjoyed too much freedom and too restive. It is believed by these people that a revolution or uprising is being planned by the Government to take place this summer or early autumn. This would of course be a controlled revolution such as the one in Hungary in 1956.

The Hungarian revolution has long since become a classic example of how to tame an unruly populous. A certain amount of bloodshed and a glaring failure is just what

many Communists have been recommending for the East Germans.

To put over such a controlled revolution, according to the East Germans, they must build up a fear among the Western Powers that will keep them from intervening.

You will recall that during the Hungarian uprising Dr. Adenauer warned the West that he could not be expected to remain aloof if the Germans in the Soviet Zone of Germany were treated as the Hungarians were.

I fear greatly that the American people are too conscious of Berlin. Berlin is given far too much importance. It is merely a smokescreen to coverup what is going to happen in East Germany once the issue of Berlin is settled.

A mass exodus of the East Germans will be resisted by the Ulbricht regime. I cannot see then but intervention by the West Germans. The consequences are obvious.

FISH FLOUR

Mr. SALTONSTALL. Mr. President, since the earliest times, the fishing industry has been vital to the economy of Massachusetts and to the economy of many other States along our sea coasts.

But today the industry faces difficult times, partly because U.S. consumers eat much less fish than nutritionists believe their bodies need.

One dramatic answer, both to this nutritional need and to the problems of the ailing industry, is a new product called "fish flour." This is processed from whole fish. It can be made from any kind of fish, and from fish of any sizes. It emerges from the process as a fine, white powder.

All of our studies to date indicate that this powder is the cheapest source of animal protein in the world. It is an immediate answer to the protein hunger which is such a serious problem in so many parts of the world.

My colleague, Senator BENJAMIN A. SMITH III, and Representative HASTING KEITH, of Cape Cod, and many other Members of the Congress have been working for several months to make this new product more widely understood and available. The Bureau of Commercial Fisheries in the Department of the Interior is an enthusiastic supporter of the product, and is engaged in vital research with funds which we have appropriated recently.

But we have just received the finest scientific endorsement to date in the form of a report from three food scientists at the University of Illinois—Drs. B. Connor Johnson, V. Chalam Metta, and Harold E. Schendel, of the division of animal nutrition at that university.

They have found that fish flour has a higher protein efficiency rating than skim milk or beef; that it has no harmful effect, even when fed as the sole source of protein; that standard East Indian diets showed growth improvements of from 50 to 100 percent when supplemented with fish flour; and that 3 percent fish flour can be added to standard diets without detection by the consumer.

Because of the enormous significance of this report to our fishing industry and to the solution of the world food problem, I ask, Mr. President, that the summary and conclusions of these scientists be printed in the RECORD at the conclusion of my remarks.

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

SUMMARY AND CONCLUSIONS

An odorless, defatted fish flour, evaluated for its protein quality by the Mitchell method, was found to have a biological value of 8 percent. At the 10 percent protein level in diet, its protein efficiency ratio (gram gain per gram protein consumed) was 3.24 as compared to 2.85 for skim milk and 3.15 for beef.

When fed as the sole source of protein, fish flour proved as adequate as casein for the reproduction and general performance of rats through four generations. Examinations of 11 organs and tissues from animals of the first through third generations revealed no differences between the groups.

The supplementing value of fish flour added to four East Indian diets was studied with growing rats using Mitchell's pair-feeding method. At 1- and 3-percent supplementation, growth improvements were 13 to 76 percent and 43 to 145 percent, respectively, over the controls. The protein efficiency ratios of all but one of the cereal diets were also improved significantly ($P<0.01$) by 1 and 3 percent fish flour supplementation, indicating a better amino acid mixture of the supplemented diets.

Fish flour supplementation was also shown to improve the protein efficiency ratio of experimental East Indian diets containing both a low-protein corn (from 0.172 to 0.242) and of a high-protein corn (from 0.245 to 0.320), indicating again that an improved amino acid pattern had been achieved.

An organoleptic test indicated that a panel of 26 Indian students was unable to detect the presence of 3 percent fish flour in 3 Indian diets.

All these data support the view that a good fish flour could be a real significance in helping to supply the protein needs of the world.

DEALINGS WITH CUBA

Mr. BENNETT. Mr. President, I am very much concerned about the rising belligerence in the United States. My mail is showing increasing impatience with our handling of the Cuban situation; and I have been interested in the appearance in this morning's Washington Post of an article, written by Chalmers M. Roberts, under the headline "Impatient Nation Taking On Belligerent Mood." After I read the article this morning, I read a letter from a constituent in Utah—a letter so belligerent that I did not dare bring it to the Chamber and read it in the CONGRESSIONAL RECORD.

Many suggestions have been made for military action. I, myself, have suggested the wisdom of a blockade, both by air and by sea, of Cuba; and some of these suggestions are more belligerent than that.

But, Mr. President, in view of all these suggestions, I think perhaps there is an intermediate step which we can take, which is to invoke the Trading With the Enemy Act, and break off all trade with Cuba.

Last year, after many months of pleading by President Eisenhower, Congress finally gave permission to cut off sugar trade with Cuba, and President Kennedy has continued that. But today there is still a substantial amount of trade in tobacco, molasses, and fruit; and the State Department, which for 5 months has been "studying" the question of cutting off trade, still has not reached a decision.

Mr. President, I ask unanimous consent to have the article from today's Washington Post printed at this point in the RECORD.

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

[From the Washington Post of Aug. 11, 1961]

PRESIDENT PLEADS FOR PRUDENCE—IMPATIENT NATION TAKING ON BELLIGERENT MOOD

(By Chalmers M. Roberts)

President Kennedy's words of caution yesterday to impatient and frustrated Americans who would like to work off their feeling by taking a military swat at Fidel Castro seemed to reflect a concern over the mood of the Nation.

In the past several weeks this reporter has traveled to and fro across the Nation trying to sample the public mood as well as enjoy a vacation. The mood is not totally attractive.

Mr. Kennedy cited the importance of the United States acting "with the prudence which is worthy of a great power * * *." But Americans are increasingly in a to-heck-with-prudence mood.

The President's call for restraint was linked to the off-the-cuff congressional demands a day earlier for an ultimatum to Castro over the latest hijacked aircraft. But what he said deserves some broader consideration both in Washington and around the country.

One feels that the succession of Soviet triumphs in space plus the humiliation of the Cuban disaster and the threat of nuclear war over Berlin has altered the national mood in the 9 months since the presidential election. Last fall there seemed to be a lot of public doubt but still a good deal of complacency.

Today there is not much complacency and a lot of doubt about the Nation's future. Nobody wants to go to war over Berlin but more and more people seem to think the time has come to draw a line—and if it comes to war, well, we'll have to face it.

CUBAN DEBACLE IS KEY

But what is most evident is the increasing number of Americans who are in a "let's do something" mood, and damn the consequences. The April fiasco in Cuba has been the key factor here, added to by the plane hijackings.

A lot of people seem to figure that while it may be too dangerous to take a military swat at Nikita Khrushchev, it would not be very risky to take a poke at Castro. The plane incidents seem to provide an occasion and it is remarkable how easily people can forget that so far no complicity in the hijackings by the Cuban Government has been proven. The fact that the Cubans are holding one plane seems enough.

Just how many people feel this way can, perhaps, be measured by Dr. Gallup. At any rate, it is sizable. And it has certain important perils for President Kennedy.

CHANNELING THE ANGER

The Florida Congressman who made the crack on Wednesday about the Cubans having to hijack one of Mr. Kennedy's helicopters off the White House lawn before he would act, was indeed intemperate, at the least. But he also was indicative of a growing segment of public feeling.

This rising ire at Castro, Khrushchev, and communism had better be channeled and directed by the President before it gets out of hand. A nation that thinks its Chief Executive is too timid or lacks guts can tear itself apart. Mr. Kennedy is no James Buchanan but there could be some tragic modern equivalents of the United States in the pre-Civil War years.

What Mr. Kennedy said yesterday, his prepared remark about "prudence worthy of a great power," was well said. His effort to

put the spotlight on his Alliance for Progress program and its positive features likewise was useful. But this sort of thing will have to be a continuing effort.

For a complex of reasons, Mr. Kennedy won his high office by the narrowest of margins. One of those reasons was that too few people accepted his theme that American power and prestige was declining alarmingly and vigorous steps must be taken to reverse the trend.

PERIL AND OPPORTUNITY

Today one feels about the Nation a mood almost of belligerence. There is a willingness, even a desire, to see the United States negotiate with Khrushchev over Berlin but there is a diminishing willingness to see the Soviet boss bought off by American concessions.

Every indication today is that the President has the confidence of the bulk of the Nation and that the Nation is willing to respond when asked in definite terms, as in his last television address. But this is beginning to be an aroused Nation, something which provides both peril and opportunity for Mr. Kennedy.

Mr. BENNETT. Mr. President, the current volume of our imports from Cuba has been variously estimated at from $25 million to $60 million a year. The largest item is tobacco for cigars. We also import millions of pounds of pineapples, oranges, tomatoes, and cucumbers, as well as lesser amounts of other fruits and vegetables. Our exports to Cuba, I understand, are in the vicinity of $25 million a year.

There is no question that this trade is of far more value to Fidel Castro than it is to us. The food he imports from us plays an important part in keeping the people of Cuba satisfied with their new way of life; and the money he gets from us for tobacco and for fruit helps him to pay for the guns and ammunition he needs to strengthen the security of his police state.

President Kennedy has told the world that we intend to stand firm on the Berlin issue, and I am sure the American people are behind him 100 percent. Certainly, the Senator from Utah is. But I feel that an equally strong policy on Cuba would strengthen our hand in dealing with the Soviet Union over Berlin, and I think the first step in establishing such a policy should be to break off economic relations with Cuba, just as we have broken off diplomatic relations.

So long as we continue buying Cuban imports, we are contributing to the cause of international communism, and aiding those who would destroy us. When we accept this fact, I think we can reach only one conclusion, and that is that this trade must stop.

If we do not begin to find some intermediate step, I think the rising demand for belligerent action, including military action, may force us into a position that may be even more dangerous and damaging than the action I have suggested.

PROPER ROLE OF MILITARY OFFICERS

Mr. CLARK. Mr. President, in recent days, certain Members of the Senate have undertaken to criticize publicly the chairman of the Senate Committee on Foreign Relations for a memorandum he caused to be prepared and sent to the Department of Defense, dealing with the intervention of the military in partisan politics.

I have risen in the past in defense of one of the ablest and most beloved Members of this body, the distinguished Senator from Arkansas [Mr. FULBRIGHT]. I regret that some of his colleagues have undertaken to criticize him.

The memorandum which he sent to the Department of Defense, in my judgment, is a State paper worthy of careful study by all Americans determined to keep elected civilian leaders in charge of our policy, rather than turning it over to the military.

I am most happy that the President of the United States undertook, at his press conference yesterday, to support the Senator from Arkansas [Mr. FULBRIGHT]. The President pointed out that the U.S. military, due to one of the wisest actions of our constitutional founders, have been kept out of politics, and that they should stay out. He points out what I am sure we all agree with, that nobody desires to restrain or prevent any military man from speaking his mind, but what we are concerned about is that they should not be exploited for partisan purposes.

I would say, further than that, that we should keep the military, like all other experts, on tap, and not on top.

I concur with the President in the view that Senator FULBRIGHT performed a service in letting his views be made known to the Department of Defense.

I concur with the President's wish that every Member of the Senate, on this and every other matter, will continue to give the administration the benefit of his judgment and his support.

I strongly hope that the Committee on Armed Services will not engage in an investigation of this matter, despite the resolution which has been submitted to it. I think we can well leave this matter to the President of the United States.

Again, I reaffirm my strong support for that great American, the junior Senator from Arkansas, WILLIAM FULBRIGHT.

I ask unanimous consent that an excerpt of a press report of the President's press conference on this matter be printed at this point in the RECORD.

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

Question. Mr. President, there has been considerable argument in Congress in recent weeks about the proper role of military officers in educating the public on the dangers of communism. Senator J. W. FULBRIGHT, Democrat, of Arkansas, wrote a memorandum on it. There have been some orders issued in the Defense Department on the subject of the proper conduct of military officers in this matter. I wonder if you could give us your views on this subject?

Answer. Well, Senator FULBRIGHT sent a memorandum to the Secretary of Defense at the request of the Secretary of Defense, and expressed his views about a matter which is, of course, of concern to the Department of Defense.

The U.S. military, due to one of the wisest actions of our constitutional founders, have been kept out of politics, and they continue their responsibilities, regardless of the changes of administration.

I have no idea what the politics are of the members of the Joint Chiefs of Staff. I have appointed two of them since I have been President, and I have no idea what their views of politics are. This is a most important protection for our country, and it is equally important protection for the military. It prevents them from being exploited or discriminated by political people in either party.

So, therefore, the problem always is, how can the military remain removed from political life, how can civilian control of the military be effectively maintained, and at the same time the military have the right and the necessity to express their educated views on some of the great problems that face us around the world.

So I think this is a continuing matter which the Secretary of Defense is giving attention to. There is no desire to restrain or prevent any military man from speaking; what we are concerned about, however, always is that they not be exploited for any partisan purpose. And I think, basically, it is for their own protection as well as the protection of the country.

So, in answer to your question, some of this arose because of an NSC (National Security Council) decision in 1958 which placed special responsibilities upon them and I think that it is therefore an obligation upon those who place those responsibilities upon them to clarify it in such a way that the common interest is protected.

So in my judgment, Senator FULBRIGHT performed a service in sending his viewpoint to the Department of Defense and I am hopeful that every Member of the Senate on this and every other matter will continue to give the administration the benefit of their judgment. That is why we are all up here.

RAILROAD MERGERS

Mr. METCALF. Mr. President, on August 7, the distinguished junior Senator from Minnesota [Mr. MCCARTHY] spoke on the subject of railroad mergers. He referred to studies by Professor Healy, of Yale University, which show that, as a railroad increases in size beyond 10,000 employees, its efficiency goes down.

Some of the proposed mergers now before the Interstate Commerce Commission would create new rail companies with far in excess of 10,000 employees. The proposed merger of the Great Northern; Northern Pacific; Chicago, Burlington & Quincy; and the Spokane, Portland & Seattle Railroads would combine roads with 24,597 miles of track and present employment of more than 65,000 persons.

I am concerned by many aspects of the proposed mergers. I am concerned by the possibility of substantial reductions in service, by deterioration of the communities where service will be abandoned or curtailed, by loss of jobs, by loss of efficiency, by the monopolistic aspects of proposed mergers.

Some of the proposed mergers might or might not be good for the railroad company stockholders on a short-term basis, but they definitely will not be good for the public because, from its standpoint, the wrong railroads propose to consolidate. President W. P. Kennedy, of the Brotherhood of Railroad Trainmen, summed it up succinctly in one of his fact-filled series of articles appearing in the Trainman News. He said:

The strong railroads have never been known as their weak brothers' keepers. Tra-

dition and hard-boiled profit requirements call for alliance of the strong with the strong and rejections of the weak to fend for themselves on any traffic which the combine leaves for them. In the merger struggle the strong spend huge amounts of their revenues, and if they do not have the cash on hand they mortgage the future.

I believe, Mr. President, the public interest requires that the Congress take greater interest in these merger proposals, and, perhaps, lay out further guidelines in this field.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD the excellent articles by President Kennedy, of the Brotherhood of Railroad Trainmen, to which I referred, and an article, "The Merger Mania and You," which appeared in the April 1961 issue of the Brotherhood of Locomotive, Firemen & Enginemen's magazine.

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

MERGER MOVEMENT OF 1960'S—SHALL RAIL CONSOLIDATIONS BE LEFT TO THE BANKERS?

(By W. P. Kennedy, president)

The current railroad merger movement involves, directly or indirectly, every major railroad system in the United States. Literally hundreds of American communities, scores of industries, vast economic regions will feel the impact now and for the indefinite future if the drastic plans made by the representatives of these transportation companies finally are approved by the Government.

Because of the importance of such comprehensive schemes not only to millions of Americans as individuals but to the American economy as a whole, it is pertinent to set forth the basic principles of the railroad merger movement of the 1960's.

Two basic principles or assumptions appear to be the guidelines for the current merger activity. The most important is the assumption by the financial managers of the movement that they are free to disregard the public utility status of the railroad properties under their control.

A second principle, derived from the first, is that the railroad properties in the United States are to be regrouped in such a way as to bring greater immediate profits to the stockholders of a few giant regional systems. Before considering the full implications of these two principles, a look at the managers and some of the decisions being made is in order.

The nominal managers of the present-day mergers are the directors of the respective companies; the real managers are some of the Nation's largest banks. On the basis of a study which I prepared in the late thirties—"Main Street, Not Wall Street" (1938)—I know that over a long period the banks have resorted to every possible financial device to use the railroads to their own advantage.

Furthermore, a flashback to the last wave of mergers and acquisitions of control through the holding company and other devices reveals that the banks and bankers were the prime movers in that movement. Reference to an instance in the merger movement of the thirties provides interesting background to the present wave of merger schemes.

In 1930 Alleghany Corp., the superholding company of the Van Sweringen brothers, stock manipulators backed by the House of Morgan, sold $100 million worth of securities to the public and used the proceeds to purchase control of the Missouri Pacific Railroad.

The Van Sweringens wanted a connection for their St. Louis-based railroad and sought the Chicago & Eastern Illinois. But there was one obstacle before control could be assured. The Interstate Commerce Commission's master plan of 1929 for consolidation of all carriers into 21 great systems had allocated the C. & E.I. to the Chicago & Northwestern. This made it necessary for the Vans (as the two Van Sweringen brothers were called) to hide their deal for control of the C. & E.I. from the public.

Accordingly, the Guaranty Trust Co. of New York—one of the Morgan banks—purchased a majority of the stock of the C. & E.I. for an "unknown principal" who turned out to be Paine, Weber & Co., brokers for the Vans.

Next, the Chesapeake & Ohio, a rich railroad controlled by the Van Sweringens, deposited $5 million with the brokerage house to cover an "option," the remainder of the value of the C. & E.I. stock to be paid for after the ICC approved the acquisition of the Chicago-based railroad by the Missouri Pacific.

The deals were secret, unknown to the Commission and public, and even to the president of the Chicago & Eastern Illinois. Only in 1937, when Senator Wheeler was investigating the abuse of the holding company device in railroad finance, did these operations come to light.

The final result of the grandiose schemes of the brothers Van Sweringen and the manipulations of the New York banks was the bankruptcy of the Missouri Pacific and the Chicago & Eastern Illinois. Also, despite a last-minute $40 million loan from J. P. Morgan & Co., Allegheny Corp., the superholding company of the Vans, had to go through the bankruptcy wringer.

The failure of these railroads was all too representative of what happened to many important carriers. Then, as now, the financial managers of the consolidation movement were scrambling to obtain control of railroad properties. Because of the enormous expenditure of railroad funds to obtain control of strategic roads, bankruptcy resulted for many carriers while the Baltimore & Ohio and other railroads came near bankruptcy for similar reasons.

The aforementioned railroad manipulations are not so long ago that some people might again be asking questions about the ways and means used by dominant carriers of acquiring control of other railroad companies. The banks are again involved.

Indeed, the Morgan Guaranty group is heavily involved in the proposal to merge the northwest roads: Great Northern, Northern Pacific, and Burlington; while the board chairman and another director of the Pennsylvania Railroad are directors of the Morgan Guaranty Trust Co., a lineal descendant of J. P. Morgan & Co.

Furthermore, in still another section of the country, the Southeast, a merger has been proposed that will place a metropolitan bank in control of a regionally dominant carrier. The control of the now sharply competitive Atlantic Coast Line and the Seaboard will be vested in the Mercantile Safe Deposit & Trust Co. of Baltimore. To make this concentration of economic power more complete, this same institution will control, through the Atlantic Coast Line, the Louisville & Nashville.

In other words, the Baltimore banking group is asking the Interstate Commerce Commission to approve their proposal for one giant railroad that will dominate the entire southeast region of the United States.

These few instances indicate the pattern behind the nominal moves by boards of directors of the respective railroads. Must the regulatory officials sit idly by while banking institutions long prominent in railroad affairs regroup and cut down to their requirements of immediate profit the greatest of our public utilities?

Merger decisions will be made that are vital to agriculture and industry, decisions on which the future of vast economic regions depend and which are indissolubly linked to the needs of the economy of the next and succeeding generations.

Are we content to leave these decisions to the huge metropolitan banking groups?

[From the Trainman News, Apr. 24, 1961]

SAME OLD MERRY-GO-ROUND—HOW MERGERS DEVELOP IN 1961

(By W. P. Kennedy, president)

In the current railroad merger movement at least $100 million has been spent in a scramble for strategic and profitable railroad properties. This is an old story.

I thought in 1938 when we published "Main Street—Not Wall Street" that so much had been said and written about the waste and dissipation of railroad revenues and the other evils of these extravagant manipulations that the regulatory authorities would not permit this to happen again.

But the tactics used in two recent merger efforts show that in the merger movement of the sixties we are on the same old merry-go-round. Let's look at the record:

1. Proposed merger of Chesapeake & Ohio with Baltimore & Ohio. Over a 3-year period discussions have been held among officials of the C. & O., New York Central, and B. & O. with the objective of consolidating these properties into one railroad system.

Recently New York Central President Alfred E. Perlman declared that merger of these carriers was necessary to offset the huge rail combination being put together by Pennsylvania Railroad, a competitor. Perlman said the Central wanted an arrangement with the C. & O. and the B. & O. "which would assure our continued participation in the competitive structure of eastern railroads."

Talks for a three-way merger having failed to produce agreement, both the C. & O. and the Central (and the Alleghany Corp. for Central) began bidding in mid-1960, first with offers of exchange of stock and then with cash, for the common stock of the B. & O. The contest for the stock pushed up prices, and finally in January 1961 trading in B. & O. common was suspended and the Interstate Commerce Commission investigated trading in the B. & O. shares. A trade publication, Railway Age, summarized this situation, saying that "eastern railroads, playing for big stakes, kept their merger pot boiling * * *."

Except for today's stock exchange regulations, there is little to differentiate this struggle from the titanic battles of Harriman, Morgan, and Hill.

The C. & O. now claims control of about 60 percent of the B. & O. stock. In addition the C. & O. purchased a 7-percent interest in the Western Maryland which, with the stock owned by the B. & O. is sufficient to control this profitable B. &. O. subsidiary.

The driving force for merger of the three eastern roads was the necessity of sufficient strength to compete with an expanded Pennsylvania system. The decision by C. & O. financial advisers to merge only with the B. & O. was taken because that two-way merger promised greater profits than a three-way merger with the Central, however great may be that carrier's competitive needs.

The New York Central wanted to be included in a new system with the Baltimore & Ohio and the Chesapeake & Ohio because of the competitive disadvantages which confronted it standing alone. For financial reasons it was left out.

The Chicago & Eastern Illinois, a small midwestern carrier, also requested inclusion because of the competitive situation which would confront it as a result of the expanding Pennsylvania system and the C. & O. and B. & O. merger. It was also left out.

The Chesapeake & Ohio was careful to take control of the profitable B. & O. subsidiary,

the Western Maryland. It was equally careful, however, to omit from its grab bag the relatively weak B. & O. subsidiaries, the Reading and the Jersey Central.

It should surprise no one that the weaker systems, including the New York Central, are not wanted in the proposed C. & O. and B. & O. combination. The strong railroads have never been known as their weak brothers' keepers. Tradition and hard-boiled profit requirements call for alliance of the strong with the strong and rejection of the weak to fend for themselves on any traffic which the combine leaves for them.

In the merger struggle the strong spend huge amounts of their revenues, and if they do not have the cash on hand they mortgage the future. In this case the two great carriers, the C. & O. and the Central, appear to have spent about $40 million in their fight to gain control of the Baltimore & Ohio.

There exists the parallel struggle to control Alleghany Corp., which in turn controls the New York Central and holds multimillion-dollar investments in the Baltimore & Ohio and the Missouri Pacific. It seems likely now that as much as $50 million will be expended in the purchase of Alleghany stock by Texas oil and cattle barons on the one side, and Philadelphia and New York banking interests on the other, before control of the holding company is resolved.

Foreign (Swiss) bankers made the decision to accept an offer by C. & O. for an important block of B. & O. shares held in Europe. Although not a transaction with a private, commercial bank, the Wall Street Journal notes that the New York Central got a Government loan guarantee for $40 million from the Interstate Commerce Commission late in 1959. A New York Times story (June 29, 1960) comments that:

"One factor that no one in the industry or in Wall Street was able to weigh was the contrast between the Central's successful plea last year to the ICC for a $40 million Government-guaranteed loan because it couldn't get the money anywhere else and its proposal now to invest as much as $13,500,000 of cash in another railroad's stock."

An ICC spokesman, according to a Wall Street Journal account, said their investigation at that time (January 20, 1961) did not involve the loan guarantee but added that the $40 million loan "certainly would strengthen Central's position to buy (B. & O.) stock."

2. Effort of Southern Pacific to acquire control of Western Pacific. This is a clear case where one of the wealthiest railroads has moved to gain still more financial strength by the purchase of a controlling stock interest in a small and very profitable carrier. Since its reorganization in 1944, the Western Pacific has been one of the strongest small railroads. There has been no demonstration of need, either by the Southern Pacific, the Western Pacific, or the public for such an alliance or merger.

Southern Pacific started the ball rolling with the purchase of a 10-percent stock interest in Western Pacific and an application to the Interstate Commerce Commission for permission to control the small carrier. At this point the Santa Fe entered the fight with approval of the Western Pacific directors and purchased a 20-percent block of Western Pacific stock.

Santa Fe is supported by the Great Northern which purchased another 10 percent of Western Pacific stock. The Great Northern bases its support of the Santa Fe on the necessity of preserving the Inside Gateway, a Great Northern-Western Pacific route between northern California and Portland competitive with the Southern Pacific route between the same points. The Santa Fe cooperates with Western Pacific and Great Northern in traffic moving from its territory to the Inside Gateway.

Southern Pacific, on the other hand, is supported by its traditional ally, Union Pacific, which owns 10 percent of Western Pacific stock. Also reported lined up with Southern Pacific is the Rock Island and the Denver & Rio Grande. The Rock Island fears diversion of traffic from its southern route if Santa Fe, a competitor, gains control of Western Pacific.

Also, it is reported that Union Pacific and the Burlington have purchased large blocks of Denver & Rio Grande stock, fearing that Santa Fe, once in control of Western Pacific, would try to gain a through route, San Francisco to Chicago, by taking over the Rio Grande and hauling traffic now carried by these other carriers.

The Union Pacific and the Burlington justify their purchase of Denver & Rio Grande stock as a purely defensive measure in the face of "merger turmoil in the West," and to strengthen their hands in case another railroad—the Santa Fe—should threaten their share of traffic from the Rio Grande.

Southern Pacific and Santa Fe are interested in Western Pacific's so-called local "gathering lines" in the Oakland-San Francisco area. Santa Fe and Western Pacific serve San Francisco and Oakland and both share ownership of Alameda Belt Line and the Oakland Terminal Railway. These lines are of great value to the operations of either line in northern California.

A look at the headlines describing these deals give the flavor of earlier times. One headline (New York Times, Feb. 8, 1961) says "Bid for Railroad Turning Into War." A later headline (March 5, 1961) reads that "Western Pacific Railroad, Born Amid Gunfire, Engages in Modern Battle," and another that "Duel Over Rails Wild in West." The Times comments that the struggle between the Southern Pacific and the Santa Fe for control of the Western Pacific "is fast becoming a real railroad war."

Once the first move to gain control of Western Pacific was made by Southern Pacific, it was seen as an effort to grab the profitable traffic hauled by Western Pacific with disruption of the competitive traffic pattern. The Santa Fe intervened and third, fourth, fifth, etc., parties became involved, railroad earnings were committed to a stock-buying spree, and the war was on in earnest.

Is it worth while to maintain competition? The Antitrust Division of the Department of Justice has intervened both in the proposal to merge C. & O. and the B. & O. as well as the attempt by Southern Pacific to take over control of the Western Pacific to do just that.

What public benefit can be derived from the disappearance of the small carriers—Western Pacific and Denver & Rio Grande? Why should they cease to exist as separate, profitable business enterprises?

These cases show clearly that any new alinement of properties will be along the lines of the greatest profit to the strongest railroads. Millions of dollars are being poured into these contests to achieve control, to gain a dominant role or to maintain a competitive position because the railroads have little confidence in the effectiveness of the "standard conditions" imposed by the Commission in mergers with the object of keeping open existing routes, channels of trade, and gateways. In other words, the railroad map is being redrawn by the railroads having the greatest financial resources, as they see fit.

There does not seem to be now, nor does there ever seem to have been, a shortage of railroad funds for such power struggles.

RR MONOPOLY IN SOUTHEAST

[From the Trainman News, May 22, 1961]

(By W. P. Kennedy, president)

The efforts by private banking groups to realine railroads with the objective of securing the most profitable possible arrangements have resulted in numerous struggles for control of strategic and profitable railroad properties.

In one such contest—that of the struggle to control the Baltimore & Ohio—the final decision is not yet known. Because of a contest in which bankers are heavily involved, control of one of the contestants itself—the New York Central—is in question. Any way they are seen, these contests for control are fights for big stakes in traffic and profits.

No one can seriously question that the banks are engaged in an all-out effort to pick off the most profitable railroad properties and add them to the systems in which they have a controlling financial interest.

COMBINATION IN SOUTHEAST

Although Baltimore has been most publicized by the struggle of various financial groups for control of the Baltimore & Ohio, another consolidation effort by a banking group with headquarters in Baltimore is underway.

The Mercantile Safe Deposit & Trust Co. of Baltimore is the prime mover in the proposed unification of two major railroads in southeastern United States: the Atlantic Coast Line and Seaboard Railroads; two railroads whose competitive efforts have had much to do with the industrial development of this section of the United States.

It is said that this proposed new combination would dominate railroad transportation in this vast economic region. A spokesman for the Southern Railroad is quoted (Richmond News-Leader, November 28, 1960) as saying that "merger of these two railroads would create an unprecedented concentration of railroad economic power in the South." In view of the vast economic power to be wielded by this proposed new rail system it is essential to describe the lines of control held by the Baltimore bank.

BALTIMORE BANK PYRAMID

The record of the ICC hearings in Richmond is clear evidence that control of the proposed new railroad to be formed by merger of the Atlantic Coast Line with the Seaboard would be in the hands of Mercantile Safe Deposit & Trust Co. of Baltimore. The bank's president, Thomas B. Butler, is vice president and director of Atlantic Coast Line Co. and director and chairman of the executive committee of Atlantic Coast Line Railroad.

The Atlantic Coast Line Co. is a holding company in which the Mercantile Safe Deposit & Trust Co. owns 56 percent of the stock. The Atlantic Coast Line Co. has five directors, four of them, including Butler, also are directors of Atlantic Coast Line Railroad, and two of the four, including Butler, are directors of Mercantile Safe Deposit & Trust Co. The holding company is the corporate entity maintained by the Baltimore bank to control Atlantic Coast Line Railroad.

In all of the corporations and committees—the Mercantile Safe Deposit & Trust Co., the board of the holding company, and the boards and executive committees of two railroads—the bank president, Butler, has an associate, Alexander E. Duncan as a fellow officer.

HERE'S NEXT STEP

The next step in the financial pyramid is control of Atlantic Coast Line Railroad by Mercantile Safe Deposit & Trust Co. through the holding company, the Atlantic Coast Line Co. This holding company owns 31 percent of the stock of Atlantic Coast Line Railroad which, added to another 9 percent of the railroad's stock held by the Baltimore bank, gives the bank a 40-percent interest in the railroad. The president of the Baltimore bank and three additional members of a five-man executive committee of the railroad are also directors of the bank-controlled

Atlantic Coast Line Co., giving the bank undisputed control of Atlantic Coast Line Railroad.

Yet another step in the pyramid, according to the Richmond hearings, is control of the Louisville & Nashville Railroad. The Atlantic Coast Line Railroad has owned about 36 percent of the stock of the Louisville & Nashville since 1902. As in the case for the Atlantic Coast Line Railroad, the chairman of the executive committee of the Louisville & Nashville is Thomas B. Butler, president of Mercantile Safe Deposit & Trust Co. of Baltimore.

Two additional members of the Louisville & Nashville five-man executive committee are also members of the board of the bank-controlled Atlantic Coast Line. With three of the five members on the executive committee of the railroad also directors of the Atlantic Coast Line, the Mercantile Safe & Deposit & Trust Co. of Baltimore has undisputed control of the Louisville & Nashville.

To summarize the control pyramid: the Mercantile Safe Deposit & Trust Co., a Baltimore banking institution, controls the Atlantic Coast Line through its ownership of a majority of the stock of a holding company, known as the Atlantic Coast Line Co., which in turn holds a controlling interest in the Atlantic Coast Line Railroad. Since the Atlantic Coast Line owns a controlling interest in the Louisville & Nashville, the Mercantile Safe Deposit & Trust Co. of Baltimore controls both Atlantic Coast Line and Louisville & Nashville.

TO DOMINATE SOUTHEAST

It was testified at the Richmond hearings that Butler, or whoever is president of Mercantile Safe Deposit & Trust Co. of Baltimore at the time of merger, will become chairman of the executive committee of the consolidated railroad. There was uncontradicted testimony at the hearings that the next step after formal consolidation of the Seaboard and Coast Line would be the formal consolidation of the new carrier with the Louisville & Nashville, and the Richmond, Fredericksburg & Potomac, a connecting railroad between Washington and Richmond.

The principal railroad systems in the Southeast, after the merger of the Atlantic Coast Line-Louisville & Nashville systems with the Seaboard, would compare as follows:

[Dollars in millions]

	Miles of road	Employment	Operating revenues	Assets
Atlantic Coast Line-Louisville & Nashville-Seaboard	15,137	45,500	$547	$1,629
Southern	6,269	21,362	272	831
Central of Georgia	1,745	3,529	44	127
Florida East Coast	572	3,173	33	108
Illinois Central [1]	6,464	25,109	272	724
Gulf, Mobile & Ohio [1]	2,752	6,873	82	171

[1] The lines of Illinois Central and Gulf, Mobile & Ohio are only partly in the South. Neither road serves the southeastern seaboard.

It should be clear that in event the proposal to merge the Atlantic Coast Line and Seaboard Railroads is approved, the Mercantile Safe Deposit & Trust Co. of Baltimore will control the dominant railroad combination in southeastern United States.

RAILROAD MONOPOLY IN SOUTHEAST

(By W. P. Kennedy, president)

I. BENEFITS OF COMPETITION

I believe it is advisable to examine the benefits of competition both to the railroads of the Southeast and the public as well as the costs of monopoly to the shipping public, the small railroads, and the future economic development of this region.

1. Benefits to the railroads

Competition has brought profits to the railroads and benefits to the people of the Southeast in direct refutation of the railroad propaganda that the wastes of competition have brought the carriers near bankruptcy.

In the Atlantic Coast Line-Seaboard consolidation proceedings, President W. T. Rice of the Coast Line said that one of the most compelling reasons for "this merger" is to restore these railroads to adequate financial stability. The Coast Line president referred to the AAR statements on the "deteriorating financial situation" of the railroads but admitted that the Seaboard and Coast Line "are not deteriorating."

The record shows that President Rice is correct; that the two railroads have done very well indeed from their competitive efforts. In the 5-year period, 1955–59, the ACL averaged $11,580,000 net income per year, while the Seaboard averaged $18,445,000 net income per year.

In the period 1947–59, the ACL invested $262 million and the Seaboard $318 million in road, structures, and equipment. It is no wonder the Coast Line president conceded the two roads are "not deteriorating."

2. Benefits to people of Southeast

The Atlantic Coast Line and the Seaboard have not been backward in proclaiming the profitable results to themselves and the people of southeastern United States arising from competition between the two carriers. The Coast Line 1959 annual report, for example, announces that:

"Significant progress was made during the year 1959 in the industrial and commercial expansion of the six-State area of the Southeast served by the Coast Line."

The Coast Line reported that 218 new industries located along their lines in 1959 compared with 139 in 1958, while the Seaboard reported 164 new industries in 1959 compared with 138 in 1958. These totals add up to a success story for southeastern industry from the spur of competition between these two carriers.

In passenger service the Coast Line annual report says that special parties such as group theater tours to New York, all-expense educational trips for school students, special trains for athletic events and special round trip fares increased this class of passenger revenues by 25 percent in 1959. The Seaboard, long known for its aggressive passenger promotions, also advised its stockholders in its 1959 annual report that passenger revenues had increased.

Competition between these two carriers undoubtedly has stepped up the rate of industrialization with resultant higher living standards for the Southeast. The competition for passenger patronage has made railroad passenger transportation available to low-income groups and provided great benefits to the vacation industries of the region.

II. COSTS OF MONOPOLY IN SOUTHEAST

1. Cost to shipping public

The ACL and Seaboard are in direct competition in at least 90 percent of the territory they serve and have many common points where each of the two railroads has such facilities as freight and passenger stations with staffs of employees for each. The opponents of merger point out that economies from such matters as consolidations of stations and ticket services could be obtained without consolidation of the respective systems requiring elimination of competition and abandonment of track.

A spokesman for Southern Railway opposed the merger "so that the shippers do have a choice—and the opportunity to route the traffic." One public service commission (Georgia) in opposing the merger said "service is far better to an industry located on two or more railroads than it is to one 'captive' upon the line of a single carrier."

In a classic exposition of the advantages of competition in the railroad industry directed to the current merger movement, Starr Thomas, Santa Fe general solicitor, recently declared:

"* * * in spite of the present emphasis on the elimination of waste and inefficiency, we must not overlook the influence of competition as a means of insuring adequate transportation service to the public. Ours is still a free enterprise economy and I think we are all agreed that reliance on the forces of competition has made our country great. If elimination of duplication and waste were the sole concern, monopoly might well be the answer in all areas of business activity.

"But our country's history has shown that the short-run economies resulting from the elimination of competition are too great a price to pay for the loss of freedom, aggressiveness, innovation, progress, and productivity that come from a competitive system."

I consider the conclusions of this statement apply with particular force to the proposal by Baltimore banking interests to eliminate railroad competition in the Southeast.

Consolidation of the Coast Line and Seaboard would mean the elimination of competitive freight and passenger service for the areas around Norfolk, Charleston, Savannah, Jacksonville and all of northern Florida. The Southern Railway urged the opening of these territories to competition by means of unrestricted trackage agreements. The Coast Line and Seaboard say that granting the Southern the right to compete for traffic in these areas would cause them to look at the entire consolidation matter again.

The Coast Line and Seaboard obviously want not only the savings from consolidation (many of which can be achieved without merger) but the wide range of unrestricted power in the establishment of major railroad policies that is the hallmark of monopoly.

2. Cost to small railroads

The Central of Georgia, Georgia Railroad, Georgia & Florida, and Florida East Coast Railroads would sustain serious reductions in revenues from consolidation of the two large carriers. The Georgia Public Service Commission says that the small Georgia-Florida Railroad would be ruined, the Georgia Railroad would lose at least $1,400,000 or about 20 percent of its annual revenue, and the Central of Georgia would lose about $2,500,000 in traffic annually. The Georgia Commission states that Georgia Railroad probably would lose more than the estimated amount, its service would be curtailed, and this would halt efforts to locate industry in this section of Georgia.

The Georgia commission, emphasizing the role played by Central of Georgia in development of the State, says, "We cannot sit idly by and see this valuable asset destroyed by this unfeeling, banker-promoted merger."

Counsel for Florida East Coast Railroad told the consolidation hearing that this carrier would be thrown back into bankruptcy because the interchange traffic with two of its trunkline connections would be eliminated.

3. Cost to future economic development

The two railroads plan to tear up 1,100 miles of track in event of consolidation. That the extent of track abandonment depends upon economic conditions was emphasized by proponents of consolidation. Rice, Coast Line president said:

"We realize that, as Mr. John W. Smith (Seaboard president) said yesterday, there probably will be a few months before this merger is authorized, and naturally any abandonment that would be proper today in

light of economic conditions could change tomorrow."

Consolidation then is a plan to fit the facilities of the railroads to the needs of a stagnating, ever-declining economy. The promoters themselves indicate it has no place in a Southeast that looks forward to economic expansion.

The economy of the southeastern States has been built around the independent operations of the Seaboard and Coast Line Railroads. Were these carriers not to consolidate there would be no abandonment of track and other facilities. Abandonment of entire areas reduces the ability of a competitive railroad to obtain the location of industries. Moreover, in event of consolidation, the competitive drive for new plants would be lacking and plant location would be guided in large degree by the advantages such locations offered to the other investments of the Mercantile Safe Deposit & Trust Co. of Baltimore.

I say to the people of the Southeast there is a great question presented by this proposed merger. Is a small group of bankers with no faith in the future to be permitted to take action that will cripple if not ruin small railroads, set back the economic development of the southeastern region and weaken the ability of the southeastern railroad network to serve the public in more prosperous times?

THE MERGER MANIA AND YOU

Railroad service to a community is of paramount importance if economic growth and stability are to be maintained. That service, the most efficient and cheapest mass transportation, contributes enormously to the development of towns, cities, and States all over the Nation. The effect of good railroad service is almost incalculable and is felt in every field of activity: industry, small business, municipal income, school operations and, of course, the labor force.

Have you ever thought of what the sudden abandonment of rail service in your community would do to its economic life? Rail mergers most assuredly do cause abandonments. In fact, they are one of the major reasons for consolidations, and if you stop and think for a moment you can realize how these mergers and their ramifications adversely affect nearly everyone in many ways.

Today many persons in every walk of life are becoming increasingly alarmed at the steady deterioration of the railroad industry, of its utter disregard for the traveling public—of its poor service—and of its unchecked efforts to destroy much of the Nation's railroad plant and nearly all competition.

In the delirium of the "merger mania," rail management no longer thinks of service and progress—it thinks instead of planned disservice, consolidation, and abandonment.

The spirit of competition which built the independent rail corporations into a transportation network unequaled in history has been lost. In its place has arisen a monster which sees nothing but $$$$ in rail operation. The motivating factor behind railroad activities unfortunately has become "profits—and the public be damned."

Of course, when the public takes it on the chin, so also do the hundreds of thousands of dedicated rail employees. Those employees have suffered untold loss through the last 10 years as the result of rail mismanagement; and, with the unchecked merger mania, countless thousands will suffer even more in the future.

Rail mergers affect you directly or indirectly, depending upon whether you work on a road that is contemplating merger or on one that has no merger plans—there are few of the latter remaining. On the roads where mergers are contemplated, the effects are obvious. On those roads not planning mergers the effects are not so obvious but nonetheless very real. For instance, if through a specific merger, poorer service results, it necessarily follows that fewer cars will eventually be shipped. Then, when those fewer cars are shipped, connecting roads which had no part in the merger receive fewer shipments; in the end all rail business suffers, even though management is able to show a higher percentage return on investment.

Fortunately, some action has now been taken and more is in the offing as disturbed legislators, citizens, and rail employees are taking action to halt the growing consolidation of roads and the elimination of competition.

Rail mergers in the past year have come in for extensive news coverage as four large carriers consolidated and more than two dozen others report from time to time on negotiations that are aimed at unifying two or more properties. A rundown on some of the proposed mergers shows the following:

NORTHWEST

Five years of merger studies by four prosperous northwest railroads—the Great Northern; Northern Pacific; Chicago, Burlington & Quincy; and the Spokane, Portland & Seattle Railroads—resulted in the recent application to the Interstate Commerce Commission for authority to consolidate these properties into one company, the Great Northern Pacific & Burlington Lines.

This is by far the largest proposed merger to be placed before the ICC to date. The combined roads, with total mileage of 24,597 miles, presently employ more than 65,000 employees. Should the four-road merger become effective, four subsidiary lines presently owned by the S.P. & S. and C.B. & Q. would likewise become a part of the integrated line which would operate in 17 States and two provinces of Canada.

In making public the petition to the ICC, spokesmen for the four roads indicated that annual savings of about $43 million would accrue following consolidation.

The railroads said that savings would result from unification of terminal operations, abandonment of some lines, consolidation of some train operations, reduction in the length of haul through use of shorter routes—eliminating some routes—reduction in the number of locomotives—fewer employees and cars that the new company will need—and consolidation of office departments.

Of course, from the foregoing it is apparent that much of the savings would come as a direct result of a drastic reduction of employees resulting from the fewer number required to man the huge new system. Part of the savings would also come from the sacrifices that would be made by the general public—sacrifices resulting from poorer service rendered by the combined road.

Not to be outdone in this region are the Chicago & North Western and the Milwaukee roads with a combined mileage of about 20,000 miles. A recent study of the projected annual savings resulting from a merger of these two roads indicated that around $40 million would accrue. Here, again, service would be sacrificed for profits and the savings would come from the traveling and shipping public and the employees.

Not to be overlooked, either, is the Chicago, Rock Island & Pacific Railroad which, until recently, was holding separate talks with the Milwaukee road. This company, with its 7,500-plus miles of track, definitely plans a merger with other rail property, possibly even joining in a three-way move with the C. & N.W. and Milwaukee roads. Here, with so much parallel track and facilities, it would appear that the shipping and traveling public, together with employees, would suffer extensive and irreparable economic damage—all at the expense of securing even larger percentage returns for the indifferent railroad managements.

SOUTHEAST

In the Southeastern States a real donnybrook is in the making as the Atlantic Coast Line; Seaboard Air Line; Louisville & Nashville; Illinois Central; Gulf, Mobile & Ohio; Southern; and the Central of Georgia railroads figure in perhaps as many as three major rail consolidations.

Dividing the spoils seems to be about the only thing standing in the way of extensive proposals by some of these roads. In fact, one major consolidation has already been proposed, that of the Atlantic Coast Line and the Seaboard Air Line. These two roads extending through eight States have a combined mileage of 9,500 miles. Because of their relative geographical positions it is reasonable to assume that such a merger would drastically reduce job opportunities and likewise much service for the traveling and shipping public. The ICC now has before it the proposed merger of the A.C.L. and S.A.L. roads.

But there are complications involving another of the major roads in the Southeast—the Southern.

Of course, the Southern Railroad does not object to the merger of these two roads—far from it. As a matter of fact, the Southern is looking for a partner itself. The problem arises over the ever-wealthy Louisville & Nashville Railroad, which is controlled by the A.C.L. The Southern has requested the ICC to condition the consolidation on the A.C.L.'s agreement to divest itself of the L. & N. holdings. It is presumed, then, that the Southern would make an effort to seize control of the L. & N. and thus, in effect, figure in the second huge consolidation here.

Rumors of another possible merger of two trunklines are becoming more prevalent. These two lines are the Illinois Central, 6,500 miles in length; and the Gulf, Mobile & Ohio, extending for 2,775 miles. These two roads, which parallel each other north and south through the agricultural and industrial Mississippi Valley region of the Nation, would cease their strong competition, and here, again, the shipping and traveling public and the employees would be taking it on the chin.

A major merger that has already taken place is the consolidation of the Virginian and the Norfolk & Western properties. Here, again, two financially independent roads joined in an effort to enhance further their own position without respect for the rights of others. Now, there is a move on to merge this combination with the Nickel Plate, thus creating one road from three, another step toward monopoly control of rail transportation.

EAST

Perhaps the most highly publicized of all proposed rail mergers has been the three-way battle between the Chesapeake & Ohio, Baltimore & Ohio, and the New York Central systems.

At the present time it appears that the C. & O. has been successful in the fight with the New York Central to gain control and therefore to merge with the B. & O. Railroad. However, President A. E. Perlman of the New York Central petitioned the ICC recently to "study mergers and withhold merger approvals until that study was completed." That petition was ignored by the ICC which continues to give full support to consolidations with but few reservations.

Obviously, Perlman chose this manner in which to block the B. & O. and C. & O. merger. There are many serious and objective reasons for blocking mergers but, of course, the Perlman suggestion can be considered as having been motivated by reasons other than those of protecting the interest of the public and the employees. Perlman was looking for a way to grab the B. & O.; and since the C. & O. had the inside track, he must have thought that this was one way of throwing a monkey wrench into the B. & O. and C. & O. unison.

But what about the B. & O. and C. & O. merger? We know that the B. & O. and

C. & O. join in one way or another in nearly 100 points along the right-of-way and have better than 1,000 miles of parallel lines. Such a relationship of necessity requires competition; competition breeds good service for the public. Now, join the two entities and what do you have? Again, profits at the expense of the traveling and shipping public and the employees.

And what about the "Standard Railroad of the World," the Pennsylvania? Merger plans, yes, but secrecy seems to be the keyword here. That the Pennsylvania has merger plans is ominous. Especially so when, by its own refusal to block mergers, it permits roads that hem it in to merge around it and cut its ties with lucrative shipping segments of the industrial East.

But a look into the background of the Pennsylvania, at its holdings, at its varied interests, indicates that adroitly and subtly it is building an empire around itself—an empire which it controls—and at the opportune time will move in to form, perhaps, the largest privately owned railroad empire in the world.

With extensive holdings in the lucrative Norfolk & Western, the Pennsylvania gained valuable holdings when the N. & W. merged with the Virginian. Now, with negotiations on between these roads and the Nickel Plate, it would appear that if mergers go unchecked, the Nickel Plate system will sooner or later become related to the Pennsylvania, through the Norfolk and Western.

Then, consider that the Pennsylvania Railroad owns the Detroit, Toledo & Ironton Railroad and a large percentage of the Wabash Railroad, and further that it controls the Lehigh Valley Railroad, and you realize how extensive the Pennsylvania Railroad holdings really are. You also realize that it becomes just a matter of time under present conditions until competition in the East will give way to monopoly control of railroad operations by the giant Pennsylvania Railroad.

Then there is the Erie-Lackawanna merger that became effective some months ago and which is now the subject of consideration by the U.S. Supreme Court. The litigation before the Court pertains to employee protection in mergers. The high tribunal will rule on the so-called 4-year employee protection clause in the ICC Act which says: "* * * that railroad mergers shall not result in employees being in worse condition with respect to their employment for 4 years after merger."

Meanwhile, a more recent merger move has the Erie-Lackawanna choosing up sides in a possible consolidation of eastern railroads into two giant systems. The Erie proposed at an ICC hearing recently that it be a principal in a merger that would create one consolidated road of the present Pennsylvania, Norfolk and Western, Nickel Plate, Wabash, and Lehigh Valley Lines.

SOUTHWEST

In the Southwest the battle is one that centers about three roads, two of which are trying, each in their own way, to gain control of the third. Of course, we speak of the Santa Fe, the Southern Pacific, and the Western Pacific which finds itself in the position of the pretty young maid being fought over by two of the town's bigger bullies. Regardless of the outcome, should mergers continue, the public and employees will lose—one or the other of the S.P. or Santa Fe will gain. And this nation is one step closer to giant rail monopoly.

WHAT'S BEING DONE ABOUT MERGERS

For quite some time there has been a growing interest and concern by employee groups, shippers, passengers, legislators, labor unions, and yes, even some stockholders, as the merger mania has seemed to grow in momentum.

An example of the concern of these persons is best illustrated by the reactions of representative groups along the routes of the four railroads that propose the giant northwest merger.

Here are some of the things that are being done to thwart this effort to destroy competitive trail transportation and replace it with monopoly control that breeds poor service, inefficient operation, and arrogance and apathy.

Washington

In Auburn, the city council, the chamber of commerce, the Auburn Industrial Committee, and the State legislative representatives are all vigorously opposing the merger of the G.N., N.P., SP. & S. and C.B. & Q.

The city councils in Kennewick and Pasco are likewise opposing the consolidation. In Spokane, civic committees have been formed and are taking an active interest in opposing the rail merger. Governor Rosellini has expressed concern and, as a matter of fact, has instructed both the public service commission and the department of commerce in economic development to investigate.

Montana

In Great Falls and Billings, the city councils are vigorously opposing the merger and, in addition, the county commissioners in Cascade County where Great Falls is located are likewise opposed to the consolidation. The same applies to the chamber of commerce in Laurel.

And from Missoula comes every indication that few, if any, persons in that city favor the Big Four merger. Those active on a committee to work against the consolidation are members of city council, county commissions, Lions, Rotary, and Kiwanis Clubs, and other groups who feel that Missoula would, in part, become a ghost town should the merger become a reality. Persons in every walk of life from the banker and college professor to the service station owner and rail employee seem to have one thought in common. That is, "Let's not permit further deterioration of our railroads."

And in Butte, Livingston, and Forsythe the same applies. Groups of townspeople are vigorously opposing the proposed rail merger.

North Dakota

Again it's the same story. In Mandan, city council and the chamber of commerce are concerned. City council has already opposed the merger. In Jamestown, a committee of citizens are actively participating in meetings to inform the citizens of the results of the merger and how it would affect their city. The same applies to Fargo.

Minnesota

Citizens' committees in the Twin Cities area—Minneapolis and St. Paul—are busily studying the effects of the merger as city council in Willmar comes out in unquestioned opposition of the consolidation. The same applies in Superior, Wisconsin, and Duluth, Minn., where the effects of the merger have the city councils and citizens' groups highly concerned.

On and on it goes throughout the cities and communities where the railroads maintain terminals or service industries. Persons both directly and indirectly connected with the railroads are highly concerned at the deterioration of the industry that consolidations foster.

Senate concern

Meanwhile, Congressmen are becoming increasingly alarmed and are being deluged with "unprecedented volumes of mail and petitions concerning proposed mergers." Recently, Senators MAGNUSON and JACKSON, of the State of Washington, in a joint letter to Everett Hutchison, ICC Chairman, expressed concern about the railroad merger problem.

"A comprehensive national railroad plan predicated upon broad public interest is needed before projected combinations can be fairly judged," the two Senators told Hutchison. Continuing, they said, "What must be determined—in railroad mergers—is what will best serve the long-range public interest. The resultant loss of employment or disruption of the same is, of course, an important factor in your determination of the public interest."

The Magnuson-Jackson letter reviewed the fierce competitive battle in building the railroads that figure prominently in the northwest merger. It further pointed out that active competition has been maintained to date in that area. "The results of the elimination of rivalry here may also be the subject of inquiry," the letter cautioned.

Rail labor activity

What have rail labor organizations done to protect the public and employees in merger onslaughts? The best answer to that question is to be found in the Railway Labor Executives Association paper on railroad consolidations issued in December of 1960 and in their letter to President Kennedy in February of this year.

The RLEA said that the proposed rail mergers would hold back the effort to expand the economy. At the very time that the new administration in Washington is preparing a program to check the recession and wipe out economically depressed areas, the railroad industry is engaged in the most intensive drive since the turn of the century to curtail its plant through mergers and consolidations. The RLEA warned that if the railroads were successful in their effort, the adverse effects upon the economy might be great enough to nullify those measures that are being undertaken by the administration to return the country to prosperity.

High rates and poor service: Further, they charged that the only people who benefit from railroad consolidations are the financiers and stockholders who control the roads. "While the railroads' propaganda claims that greater efficiency resulting from mergers will mean better service and lower rates to the shippers, the past history of mergers shows that just the opposite is the usual result," the RLEA paper stated. "Once monopoly control has been established in any industry and the check of competition has been removed, service deteriorates and rates tend to be set as high as the traffic will bear," the rail labor executives warned.

Economic expansion stymied: The fear of weakening the base for economic expansion was also expressed by the RLEA paper. "If the current consolidation movement succeeds, the railroads will have impaired their ability to handle the greater traffic of an expanding economy that has been promised by the incoming administration," the paper continued. "The present period might be compared to that of the thirties. Had the railroads been able to overcome the opposition of railroad labor and effect the then proposed consolidations, American railroads would have failed to meet the enormous demands for mass transportation in World War II."

Regional stagnation: The RLEA paper further questioned the wisdom of scrapping the lines of railroad that are so necessary for the economic development of regions such as the southwest and the southeast. "Many communities, the homes of literally millions of people and thousands of industries, have been established on the availability of railroad service. To reduce or eliminate this service over thousands of miles of railroads inevitably is to create depressed communities, disrupt established homes and ways of life, and place obstacles in the way of industrial development," the labor executives said.

Railroad unemployment: "The economies of rail consolidation in the main," the paper said, "are founded on widespread reductions in railroad employment through the curtailment of service. If the consolidations now planned are effected, tens of thousands of railroad workers will be separated from their employment at a time when hundreds of

thousands of railroad employees already have lost their jobs for other reasons. From 1951 to 1960 employment on class I carriers has fallen by about 500,000, a decline of about 40 percent. In the 5 years since 1955, employment has declined by 26 percent. In 1960, employment on class I railroads is estimated to average between 780,000 and 785,000 compared to 1,276,000 in 1951."

Economies lost: Then, too, there's the loss of economies of rail transport, recognized as the most efficient means of cartage. The loss of railroad transportation would, in the end, mean increased transportation cost, resulting in a lowered standard of living because of those increased costs, the paper warned.

Concerning the loss to railroad labor, the paper said, "The most drastic loss to railroad labor from consolidation is, of course, the loss of employment by thousands of workers who have spent most of their lives in railroad service." In addition to the direct loss of jobs, many more thousands of railroad employees must leave their homes and become established in other centers. This so-called change in location of employment usually means the loss of jobs because of the inability of workers to move from long-established residences.

"These losses to railroad labor are great but not so great as the Nation's loss from discarding a skilled labor force from our most economic transportation agency," the rail labor executives warned.

In February of this year the Rail Labor Executives' Association summed up the problem of rail mergers and the resulting economic effects as follows:

"The unemployment situation is growing worse. Figures just released indicate that 5.5 millions of our citizens are now without jobs. Such a situation reflects economic waste of a magnitude that seriously requires all efforts to spur the national economy as a whole. Even more important from our viewpoint, it indicates an extent of human want and suffering which cannot long be tolerated in today's world.

"Railroad workers and their families have felt the brunt of unemployment in recent years. Railroad employment today stands at the lowest level since 1890. Over 400,000 railroad jobs have disappeared since December 1955. Average employment on the railroads has been lower each year and there have been three particularly sharp drops which have meant unusually severe suffering and economic dislocation for railroad workers and their families.

"In the 1957–58 recession, railroad employment dropped 210,000 in 10 months. In 1959 there was another loss of 80,000 jobs and in 1960 another drop of 75,000. We point out that unemployed status of at least 1 out of every 15 jobless workers today can be attributed to the 400,000 lost job opportunities which have been eliminated in the railroad industry over the last 5 years.

"An estimated 200,000 of the 700,000 employees now remaining in railroading are threatened with unemployment in the near future as the result of pending proposals for mergers and consolidations of railroad properties. To allow this to proceed would transform many railroad communities throughout the Nation into new depressed areas and further stem the national program for economic recovery.

"The railroad unions pledge their full support to President Kennedy and his administration in working to attain measures to halt the recession and to turn the tide toward a New Frontier of renewed prosperity and progress. We urge the Members of Congress to enact legislation necessary to attain this goal.

"Because we believe that the long-range national interest as well as the self-interest of the workers in the railroad industry clearly demands a halt to the approval of additional railroad mergers at the present time, the railroad labor unions urge the President and the Congress jointly to take immediate actions directing the Interstate Commerce Commission to hold up approval of all pending proposals for railroad mergers or consolidations until their effect upon the national economy has been fully examined. To permit an additional 200,000 railroad workers to be dumped on the unemployment rolls is indefensible."

And so in viewing the entire present-day railroad problem with all of its ramifications we can see that the mismanagement of the last 15 years has returned to haunt us today as never before. As a result, management now looks to the merger as the answer—the way out. Yet, true to form, the answer which they covet is not in reality an answer—it is but an extension of the negative thinking that precipitated the present situation.

What is even more alarming is the fact that rail deterioration with its accompanying economic effects plays an even greater role today in the overall economic instability of the country.

As the RLEA pointed out, 1 out of every 15 jobless workers today is unemployed as a direct result of the 400,000 job opportunities that have disappeared in the railroad industry over the last 5 years. Will this trend continue? Will the estimated 200,000 persons who would be directly and adversely affected by proposed rail mergers eventually join the ranks of the unemployed? Time alone will tell.

At the present time, it would appear that strong public opinion is being mustered to ward off further rail deterioration through the merger mania, but much needs to be done. Rail employee groups, community groups, business associations, legislative groups, and rail unions must continue and increase their efforts to save the American railroad transportation system.

It is not too late, but unless the tide is turned the efficient and competitive rail system of the country will soon be replaced by one characterized by indifference and controlled by monopoly.

HIRING OF PERSONNEL IN EDUCATION

Mr. GOLDWATER. Mr. President, the July 1961 issue of the Survey of Current Business, just off the press, publishes the national economic statistics of the Department of Commerce for 1960, with comparisons back to 1956. They show some interesting comparisons regarding public education which may be of value when the claim will be heard again that the schools are falling behind private industry in the hiring of the staff.

The number of working persons in the United States—number of persons engaged in production, table 53, page 17, of the mentioned issue equals full-time equivalent of all employees and self-employed persons—increased between 1956 and 1960 by about 1 million as follows:

All private industries	455,000
Public education	473,000
All other government	87,000
Total	1,015,000

This means that over the past 4 years public schools and colleges hired more additional people than all private industries combined, and that they accounted for about half of the increase in all working persons.

The same publication also shows—table 52, page 17, average annual earnings per full-time employees—that in 1960, for the first time, the average earnings in public education exceeded those in private industries $4,752 versus $4,710. Public education had passed the average of all Government employees in 1958. The 4-year increases were:

Public education	+$925
Private industries	+644

This suggests that public education continues to gain on other occupations—from State and local support.

The July issue of Construction Review, also published by the Department of Commerce, shows that public educational construction in the first 6 months of 1961 increased 14 percent over the same period in 1960, while simultaneously all construction had risen only 1 percent. Private construction had declined by 3 percent. Construction prices have risen only 1 percent so that almost all of the dollar increase is growth in physical volume. According to the Department's projection, the volume of public educational construction will, during 1961, exceed $3 billion for the first time in history. This does not suggest that States and localities cannot take care of this responsibility without a new program of Federal aid. It should be remembered that, according to President Kennedy, the schools need to build 60,000 classrooms annually over the next 10 years, and are already building 70,000.

THE AMERICAN TAX SYSTEM

Mr. GOLDWATER. Mr. President, of late, loopholes in the Federal tax have been prominently featured. Particularly Messrs. Surrey, Heller & Co. have mentioned time and again that these loopholes have caused an erosion of the tax base and that large amounts of revenue could be gained by closing the loopholes. The President has made some recommendations and promised far-reaching proposals for next year. The purpose of this drive is to create the impression that vast governmental programs can be financed without raising taxes on the general taxpayer. It is suggested that cost of the new or expanded programs could be obtained by taxing somebody else who is now getting away without paying his fair share.

This drive is merely a maneuver to sell more welfare programs. This subject was covered at a national tax seminar which we held at Claremont Men's College in June, in which 32 tax experts participated.

Dr. Roger A. Freeman gave the opening talk in which he pointed out that "a reduction in tax rates or a substantial increase in collections through the closing of 'loopholes' is not a hope but a mirage." He suggested that proposals to revise the tax system should be judged in the light of the effect they would have in three respects:

First. More government, or less?

Second. More redistribution of income, or less?

Third. More centralization of government, or less?

The talk is in restrained tone, because of the academic context, but debunks some oft-repeated and widely believed myths about taxes.

Mr. President, so that my colleagues may have the benefit of the thinking of Dr. Roger A. Freeman in this field—incidentally, he is one of the eminent authorities in the field of taxation in this country—I ask unanimous consent that the address he gave at Claremont Men's College entitled "The American Tax System (National, State, Local): Does It Need Revision, Reform, or Reconstruction?" be printed in the RECORD at this point.

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

THE AMERICAN TAX SYSTEM (NATIONAL, STATE, LOCAL): DOES IT NEED REVISION, REFORM, OR RECONSTRUCTION?

(By Roger A. Freeman, research director, Institute for Studies in Federalism, Claremont Men's College)

Americans are wont to feel and freely express pride in their system of government and its institutions. They have ample reason to do so. But their admiration does not always extend to the institution which provides the material support for their government: the multifarious taxes, which for reasons not immediately apparent to the untrained eye are called our tax system.

The cry for tax reform is old, perennial, and bears an endearing sound: most people tend to regard themselves as the victims of unduly heavy and discriminatory taxation foisted upon them by self-seeking groups which manage, by nefarious techniques to pay less than their fair share. Tax reform means to the average man that he will be paying less and somebody else more.

The NAM or the AFL–CIO, or organizations representing farmers, retailers, entertainment industries, veterans, or pensioners aim to prevent the enactment of measures which would place heavier burdens on their members than they feel they can or ought to bear, and demand changes which would lighten their load. There is nothing mysterious about this legitimate struggle of competing self-interests which often turns into a test of persuasiveness and relative political strength. Most of us have participated in, attended, or read the transcripts of legislative tax hearings. We have sympathized with some groups, but occasionally felt like Mr. J. P. Morgan who one day, when he was besieged by a mendicant, rang for his butler and ordered him: "John, throw him out, he is breaking my heart."

The position which economic interest groups take in regard to desired tax changes is usually plain and their motivation easy to understand. But most of us who are assembled here this morning are salary earners and in approximately the same economic bracket. I doubt whether there are many millionaires among us or whether many would classify themselves as paupers. But this does not keep us from holding widely divergent views on tax policy.

As we proceed to discuss dozens or hundreds of proposed changes, it will soon become apparent that our beliefs on what ought to be done differ sharply, in a manner which cannot be explained by a difference in our respective economic status.

Divergence of views might at first appear to be haphazard, but gradually a pattern is likely to emerge which will identify the members of this seminar along ideological lines. Taxes, after all, are not an end in themselves and cannot be considered in isolation. They are a technical instrument to carry out a personal conviction of what government is or ought to be and ought to do. Thus it seems desirable that we define some of the guiding principles and underlying basic beliefs before we proceed to apply them to specific problems.

The traditional guiding principles of equity, adequacy, stability, enforcibility, conduciveness to economic growth, etc., are only moderately helpful in shaping opinions on specific policy issues. We all are for justice, prosperity, and the good things in life, but we are not necessarily agreed on what they are nor how to achieve them. Concepts differ on what constitutes tax equity. Does it mean neutrality which leaves relative positions unchanged or neutrality which corrects existing economic injustices? Do we achieve faster growth by promoting investment or by augmenting purchasing power? One goal may conflict with another, and there is no tax system which maximizes progress simultaneously in every direction.

There is a wide range of views on the extent of the corrections which our tax system needs. Some feel that the present structure is basically sound and can be made satisfactory by certain revisions. Others believe that the time has come for a more drastic broadening of the tax base which is in the nature of tax reform. Still others deem the existing rate structure and relative emphasis among types of taxes to be inequitable, unbalanced, and detrimental to economic growth; they demand more fundamental changes which amount to a reconstruction.

The most comprehensive surveys of proposed changes in recent years were the studies of tax and expenditure policy by the Joint Economic Committee in 1955 and 1957 and the hearings of the House Ways and Means Committee in 1959. Several members of this seminar participated in those projects. All three studies were conducted under the chairmanship of Representative WILBUR D. MILLS.

Analysis of the 375 papers which were prepared for the two committees, and of the subsequent panel discussions, suggests that the attitude of the informed observer toward a specific policy problem, such as relative emphasis on different types of taxes, rates, coverage, deductions, exemptions, etc., is guided by his belief in regard to the fundamental issues which may be expressed in three major antitheses:

1. More government, or less?
2. More redistribution of income, or less?
3. More centralization of government, or less?

When we know a person's views on these three issues, we can more often than not predict which side he will choose in the controversy over proposed changes. Those who believe in more—government, redistribution, or centralization—tend to favor absolutely or relatively higher taxes, prefer steeply graduated to proportionate taxes, and are inclined to use the national rather than the State or local tax machinery to achieve their ends. Those who want less, aim for tax cuts, support proportionate rather than progressive taxes, and lean toward State and local action.

The lines are, of course, not always cleanly drawn, there is some crossing of fences, depending on the relative emphasis on a specific goal. For example, John Kenneth Galbraith, a most eloquent advocate of bigger government, has recommended higher sales taxes, not because he prefers them over income taxes, but because he believes that they are the most practicable way to achieve his paramount objective, a further shift from the private to the public sector. On the other hand, there are those who stand up for boosts in State and local taxes, not because they cherish higher taxes or more government, but because they regard this policy in the prevailing political climate as the only alternative to heavier Federal taxes, and thus the lesser of two evils.

Let us now consider the outlook for taxation and some of the major policy issues, in terms of our three antitheses.

1. MORE GOVERNMENT, OR LESS?

In discussing the virtues and vices of our present tax system and considering desirable modifications we shall have to keep in mind whether suggested changes will or should aim to increase or to reduce prospective yields, to boost or to lower government's share in the Nation's economy. A proposition which will result in raising the level of taxation is commonly not posed in terms of the need for more government, or even for higher taxes. As a rule, it is advanced as the need for more, bigger and better facilities and services of the type commonly provided by government, or which can be supplied by government better than by voluntary groups, or by individuals and families themselves. Taxes follow the expansion of public services, if sometimes at a respectful distance. On occasion it may also be, as Northcote Parkinson suggested, that government expenditures rise to meet revenues.

Government has proven to be this country's outstanding growth industry, and taxes have demonstrated an innate secular tendency to expand faster than our economy. All public revenues in the United States combined, equaled less than 10 percent of the national income in the early part of the 20th century, climbed to 15 percent in the 1920's, exceeded 20 percent in the 1930's, jumped to 37 percent during World War II, and dropped back to 29 percent by 1950. Preliminary estimates for 1960 place them at 37 percent of national income, which equals their World War II record.

Where do we go from here? What share of the Nation's income will be channeled through government by 1970?

Competent research studies in 1958 and 1959 estimated future growth of public finances over a 10-year period as follows:

Otto Eckstein (CED), 50 percent; Gerhard Colm-Manuel Helzner (NBER), 55–60 percent; Rockefeller Panel, 50 to 78 percent (average 64 percent).

National income and product are widely expected to rise between 40 percent and 50 percent over the next 10 years, though opinions differ on whether the final result will be closer to the lower or upper end of the range. So, if the Eckstein or Colm-Helzner projections materialize, taxes will not need to rise much faster, if any, than the Nation's economy.

But developments in recent years suggest that public budgets could outrun earlier estimates. Between 1950 and 1960 governmental revenues jumped from $67 billion to about $150 billion. That is an increase of 125 percent in actual dollars and of 83 percent in constant dollars. To repeat such a feat in the 1960's would call for some hefty tax boosts.

Of course, the early 1950's witnessed the Korean conflict and a military buildup of a magnitude which is not likely to recur, barring another shooting war. But since 1952 military costs have been relatively stable and inflation has slowed to a crawl. Here is what happened between 1952 and 1959, the latest year for which we have comprehensive fiscal statistics:

War-connected outlays rose only from $58.3 to $59.8 billion.

All other governmental expenditures—for civilian services—more than doubled, from $41.5 to $85.9 billion.

This means that during this 7-year period governmental outlays for domestic public services increased, 107 percent; national income, meanwhile increased, 35 percent; population, 13 percent.

What does this bode for the future? The period of stability in war-connected outlays seems to have come to an end, and funds for the military, foreign aid and space exploration will, to all appearances, climb steeply.

Just the proposed expedition to the moon may, by some estimates, run as high as $40 billion. Nor will rocketry, mach 3 planes, long-range oversea development plans and alliance for progress come at a cheap price.

Will civilian outlays grow more slowly in the 1960's? They doubled in the past 7 years, rising from 14.5 percent to 22.2 percent of the national income. That, as all of us well remember, has been called a period of stagnation and starvation of governmental services. It has been proposed to offset this lag by a more rapid expansion in the years ahead.

John Kenneth Galbraith expressed this view succinctly:

"The community is affluent in privately produced goods. It is poor in public services. The obvious solution is to tax the former to provide the latter—by making private goods more expensive, public goods are made more abundant."

We cannot know at this time whether National, State, and local governments will follow this advice and raise their appropriations at a more rapid pace in the 1960's than they did in the 1950's. Legislative proposals and action in recent months suggest that they might. The prospects appear to be that public budgets will, in the decade ahead, rise at a faster rate than national income, as they have done in every decade during the 20th century. They could, by 1970, be close to 40 percent of the national income.

Will governments be able to raise funds of this magnitude by taxation and other means? There have been many suggestions that we are already at, or possibly beyond, the limit of taxation which the country's economy can stand without grave damage to its ability to grow. Repeated discussions of the limits of taxable capacity have been intense, but, by and large, produced few tangible results. The proposition that heavy taxes repress economic growth by absorbing funds which ought to go for industrial expansion and personal consumption has much plausibility and appeal. But there has been no empirical proof of it. Some observers have suggested that faster growth might result from channeling a larger share of the Nation's income and product into governmental development of human and natural resources than into private investment and consumption.

The fact is that such countries as Germany, France, Italy, Japan, and the Soviet Union which bear a tax burden that may possibly be higher than ours, are experiencing a faster rate of economic growth than the United States. Also there are many countries with lower taxes whose income and productivity advance is unsatisfactory. So, at this stage of our economic knowledge it is impossible to demonstrate that the level of taxation has a direct bearing on the rate of economic progress. It could well be that the structure rather than the magnitude of the tax burden exerts such influence. Of course, tax boosts which produce big surpluses, or cuts which result in large deficits, can affect economic trends. Much has been said and written about the use of tax policy as a stabilizing device, particularly since the passage of the Employment Act 15 years ago. But the successful operation of this stabilizing device—against inflation as well as deflation—in our political climate has yet to be demonstrated.

The decision on the maximum level of taxation may not turn on the desired rate of economic growth but on the issue of the freedom of the individual. How large a share of the citizens' incomes can public treasuries absorb and spend without making the individual so dependent upon government that his personal freedom to spend, to save, to invest, to make decisions, becomes so limited as to be mere fiction?

Groups which are concerned over the steady growth of the area of coercion in our society have advanced proposals which may be called negative taxation: they would, through the grant of tax concessions, stimulate expanded private or voluntary activity in certain fields as an alternative to enlarged government programs. The present deductibility of donations for charitable and educational purposes is an example of such negative taxation. Far stronger incentives for private educational expenditures or for individual retirement arrangements could be provided by broader tax credits. Such suggestions, and the existing benefits, are objected to because they enable individuals to spend public money, that is, to control the spending of funds which otherwise would go to government and be expended under its power. The issue is not so much over how much should be expended for a purpose such as higher education, but whether we should enlarge or restrict the area of individual decisionmaking power.

It seems that the question of "More government, or less?" or higher or lower taxes, cannot be answered on economic grounds alone but rests in political philosophy: the old problem of the relative roles of government and the individual in a free society.

2. MORE REDISTRIBUTION OF INCOME, OR LESS?

Most of our discussion in the next 2 weeks will focus on desirable changes in the composition of our tax system. We shall argue the merits and demerits of income versus sales taxes, of certain exemptions and deductions, of capital gains, dividend credits, income splitting, averaging, rate structure, allowable and necessary expenses, accelerated depreciation, and dozens of similar issues which have long been the subject of heated controversy whenever taxmen gather.

Often, though not always, our position on a proposed change will hinge on whether it will make our tax system more progressive or less progressive than it now is. The combined effect of all American taxes is progressive: they take a larger percentage of the income of persons in the higher than in the lower brackets. But how progressive should our tax structure be? What is an equitable relationship between a person's economic resources and his fair share of the tax burden?

Since so much of the tax controversy depends on our attitude toward progression, we may profitably consider the principle and rationale of progressive taxation.

Added revenue is one but not necessarily the main consideration in constructing a graduated tax structure. The basic Federal income tax rate of 20 percent applied to all taxable income would produce about 87 percent of the actual yield. A flat rate of 23 percent would bring in the same amount as our graduated schedule. Very high rates of 40 percent, 50 percent and up, do not return big sums though they appear punitive to the affected taxpayers.

Various theories have been developed to present an economic justification of progression. Some relate to the greater satisfaction which the addition of a certain percentage of the income confers in the lower brackets, and to the lesser sacrifice which a flat percentage levy imposes in the higher brackets. On close analysis they appear to be tenuous and ex post facto rationalizations.

The late Henry C. Simons, one of the protagonists of progression, offered a better case 25 years ago:

"The case for drastic progression in taxation must be rested on the case against inequality—on the ethical or aesthetic judgment that the prevailing distribution of wealth and income reveals a degree (and/or kind) of inequality which is distinctly evil or unlovely."

The idea of government acting as a Robin Hood, taking from the rich and giving to the poor, has an emotional appeal and a touching flavor. To view redistribution of income as a matter of social justice implies that the present distribution is purely fortuitous, fundamentally unjust, and unrelated to personal desert. Thus equity can be achieved only by equality, or an approach to it.

Harold M. Groves said that "Many people regard inequalities of income as a clear case of the tyranny of the strong and fortunate over the weak and poorly endowed." This philosophy aims not only to justify material relief to the unsuccessful, but also to give them the mental comfort of absolving them of personal responsibility for their economic failure.

Tax progression is a technical device to overrule, through the political process, the rewards and punishments of a free market system. The United States has come a long way in its effort to narrow the range between rich and poor. It now harbors less contrast than most other countries in the world. The questions we must ask ourselves are: How far shall we—or can we—go in the process of leveling out incomes? What can or will replace the driving force of economic self-interest? How far can we go in weakening the dynamism in our economic system?

In the final analysis, tax policy is shaped by political considerations. "You can always get a lot of votes by telling people that their troubles are not their own fault," commented Calvin Coolidge dryly. Many have discovered the vote-getting appeal of equating equity with equality.

Federal income tax returns with an adjusted gross income under $4,000 now account for a bare majority (50.4 percent) of all individual returns. Returns of $15,000 and over account for only 2.3 percent. The first group pays an aggregate effective rate of 6.1 percent, the latter of 26 percent, which, considering exemptions and deductions means marginal rates from over 30 to 91 percent. With whom will the legislator or candidate seeking votes place his bet? With the 50 percent or with the 2 percent? So, for political reasons, if for no other, steep progression is certain to stay with us. Only, we must consider just how much of a good thing we can afford to enjoy.

In the next few days we shall be discussing proposed changes in the rate structure. The Herlong-Baker bills would reduce individual income rates over a 5-year period, particularly in the upper brackets. Others want to split the lowest bracket. Still others would like to see a graduated schedule for the corporation tax.

I surmise, however, that controversy over the tax base will consume more of our time and attention than the rate structure. The last 5 years have seen many references to an erosion of the tax base and to so-called loopholes in the Federal income tax. Even some of the popular magazines featured this issue, promising the average reader relief for himself with the load shifted to somebody else.

It is well known that less than half of all personal income is now federally taxable. The percentage was: 30.8 percent in 1945, 37.2 percent in 1950, 41.5 percent in 1955, and 43.9 percent in 1959. So the trend in the taxable share has been up, but more than $200 billion of personal income, as defined by the Department of Commerce, are not subject to the Federal income tax rates. Approximately half of the difference is accounted for by personal exemptions, close to one-fourth by tax-free income from social benefits, one-eighth to itemized deductions.

Opinions differ on whether a cut in deductions would provide greater equity. Would such action broaden the tax base sufficiently to permit a cut in rates without reducing revenue? A tightening or repeal of provisions which now benefit large numbers of taxpayers, such as income splitting, deduction of interest and State and local taxes, nontaxability of social benefits, and of im-

puted income from owner-occupied homes, would be tantamount to a rate boost for many or most taxpayers.

A cutback in provisions which now directly benefit only a smaller number of taxpayers, such as dividend credits, capital gains, etc., would increase yields only slightly, but might produce undesirable results or hardships.

It is certainly advisable to subject all of these clauses to a close scrutiny. But I suspect that a reduction in tax rates or a substantial increase in collections through the closing of "loopholes" is not a hope but a mirage. We shall hear more about these issues from Professors Smith and Eckstein and Congressman Boggs later today and during the rest of this week.

It may be well for us at this point to view the American tax structure on a comparative basis. Most international comparisons are possible only among central governments because few local finance statistics are available from foreign countries. Their inclusion would not alter the picture significantly.

The American tax structure is like no other in the world. The national governments of other industrial countries typically obtain between 25 and 45 percent of their budget receipts from income taxes. The U.S. Government derives 80 percent from that source. If we include State and local governments, we still find that income taxes account for 57 percent of all tax collections in the United States, which is far ahead of the corresponding figure in countries from which comprehensive financial statistics are available.

Major countries which lean most heavily on consumption taxes, such as France, Germany, Italy, Austria, and the Soviet Union, impose an aggregate tax burden which is at least as heavy as in the United States, if not heavier. Those countries happen to show much faster rates of economic growth than we do. Conversely, some of the countries which rely more on income taxes—though much less than the United States—such as Great Britain or Sweden, are reporting low rates of annual growth.

This does not mean that there is necessarily a causal relationship between heavy income taxation and slow economic growth. But income tax rates do run higher here than in any other country in the world, and our economy is not expanding as fast as many of us would like to see it grow. So it might behoove us to give serious thought to what the best methods are of raising large sums for government at the least interference with the operation of the market system.

The meteoric rise of the income tax to a predominant position in the American tax structure was a war phenomenon. Between 1916 and 1920 income tax collections multiplied 32 times, between 1940 and 1944, 13 times. But during peace periods, other types of taxes—as well as national income—invariably increased faster. After having been levied for 30 years, income taxes accounted in 1940 for only 19 percent of all tax collections in the country. Four years later they equaled 72 percent. Since then, their share has declined to 57 percent.

Between 1920 and 1940 income taxes fell to almost half while other taxes doubled. This happened between 1944 and 1959:

	Percent
Income tax collections increased	62
All other tax collections increased	207
National income increased	118

Collections of the graduated individual income tax tend to rise faster than national income, as a larger share of the personal income moves above exemptions levels. But this means, particularly in periods of inflation, that the tax grows heavier although the rate schedule may not have been changed. Demands arise then for relief, particularly when rates are at a level that seemed acceptable temporarily in wartime but is deemed overly burdensome in the long run and in peace periods. Income tax rates were cut sharply after World War I and slightly after World War II. The question now is whether they should be reduced further in the next few years or whether they should, in effect, be raised by the elimination of certain provisions which aim to mitigate the impact of the tax.

The exact role of the corporate tax in our tax system is uncertain. "Perhaps the most commonly accepted rationale of corporate income taxation is that it is a method of taxing stockholders at the source," commented Roy Blough. Its apparent effectiveness in inexpensively gathering vast sums from obviously wealthy institutions which have but few votes accounts for its immense popularity. It has become very difficult indeed to translate a dispassionate evaluation of the tax into public policy. Though the Korean war rate increase of 1951 was scheduled to expire in 1954, and though the remainder of that tax program was carried out, Congress each year finds it necessary to go through the ritual of deferring the scheduled reduction, no later than June 30. It has become almost impossible for men who must run for public office to advocate cutting a tax which ostensibly raises so much from so few.

Business gradually recognized the political facts of life and found that there is more mileage in learning how to live with the tax than in fighting it. When corporations failed in their drive to integrate the corporate with the personal income tax, they proceeded, with deliberate speed, to integrate it into their cost structure.

Net after-tax income of leading manufacturing corporations averaged 11 percent of net worth between 1925 and 1929 when the tax rate ran between 11 and 13.5 percent; it equaled 11.8 percent between 1956 and 1960, when the tax rate was 52 percent. Similar results obtain from nonmanufacturing corporations and in a comparison of after-tax returns on capital invested.

Few economists believe any longer that the corporation tax comes out of the hide of the stockholder. Nor would many contend that all of it is passed on to the consumer. The truth probably lies somewhere in between, with the size of the shift depending on the type of industry, a company's competitive standing, etc.

The corporate tax places a heavier burden upon the goods of the efficient than of the inefficient producer. Thus it holds a protective umbrella over the inefficient one, and pushes prices up more than would a gross receipts tax. It tends to restrict industrial expansion because it requires eligible projects to yield twice as high a profit as would be required without the tax. But the tax does strengthen the position of the newcomer and the small producer as against the well-entrenched and established big company.

Major changes in the corporate tax do not seem to be in the cards. It is a tossup whether Congress will someday make the 52-percent rate permanent, to save itself an annual struggle, or, some year, pass June 30 without its traditional ceremony of deferring for another year the effectiveness of section 11(b)(2), Internal Revenue Code of 1954.

I mentioned earlier the heavy reliance of foreign countries upon consumption taxation. Most of them derive between 50 and 70 percent of their revenues from sales, excise, or turnover taxes and very few less than 40 percent. Only 13 percent of U.S. budget receipts comes from consumption taxation, 17 percent of all Federal tax receipts. If we combine Federal, State, and local taxes, the sales and excise share is 22 percent.

The United States is the only major country whose national government does not levy a general or broad-based sales or excise tax. Alcohol, tobacco, and gasoline levies are at a respectable level and there is a somewhat haphazard assortment of various other excises. But these miscellaneous levies plus State and local sales and excise taxes appear modest when compared with the sales, turnover, or excise taxes imposed by European countries. No industrial country besides the United States levies consumption taxes at as low a level as the equivalent of 6 percent of the national income. Sales taxation truly is America's underdeveloped area of taxation.

The main argument against sales taxes is that they bear more heavily on poor people than on rich. Incidence studies in California and several other States have shown that a retail sales tax is moderately regressive if it includes food, and substantially proportional through most of the range if it exempts food. The tax undoubtedly is regressive at both ends of the income scale.

The case against the sales tax may have validity in countries with large masses of impoverished people and a small group of wealthy families at the top. But well-being is widely distributed in the United States. Family personal income averaged $7,430 per family in 1959 and was probably close to $7,700 in 1960. About 70 percent of all families now have an annual income between $4,000 and $15,000. They receive the bulk of all personal income in the country and pay the bulk of all taxes, no matter how levied. Significant differences in tax impact are concentrated at the top and bottom end of the income range, and the regressive effect of sales taxes in those brackets is more than offset by the personal income tax.

The case for greater emphasis on sales taxation has been strengthened by changes in the American income structure in recent decades. Wages, salaries, and pensions accounted for 61 percent of all personal income in the country 30 years ago; they now account for 75 percent. The share of dividends, interest, and rentals meanwhile fell from 22 to 13 percent.

Also, in a country in which all have the right to vote, all should contribute toward the cost of government, lest fiscal irresponsibility be encouraged. Lavish public benefits seem particularly attractive if somebody else foots the bill.

Simplification of the Federal excise tax structure has repeatedly been suggested. The numerous uncoordinated levies—save those on alcohol, tobacco and highway products—could be consolidated into a general manufacturers or wholesalers excise tax. A rate of 2 percent could maintain the current level of revenue. This would also provide a ready administrative machinery for quickly increasing revenues if an emergency calls for a substantial boost in national finances.

Most States and many local governments are now levying general sales, gross receipts, or special excise taxes at modest rates. I intend to talk about them in greater detail next week when we shall be considering State and local revenues.

A major part of next week will be devoted to the property tax, the mainstay of local governments. No tax has been as bitterly maligned and assailed as the property tax: by the taxpayers because it is too big and rises too fast and by the local officials because it is too little and rises too slowly; by some because it is restricted and by others because the restrictions are not tight enough; by some because assessments are too low and by others because they are too high. The real curse of the property tax which primarily accounts for its unpopularity is that, in contrast to almost all other taxes, it is not hidden but out in the open, clearly labeled by purpose. What is more, it identifies the official who is doing the taxing. Such relationships are veiled or obscured for sales and income taxes, particularly at

the Federal level. The trouble with the property tax is that the taxpayer knows that he is paying it, what he is paying for, and who is taxing him.

The property tax still is the most important revenue source of States and local governments, providing them with almost half their tax collections. It has been asserted that property tax yields do not rise with the economy, that the tax is stagnant and its relative position steadily declining.

Nothing could be further from the truth. Both, between 1902 and 1932 and between 1944 and 1959, property tax collections grew faster than national income and expanded at a more rapid rate than the combined total of income, sales, and other taxes. Only during the great depression and World War II did the property tax stagnate.

Between 1944 and 1959 property tax collections increased 225 percent, all other tax collections increased 90 percent, national income increased 118 percent.

How was this possible in the face of such often-cited obstacles as constitutional and statutory rate restrictions, underassessment, the need for obtaining voter approval of tax boosts, and the unpopularity of the tax? For one, national wealth tripled in the postwar period, while national income only doubled (1945 to 1958, current dollars), contrary to the claim that income rises faster than property. Also, American taxpayers have displayed a far better understanding of the financial needs of schools and other local services than they are commonly being credited for. There has been no taxpayers' revolt. Rather, most tax and debt ballot proposals have been adopted.

The property tax burden is allocated among income classes in approximately the same way as consumption taxes: proportional through most of the range, somewhat regressive at both ends. Supporters and opponents of property and consumption taxes split along ideological lines because neither of the two types of taxes helps to redistribute income from the higher to the lower brackets. They just bring in revenue which aids States and communities in maintaining independence and home rule.

The property tax base will, to all appearances, keep expanding: construction volume is rising, and usable land, a nonreproducible commodity, is getting scarcer and more costly. Better assessment practices and greater emphasis on land values could improve the revenue potential of the property tax and also help stem the growth of urban slums and leapfrog development.

Are the prospects for the coming decade more redistribution or less? Will the income tax gain in relative importance or sales and property taxes? The strength of the trend between the two World Wars and particularly since the end of World War II suggests that the shift away from income taxation may continue. But there is a powerful movement underway to combat the growing sales tax menace, which attempts to make the income tax more progressive and more productive. I am hesitant to predict which of the two forces will prevail.

3. MORE CENTRALIZATION OF GOVERNMENT, OR LESS?

Historically, and until about a quarter century ago, the National Government claimed about one-third of all public revenues in the United States, State and local governments two-thirds. In recent years their relative positions have been reversed, and about two-thirds of all revenues now flow into the National Treasury. Between 1902 and 1959 Federal receipts multiplied 132 times, State-local receipts only 46 times.

It would be easy to conclude—and some observers do—that we are experiencing a long-range trend of gradual fiscal centralization. States and localities, it has been said, lack adequate powers and sources of taxation, and their revenues grow more slowly than the national income, while Federal revenues soar ahead.

The historical record does not bear this out. To be sure, during shooting wars Federal revenues skyrocketed, outdistancing national income and State-local revenues. Between 1916 and 1920, Federal receipts multiplied 8.5 times; they did likewise between 1940 and 1945. But in peacetime State-local revenues have always expanded at a faster rate than either national revenues or national income. This was true before World War I, between the two wars, and again since World War II. This happened between 1944 and 1959: National income increased 118 percent, National Government revenues increased 68 percent, State-local revenues increased 255 percent (State revenues 241 percent; local revenues 270 percent).

The State-local share of the public revenue dollar meanwhile climbed from 21 to 36 cents. This is the result of continuous rounds of tax boosts at State and local levels. Two-thirds of the States raised taxes in 1955, and again in 1959. Localities have been increasing theirs year after year.

The reason for the reversal of trends between peace and war periods is plain: national defense is a responsibility of the National Government; most domestic public services are in the domain of States and communities.

Some 15 years ago many fiscal experts declared that State and local governments would be unable to expand their revenues substantially—certainly not as fast as the National Government—and would have to depend increasingly upon the superior tax mechanism of the Central Government. If State-local tax collections had subsequently risen more slowly than Federal revenues, this certainly would have been taken as proof that the predictions had been correct.

Should we then take the spectacular postwar growth of State-local revenues as proof that the expandability of State-local taxes and the fiscal capacity of State-local governments have been underrated?

Three weeks ago, in the U.S. Senate, Senator PAUL DOUGLAS cited the amazing rate of increase of State-local revenues in the postwar period and the modest growth in Federal receipts. He drew the conclusion that States and communities have, by their remarkable effort, exhausted their fiscal capacity and, henceforth, will have to rely increasingly on the National Treasury.

It seems that no set of facts can change views on relative fiscal capacity or convictions on the direction in which fiscal responsibility ought to be shifted. In the final analysis, this is not a question of whether States and localities have the capacity to boost their own revenues sufficiently for their budgetary needs but whether it is desirable that they do so. The choice depends on whether we favor or oppose centralization of government.

Looking toward the future, the point has been made that the National Government has preempted the most lucrative sources of taxation and left States and localities with less productive types of taxes. It is undoubtedly true that the inordinate weight of Federal taxes makes it more difficult for other governments to finance their budgetary needs. States and localities could boost their taxes more rapidly if, as Harold Groves well expressed it: "the Federal Government did not descend annually upon their taxpayers like a ton of bricks."

It is probably also true that the National Government has largely preempted the field of income taxation. It has driven its rates to such extreme levels as to make it difficult if not impossible for States and localities to raise their own rates much higher. Income taxes have, for some years, contributed about 10 percent of State and local tax collections, a percentage which is not likely to be much increased without Federal tax concessions. Is it then necessary or desirable to reallocate sources of taxation as between the National, State and local governments?

There is no more appealing idea in the field of intergovernmental tax relations than that of a clean separation of sources, with each government being assigned certain taxes for its exclusive use. This has been tried time and again—but it never lasted. Germany, Switzerland, Canada and several other countries allocated indirect taxes to the central government, direct taxes to States, cantons or provinces. So incidentally, did for all practical purposes the United States for the first 120 years of its existence. But to public officials, as to human beings in general, the other fellow's grass always appears to be greener. So, gradually, in the United States and in other federal countries, central governments ventured into direct taxes while State or local governments adopted a widening range of excise and sales taxes. Eventually everybody was working both sides of almost every street.

Recommendations and attempts to reduce or eliminate tax overlapping have consistently failed. Governments are always on the prowl for more rather than fewer sources, and unwilling to give up what they have. The chance for tax separation or even a significant cutback in tax overlapping is slim indeed.

Present tax arrangements in the United States appear to be working to the disadvantage of local governments. Ninety-five percent of all income tax collections goes to the Federal Government, 96 percent of all property tax collections to local governments. Income taxes, of course, are the big moneymaker, and total more than all other taxes in the country combined. Property taxes have long been the whipping boy for popular resentment of taxes in general, and are said to be inflexible, stagnant, undesirable. This has lead to demands that part of the Federal abundance, originating in the income tax, should be made available to localities and States for the financing of essential services.

The suggestion has an undeniable appeal but runs up against a few stubborn facts: A government can hardly be claimed to enjoy fiscal abundance if its income fell short of outgo 80 percent of the time over the past 30 years, with a resulting vast deficit, if its budget is heavily in the red, and if its prospects for achieving a balance in the visible future are dim. The yield of Federal income taxes, individual and corporate, now barely equals the total of war-connected expenditures and is not available for the financing of added domestic public services or other commitments.

The record shows, however, that the National Government has been consistently increasing the number and amount of its grants-in-aid to States, regardless of its own fiscal position,[1] and State governments have been boosting their payments to localities. This has been proven popular and politically rewarding, and the trend, by all appearances, is likely to continue. The question is largely by which method the central tax machinery—National or State—can best be made available for the benefit of smaller jurisdictions. The devices most widely used or discussed are tax sharing and joint collection, tax credits, and functional grants-in-aid.

Tax sharing, joint collection and similar devices

All States now distribute funds to local governments for a national total of almost $10 billion annually. Close to $6 billion goes to the schools, $1.3 billion for welfare in States in which public assistance is legally

[1] National grants to States and localities, totaled $30.2 billion between 1950 and 1959, simultaneous U.S. budgets deficit $32.4 billion.

a local responsibility, and $1.5 billion for roads, mostly as a statutory share of State gasoline taxes. Barely $800 million is being distributed to counties, cities, towns, etc., without strings, and usable at their discretion. This suggests that school districts have been far more effective in making their voices heard and influence felt in legislatures than cities and counties.

A majority of the States distribute a small share of the proceeds from collections of income, sales or other taxes to local governments, either according to place of origin, or by population, area, or some other measure.

A most promising development in the postwar period has been the practice of joint collection, whereby the State adds a local levy to its own sales or excise tax and transmits the proceeds to counties and cities. This method is used very satisfactorily in California, Illinois, Mississippi, and a few other States, and ought to be employed far more broadly than it presently is. There is no reason why a similar arrangement in regard to alcohol, tobacco, and gasoline taxes could not be worked out between the Federal and State Governments.

It has repeatedly been suggested that the Federal Government should channel a modest percentage of its income or excise tax collections back to the States. Gov. Mike DiSalle, of Ohio, recently proposed that 5 percent of the Federal income tax collections be returned to the States. Others have asked for the sharing of tobacco or liquor taxes. The U.S. House of Representatives twice in recent years approved—but later rescinded—such plans, once in regard to 1 percent of income taxes and once in regard to 25 percent of cigarette taxes. The Federal funds could be distributed either by State of origin, in proportion to population, or according to an equalizing formula, favoring low-income areas.

A share of Federal tax collections could also be distributed in the form of unconditional fiscal grants (block grants) to States and municipalities. Australia and Canada have employed such grants for many years, and Great Britain in 1959 combined a dozen functional grants to local authorities into one nonearmarked block grant.

I have never been able to understand why Governors and mayors who believe that their budget headaches ought to be solved by Washington have not been pressing Congress for such a plan. It would make centrally collected funds available but leave decisions on their use with State and local officials.

Tax credits

The Federal Government now allows a credit for State taxes on its unemployment taxes and estate taxes. The estate tax credit originally permitted an offset up to 80 percent of the Federal tax but has shrunk to about 20 percent, which has caused much unhappiness among the States. The Advisory Commission on Intergovernmental Relations earlier this year submitted a plan for a modest increase in the Federal estate tax credit.

State and local taxes are a deductible item for Federal income tax purposes which eases their impact on the taxpayer. If, as is sometimes claimed, the burden of property or other State and local taxes is too high, then there is no reason why a more liberal Federal credit could not be allowed. For example, one bill presently before the Senate would permit each property owner to apply up to $100 of his school real estate taxes against his Federal income tax.

Numerous bills are pending before both Houses which would permit a tax credit for tuition payments. They would enable public (and private) educational institutions to raise their fees and thus lessen their demands on State and local treasuries.

Federal tax sharing with State and local governments, or more liberal tax credits for State and local taxes have been objected to because of the cost of such plans to the U.S. Treasury. It is, however, significant to note that most of those who voice this argument find little fault with rapid expansion of functional grants-in-aid. This suggests that the opposition is not directed at the cost of the plans but at the fact that the spending of the funds would be directed by State and local officials rather than the National Government.

Functional grants-in-aid

Functional or programmatic grants-in-aid from the Federal Government to States and localities were insignificant prior to 1930, rose to about $1 billion a year during the great depression, and jumped to $8 billion in the postwar period. Their amount tripled in each of the last two decades and shows all signs of continuing its meteoric rise.

About a hundred State and local activities are now federally aided and proposals to add many more are being considered by Congress. Each of these programs has its own set of Federal requirements and standards, and a bureaucracy to supervise and enforce their rules. Experiences in such programs as urban renewal, public assistance, roads, and many others suggest that a continuation of this trend will, within a measurable time, subject virtually all State and local activities to Federal control, and turn States, counties and cities into local subdivisions of Federal administrative departments. The choice between the several avenues to National-State-local tax coordination lies between roads that lead to a strengthening of the central powers and those that would help to preserve State and local autonomy.

Opinions differ on whether it is necessary or desirable to use the national tax machinery increasingly for the support of State and local budgets. States and communities could venture far more deeply into the field of sales and consumption taxes which, as I mentioned earlier, is a comparatively underdeveloped area of taxation in the United States. They could also make the property tax more productive than it presently is.

But the very fact that sales and property taxes offer States and communities a large independent revenue potential in fields which certainly have not been preempted by the National Government, causes the supporters of centralization to oppose extended use of those taxes. Whether State and local governments actually will continue to boost sales and property taxes at the rate of the past 15 years, depends to a large degree on the eagerness of the President and Congress to expand grants-in-aid to States and localities. Easy availability of Federal funds is not apt to enhance the ambition of State and local officials for boosting taxes under their own political responsibility. Action at the national level may largely determine the future division of the tax dollar.

In summary then, it appears to me that the general level of taxation is more likely to rise than to fall. The decision between greater emphasis on income taxation or sales and property taxation, and between more National or State-local financing will depend on prevailing attitudes whether there ought to be more or less redistribution of income, and more or less centralization of government.

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

Mr. GOLDWATER. I am happy to yield.

The PRESIDING OFFICER (Mr. HICKEY in the chair.) The time of the Senator from Arizona has expired.

Mr. GOLDWATER. Mr. President, I ask unanimous consent that I may proceed for an additional 3 minutes.

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

Mr. BUSH. The Senator spoke of tax "loopholes." I know the word "loophole" is not the Senator's word, and certainly it is not my word. This is a word which is frequently used by our friends across the aisle to describe provisions in the tax laws put there by the Congress of the United States, signed into law by the President of the United States.

I object to the use of the word "loophole" in connection with these things which are described as "loopholes." The 4 percent exemption and the $50 exclusion on dividends, for instance, are not tax "loopholes" at all. They were put in the law by the Congress, signed into law by the President of the United States.

The same applies to most of the other things which are called loopholes. I hope the Senator will agree with me that these are not "loopholes" but are provisions of the tax law put in the law after most thoughtful and careful consideration by both Houses of the Congress and the President of the United States.

Mr. GOLDWATER. I am glad my friend from Connecticut has brought this into focus, because what he has said is absolutely correct. "Loophole" has come to be looked on as some kind of evil word.

Mr. BUSH. It is a deprecatory word applied by those who wish to change the tax laws.

Mr. GOLDWATER. That is correct. If "loophole" be the word used, these things do exist in the present tax structure, and they have been put there by acts of Congress, signed by the President. If a desire exists to do away with these things, I think an honest effort can be made in that direction, but I do not agree for one instant that if these so-called loopholes were all plugged up it would provide one-tenth of the money needed to finance the New Frontier.

I shall state for my friend from Connecticut one concrete example. With respect to all the so-called loopholes of which we have heard the President talk, I have never heard the President suggest a complete taxation of the cooperative movement which, in itself, would provide amounts of money ranging up to $3 billion, merely by provision that the cooperatives pay the same taxes as any other group.

I am happy that the Senator from Connecticut has made this clear. I think we ought to make it abundantly clear that people who use the devices which are provided by law are not violating the law, are not acting illegally, but are merely acting in accordance with what the tax laws provide they can do. If our opposition wishes to call these things loopholes, and to attach some stigma to them, that is their own choice, but I think it is a mistake.

Mr. BUSH. Mr. President, will the Senator yield further?

Mr. GOLDWATER. I yield.

Mr. BUSH. The word "loophole" has been developed as a word expressing opprobrium.

The PRESIDING OFFICER. The time of the Senator has again expired.

Mr. GOLDWATER. Mr. President, I ask unanimous consent that we may have 1 more minute.

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

Mr. BUSH. The word "loophole" has been devised as a word expressing opprobrium, as a bad word, as though it describes some elements of the tax law which crept in unnoticed. Therefore, people give these elements the name "loopholes."

The point I wished to make—and I am glad the Senator agrees—is that these things are not that type of tax legislation. They were deliberately put into the law after careful hearings and consideration, after votes by the Senate and the House of Representatives, and after the signature on the law by the President of the United States.

Mr. GOLDWATER. I suggest that my good friend from Connecticut, and all my other friends in this body, should read the address by Dr. Freeman. I think it will throw a great deal of light on this subject about which so little is known.

PRESIDENTIAL INABILITY

Mr. KEATING. Mr. President, I was interested to hear of the arrangement which the President and the Vice President made relating to Presidential inability. It parallels an arrangement made by former President Eisenhower and former Vice President Nixon.

I invite the attention of the Senate to the fact that the agreement, which was announced yesterday on Presidential inability does not put an end to this constitutional problem. The agreement at best provides only a minimum safeguard against utter chaos in the event of Presidential incapacity. In the event a disagreement ever arose between a President and a Vice President as to whether the President's inability had ended, the agreement would not even provide such a minimum safeguard.

I have been urging for many years a constitutional amendment which would establish permanent and unambiguous procedures in the event of a Presidential inability. Under this proposal a Commission would be established which would make all of the critical decisions whenever an issue as to the President's capacity arose. Other proposals have been made, notably the plan advanced by the distinguished senior Senator from Tennessee [Mr. KEFAUVER], which would vest similar authority in the President's Cabinet. The Subcommittee on Constitutional Amendments has been attempting for months to obtain the views of the Department of Justice on this question, but has not yet received a reply to its request for a report.

The President's agreement may serve as a stopgap, as did the agreement between President Eisenhower and Vice President Nixon, but it must not deter early consideration of a suitable constitutional amendment covering all possible contingencies. I intend on Monday to reintroduce the amendment I have sponsored for many years on this subject. I hope that the Constitutional Amendments Subcommittee will move promptly to initiate congressional action on the measures pending in this field. We cannot amend the Constitution by private agreement—not even a private agreement between the President and his Vice President. Congress has failed for too long to close this gap in our Constitution. It should act now without further delay.

Mr. President, I ask unanimous consent to include at this point in the RECORD the text of the President's pact on incapacity, an article on this subject by Arthur Krock, and a news story by Joseph A. Loftus, all of which appeared in today's edition of the New York Times.

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

TEXTS ON PRESIDENT'S PACT ON INCAPACITY

WHITE HOUSE STATEMENT

The President and the Vice President have agreed to adhere to procedures identical to those which former President Eisenhower and Vice President Nixon adopted with regard to any questions of Presidential inability. Those procedures are as follows:

(1) In the event of inability the President would—if possible—so inform the Vice President, and the Vice President would serve as acting President, exercising the powers and duties of the office until the inability had ended.

(2) In the event of an inability which would prevent the President from so communicating with the Vice President, the Vice President, after such consultation as seems to him appropriate under the circumstances, would decide upon the devolution of the powers and duties of the Office and would serve as acting President until the inability had ended.

(3) The President, in either event, would determine when the inability had ended and at that time would resume the full exercise of the powers and duties of the Office.

Constitution interpreted

After consultation with the Attorney General, it is the understanding of the President and the Vice President that these procedures reflect the correct interpretation to be given to article II, section 1, clause 5 of the Constitution. This was also the view of the prior administration and is supported by the great majority of constitutional scholars.

The relevant constitutional provision is:

"In case of the removal of the President from office, or of his death, resignation, or inability to discharge the powers and duties of the said Office, the same shall devolve on the Vice President, and the Congress may by law provide for the case of removal, death, resignation, or inability, both of the President and Vice President, declaring what officer shall then act as President, and such officer shall act accordingly, until the disability be removed, or a President shall be elected."

Under this provision, upon a proper determination of presidential inability, the Vice President succeeds temporarily to the powers and duties of the Presidency until such time as the President is enabled to act again. Unlike the case of removal, death, or resignation, the Vice President does not permanently become President.

Under the arrangement quoted above, the Vice President agrees to serve as acting President "after such consultation as seems to him appropriate under the circumstances." There is no provision of the Constitution or of law prescribing any procedure of consultation, but the President and Vice President felt, as a matter of wisdom and sound judgment, that the Vice President would wish to have the support of the Cabinet as to the necessity and desirability of discharging the powers and duties of the Presidency as acting President as well as legal advice from the Attorney General and the circumstances would, under the Constitution, justify his doing so. The understanding between the President and the Vice President authorizes the Vice President to consult with these officials with a free mind that this is what the President intended in the event of a crisis.

Prior to the Eisenhower-Nixon arrangement, there were no similar understandings of a public nature. For this reason, prior Vice Presidents have hesitated to take any initiative during the period when the President was disabled. Obviously, this is a risk which cannot be taken in these times, and it is for that reason that President Kennedy and Vice President JOHNSON have agreed to follow the precedent established by the past administration.

ATTORNEY GENERAL'S OPINION

In my judgment, there is no question that the Vice President acts as President in the event of the President's inability to and acts in that capacity "until the disability be removed." I do not believe that the practice which has grown up to the effect that the Vice President becomes President in the event of death of the President creates any substantial doubt.

I believe also that there is no substantial question that it is the Vice President, if the President is unable to do so, who determines the President's inability and that it is the President who asserts when the inability has ceased. These conclusions are supported by the great majority of reputable scholars who have examined the problem, as well as by my predecessors.

In this connection, it is important to note the development of the Vice Presidency in recent years, and the important changes in that office which have come about, particularly in the past two decades. During this time the Vice Presidency has moved substantially from its anomalous status under the Constitution in both the executive and legislative branches toward the former. Recent Vice Presidents have been given significant executive responsibility and an important voice in the highest affairs of state. The working relationship between the President and Vice President has become increasingly close, and during the past administration as well as the present one the President has been concerned to keep the Vice President current and informed with regard to presidential policies.

Continuation expected

While one cannot predict with certainty that this trend will continue in future administrations, I regard it as altogether likely because, in an age marked by crisis, this course seems to be dictated by the necessities of our times. It is significant with regard to the problems discussed in this opinion because, in my judgment, it greatly reduces the possibility of an impasse between the President and Vice President, and thoughts in the public mind that the Vice President should be regarded as a potential usurper of office. It also is relevant because it greatly increases the practical capacity of the Vice President to act as President in the event of Presidential inability, whatever the cause.

I am of the opinion that the understanding between the President and the Vice President which I have approved above, is clearly constitutional and as close to spelling out a practical solution to the problem as is possible.

IN THE NATION—AN EXPEDIENT FORCED BY THE INACTION OF CONGRESS

(By Arthur Krock)

There are two reasons why President Kennedy, like his immediate predecessor, has been obliged to assure continuous government in the United States by a personal contract with his Vice President. One is that the Constitution, in providing for this continuity, supplied no procedure for the Vice President to assume the "powers and duties" of the President when his superior was unable for any reason to perform them. The second reason is that, despite at least two critical instances of Presidential inability—Garfield's and Wilson's—Congress has never exercised its power to fill this dangerous gap.

That is not because of the lack of practical and orderly suggestions to Congress how this power can be exercised. The last one was made by Attorney General William P. Rogers after the illness of his chief, President Eisenhower, again had brought the issue of Government continuity to the fore. But General Eisenhower had drawn up a written arrangement with Vice President Nixon (as Mr. Kennedy has now done with Vice President Johnson) that disposed of several of the grave aspects of the problem for the duration of the term to which Eisenhower and Nixon were elected in 1956. And Congress once again decided to trust to luck that this high duty would be performed by future administrations.

The perils inherent in this careless attitude do not appear, however, to have been entirely safeguarded against by either the Eisenhower-Nixon or the Kennedy-Johnson contract. What still is urgently required is a constitutional amendment empowering Congress to prescribe statutory procedures for the transfer of "powers and duties" from an incapacitated President who could but would not certify his incapacity, and for maintaining the interregnum in another highly conceivable situation. This would arise if and when an incapacitated President, who had duly certified his condition and whose powers and duties the Vice President had taken over, sought to reassume them while still in a state of inability.

TRANSFER OF FUNCTIONS

Both the Eisenhower-Nixon and the Kennedy-Johnson personal contracts provide, as satisfactorily as such arrangements can, for the transfer of functions in the event the President is unable, through capture, loss of physical faculties, etc., to communicate to the Vice President his incapacity to administer the office. But neither contract could, nor apparently did, put beyond constitutional question the refusal of a disabled President to concede his incapacity, or the refusal of an Acting President to return the official functions to a disabled President who announced his ability to resume these "powers."

This is why Rogers proposed a constitutional amendment, by authority of which Congress could provide by statute for these and other contingencies.

When President Eisenhower's illnesses stirred Congress into at least some desultory discussion of the problem, several lawyers of repute advised this department that Congress already had the power to devise such a statute without amendment of the Constitution. They proposed this as having the virtue of immediate action in a time of great anxiety over President Eisenhower's health, as contrasted with the length of time required for the addition of an amendment to the Constitution. But General Eisenhower removed the second consideration by the personal arrangement with Vice President Nixon he made and announced. And that allowed all the time required for the submission and ratification of an amendment—a convenience now restored by President Kennedy's revelation in answer to a news conference question today from W. H. Lawrence from ABC.

The Kennedy-Johnson arrangement provides in more detail than the preceding one for the counsel which should be held prior to an assumption by the Vice President of the status of Acting President. "Appropriate consultation" in this event is defined as with a Cabinet majority and the Attorney General. The view of the first that the President would, if he could so announce, want the Vice President to take over, would amount to a sanction from his administration. The view of the Attorney General that the takeover was within the contemplation of the Constitution would add an essential legal sanction in the absence of the congressional action urged by Rogers and just as much needed now. This need is emphasized by the fact that a future Attorney General from whom a future Vice President would seek assurance that their Chief would want the transfer to be made if he knew the circumstances and could say so, will probably not be the brother and most intimate confidant of the incapacitated President.

But, though the Kennedy-Johnson agreement in some respects puts a tighter patch than before over the constitutional loophole, there remain spaces real and conceivable that such a document cannot fill. In this period of its early vigor, and the growing menace to persons official and private of nuclear war, the administration might be able to induce Congress at last to provide the only all-purpose filling that also will be durable.

KENNEDY PROVIDES THAT JOHNSON WILL ACT IF HE IS INCAPACITATED

(By Joseph A. Loftus)

WASHINGTON, August 10.—President Kennedy disclosed today that he had made an agreement that Vice President JOHNSON would exercise the rights and duties of the President in the event of any period of Presidential incapacity.

The agreement follows the example set by President Eisenhower and Vice President Nixon in 1958. Their agreement was a product of concern generated by General Eisenhower's several illnesses.

President Kennedy made his disclosure in response to a question at his news conference today (question 4, p. 6).

AGREED BEFORE INAUGURATION

Pierre Salinger, the President's press secretary, said later that Mr. Kennedy and Mr. Johnson had reached their agreement, similar to the Eisenhower-Nixon accord, prior to Inauguration Day last January 20.

The agreement was subjected to a full study of constitutional questions by the Attorney General. No specific event or ailment led to the agreement, Mr. Salinger said.

A 43-page opinion by Attorney General Robert F. Kennedy, also released today, endorsed the agreement.

The procedures, identical in language to those of the Eisenhower-Nixon agreement, are as follows:

"(1) In the event of inability the President would—if possible—so inform the Vice President, and the Vice President would serve as Acting President, exercising the powers and duties of the Office until the inability had ended.

"(2) In the event of an inability which would prevent the President from so communicating with the Vice President, the Vice President, after such consultation as seems to him appropriate under the circumstances, would decide upon the devolution of the powers and duties of the Office and would serve as Acting President until the inability had ended.

"(3) The President, in either event, would determine when the inability had ended and at that time would resume the full exercise of the powers and duties of the Office."

This agreement was extended informally to one additional point in the White House press statement. Referring to consultation in point 2, the statement said:

"There is no provision of the Constitution or of law prescribing any procedure of consultation, but the President and Vice President felt, as a matter of wisdom and sound judgment, that the Vice President would wish to have the support of the Cabinet as to the necessity and desirability of discharging the powers and duties of the Presidency as Acting President as well as legal advice from the Attorney General that the circumstances would, under the Constitution, justify his doing so.

"The understanding between the President and the Vice President authorizes the Vice President to consult with these officials with a free mind that this is what the President intended in the event of a crisis."

CONSTITUTION NOT CLEAR

The question of an Acting President occurs because the Constitution is not clear about the rights and duties of the Vice President if the President, though living, is unable to function.

Article II of the Constitution raises such questions as:

Does the Office of President, or only the rights and duties of the Office, devolve on the Vice President?

Also, if the Office itself devolved on the Vice President, does that mean he would be President, and continue to be President, even if the elected President fully recovered?

Further, who shall decide when a President is disabled, or what constitutes disability?

Or, who shall decide when a President's disability has ended and how he shall reclaim his power?

The Constitution, contrary to popular notion, does not provide beyond question that upon the death of a President the Vice President becomes President. However, succession to the Presidency, in case of death, resignation, or removal, has been established by what scholars call constitutional custom.

John Tyler established this precedent when William Henry Harrison died in 1841. The principle laid down by him was followed by six other Vice Presidents upon the death of the President in office.

Edward S. Corwin, a recognized authority, says in his book, "The President: Office and Powers":

"That Tyler was wrong in his reading of the original intention of the Constitution is certain."

It was clearly the intention of the framers, Mr. Corwin wrote, that the Vice President should remain Vice President unless he was elected President.

SOME DOUBTS LINGER

While custom has removed any real doubt about succession in the event of death, resignation, or removal, doubt remains about rights and duties in the event of a President's inability and his subsequent recovery.

President Garfield lingered for 80 days after he was shot in 1881. He was able to perform only one official act, the signing of an extradition paper. The Cabinet wanted Vice President Chester A. Arthur to act in Garfield's place. But there was scorn, lest the President, should he recover, would have no way of regaining the powers that the Vice President might have exercised in place of the President.

The most serious period of Presidential disability followed the stroke suffered by President Wilson in 1919. For 6 weeks he was unable to act on legislation that Congress sent to him. Effective power devolved on his wife and his physician.

The Eisenhower-Nixon agreement and the Kennedy-Johnson agreement appeared to clear up most constitutional ambiguities.

However, a problem might arise in the event of a President's mental incompetence.

Such a President of his incapacity or, having done so, might reclaim his powers before he had recovered.

On this matter, a highly placed lawyer in the Justice Department said:

"Nobody has come up with the ingenuity to answer that one. Obviously there is a possibility of conflict."

There is a legal question whether the President has the right to make an agreement as to who shall act for him if he is unable to function.

In 1958, when the Eisenhower-Nixon agreement was announced, Speaker SAM RAYBURN was reported to be opposed. He contended that there was no constitutional provision for an acting President and that a Vice President could not exercise Presidential powers without taking the Presidential oath. Mr. RAYBURN was not available for comment today.

The Attorney General's opinion did not deal directly with the legality of such an agreement. It dealt with the desirability of an agreement, with the Vice President's powers in certain circumstances, and who should decide when inability began and ended.

RETIREMENT OF NATIONAL GUARD TECHNICIANS

Mr. KEATING. Mr. President, I am very much disappointed by the action of the conference committee and the Congress in eliminating any funds for Federal contributions to the retirement pay of National Guard technicians who are State employees. Although the pay of these employees has been determined to be within the responsibilities of the Federal Government, so far the Federal Government has made no contribution and these employees have only social security benefits for their retirement. This is manifestly unfair, as their counterparts within the State governments also enjoy State retirement benefits financed through joint contributions of the employee and the State.

There is clearly a need for legislation to provide for equitable retirement benefits for Army and Air National Guard technicians. It should include language assuring that the contribution made by the Federal Government will be at least equal to the amount contributed by State governments for their employees. So far, when these funds have been discussed, the Budget Bureau has insisted on a limit for the Federal contribution of 6½ percent. The necessary legislation should not carry such a limit because in some States the State retirement system provides for higher payments, as in New York where the employer contributes nearly 13 percent including social security. Although there is a limit on Federal contributions for civil service workers, in fact, this limit is not realistic because, in order to provide all the benefits authorized by law, additional appropriations will almost certainly be required at some point in the future.

Therefore, Mr. President, although I am very much disappointed that, in this hour of national crisis, these important defense workers will not receive any Federal contribution to retirement benefits this year, I am hopeful that legislation to right this wrong will be promptly approved by the Congress and I am myself having a bill drafted which would insure that the contribution paid by the Federal Government would be at least equal to the contribution of the State government for similar employees.

IMMIGRATION POLICY

AMERICAN COMMITTEE ON ITALIAN MIGRATION

Mr. JAVITS. Mr. President, the figures of 1920 which are the basis for wealth of a nation not only lies in its natural resources but upon the talents of its people. Our greatness as a nation has been founded on the abilities of the world's homeless and oppressed who came to our shores seeking refuge. Today, our immigration laws stand in opposition to the rich tradition of opportunity for all which gave our country strength.

Because we have failed to reconstruct our discriminatory and outdated laws, we are denying our responsibility as the leader in the world's struggle for peace. The immigration proposals which I have sponsored with Senator KEATING recognize the fact of life that we are living under a 1960 census, not the outdated quota system. This provision and that providing for the reallocation of unused quotas to oversubscribed countries would certainly help to improve the unjust, inequitable, and hopelessly archaic national origins quota system. Progress in this area is the most urgently needed revision. If we continue to fail to modernize our immigration policy we will negate our own best interests in foreign affairs as well as our own domestic, economic, and social well-being. The homeless cry out to us in the name of justice and humanity. We cannot turn a deaf ear to their pleas.

The American Committee on Italian Migration, now celebrating its 10th anniversary, has prepared a statement illustrating many of the inadequacies in the present immigration structure. I ask unanimous consent that this statement be printed in the RECORD.

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

At the present time at American consulates abroad there are petitions for (1) thousands of husbands, wives, and children of aliens legally residing in the United States and for (2) sons and daughters, brothers, and sisters of American citizens. They all face the dim prospect of a prolonged separation of many years before they can expect to be reunited with their loved ones.

These are the unfortunate victims of circumstances whose hopes of reunion with their kin were raised with the filing of immigration petitions, only to be shattered at the offices of our consuls abroad who have the unwelcome duty of informing them that years will elapse before they can expect to receive a visa to enter the United States.

This situation is especially grave in Italy and in other countries where the annual allotment of immigration visas is small (see p. 3).

In September of 1959, with the passage of Public Law 86-363, the 86th Congress took a step forward in alleviating the situation by permitting the entry, on a nonquota basis, of second, third, and fourth preference applicants for visas who had been registered on a consular waiting list prior to December 31, 1953.

We express our deep concern over the many problems—psychological, moral, and economic—created by a situation which can easily be remedied.

It appears that H.R. 6300, introduced by Representative FRANCIS E. WALTER on April 13, 1961, and a similar bill, S. 1809, introduced by Senator EVERETT MCKINLEY DIRKSEN on May 4, 1961, whose intent was to facilitate, among other provisions, the reunion of aliens with their close relatives here by reallocating unused quotas, requires further study and consideration and will not be enacted into law in the current session of Congress. Should, however, H.R. 6300 and S. 1809 be taken up soon, we strongly endorse the recommendation made by the U.S. Department of Justice that unused visas be issued on a first come, first served basis.

Unless and until permanent provisions such as those contemplated in H.R. 6300 and S. 1809 are made, it is urgent that immediate emergency measures be taken before the adjournment of this session of Congress to reunite families that have been separated for years.

Consideration and quick action are requested on the following proposals:

1. Nonquota status for spouses and unmarried children of aliens legally residing in the United States who are presently registered in the third preference category.

2. Nonquota status for close relatives (sons, daughters, brothers, and sisters) of U.S. citizens who have been registered in the fourth preference category for the period from January 1 to December 31, 1954.

Incidentally, it is to be noted that the persons for whom relief is requested are dependents, for the most part (spouses and unmarried children of aliens legally residing in the United States), and they can, as consumers, indeed serve as a stimulant to the economy. Visa Office Bulletin No. 79 issued by the U.S. Department of State on May 1, 1961, listed the following countries with their respective registrations of second-, third-, and fourth-preference cases (parents and unmarried adult children of U.S. citizens; spouses and children of aliens legally residing in the United States; sons and daughters, brothers and sisters of U.S. citizens).

Quota and subquota areas:	*Registered demand*
Australia	134
China	114
Chinese persons	2,327
Cyprus	258
Barbados	362
British Guinea	251
British Virgin Islands	227
Jamaica	902
Malta	294
Trinidad	238
Greece	6,999
Hungary	1,706
India	177
Iran	156
Iraq	163
Israel	234
Italy	138,378
Japan	733
Lebanon	193
Morocco	302
Palestine	337
Philippines	1,636
Portugal	3,888
Rumania	790
Spain	756
Tunisia	217
Turkey	826
United Arab Republic	580
Yugoslavia	2,135
Others	5,897
Total	171,210

SCALLOP FESTIVAL, AUGUST 11, 1961

Mr. SALTONSTALL. Mr. President, I wish today to take note that the second

largest fishing port in the United States and the scallop capital of the world opens its scallop festival today. More sea scallops are landed at the city of New Bedford than at any other place in the Nation. Last year this figure amounted to 73 percent of the U.S. production, and was valued at $6,731,000.

A plateful of sea scallops is one of the most pleasant meals a man can enjoy, and within the next few days thousands of people will be flocking to New Bedford to sit in the Marine Park eating them. Truly a community project, the festival is sponsored by the Exchange Club, the Seafood Producers Association, the unions—in fact, all New Bedford.

I hope that my colleagues have the opportunity to enjoy New Bedford sea scallops in the near future, as we enjoyed them last year at lunch in the Senate.

CONGRESSIONAL FELLOWSHIP PROGRAM

Mr. KEATING. Mr. President, I should like to join my friend, the senior Senator from Minnesota, and other colleagues who yesterday paid tribute to the congressional fellowship program sponsored by the American Political Science Association.

During the years that I have been in Washington, I have had many beneficial contacts with the American Political Science Association, and have become aware of the many excellent programs that the association sponsors. One of the most commendable things about these programs is that the association has had the wisdom not to limit them to professional political scientists.

It is my understanding that about half of each year's congressional fellows are lawyers and journalists. The association also sponsors a series of regional conferences each year for reporters on government. An outstanding journalist from the Rochester Democrat and Chronicle participated along with reporters from all over the eastern United States in one of these conferences this year at Buck Hill Falls. He has told me that it was a most valuable experience, and that he returned to Rochester with a broader understanding of government.

The congressional fellowship program not only enlarges the knowledge of the journalists, lawyers, and political scientists who participate in it, it also makes a most definite contribution to the offices in which the fellows are stationed.

The fellowship program pioneered the way for a number of college intern programs which by now have become indispensable aids to many offices in the Senate and the House of Representatives.

This summer I have no congressional fellow in my office, but I have received the valuable assistance of four young students who are sponsored by other college intern programs. I am sure that these interns have learned much during their summer on Capitol Hill, but I feel that I have gained even more from them than they have gained from their experience here. They have made it possible for my office to undertake several legislative projects that otherwise might not have been possible. Their bright suggestions and their untiring scholarship will be greatly missed when they return to their formal studies in a few weeks. These students are: Donald Robinson, Buffalo, N.Y., a senior at Union Theological Seminary; Lydia Vecchi, Canandaigua, N.Y., a senior at Vassar College; Kenneth Campbell, Dobbs Ferry, N.Y., a senior at Yale University; and Elizabeth Hutchins, New York City, who this fall will begin her freshman year at Wellesley College.

I therefore join in saluting the congressional fellowship program of the American Political Science Association and all of the other intern programs that have followed in its footsteps.

WORLD'S FAIR BILL MAKES PROGRESS

Mr. KEATING. Mr. President, I am delighted today to call attention to the fact that the other body is making progress on the legislation to provide for a study of Federal participation in the 1964–65 World's Fair. Yesterday afternoon, the Subcommittee on International Movements and Organizations of the Committee on Foreign Affairs cleared for full committee action legislation similar to the World's Fair bill which my colleague [Mr. JAVITS] and I have introduced in the Senate.

Mr. President, world fairs require a great deal of preparation and planning. To us in Congress, 1964 is a long way off but it is just around the corner for the men who will build and administer the 1964 World's Fair.

With the clock beginning to run out on the 1st session of the 87th Congress, I am very anxious for both bodies to get down to work on needed World's Fair legislation. We want to make this the greatest and most successful World's Fair ever. Twenty States and many more foreign countries are already making plans to participate. I am happy to report our progress in the other body, and I express the hope today that we shall in the very near future be able to celebrate the final passage of this legislation, which is just one of the many significant hurdles to be cleared in preparation for the New York World's Fair.

ACTION OF THE COMMITTEE ON LABOR AND PUBLIC WELFARE ON THE YOUTH CONSERVATION CORPS BILL AND THE COLD WAR GI BILL

Mr. CLARK. Mr. President, at page 15067 of the RECORD my very good friend, the junior Senator from Arizona [Mr. GOLDWATER], with that good humor for which he is so famous in this body, undertook to rib some of us New Frontiersmen about our method of operation within the Committee on Labor and Public Welfare.

We can, and do, take his comments in good part. But unfortunately my friend from Arizona was incorrect in his recollection of the facts on which his humorous comments were based. He accused our committee of "rather sneaking one over" in certain action that we took at a committee meeting last week. He also suggested that the Democratic members of the committee more or less hid out in the antechamber until a quorum was assembled, and then proceeded to come into the committee room, declare a quorum present and report some legislation from the committee to the calendar before the startled Republicans were able to recover their wits and come in to join us.

While the account is an amusing one, actually it is not very accurate. What actually happened was that two bills which had been carefully considered by subcommittees and the full committee at previous sessions—the GI bill of rights, the post-Korean war bill, sponsored by the Senator from Texas [Mr. YARBOROUGH], which had been debated within the committee at great length during the consideration of the NDEA, and the Youth Conservation Corps bill, which had been passed by the Senate during the 86th Congress and fully discussed in the subcommittee and rather elaborately discussed in the full committee at a meeting previous to the one to which the Senator from Arizona took objection—were ordered reported in relatively short order by the committee at a meeting which the Senator from Arizona was unfortunately unable to attend.

Having notified all members of the committee that these two bills would be on the agenda, the committee waited from 10 a.m. until about 10:35 a.m. for somewhat dilatory Members to arrive to make a quorum.

Many of us on the majority side were engaged in drinking a friendly cup of coffee in the anteroom, the door of which was open, until we did get a quorum. Needless to say, we would have been glad to have had the minority members of the committee join us, but apparently they had engagements elsewhere. At 10:35 we finally had a quorum. The minority staff members were present in the committee room at all times. We came into that room and the chairman declared that a quorum was present. In relatively short order we did pass out these bills to the calendar—bills which had been considered by two subcommittees, after elaborate hearings during which proceedings minority members had participated in the debate, bills which had been previously considered in executive session by the full committee.

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

Mr. CLARK. I ask unanimous consent that I may proceed for not more than 2 additional minutes.

The PRESIDING OFFICER. Without objection, the Senator may proceed.

Mr. CLARK. Mr. President, after these bills were voted upon in the committee the senior Senator from New York [Mr. JAVITS] appeared, at about 10:45, and expressed some concern that we had acted as we had, and moved to reconsider the votes by which the bills had been approved. There was substantial discussion on the motions to reconsider, during which the merits of both

bills were again considered. The Senator from New York indicated his dissent with some of their provisions. After quite a full discussion, those motions were voted down, and the bills were referred to the calendar.

Mr. President, I make this explanation because I think it should be clear that the last thing in the world the committee did was to sneak one over on the regular corps. We too believe in the rights of minorities. We too believe in adequate debate; but in the Committee on Labor and Public Welfare the overwhelming majority of us are opposed to filibusters. We are hopeful that our good friend from Arizona will, sometime before we adjourn, permit us to hold hearings on the higher education bill, which today, for reasons quite within his rights under the rules, he has been unwilling to do. I see on the floor the Senator from Arizona, and I am glad to yield to him.

Mr. GOLDWATER. Mr. President, I merely bring to the attention of the Senate the activity of this committee, which acts in very peculiar ways. I had been present the day before, 25 minutes before even one Democrat had showed up for the hearing. I try to be punctual. I have other committee work to attend to also. However, in this particular instance it was my understanding that the entire Democratic side of the committee met in the outer office, and when there was a sufficient number of them present—eight of them—they marched into the big room, which I call the igloo—and there they immediately voted out these two bills.

It is true that we had had some prior debate on the conservation bill and we had had some remarks about the Korean GI bill of rights. However, to my certain knowledge there was not one Republican in that room who was allowed to register his vote either for or against those bills.

I know that there are Republicans who would have wanted to vote with the majority. I know that the majority is perfectly within its rights in doing this sort of thing, and that the junior Senator from Arizona, as the distinguished Senator from Pennsylvania has recognized, is perfectly within his rights in using all the parliamentary tricks in the book.

After all, if it were a minority of only one Senator making the difference, it might be something else, but in this case the odds against us are two to one. There are 10 Democrats and only 5 Republicans. This is a rather substantial minority.

Knowing the Senator from Pennsylvania and knowing of his lifelong interest in the protection of minorities, and knowing of his great interest in protecting the minority people of this country, I hope that his interest will extend to the rights of the Senator from Arizona and others, who are in the minority. That is why I believe it is so important that we do not tamper with the rules of the Senate, which make it possible to protect a minority, just as the other day the Senator from Wisconsin [Mr. PROXMIRE], one of the strongest advocates of the rule change in this body, exercised his right for 36 hours to talk to the Senate on a subject that he felt was of great importance.

I believe that the greatest single function we perform, and the greatest single responsibility that we have in this body is to protect the rights of minorities. Once we become a legislative body in which a simple majority rules, I suggest to my friend from Pennsylvania we will cease to be a republic and will have become an enslaved people with a central government able to do whatever it wants to do.

My remarks the other day were said mostly in jest, but I must say there was a great deal of truth in them also.

This morning's meeting is an example. I learned of the meeting by reading the Washington Post, which is an exercise in which I do not engage very often. I do it because the Post has the best funny paper section of any paper in town. Right near the funny paper section there appeared the announcement that the committee would meet this morning. So I jumped out of bed, took my bath, shaved, and came down to the meeting, and assisted my friend from Pennsylvania in passing a bill out of the committee. Had I not read the Post—and I am not given to reading that paper, because I prefer to read the truth rather than fiction—I would not have known about the meeting.

I am not blaming anyone, Mr. President. I do sincerely hope, though, that the time is not far off when the Senator from Pennsylvania will be on the minority side, and then he will know whereof I speak.

A SECOND LOOK AT THE EMERGENCY FEED GRAIN PROGRAM

Mr. KEATING. Mr. President, this morning there are reports on the change in the Agricultural Department's estimate for the 1961 corn crop, which strike me as most interesting. This week's figures cast a shadow as big as an aircraft carrier over the long-boasted success of the administration's emergency feed grain program for 1961.

On July 1, the Department estimated that the feed grain program would result in a cut of 716 million bushels in the 1961 corn crop. These figures were quoted as being highly reliable in the Senate report on the 1961 farm bill. Today, the August 1 estimates are available, and lo and behold, a slipperly critter has been nibbling away at our corn statistics.

The Department estimates in August that the still unharvested crop of corn will be 3,352,037,000 bushels. This is an increase of 176,860,000 bushels over the July figure; and that is a lot of corn. To put it all together, the 716-million-bushel cut estimated in July is now a 539-million cut as estimated in August. The widely heralded cut in feed grains is sliding down hill at a very significant rate.

When the farm bill was debated, I and a good many of my colleagues voted against including in it an extension of the feed grain bill. We said, "Let's wait until the final 1961 crop figures are available and we can determine whether this program has worked or whether, like so many other of our farm programs, it has simply added costs to the taxpayer and crops to the storehouse."

The feed grain program has already cost us about $780 million. It will cost a lot more before the 1961 program ends. What do we have to show for it? Accepting the present estimates, despite their jack-in-the-box behavior, we may cut around 900 million bushels of feed grains. We have no grain to show for it, and it has already cost almost as much as it would have cost had we actually grown the crops and put them in storage. It may cost a lot more.

Mr. President, before we rush to pass any more stopgap emergency farm programs, let us take a good hard look at the whole farm situation. Let us remember that when this feed grain program was enacted, many of us felt it would not cut production as markedly as suggested, because farmers can, and I don't blame them, retire bad acreage and then work hard to increase production per acre on their best cropland.

Mr. President, I remind the Senate that I have recommended the establishment of a joint congressional Study Commission on Agriculture in light of the fact that the Congress so emphatically and, I believe, right turned down the President's request that this long-range planning responsibility be given to Secretary Freeman and the farmers of America. One national news magazine compared this to turning the responsibility for writing our customs laws over to smugglers.

I have great faith in our farmers, and I think they should be heard, but I think farmers themselves would agree that we need a new approach to some of our chronic and knottiest farm problems. The farmer is hamstrung by the Government, and I think he should have a chance to stand up for himself. At the same time, the consuming taxpayers of America are on a subsidy flight to the moon, and nobody—farmers or taxpayers—is the better for it.

Mr. President, today's figures point up the need, even better than Smith's Cadillac, for a long-range, basic reevaluation of our Nation's farm policies.

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

Mr. KEATING. I yield.

Mr. AIKEN. In reading the crop estimates, as the Senator has done, I believe he has pointed out the very reason why there was such a rush to enact legislation restricting corn production before these estimates came out. I am willing to say: "You have not seen anything yet. Wait until you get the October and November estimates. Then you will realize how futile this program is."

Mr. KEATING. It shows the merit of the position taken by the distinguished Senator from Vermont, who is a leader in this field, that if we are going to legislate at all in this field, we should wait to see what the figures show for this crop year.

Mr. AIKEN. I repeat, "You have not seen anything yet."

INTRODUCTION AND ANALYSIS OF THE NEW PROGRAM OF THE SOVIET COMMUNIST PARTY

Mr. DODD. Mr. President, more than a week ago, the Soviet Communist Party published the text of a new program.

This program is of vital significance to the whole free world. It is important that we understand it, because, properly understood, it tells us what the Communists have in store for us.

The program was long, and full of Marxist verbiage, and its major implications were bound to escape the average reader. For the most part, the interpretations that have appeared in the press tended to becloud the issue rather than to clarify it. These interpretations have been characterized by both ignorance and wishful thinking.

On the one hand, some of these interpretations assumed that Khrushchev really meant what he said about outproducing the capitalist world in consumer goods, and that he would therefore attempt to avoid any military showdown over Berlin. On the other hand, they present Khrushchev's call for collaboration with Socialist parties and other non-Communist parties as a hopeful innovation, which suggested the possibility of a general moderation of Soviet policy.

These analyses simply ignored the fact that the Soviet regime under Stalin passed through several distinct periods of so-called collaboration with Socialist and other non-Communist parties. This collaboration was invariably used to advance the interests of the Communist conspiracy.

The recently published draft of a program of the U.S.S.R. Communist Party constitutes an open declaration of war on the free world in general and the United States in particular.

This draft, which will become the law of the Soviet land after its rubberstamping by the forthcoming XXII Congress of the U.S.S.R. Communist Party scheduled to convene in October, enunciates with brazen candor the goals proposed for the international policies of the Soviet Union. It calls for the establishment of Communist regimes in the still free countries, to be achieved primarily by internal subversion directed by the Soviets, but also, if necessary, by Soviet military intervention against those countries bold enough to resist internal subversion.

The message of the program to the free world can be summed up as follows:

> Communism must triumph in your countries sooner or later through social revolutions. You can have your choice. Either the revolutions will be peacefully accepted by you, in which case the U.S.S.R. will not interfere in them; or else you will foolishly oppose the course of history by fighting these revolutions, in which case the Soviet Union will crush your reactionary resistance.

"Peaceful coexistence," which is offered to us as a bait, or an anesthetic, is defined in the program as another, efficient method of class warfare, which provides special opportunities for subversion to the "proletariat"—a cover word for the Communist Parties—of the capitalist countries.

On the other hand, the program specifically states that the renunciation of war as a method of settling international conflicts does not apply to the wars of liberation undertaken by enslaved nations against their imperialist oppressors. It will not only be the right, but the international proletarian duty of the Soviet Union to interfere in such wars against the capitalist imperialists.

What is meant in the first place by "capitalist imperialist nations" is also made abundantly clear in the program. It repeatedly equates world capitalist and imperialist oppression with the United States of America, to whom it attributes the darkest plans and the vilest motives. It calls for an international campaign of hatred against the United States and makes it the number one target for subversion and aggression on the part of world communism.

The new program of the Soviet Communist Party thus heralds the systematization of the Communist aggression against the free world, by revolutionary subversion at any time and all the time, and by armed intervention when subversion fails.

This is the grim reality of the new Soviet program. Every American should understand this. But understanding this unwieldy Soviet document is not easy. Its esoteric dialectical language is calculated to deceive and befuddle the noninitiated. In order to be understood, it needs deciphering into plain language.

Mr. President, I ask the unanimous consent of the Senate to introduce into the RECORD at this point an analysis of the new draft program of the U.S.S.R. Communist Party, submitted to me by Walter Darnell Jacobs and Nicolas de Rochefort, two scholars who have made a lifelong study of Soviet, and who are outstanding experts in this field.

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

AN ANALYSIS OF THE NEW PROGRAM OF THE COMMUNIST PARTY OF THE SOVIET UNION

Khrushchev's new program for the Communist Party of the Soviet Union is an open declaration of war on the free world and the United States.

The menacing nature of this draft, which is to be submitted in October to the rubberstamp XXII congress of the party, is such that the authors of this memorandum deem it urgent to submit without delay a preliminary analysis of this document, especially of those of its provisions which are openly and bluntly directed against the peace and survival of the free world and singularly against the United States.

The draft program can be compared to Hitler's "Mein Kampf" in that it enunciates most clearly and without inhibition the aggressive purposes of its authors. The West largely ignored "Mein Kampf." It can ignore the draft program only at greater peril, for the draft is considerably more direct and more threatening than was Hitler's work.

In quite forcefully and outspokenly declaring war on the capitalist countries, the draft program makes a special point of stressing American leadership of world anti-Communist forces. It charges repeatedly and persistently that the United States of America has the main responsibility for what it calls "neo colonialism" and "warmongering."

In the light of these accusations and the candidly announced pursuit of the goal of world revolution, the lengthy and elaborate passages on peaceful coexistence make clear just what "peaceful coexistence" is, indeed, to the Communists. "Peaceful coexistence," the draft states, "constitutes a specific form of class struggle," and it adds that "peaceful coexistence affords more favorable opportunities for the struggle of the working class in the capitalist countries and facilitates the struggle of the peoples of the colonial and dependent countries for their liberation."

Indeed, the draft takes some pains to explain that revolution does not necessarily mean the violent overthrow of the still-existing capitalist regimes. This violent phase of the revolution will be necessary only if the bourgeoisie of the countries confronted with such a revolution has the foolishness to fight for its survival and to oppose the revolution rather than submitting to it. Of course, whenever such resistance materializes, violent action will become a desirable necessity and in that case it will be the international duty of the proletarian Soviet state toward the entity of the world proletariat to prevent the bourgeoisie of the given nation from thwarting the Communist revolution.

The draft also makes it quite clear, with an astounding brazenness, that while the Soviet Union and its guide and leader—the Communist Party—are pledged to seek to avoid war, this pledge must be understood in terms of placing the imperialist camp in such a position that it cannot wage a war of aggression against the peaceful part of mankind. The new draft program asserts that "imperialism is the only source of the war danger" and that imperialism is now busy making preparations "for the worst crime against mankind—a world thermonuclear war." This charge takes on greater moment when it is remembered that in the Communist lexicon the United States and imperialism are synonyms.

The draft specifically excludes from those wars that are to be avoided or prevented "wars of liberation." These comprise not only wars whose purpose is to liberate the colonial nations from political domination by other countries but also those wars allegedly necessitated for further "liberating" the politically independent but economically still enslaved nations from the imperialism of the capitalistic countries whose warmongering, aggressive, greedy coalition is headed and manipulated by the United States of America.

The draft contains the following postulates:

1. The triumph of communism throughout the world over the decaying capitalist system is inevitable. It is but a consequence of a historical law. Capitalism will receive its defeat at the hands of the world proletariat, of which the Soviet working class is the vanguard while, in turn, the Communist Party of the Soviet Union is the vanguard of the latter. Since, on the other hand, the Soviet state is the personification of the Soviet working class, it becomes but a logical and inescapable development in the draft that the Soviet Union itself is pledged to give assistance to the proletariat of any capitalist country in such a revolution, be it peaceful or be it violent.

The next step in this inexorable sequence follows quite logically: When a revolution starts in any given capitalist country, since it is the signal for the accession of that country to a superior form of organization of human society, no opposition on the part of the reactionary elements of that country will be tolerated by the Soviet Union. Still less, of course, will be tolerated an interference from the outside.

On the other hand, since the countries which live now under Communist regimes are alleged by the Communist movement already

to have reached a superior stage of civilization and to have done so of their own free will, any attempt to overthrow that Communist regime will be considered as an unwarranted attempt to revert it to a lower form of civilization, initiated by other capitalist nations, i.e., the United States of America. The Communists believe that the flow of history is irreversible and that a stage once reached cannot be lost.

This thesis of the draft results in the following brutal proposition: No anti-Communist movement will be tolerated by the Soviets in any country belonging to the so-called Socialist camp. Any interference on the part of the capitalist countries in assisting such a movement will be considered literally as an act of war. On the other hand, any Communist revolutionary movement (to be read: Communist military coup) in a capitalist country will be the expression of a historical process and any opposition to it either inside the country or from outside will be considered, again, literally as an act of war against the U.S.S.R This is indeed a forceful illustration of the lucid statement made by President Kennedy that "what is theirs [the Communists] is theirs and what is ours is negotiable."

In the light of the provisions of the draft, the formula should indeed be somewhat sharpened: "What is conquered by communism is untouchable, what is still unconquered must remain at its mercy."

2. The Communist Party of the Soviet Union opposes armed conflicts between capitalist and Socialist rtates and is convinced that such conflicts can be avoided so long as the Socialist camp is united and is stronger than the capitalist world. (This does not apply, of course, to so-called wars of liberation which are quite desirable from the Communist viewpoint.)

The draft is quite explicit in stating that wars can be avoided, not that they will be avoided. And the draft shares none of the journalistic theories, so prevalent in the West, that war is now so horrible that it has become unthinkable. The draft states quite openly that war can be avoided because the Socialist camp is so strong that the capitalists may be frightened into surrender—but if there is, nevertheless, a war then "the peoples will no longer tolerate a system which drags them into devastating wars. They will sweep imperialism away and bury it." This is to say that communism will be victorious in a nuclear war.

3. The draft elaborates at length on the great desire and sincere wish of the Soviet Union to live on terms of peaceful coexistence with the capitalist world, including notably, extended commercial relations with the latter. It is made abundantly clear, however, that peaceful coexistence is meant to be a new, more evolved form of class struggle on the international scale in two forms:

(a) internal struggle between the progressive and democratic (to be read: Communist organized and conducted) elements, and the reactionary elements within any given nation; and

(b) between the Socialist bloc of nations and the capitalist world as a whole.

It is averred in the draft that this latter struggle is going on at this time and will go on relentlessly in the ideological domain, to which other forms may and will be added if and when necessary.

As a direct consequence of this avowed state of ideological war, the importance of Communist ideology in the development of the Soviet state and its colonial empire (or the so-called Socialist bloc) is stressed with emphasis. It is stated, indeed, that without a complete impregnation of the Soviet people with Communist ideology, the Communist society cannot be built and the victory over world capitalism cannot be achieved.

The theme of peaceful coexistence as a method of Communist conquest is repeated with regard to the mechanism of revolutions (or wars) of liberation of colonial or semi-colonial states from foreign capitalist imperialism. It is a thesis of the draft that, in the first period of such a struggle against foreign imperialism, the local vanguard of the proletariat, that is, the Communist Party, can and must utilize the local capitalist elements inasmuch as they may have interest and desire to expel foreign capitalism from their country. It must be kept in mind, however—and the draft says this quite frankly—that once the liberation is achieved, the struggle against the local bourgeoisie and other reactionary elements must be undertaken. The true, complete liberation of any such country can only be achieved by complete reorganization of its social and economic structure through the stages of (1) nationalization of means of production and redistribution of land, (2) socialism, and (3) communism.

4. As if in order to illustrate even more clearly what communism understands by peaceful coexistence with the United States, the draft endeavors to establish the following simple equation: some countries still have to struggle against foreign capitalist imperialism; reactionary elements in various capitalist countries still dream of reestablishing their exploitation over other countries; the United States of America is the headquarters of this conspiracy of world reaction; the United States is responsible for every wrong still being done to colonial nations and is ceaselessly planning for and conducting operations of economic and even, whenever possible, direct physical aggression against the past and present victim nations of colonialism.

QED—The United States is the chief enemy not only of Communist and Socialist, but also of the emerging nations.

5. The draft makes a clear-cut distinction between "bourgeois" nationalism which is a means for the world villain, the United States of America, to provoke dissensions among the nations, rivalries, jealousies, hatred, etc., to be exploited by capitalist imperialism, and the Communist concept of nationalities, in which one element only is entitled to speak up—the proletariat. Since the proletariat is international in essence, this form of nationalism is to be encouraged as leading to the progressive merger of all nations into the world Communist brotherhood in which each member nation will enjoy its own civilization according to the Communist formula, "national in form, Socialist in content." Of course, the socialism of the content will be the reality, the national form will be the fiction.

The total hypocrisy of the assertion of the draft that the member states of the Soviet Union are sovereign states enjoying so complete a right of self-determination that the constitution of the union provides for a right of secession of any of them, is self-evident. Not only do the member states of the union have no practical mechanism available for the exercise of this right but even the other nations, members of the so-called Socialist bloc, are not permitted to choose their associations, let alone to tear away completely from that bloc. If there is any doubt about this situation, it was demonstrated in blood in the Soviet Zone of Germany in 1953 and in Hungary in 1956.

To sum up, these are the main provisions of the Soviet draft program:

1. The U.S.S.R. will not engage in any war against any capitalist countries as long as the latter will submit gracefully to peaceful revolutions transforming them into Communist states. However, if any force is opposed to such at attempt of peaceful transition to communism, the Soviet Union will lend its all-out support to the revolutionists. In simpler terms, the Soviets will first, through their local agency, the Communist Party of the given country, bring about a revolutionary movement in that country, directed at the overthrow of its democratic institutions; then, they will give that subversive movement their full assistance, by virtue of their proclaimed doctrine of international solidarity of the proletariat.

2. Contrariwise, any support given by the countries of the free world to liberation movements in Communist-enslaved countries attempting to free themselves from the Communist tyranny will be considered by the Soviets as a reactionary undertaking, whose support by the free world would be considered by them as an act of war.

3. The draft pledges Soviet Union not to have recourse of war against the capitalist nations and not to interfere in the internal affairs of other countries. But it excludes from this pledge the so-called wars of liberation from capitalist enslavement (political or economic). The U.S.S.R. considers itself free, indeed, it considers itself obligated to interfere in such wars of liberation against the capitalist countries, directly or indirectly (Laos, South Vietnam are illustrations of this). Thus, the Soviet Union assumes the right to decide at any time whether there will be war or peace in the world, since the Soviet Government will determine which local conflict anywhere in the world is a war of liberation.

4. Peaceful coexistence offered to the free world nations is meant to be a transitory period during which the overthrow of their democratic institutions will be methodically prepared through internal subversion directed from Moscow.

5. The United States is specifically singled out as the target number one for this overall, total Communist aggression against peace and the freedom of mankind.

SAMUEL F. PRYOR

Mr. DODD. Mr. President, it has come to my attention that the U.S. Treasury Department Narcotics Training School has issued the following proclamation:

This is to witness that through the authority in us vested by the Secretary of the Treasury of the United States of America, we make known and attest that Samuel F. Pryor has so well merited as to be proclaimed publicly as having completed the advanced course of instruction in the investigation and enforcement of narcotic laws. Dated 28th day of July, 1961.

This proclamation is signed Harry J. Anslinger, Commissioner of Narcotics.

The Mr. Pryor about whom that proclamation was made is well known to many of us. He is a resident of Connecticut and is one of America's busiest executives. Samuel F. Pryor, Jr., is vice president, director, and member of the executive committee of Pan American World Airways. He is a member of the board of directors and chairman of the executive committee of the Vanadium Corp. of America, a director and member of the standing committee of the Hertz Corp., and a director of the National Bank & Trust Co., of Fairfield County, Conn.

In addition to his business responsibilities, his wide range of civic and charitable activities places a heavy burden on his time and energy. Therefore, I think it is significant enough to bring to public notice the fact that a man with so many duties and responsibilities could still find the time to take the 2-week course at the Narcotics Training School of the U.S. Treasury Department. In order to do this, Mr. Pryor gave up his entire vacation for the year.

At my request, Mr. Pryor has submitted a report on the training course which he completed, a report which contains some interesting legislative recommendations. I again commend Sam Pryor for the high sense of public duty which influenced him to set aside for a time many important pursuits in order to study and take action upon this grave, national problem of narcotics addiction.

I ask unanimous consent that Mr. Pryor's report on the training course which he completed be printed at this point in the RECORD.

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

DEAR SENATOR DODD: As you know, I have been an adviser to the Commissioner of Narcotics, the Honorable Harry J. Anslinger. In this capacity, I have had opportunities to give some assistance to the splendid Federal narcotic law-enforcement program. More importantly, however, it has afforded me the opportunity to be associated with the narcotics problem, in which I have always been vitally concerned.

It was only recently that my duties as vice president of the Pan American World Airways have permitted me to matriculate in the 2-week intensive training given at the Federal Bureau of Narcotics Training School in Washington, D.C. Any slight inconvenience to my private commercial responsibilities has been insignificant compared to the knowledge which I acquired and which will, I hope, make me a more effective adviser to Commissioner Anslinger, in addition to broadening my knowledge in relation to the complex problem of narcotics.

The training covered in some detail just about every facet of the the narcotics problem, not only in the United States but also with regard to the world. The presentations were made by dedicated lecturers who spoke from a wealth of knowledge based principally upon actual experience.

It would be difficult to enumerate the many tangible observations and impressions I received as a consequence of my attendance at the Federal Bureau of Narcotics Training School. However, I should like to make some comments regarding areas of the narcotics problem which I believe to be of paramount importance.

To begin with, there is no doubt that the Congress of the United States acted wisely in the passage of the Narcotics Control Act of 1956, by unanimous vote. The impact of this excellent piece of legislation has been dramatically demonstrated in the 5 years since its passage. The minimum mandatory sentences for the convicted illicit narcotic trafficker have certainly deterred not only these vicious criminals, but have also deterred others from entering this gangster activity. Narcotic addiction in the United States has declined to the point where incidence of addiction is now only 1 out of 4,000 of the population, as compared to 1 out of every 400 persons of our population prior to the passage of the basic Federal narcotic law, the Harrison Act.

It is to be hoped that the Narcotic Control Act of 1956 will never be weakened as the result of a few well-meaning but misinformed individuals who criticize what they believe to be the severity of this Act but who ignore the welfare of our society, which has been protected, through the provisions of this Act, from the purveyor of the narcotic poison.

The second point I should like to make is that much remains to be accomplished in the field of State narcotic legislation. There are some States, particularly those having a most serious narcotic problem, which still lack appropriate laws to match the severity of the punitive provisions of the Federal Narcotic Control Act of 1956, as it relates to convicted sales violators. The street dope peddlers are of necessity much more numerous than the interstate and international traffickers. Local, county, and State law enforcement has been most effective but weak legislation has created the "revolving door" system, whereby convicted traffickers return to their nefarious trade after short interruptions in State jails. This can be and should be corrected.

Finally, I am sure you are aware of the efforts during these past few years of Commissioner Anslinger's staff in the field of treatment of narcotic addiction. This is an integral facet of the entire national program with regard to the narcotics problem. We cannot ignore the narcotic addict and concentrate all our guns just on the dope peddler. In this regard, I join the Federal Bureau of Narcotics in stating that pressure must be applied toward the compulsory civil commitment of addicts to closed institutions where they can be treated for their addiction under skilled care and facilities. You will note that I underscore the word "civil." The obvious implication is that it is totally unnecessary to attach a criminal stigma to the addict in order to cure him. As a component of this compulsory civil commitment, this program must be followed up with a sufficient period of rehabilitation in order that the addict can return to his home and to his proper place in the community and in our society. I believe it is the responsibility of State governments to launch this program of treatment and rehabilitation of the addicts. The Federal Government, to my knowledge, is desirous of participating in this program. There is now pending in Congress a law proposing the furnishing of grants-in-aid to those State governments wishing to implement this program. It would appear that those States which have the greater narcotic addiction populations should be in the forefront with regard to licking this addiction problem.

In closing, my dear Senator, my only regret with regard to the Federal Bureau of Narcotics Training School is that I did not attend it sooner.

With warmest personal regards, I remain,
Sincerely yours,

SAMUEL F. PRYOR.

EVALUATION OF INTELLIGENCE CONCERNING THE SOVIET UNION AND WORLD COMMUNISM

Mr. SMATHERS. Mr. President, one of the most serious challenges confronting our Nation involves the collection, evaluation, and utilization of information—more technically referred to as intelligence—concerning the Soviet Union and world communism.

It is very understandable why we hear of frequent schemes relative to the organization and direction of our intelligence activities. I believe that all Members of Congress who have devoted attention to this matter share a common desire to assure that our intelligence activities are as effective as it is practicable to make them. However, in our desire to achieve increased effectiveness we must move with due prudence in this very delicate and vital area of national security endeavors. We must not take a precipitous course which would jeopardize the good features of our intelligence organizations and procedures.

This problem of centralization and "conformity" in intelligence matters is receiving increasing attention in the press. Two articles are of particular pertinency to this issue.

The New York Times of Wednesday, August 9, 19651, carried the editorial, "Intelligence Conformity." This editorial is a well-reasoned discussion of the dangers inherent in problems that would encourage conformity and discourage, directly or indirectly, disagreement in this vitally important type of activity. Also, this New York Times editorial raises a warning that intelligence evaluations, subject to the kind of top-level coordination and control as is being discussed in some quarters, could result in the subordination of intelligence in order to make it conform to a predetermined policy. This, of course, as the editorial points out, could result in the dangers that are always inherent in "wishful thinking."

Also, I invite attention to the principal article "Unification of Intelligence," appearing in the June 1961 issue of the VFW American Security Reporter. This publication, devoted to national security matters, is published monthly by the Veterans of Foreign Wars of the United States, under the supervision of the VFW commander in chief, Ted C. Connell, of Texas. This article by Brig. Gen. J. D. Hittle, U.S. Marine Corps, retired, director of national security and foreign affairs of the VFW, discusses the dangers of arbitrary overcontrol of intelligence activities which could result from the establishment of an intelligence "czar."

Not only is this article in the VFW American Security Reporter important to the overall problem of intelligence, but it is of particular interest, as General Hittle points out the relationship of intelligence matters to the increasing—and in some respects dubious—reliance being placed upon electronic computers in attempting to prophesy the course of future warfare.

I am deeply impressed by the reasoning in this article, which reflects an unusually clear understanding of the intelligence functions and their relationship to the ultimate formulation of our national strategic policies. This article is another example of how the Veterans of Foreign Wars, whose membership consists entirely of oversea veterans, continues to make important contributions to our national security thinking and thus to our defense posture itself. The VFW American Security Reporter exerts an important and constructive influence on defense thinking. I hope that all Members of this body will read these highly important articles, the editorial from the New York Times, " 'Intelligence' Conformity," and "The Unification of Intelligence," from the Veterans of Foreign Wars American Security Reporter.

I ask unanimous consent that these articles be printed in the RECORD.

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

[From the New York Times, Aug. 9, 1961]

INTELLIGENCE CONFORMITY

The tendency of bureaucracy to "solve" problems by superimposing a new echelon over lower ones has been repeatedly emphasized in various organizational changes in Washington since World War II.

Once again, in a new field, changes ordered or proposed in the Nation's intelligence

structure will add additional high-level echelons to a structure already tending toward topheaviness. The Pentagon has ordered the formation of a new Defense Intelligence Agency, headed by a three-star officer, which will take over some—but as yet unspecified—operations and functions of intelligence of the three services.

Studies of the Central Intelligence Agency, which has been under fire because of the Cuban fiasco, have apparently led to suggestions that another top-level evaluation group be established somewhere at the National Security Council-White House level.

Such "curatives" obviously add to manpower demands and to costs. They are additions to the organizational pyramid. But as to intelligence the trend presents potential dangers of far greater importance. The Defense Department directive specifically permits estimates of the new Agency to indicate "differences in analysis and evaluation." Nevertheless, the establishment of the Agency is, in itself, a tacit acknowledgment of a desire for an "agreed-upon" intelligence estimate and the elimination of the differing service points of view.

In the past the services have too often emphasized in their estimates of Soviet strength elements that would support their budget requests. Nevertheless, these differences are far less dangerous than an enforced agreement. An attempt to force an agreed-upon "Defense Department" viewpoint, or an "intelligence community viewpoint," would represent danger in capital letters, for it can result in the subordination or elimination of estimates vital to our national safety.

There is a corollary danger. It is the danger of "wishful thinking," the danger that intelligence evaluation and analysis "coordinated" or "controlled" by top-level agencies might be subordinated or made to conform to policy. Intelligence evaluation must be free of politics, or it is valueless.

THE UNIFICATION OF MILITARY INTELLIGENCE

(By Brig. Gen. J. D. Hittle, U.S. Marine Corps, retired, director, national security and foreign affairs, VFW.)

According to persistent reports out of the Pentagon, the next major target for centralized control is military intelligence. If serious consideration actually is being given to setting up a "czar" over intelligence functions of the Army, Navy, and Air Force, then there is genuine cause for concern.

There can be no question but what many financial and administrative aspects of defense are proper subjects for overall coordination and direction. Such has been demonstrated persuasively through the single manager system in overall Department of Defense supervision of procurement and distribution of common items. Also, centralized coordination of research and development is required to prevent unnecessary and wasteful types of duplication. Yet even in this field an arbitrary overall direction could lead to throttling original and bold thinking.

Centralized direction of military intelligence, however, must be approached with the greatest of caution. Such caution must be based upon an appreciation that the collection, evaluation and utilization of intelligence is not a precise science. Intelligence, relating to all aspects of actual or potential enemies, is probably the most abstract feature of the art of war. Such things as military morale, national determination, the mental power, the physical stamina, and the will of leadership are certainly not subject to precise calculation.

Also, it must be realized that intelligence functions of the Army, Navy, and Air Force are highly specialized and involve complicated procedures within the services themselves at the present time. Whatever kind of overall "intelligence czar" may be contemplated, it is inconceivable that the specialized intelligence functions of the Army, Navy, and Air Force could be merged into one sprawling system under a new authority. The service intelligence functions must of necessity be continued regardless of what labels are applied to the organization. If they are bundled up into one big ball, confusion in the intelligence field will be unavoidable. Confusion in intelligence activities inevitably leads to mistakes that snowball into disasters.

Yet, in approaching any proposal for unification of intelligence functions there is one fundamental fact that should be kept in mind: the intelligence process in the Defense Establishment is today certainly far from being a willy-nilly, freewheeling operation as might be inferred from those who are pushing for an even tighter type of control. The intelligence organization within each military service involves a carefully established organization based upon highly specialized experience. The joint staff under the Joint Chiefs of Staff includes a highly organized J-2 (intelligence) directorate. Above the Defense level the blending of military and other intelligence is effected through the National Intelligence Board which produces the overall national intelligence estimates for the National Security Council and, of course, the President.

Of all the various types of military endeavors, intelligence lends itself least readily to the neat package approach. If our national strategy is to be sound, it must be thoroughly objective. Objectivity depends in large measure upon intelligence as to the actual or potential enemy. The history of warfare demonstrates repeatedly and conclusively that there is no quicker way to have a military disaster than to lose objectivity in war planning. The loss of objectivity invariably results from wishful thinking in the intelligence process. Consequently, if there is any place for arbitrary direction as to what is to be searched for, what is to be done with such information, and what that information means, it is not in the intelligence field.

Any person who possessed power to direct all military intelligence would have the power to shape the nature of the intelligence that would be produced. By so shaping the nature of the intelligence produced, that individual would be, in turn, actually shaping the nature of our national strategy. There would be no guarantee that the enemy would be so cooperative as to make his war plans conform to our preshaped conclusions.

Total objectivity in the intelligence field is even more important today in view of the increasing use being made of electronic computers in war planning. As smart as a computer may be, it is still dependent in reaching its conclusions upon what is "cranked" into it in the way of initial data. Thus, what comes out of the electronic brain depends upon what goes into it. A czar who decided what intelligence goes into the computer, could pretty well determine in advance what kind of decisions would come out of it. This, of course, underlines the pitfalls of lack of objectivity in the overcentralized control of intelligence; and it also points up the dangers inherent in overdependence upon electronics rather than human brains.

This is not to say that technological devices should not be used. But it does mean that when the fate of the Nation and our civilization are at stake, wisdom, insight, and the rare attributes of inspired leadership will be found in the human brain and never in manmade electrical circuits.

If there is any place in the governmental process where a "clash of opinion" is appropriate in presentation of information to the responsible officials, it is in the matter of intelligence. Only those responsible for the decision and its results should have the power to judge major intelligence matters. By the same token such judgment must not be undermined by a subordinate having the authority to shape through administrative control the nature of intelligence that reaches his superiors.

The proper place for such clash of opinion to occur and for the judgments to be made is in the Joint Chiefs of Staff, the National Security Council, and the White House.

As a postscript, it seems appropriate to observe that we are indeed, through increasing reliance on electronic computers in attempting to predict the course of warfare, approaching a questionable situation. It has long been axiomatic in the field of military history that one of the most difficult tasks is trying to ascertain for sure what actually happened in war. Are we, in fact, unwittingly seeking escape from crucial decisions by delegating that responsibility to electronic computers; and are we thus trying to write history in advance? Are we succumbing to the same frailties as those ancients who before the battle consulted the oracles who were the then acknowledged experts in reading the future in tea leaves? If so, we have permitted electronics to bypass intellect and carry us full cycle into man's past, and man's mistakes.

WHAT DO YOU WANT FROM TV?

Mr. WILEY. Mr. President, television, in the modern world creates a most dramatic, indelible and far-reaching impression upon the minds of the American people.

At no previous time in history have so many individuals had the opportunity to see and hear such a great variety and quality of informational, educational, entertaining programs as are now presented by television.

As a youthful industry, attempting to meet the widely varied needs of the public in complex times, TV naturally faces intricate, difficult problems, as well as shoulders a great responsibility.

From time to time, in fact, quite often, we hear criticisms raised on the kind and quality of programing.

As a foundation upon which to build improvement, of course, constructive criticism has unique value.

At the same time, such criticism, if it is to be fair, needs to be broadly based on the real, hard facts of life in the industry.

For this reason, I believe it is also extremely important that we, as legislators, as well as the American public, attempt to obtain a balanced perspective of the problems and difficulties, as well as the obligations and responsibilities of television.

Recently, the Saturday Evening Post published an informative, thought-provoking article entitled "What Do You Want From TV?" by Robert W. Sarnoff, chairman of the board of the National Broadcasting Co.

Reflecting upon the way in which TV is attempting to fulfill its responsibility to the public, as well as upon the real problems facing the industry, I ask unanimous consent to have the article published at this point following my remarks in the body of the RECORD.

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

WHAT DO YOU WANT FROM TV?—A TOP EXECUTIVE VIGOROUSLY ARGUES THE RIGHT OF THE NETWORKS TO BROADCAST WHATEVER THE PUBLIC WANTS

(By Robert W. Sarnoff as told to Stanley Frank)

Television constantly is accused of debasing the Republic's cultural standards, and sometimes I wish one charge in the indictment were true. The absurd notion that the black box has seduced people from reading and writing is refuted by 3 million letters sent annually to the National Broadcasting Co., and its affiliated stations in 182 cities. Indignant viewers daily criticize our intelligence and artistic taste in selecting shows, and some blasts are little gems of invective. I remember two particular complaints, because they point up the dilemma confronting TV—the problem of mass appeal versus specialized programing.

In July 1958, this country probably was closer to a shooting war than at any time since Korea. U.S. Marines were sent to Lebanon at the urgent request of that government to thwart a military coup engineered by the United Arab Republic, and England answered a similar alarm from Jordan. During 4 tense days, NBC and the two other major networks, CBS and ABC, canceled dozens of scheduled programs for on-the-spot coverage of the deliberations in the United Nations. The rush of events knocked 29 NBC shows off the air, among them the enormously popular "Dragnet."

We braced for the barrage of protests which invariably comes when a regular show is preempted for a special program. A Brooklyn woman immediately dashed off a scorcher. "In the name of God, whose idea is it to cut in on 'Dragnet' with a U.N. session?" she demanded. "Of all the ridiculous things, that boob wins the extra-large portion of fried cockroaches."

A more formal, but equally vehement, objection came from a retired four-star general, a famous combat officer in World War II. He chewed us out in 1957 for preempting "Twenty-One" to present "Romeo and Juliet" with the Old Vic Company of London, the world's foremost Shakespearean troupe. It seemed the general had invited guests to watch the quiz and was miffed when the Bard intruded on the party. "I like to choose my own programs," he groused. "I resent having your idea of entertainment forced on me."

You can decry the Brooklyn woman's indifference to an international crisis, and you can deplore the general's dim view of an esthetic treat, but you cannot ignore their attitudes. Not when you operate a huge communications system that serves the public interest and must reflect to a fair degree the mass audience's preferences. TV's programing headache is similar to the parking problem. Everyone would like to find curb space at his destination, a convenience that obviously is impossible to get all the time. Drivers don't agitate for the elimination of other cars from the streets as a solution. They make concessions for a difficult situation and walk a few blocks.

Viewers likewise must recognize the necessity for exercising selectivity when flipping the dial, because TV cannot cater to eggheads and Western fans in equal measure. The best a network can do is to produce a balanced blend of light and highbrow entertainment, public affairs and news that gives reasonable satisfaction to all elements of the audience. Shows with mass appeal cannot be permitted to monopolize the schedule and override minority tastes—but intellectuals, however well intentioned, should not expect to impose their special interests on the general public and turn TV into an esoteric medium.

Before showing how NBC implements this concept of a balanced blend, I should state a few hard facts we must consider. The great majority unquestionably wants diversion—Westerns, mysteries, and adventure yarns. Although audiences are more sophisticated than they were several years ago, action shows still are the biggest attractions. All surveys reveal that average viewing time is increasing slightly, an indication that the customers are satisfied with the general run of programs today.

Speaking for myself, I can't give a blanket endorsement to everything on TV. I don't believe any individual can give unqualified approval to a medium which must be geared to a wide range of interests. I try to watch it every evening, and I'm hardly enchanted by all I see. Taken indiscriminately, programing on various stations can add up to too much violence. Conflict is a basic ingredient of drama, but sometimes it seems that blood and brutality are laid on with a trowel, after the fashion of Mickey Spillane, just for the shock effect.

Phony social philosophy in plays about beatniks and characters full of self-pity annoys me, especially when issues are not resolved realistically. Many situation comedies leave me cold, and I don't care for most audience-participation shows—an opinion, I might add, that predated the quiz scandals of 1959. My pet personal peeve is the exaggerated emphasis put on the Top Ten rated shows by the trade press, advertising agencies, and sponsors, a practice that spawns a rash of bad imitations patterned on a few formats and themes which happen to be popular at the moment.

Certainly TV can stand a lot of improvement, but I contend it is better in terms of quality and professional competence than critical observers acknowledge. They assume that anything labeled esthetic is superior to mass-appeal entertainment. I like Westerns because they are relaxing—and because top-grade shows such as "Wagon Train" and "Maverick" have better motivation, plot construction, and production values than serious dramas that are arty and pretentious.

People who harp on TV's mediocrity refuse to make moderate allowances for its insatiable drain on creativity. The NBC network furnishes 92½ hours of programing a week, embracing 143 shows. Every 10 days the actual playing time of original material we produce exceeds Broadway's output for an entire year. During the same period we use more dramatic scripts than the three biggest movie studios complete in a year. Inevitably some of our stuff is trivial, just as Broadway and Hollywood have their share of flops despite the high-powered talent lavished on their productions.

A more serious complication is unique to TV among mass media—the problem of serving the total public. The Saturday Evening Post, for example, is edited for readers whose interests differ distinctly from subscribers to Playboy and Horizon. The New York Time's extensive coverage of news is not designed to attract readers who are content with a tabloid's once-over-lightly treatment. A local movie theater and a downtown art house that shows avantgarde films by Ingmar Bergman do not draw the same type of patrons.

Such distinctions go by the board when a viewer clicks on TV with a proprietary flourish. He wouldn't dream of reading a book taken at random off a library shelf or going to the movies without checking first to see what is playing, but he expects the set to do his bidding like an all-purpose genie because it is in the intimacy of his home. He wants a program tailored to his mood at the moment, and if it is not available he dismisses TV as a bore.

What do you want from TV? No matter how elevated your tastes are, I guarantee that it offers more than you have time to watch, as I will demonstrate. It merely involves consulting the schedule in a newspaper; that is less effort than is customarily made for any other medium of entertainment or information. I think occasional viewers who constantly sound off about TV's responsibility for raising the country's cultural level have an equal obligation to watch programs put on for the discriminating minority. Music lovers have had the gall to tell me they don't listen to the NBC Opera Co. because Sunday afternoon is not a convenient time. Yet they will go to the trouble of buying tickets weeks in advance and traipsing to the Metropolitan Opera to hear some of the same stars TV brings into their living rooms.

Another glaring inconsistency continually pops up in caustic comments on TV's mediocrity. The legal standard for broadcasting is programing in the public interest. But how do you interpret "interest"? Does the word denote that which holds the attention of the vast majority, or does it carry the connotation of promoting the welfare of society?

The answer, of course, is a combination of both definitions. It is illogical to say the air belongs to the public, then argue that we ought to ignore the preferences of the majority. It would be just as wrong to brush off more cultivated viewers and neglect the broadcaster's moral obligation to raise popular tastes. Since nobody wants a Federal agency to infringe on the audience's freedom of choice by setting arbitrary criteria for programing, the only alternative is to continue under the present system and patiently inculcate an appreciation of higher artistic values.

A network, therefore, has the dual responsibility to reflect and influence public tastes. If critics understood the dynamics of a mass medium, they would realize these objectives do not conflict. The primary function of a network is to attract the mass audience. It establishes the economic base for sponsors' tremendous costs—and supports programs with limited appeal.

"Wagon Train," Perry Como, and Dinah Shore carry the NBC Opera, which has been sponsored for only 11 of 60 performances since 1950 and has cost us nearly $6 million. The profits from mass-appeal shows enabled us to absorb a loss of $11 million in 1960 on informational programs, an area in which our commitments will be even greater this year. When an hour in prime time (from 7:30 to 10:30 p.m.) is preempted for an unsponsored news special, we lose more than $100,000 in charges to an advertiser for air time, plus as much again for production costs if the canceled show cannot be put on at a later date.

Permit me to clarify one point. A network is not under any legal compulsion to meet FCC requirements for a balanced program. NBC last year presented 288 hours of news, 30 percent of it in prime time, to keep the public informed on important domestic and foreign developments. CBS has the identical policy, and I hope I don't sound patronizing in saying that ABC is trying to make a more respectable showing in this field.

The payoff on the range of culture and information a network gives viewers is an analysis of its ratio of programs in 11 categories. I have chosen February 1961 as a yardstick for NBC because it was about as routine a month as we ever have. There was not an unusual run of major news breaks or public affairs specials to load the figures in our favor. Following is a proportionate

breakdown of our programs during the month:

	Percent
News, public affairs, education	23.9
Games, quizzes	17.9
Variety shows	14.9
Drama	12.7
Westerns	6.0
Situation comedy	5.4
Audience participation	5.4
Sports	5.4
Action adventure	5.1
Children's	2.8
Opera	.5

As you can see, the schedule was weighted heavily with cerebral programs. Information consumed more than double the combined time given to westerns, cops-and-robbers, and adventure. This stress on news hurt us competitively—only 13 percent of the audience was tuned in to 23.9 percent of our schedule—but it represented an effort to stimulate an awareness of current events. Further, this was—and it still is—the category with the most shows in prime evening time and on Sunday afternoon. During the 25 hours a week included in those periods, we devote an average of 6 hours to news, public affairs, and culture.

I know I'll be rapped for suggesting that Sunday afternoon is a choice spot for highbrow TV. The networks always are accused of throwing culture a few, grudging crumbs by dumping superior shows into the so-called intellectual ghetto. The gesture costs nothing, the story goes, because there is no demand from advertisers for the time. Rubbish. Experience has proved that such programs draw better on Sunday afternoon, when people have the leisure to reflect on weighty issues. In prime time, competition from light entertainment cuts deeply into the available audience.

The rocky history of "Omnibus" is clear evidence that culture best survives, if somewhat fitfully, on Sunday afternoon. No show ever has been coddled more by the networks. CBS first gave it liberal transfusions of money and talent on Sunday afternoon, but after 4 years of disappointing audience reaction the show moved in 1956 to ABC on Sunday night with the help of a subsidy from the Ford Foundation.

The rating dropped 45 percent. The next year "Omnibus" completed the circuit of networks by coming to NBC on Sunday afternoon. It promptly regained all the former viewers, plus a slight increase. ABC, incidentally, put a western into "Omnibus'" slot and tripled its share of the audience.

Despite these hard realities, we have been adding egghead-type shows to the schedule in prime time and have made encouraging progress in attracting audiences. This season, "The Coming of Christ," a Project 20 on "The Real West" and a "White Paper" on the U-2 affair pulled ratings that compared most favorably with popular entertainment.

I'd like to see more controversial questions debated on TV, more experimental drama, more classical music, fewer action shows that are carbon copies of a handful of prototypes. However, the limitations inherent in a mass medium restrain the rapid adoption of such policies. A broadcaster who is too far ahead of the public's tastes drives away viewers, thereby defeating the purpose of his leadership and destroying the nature of the mass medium.

NBC's efforts to assemble a diversified schedule are not always seen by the viewer on the station carrying our service. Our network is comprised of 5 stations, the maximum we are permitted to own under FCC regulations, and 177 independently owned affiliates. These affiliates determine which elements of our schedule are carried, depending on the shows they elect to use from other sources. As a consequence the general public rarely gets the full impact of our integrated programing.

An indication of the obstacles blocking nationwide projection of information and culture is given by a sample lineup of NBC affiliates for such programs. "Wagon Train," the No. 1 attraction, was carried by 193 stations this season. (Eleven so-called "satellites" joined the network for the show.) There was a sharp drop to 127 for a "White Paper," on the southern sit-in strikes, 123 for "Boris Godunov" (opera), 118 for "Meet the Press," 98 for "The Nation's Future," and 95 for "Omnibus."

The situation is particularly acute in a town where there are only one or two channels. There a station manager can choose shows from two or three networks. He may take "The Untouchables" instead of "CBS Reports," or substitute Garry Moore for a Project 20 documentary.

We could eliminate a lot of headaches—and terrific expense—if we got out of the programing business and used our facilities merely to transmit shows supplied by advertisers and talent agencies. It would end frantic competition for sponsors to defray annual investments of $140 million on program production and development. We could discharge huge creative and administrative staffs and just sell time on the network—but we would not have a diversified schedule. We would be peddling a communication service as sterile as the old-time nickelodeon.

Well, there are buffs who say old silent movies were wonderful, just as there are dilettantes who bemoan the deterioration of TV since the early days. Such talk is nostalgic nonsense. There was, to be sure, a heady excitement in the industry and among viewers that is missing now for a perfectly obvious reason. TV then was like writing on a new blackboard; everything made a vivid, arresting impression. When the NBC "network" linking New York and Philadelphia was extended all the way to Chicago, we felt like the pioneers who drove the gold spike in the transcontinental railroad. Every day was an adventure—but the shows were dreadful compared with TV now.

Critics unconsciously are funnier than Goodman Ace, the top comedy writer, when they mourn for dramas with the "artistic integrity" of "Philco Playhouse" and "Robert Montgomery Presents." Most of them were pure soap operas in content and technique. Network programs had about as much scope as a shoe catalog. In 1950, 42 percent of NBC's schedule consisted of variety shows, which were nothing more than transplanted vaudeville acts. The remainder was padded out with boxing, panel shows, and anything that moved.

Every facet of TV is vastly superior now, with the exception of comedy. The kings of the air in the early 1950's were the comedians—Milton Berle, Jackie Gleason, Sid Caesar. In those free-and-easy days, Berle could drop into Lindy's for a cup of coffee and come out with enough gags to hold the stage for an hour. The funniest bit I ever saw was on a show that cost $3,500 and couldn't be duplicated today for $135,000. Jerry Lewis, miming the words of a Mario Lanza record, pretended to bust a gut when he hit the high notes. It was inspired clowning, the kind you don't hardly get any more, as George Gobel, another casualty, used to say.

The decline of the funnymen can be traced to two pitfalls which never will be eradicated. First of all, good comedy material always has been the scarcest commodity in show business. A performer cannot possibly top himself every week. Then, many comics are poor script editors and need the discipline of tough directors to tighten up their routines. I believe Gleason lost spontaneity when put his show on film. That's just a guess. I'm more familiar with Caesar's case, because I was involved in it.

Caesar compounded the danger of overexposure by deciding to produce his own show in 1957. He still had 7 years to go on a contract with NBC guaranteeing him $100,000 a year, but his audience had been slipping for some time. I thought he was milking his laughs with sketches that ran too long and advised him to switch from a weekly show to six specials a year built around crisp, carefully screened situations. He would wind up with as much money and a more solid rating, but he couldn't see it my way.

"Give me back my paper," he said after a long discussion. I returned his contract, we parted amicably, and he went to ABC with a weekly format. The show was dropped after the first 13-week cycle. The next season Sid was doing specials.

Comedians and the Aga Khan are worth their weight in precious metals, but polished pros like Bob Hope and Jack Benny are products of long training in the nuances of a tricky craft. Next season NBC is introducing a series written by Nat Hiken, the creator of Sergeant Bilko, and two shows featuring Bob Newhart and Joey Bishop. If they click, a serious weakness in the schedule will be corrected.

The most striking progress made by TV recently has been in the fast handling of spot news and documentaries in depth. This is, by all odds, the most significant trend in the industry, for it exploits TV's unique ability to give the viewer a sense of immediacy by transporting him to the scene of important events. The latest technique, called "instant news specials," is geared to a deadline as fast as a newspaper's. A few hours after a big story breaks, TV is on the air with a wrap-up of bulletins, background material, and pertinent pictures.

On January 3, 1961, the White House announced at 8:30 p.m. that the United States had severed diplomatic relations with Cuba. At 11:15 p.m., NBC presented a digest of the situation and a review of Castro's provocations leading up to it. Since the first special on December 16, 1960—on the crash of an airliner in Brooklyn after colliding with another plane in midair—we have been averaging one report a week.

Instant news demands instant decisions. If Bob Kintner, president of NBC, or I am not available to clear a story, Bill McAndrew, head of the news department, has authority to preempt a sponsored show, regardless of the cost. The Gulf Oil Co., sponsor of news specials, has given us a blank check for any story we consider hot enough for treatment. On many occasions, when an event pops spontaneously, we carry it on a sustaining basis.

Network competition once was focused primarily on bidding for performers and properties rated good bets for the top 10. Now priority is on initiative in digging behind the headlines for magazine-type themes suitable for comprehensive analysis. Next season 40 extra, full-hour documentaries will supplant entertainment on our schedule, and it's a cinch CBS and ABC will mine the same sources diligently. Professionally and personally I'm delighted we will vie in putting TV's best foot forward, for public-affairs projects have given me my greatest satisfaction as a broadcaster.

A very junior officer's sentimental attachment for the Navy sparked my support of "Victory at Sea," the first, and still the best, documentary series ever made. The late Henry Salomon, whom I had known at Harvard, proposed the pictorial history of the Navy's role in World War II for an estimated $125,000. By the time 60 million feet of Allied and captured enemy film had been edited and synchronized with an original musical score written by Richard Rodgers, the cost of the 26 half-hour installments added up to the then-astronomical figure of $600,000, but it was worth every cent. Since "Victory at Sea" was completed in 1950, it

has been showing continuously somewhere in the world.

Nothing ever will top the thrill I derived from acceptances of two identical telegrams sent from Chicago on the evening of July 27, 1960. The wires went to Vice President Richard M. Nixon, who had just been nominated for the Presidency by the Republicans, and to Senator John F. Kennedy, chosen by the Democrats 2 weeks earlier. They were offered NBC's facilities for face-to-face discussions of vital issues in the forthcoming campaign.

The invitations triggered the Great Debates on the three networks. Unquestionably the highlight of the campaign, the confrontations reached 9 out of 10 TV homes, further accelerating a most significant trend. Since 1952, when aerials began mushrooming throughout the country, a greater percentage of eligible voters has cast ballots in presidential elections than ever before in American history.

Commercial TV's incisive impact on the public makes fanciful claims for pay TV as feeble as a whisper in a tornado. The white hope of visionaries for good programs since the late 1940's, pay TV has been a white elephant in four tests. In my opinion, it is failing right now in Etobicoke, a suburb of Toronto, and it died for lack of customers in Bartlesville, Okla. (1957), Palm Springs, Calif. (1953) and Chicago (1950).

The operation in Etobicoke, a high-income area with a population of 40,000, was launched on February 26, 1960, with a loud fanfare in the newspapers. Telemeter system began with 500 subscribers, later increased to about 6,000, but it promptly developed a bad case of anemia at the box office. Its break-even point was estimated at an average expenditure of $120 to $150 a year per subscriber. During the first 3 months, when the novelty was at a peak, Telemeter intimated families were spending at the rate of $130 a year. Our information put the figure closer to $75.

Receipts dropped so sharply thereafter that subscribers were believed to be spending an average of $20 a year. Telemeter hoisted distress signals by cutting the price for movies from $1 to 75 cents and applied to the telephone company transmitting the programs for a reduction in rates on the grounds of "economic necessity."

Pay TV has failed to date because it cannot deliver better programs than the free service already available. It is utterly naive to think the promoters can avoid the same economic realities that govern free TV. They also need the mass audience to stay in business, and that means Westerns, private eyes, and adventure shows—the meat and potatoes of free TV. They may survive by usurping our popular shows, but thus far they have offered only a handful of creative contributions to quality entertainment.

Last winter newspapers went into raptures reporting Telemeter had shown Gian Carlo Menotti's "The Consul" in Etobicoke. They forgot that in 1951 NBC commissioned Menotti to compose an original opera. The result was "Amahl and the Night Visitors," considered his masterpiece by most critics. Six other original operas have been underwritten and presented in world premieres by NBC. Leonard Bernstein's concerts have been subsidized for years by CBS. Does anyone in his right mind think the backers of pay TV will take comparable risks on classical music?

What about the theater? The pay-as-you-see boys no longer are talking expansively of making Broadway a whistle stop after Main Street by introducing elaborate musicals and dramas with top stars. Small wonder. An untried venture entails an investment running as high as $350,000, and the chances are it will be a flop. They're not going out on a limb—but scores of companies such as Hallmark, Du Pont, Bell Telephone, General Motors, and Ford regularly sponsor programs for the minority audience. And the networks assume part of the cost by offering all affiliates the programs when sponsors contract for a limited number of stations.

It is barely possible that pay TV can be moderately successful in scattered areas with first-run movies and sports. Movies, however, affect only theater attendance, and the networks have contracts for all the major sporting events except the heavyweight-championship fights. I don't believe pay TV will ever have enough exclusive attractions to make serious inroads on the mass audience. If my prognosis is wrong, NBC will have no choice but to join the opposition. To paraphrase Abraham Lincoln—on an infinitely more important proposition—TV cannot exist half fee and half free.

I'd like to see a showdown between commercial and pay TV, to settle, once and for all, the battle for the mass audience. This challenge hardly stamps me as a brave fellow, because the outcome is as predictable as a fight between an amateur armed with a feather and a seasoned pro pitching blockbusters. The public is too smart to trade the solid benefits it gets at no cost from sponsored programs for an expensive service that cannot begin to provide comparable entertainment.

Commercial TV admittedly is not all it should be, but consider the cultural advances it has helped to stimulate in a dozen short years. In 1949 less than 2 percent of the population was exposed to the legitimate theater, concerts, and ballet. Now, 16 million to 20 million people watch such performances on TV—bigger audiences than Shakespeare, Beethoven, and Nijinsky drew in their lifetimes.

In the last decade the publication of juvenile books has increased 200 percent; library circulation has gone up 50 percent; the number of symphony orchestras and museums has nearly doubled; the sales of classical records have climbed 50 percent. I do not suggest that TV has been responsible for this cultural surge. The country's rising level of education is the prime mover behind it, of course. The point I would like to make is that TV has not damaged our aesthetic appreciation, as critics charge.

The lamentations of handwringers are flatly refuted by more competent observers. Leonard Bernstein concluded a record-breaking tour of 11 cities with the New York Philharmonic by playing to a standing-room-only audience in the Hollywood Bowl last September. He attributed the unprecedented crowds to the cultivation of good music on TV.

James B. Reston, the New York Times' Washington bureau chief, toured the Middle West in March and reported that the press and politicians of the section were generally lagging behind the public in acceptance of momentous changes. "Television is clearly a large factor in this contrast," Reston commented. "For while many of the most powerful organs of the press continue longing wistfully for a past they know will never come again, television is showing the revolution in Africa, the revolution in the cities and races of America, the revolution of automation in the big industries."

On balance, I think TV can be faulted now on only one serious count—excessive violence, especially in action shows watched by children. Many studies in this area have returned conflicting verdicts. Some psychologists, noting that fairy tales abound with cruel witches and ogres, say TV brutality has no adverse effect on children. They find that kids who are heavy viewers often read more, have better vocabularies and participate in more creative activities, because their imaginations are stimulated.

Parents who are skeptical of such opinions can resort to a simple expedient: Monitor the set. It never was intended to be an easy substitute for their guidance. My 4-year-old daughter is an avid viewer, but her mother and I keep close tabs on what she watches. When a program comes on that we consider unsuitable for her, the set goes off.

It may be necessary to exercise such control during the coming season. Apart from increasing attention to informational shows, there will be no radical changes in programing. After all, the public's tastes do not change overnight either. There are, however, several straws in the wind which may be improvements in light entertainment.

Hour-long drama pulled better than half-hour shows last season, an indication that viewers want fuller development of characterizations and plots. Several short westerns are going to the hour format—but don't be alarmed. The quota of varments biting the dust will not be doubled. The extra time will be devoted to better story construction—we hope.

The public definitely likes action shows and will get them, with mystery getting a heavy play. Costume pieces are on the way out; with the exception of westerns, they rarely catch on. The audience prefers contemporary settings. More foreign locales will be used as background for adventure series, imparting an educational touch to the perils encountered by red-blooded Government agents jousting with exotic female spies. Social drama has had a rough time—maybe because it hasn't been good—but NBC will try to pump vitality into it. And, as always, culture will be nurtured with whopping budgets.

The schedule offers something for everyone. If you disagree, I respectfully suggest you employ the best little program regulator ever invented, the forefinger and thumb. Grasp the switch of your set firmly, snap it off, and your message will come through loud and clear. Sponsors, like nature, abhor a vacuum.

UNCLE SAM WILSON OF TROY, N.Y.

Mr. JAVITS. Mr. President, on August 8, the Senate Judiciary Committee approved Senate Concurrent Resolution 14 which I am sponsoring with my colleague Senator KEATING, saluting Uncle Sam Wilson of Troy, N.Y., as the progenitor of America's national symbol.

During the past years, some persons have contended that this national symbol of the United States is archaic and should be disavowed. To accept these arguments would mean acquiesence in unfounded cynicism toward our Nation's traditions. Sam Wilson's life spanned the era in which our Nation was born and came to maturity. It is the embodiment of the values which have girded our Nation in all times of crisis. If we are to maintain our rich traditions of individual liberty and common strength, we should appreciate the symbol which is the emblem of those traditions. We must continue to make it clear that Uncle Sam stands as a symbol of freedom for all the peoples of the world.

The State of New York has already recognized the importance of the Sam Wilson legend. Governor Rockefeller has designated September 13 as Uncle Sam Day by proclamation. I ask unanimous consent that this proclamation be printed in the RECORD.

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

PROCLAMATION

For upward of a century the figure of Uncle Sam has stood throughout the world

as a symbol of our country, of the best in Americanism.

Uncle Sam was a New Yorker. His name was Samuel Wilson and he was one of the foremost merchants of Troy, and a supplier to our military forces. According to legend, his integrity was such that the initials "U.S." stamped on containers represent "Uncle Sam" or "United States."

In 1959 a joint resolution of the New York Legislature requested me to issue a proclamation in honor of Uncle Sam, which I was happy to do.

Now a subcommittee of the U.S. Senate Judiciary Committee has approved a bill in the Congress officially recognizing Samuel Wilson of Troy as our country's "Uncle Sam." Favorable action on this measure by the Congress would be a fitting affirmation of the principles of Americanism which Samuel Wilson personified.

Now, therefore, I, Nelson A. Rockefeller, Governor of the State of New York, do hereby proclaim September 13, 1961, as Uncle Sam Day in New York State in honor of the memory of Samuel Wilson Troy.

Given under my hand and the privy seal of the State at the capitol in the city of Albany this 1st day of August in the year of our Lord 1961.

NELSON A. ROCKEFELLER.

By the Governor:

WILLIAM J. ROAN,
Secretary to the Governor.

INTER-AMERICAN ALLIANCE-FOR-PROGRESS CONFERENCE

Mr. SYMINGTON. Mr. President, the Inter-American Alliance-for-Progress Conference now going on in Punta del Este, Uruguay, has focused attention on the efforts being made by this country to bring economic progress and development to our friends in Latin America.

The present debate in the Congress also underscores the efforts being made by the American people to bring a better life to people in all parts of the world; but while discussion of our foreign assistance program largely centers on expenditures, an increasingly important part of our assistance to underdeveloped nations is in the form of surplus food.

Since the beginning of the year, we have seen a great increase in the food-for-peace program and a demonstration of imaginative use of commodities which are in oversupply here in our own country but greatly needed many places abroad.

One of the techniques is the food-for-wages system which has already met with great success in several countries.

Mr. President, I ask unanimous consent that an article from the St. Louis Post-Dispatch, dated July 17, 1961, entitled "Surplus U.S. Food Creates Jobs in Underdeveloped Countries, Important Foreign Policy Tool," by Thomas W. Ottenad, be printed at this point in the RECORD.

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

SURPLUS U.S. FOOD CREATES JOBS IN UNDERDEVELOPED COUNTRIES, IMPORTANT FOREIGN POLICY TOOL—COMMODITIES BEING USED FOR WAGES IN BOOTSTRAP OPERATIONS IN SEVEN NATIONS—SHIPMENTS STEPPED UP SIXFOLD IN FIRST 6 MONTHS OF THIS YEAR

(By Thomas W. Ottenad)

WASHINGTON, July 17.—Surplus American food, by helping to create jobs in underdeveloped nations is becoming an increasingly important tool in U.S. foreign policy.

Employed in a kind of bootstrap technique, excess commodities are being donated by the United States to pay part of the wages of foreign workers employed on economic development projects in their native country.

The objective is to enable these nations to help themselves by putting a greater number of their unemployed to work on public improvement works aimed at broadening the country's economic base and raising its living standards.

American food has been donated for this purpose for the past 4 years but only on a limited pilot basis. The program has been stepped up sharply by George McGovern, special assistant to the President and director of the food-for-peace program, since he took office last January. As a result, in the first 6 months of this year more than six times as much food was provided for partial wage payments on self-help economic development projects as was furnished in all of 1960.

The United States now has agreements to furnish food-for-wages to seven countries in Africa, the Middle and Far East. A multimillion-dollar pact is expected to be worked out soon with Brazil. Officials here say the program can be an important aid to President Kennedy's alliance-for-progress plan for aiding the development of Latin America.

The benefits that can stem from the food-for-wages technique were described graphically here by Howell V. Williams, a former Missourian. For the last 4 years he has been an economic adviser on the staff of the American foreign aid mission in Tunisia where the program originated.

"There has been a great change in Tunisia since this effort was undertaken," he related. "Before it started, people lacked jobs and the food they needed for subsistence. There was apathy and lack of interest.

"Now there is a veritable beehive of activity in the country. It has brought new spirit and hope to the people. It has had important, immediate social consequences as well as long-range economic results."

Unemployment in Tunisia, which in the past amounted to 30 percent of a labor force of about 1 million, has been cut by half. A total of 160,000 Tunisians now are working on undertakings where they receive part of their wages in American food. Since the program started in 1957, 6,000 projects, including reforestation, the clearing of land for farming, the building of farm ponds, small dams, irrigation canals, roads, bridges, schools, houses and medical dispensaries, have been undertaken. The United States has donated 400,000 tons of American wheat with a market value of $30 million to the program.

This is how American food is translated into wages: Wheat from the United States is processed by the Tunisian Government into semolina, a coarse wheat product that is a standard dish in north Africa. For 8 hours of work a laborer receives the equivalent of 50 cents in cash from the Tunisian Government plus about 3½ pounds of semolina. The food allotment is computed to be 30 percent of the worker's total pay. It is thus slightly less than the average daily wage of 90 cents earned by unskilled agricultural workers in Tunisia.

Williams, who was called here for discussions by American and Brazilian officials last week of plans for aiding the poverty-stricken and hunger-ridden northeastern section of Brazil, was enthusiastic about applying the food-for-wages approach in Latin America.

"From our preliminary discussions it appears that it could be extremely useful in Brazil," he remarked. "It should be especially adaptable to resettlement projects that the Brazilian Government is planning. It could provide part of the wages for workers employed in building the new communities that will be needed for persons being moved to new areas. It would have an immediate social impact."

Other advantages claimed for the program include the following: It is noninflationary since food payments do not create buying power, and it does not seriously affect normal food sales since it is designed principally for those who have been unemployed and unable to purchase through regular channels. From the U.S. point of view it provides a way of disposing of large quantities of unneeded surplus food stocks.

Based on his experience in Tunisia, Williams has a few words of caution about the program. To work well, he said, it must be aimed at countries where there is a labor surplus, where there is adequate storage for food shipments, where available American commodities are adaptable to local diets, and "most importantly, where the government involved sees the program as a major way of promoting its economic growth."

At last week's discussions with Brazilian representatives American officials offered surplus food for wage payments on migration, resettlement and development projects planned for Brazil's northeastern section. The volume of commodities to be donated will be determined later and will depend on the size of the undertakings worked out by Brazilian officials.

The final agreement is expected to be completed before the end of the year. Some American officials expect it to equal a similar program set up recently in Morocco, calling for more than $14 million worth of surplus American wheat.

This would be in addition to $14,474,000 worth of powdered milk, corn, beans, wheat flour, and lard which McGovern, announced Saturday would be furnished to Brazil in the next 12 months to feed mothers and children and to provide a reserve for emergencies.

President Kennedy indicated Friday that American food shipments to the Latin American nation may reach $137 million over the next 5 years. The food contributions would aid in meeting the cost of a $900 million economic development program planned by the Brazilian Government for the northeastern section of the country. Brazil itself will bear $500 million of the cost.

In addition to Tunisia, countries that have signed agreements to receive surplus American food for partial wage payments include Morocco, Afghanistan, Korea, Ethiopia, Tanganyika, and Iran.

Largest so far is with Morocco. The pact, concluded in May, calls for shipments of wheat valued at $14,300,000 to be used for partial wage payments to 200,000 workers to be employed on a variety of development programs similar to those underway in Tunisia.

The amount of food furnished by the United States for use as partial wage payments in foreign countries totaled 264,173 tons in the first 6 months of this year. This compared with only 43,763 tons shipped for such use in all of 1960, it was reported.

McGovern predicted a continued increase in coming months, noting that negotiations are underway with 26 additional countries to set up food-for-wage programs using American surpluses. He forecast that at least 1 million tons of surplus agricultural commodities will be donated to needy nations this year, compared with only 388,000 tons in 1959–60. Most of the increase, he added, will be accounted for by the expanded food-for-wages program.

CONGRESSIONAL FELLOWSHIP PROGRAM

Mr. SYMINGTON. Mr. President, I was absent from the city yesterday when the distinguished assistant majority leader and several other Members of the Senate paid tribute to the congres-

sional fellowship program, sponsored by the American Political Science Association, but should like to add to the remarks made at that time.

The program, which is now in its ninth year, has been a great success, due in large measure to the care with which the fellows are selected and the outstanding job done by the administrators of the program.

I am particularly proud that a young man who served as a congressional fellow in my office 2 years ago, Mark Ferber, has since that time served as director of the program. He has done an outstanding job, and I know I speak the feelings of many here in Washington in expressing regret at his departure, and our best wishes for a successful career in teaching.

I concur wholeheartedly in the comments made yesterday about the effective contribution which these men make to the operation of congressional offices.

The year spent in Washington under the program adds immeasurably to the knowledge and experience of these teachers and reporters of American Government. It enables them to be more effective interpreters of what actually happens here in the Congress.

It is my hope that the work of the congressional fellowship program will continue and that an increasing number of fine young men will be able to acquire detailed knowledge of legislative process while providing valuable assistance to the Members of the Congress.

DEATH OF GEN. WALTER BEDELL SMITH

Mr. HARTKE. Mr. President, on August 9, 1961, Americans lost a great, dedicated person to the causes of freedom. A Hoosier, the late Gen. Walter Bedell Smith, born at Indianapolis, Ind., devoted his life as soldier, statesman, and during World War II as an aide to the then Gen. Dwight D. Eisenhower.

The services of General Smith will be sorely missed, and in view of his death, so that all who read it may know of his accomplishments, I ask unanimous consent to have the obituary of General Smith printed in the RECORD.

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

SOLDIER, STATESMAN, WAR AIDE TO EISENHOWER—W. BEDELL SMITH DIES EN ROUTE TO HOSPITAL

Gen. Walter Bedell Smith, tough-talking soldier-diplomat who was former President Eisenhower's top aide in World War II, died of a heart attack last night in an ambulance rushing him to a hospital. He was 65.

General Smith, who rose from a private to a four-star general and was later head of the Central Intelligence Agency and Ambassador to Moscow, had been in and out of the hospital for years.

A spokesman at Walter Reed Army Medical Center said General Smith's wife called late last night and asked for an ambulance. He said General Smith had suffered a heart attack at home. The general died en route to the hospital.

The spokesman said General Smith had been in the hospital only last July 30, when he spent the night there.

KEY ROLE

During World War II, General Smith played a key role in the Allied victory as General Eisenhower's Chief of Staff. It was General Smith who accepted the military surrenders of both the Italian and the German armies on General Eisenhower's behalf.

In the cold war, General Smith served successively as U.S. Ambassador to Moscow during the tense time of the Berlin blockade, as Chief of the Central Intelligence Agency, and as Under Secretary of State under the late John Foster Dulles.

On retiring from the latter post in 1954, the onetime Indiana National Guardsman became vice president of American Machine Foundry and later president and chairman of the board of AMF Atomics, Inc.

PRAISED BY IKE

Of Smith's wartime services, General Eisenhower once said: "He was a godsend—a master of detail with clear comprehension of main issues."

Mr. Eisenhower also said of General Smith: "Strong in character and abrupt by instinct, he could achieve harmony without appeasement and earned for himself an enviable standing throughout the armies and governments of Europe.

One army colleague once described him as "tougher than a 15-minute egg or a 25-cent steak" but then added: "He's a son-of-a-gun who gets things done."

Much of his reputation for short-temper was attributed to the fact he suffered for years from a gastric ulcer.

His toughness stood him in good stead as Ambassador to Russia. He took the post in 1946 when the Kremlin began turning fiercely against the free world.

CABLED MARSHALL

It was General Smith who had to negotiate with the Russians in an effort to end the Berlin blockade in 1948. At one point he cabled then Secretary of State George Marshall: "For God's sake, can't we get selective service going again. Something these guys can understand."

Congress later passed a draft law.

General Smith summarized his feelings about the Russian threat in his book "My Three Years in Moscow."

He wrote: "We are forced to a continuing struggle for a free way of life that may extend over a period of many years. We dare not allow ourselves any false sense of security. We must anticipate that the Soviet tactic will be to attempt to wear us down, to exasperate us, to keep probing for weak spots. And we must cultivate firmness and patience to a degree we have never before required."

General Smith lived at 4400 Garfield Street NW. His only survivor in his wife, Mary E.

PAUL C. JOHNSON

Mr. CURTIS. Mr. President, on August 6 a distinguished public servant has departed this life for a greater service in the life eternal. I join with all my colleagues in mourning the death and extolling the virtues of Mr. Paul C. Johnson, who for 61 years was employed by the Senate restaurant.

He was affectionately known as Paul to everyone. Paul was kind and he was gentle. He exemplified those Christian attributes of humility, kindness, gentleness, thoughtfulness, and a desire to serve.

Paul often worked under trying circumstances, amid rush and bustle for long hours, yet he retained his poise and his courtesy. He could not have done this had he not possessed such a noble disposition.

Paul was a friend of the individual who occupied an obscure position as well as a friend of the great and near great. He was a friend of the old, the young, and the middle aged. Yes, he was a friend of little children. No greater tribute can be paid to anyone in regard to his human relations than that he is a friend of little children. Those little ones will miss Paul.

I wish to extend to his family and loved ones my most sincere sympathy and commend them to the Divine Author of our creation in their hour of grief.

HEALTH SERVICES FOR MIGRATORY FARM FAMILIES

Mr. WILLIAMS of New Jersey. Mr. President, for many years now religious, charitable, and social organizations have been truly concerned about the plight of our migratory farmworkers and their families. The sincerity and determination with which they have met tremendous obstacles in attempting to improve the living and working conditions of these citizens make their accomplishments all the more impressive and commendable.

The constructive thinking and planning of a New Jersey voluntary health agency in ways to improve health services for and health conditions of migratory farm families have just resulted in another of these accomplishments.

An article in the Asbury Park (N.J.) Evening Times on August 1 gives an excellent account of a mobile family health unit recently purchased and equipped by the Monmouth County Organization for Social Service, which will extend health services to migratory farmworkers employed on Monmouth County farms beginning on August 14. This health unit, which has been made possible through a memorial fund donated to the organization, is the first of its kind in New Jersey. It was, therefore, with no little interest and pride that I noted the splendid progress which is being made in my home State.

The mobile family health unit's services will be available during the evening so that workers will not lose valuable working time in the fields. The article points out:

Physicians will be assigned by the State health department, which will also provide funds for additional nursing services required by the evening clinics.

Within the near future, a bill, S. 1130, which would improve the health conditions of and health services for migratory farm families will be brought before the Senate for consideration. One of the provisions of S. 1130 would authorize Federal grants to public or other nonprofit agencies, institutions, and organizations for conducting special health projects for migratory farmworkers and their families. This bill would aid organizations, such as the Monmouth County Organization for Social Service, immeasurably in providing the types of health services so urgently needed by migratory farm families, but so frequently unavailable to them.

Because the mobile family health unit established by the Monmouth County Organization for Social Service affords

an excellent example of one of the many programs which could be initiated under S. 1130, and because the health unit is a type of health service heretofore unavailable to migratory farm families, I ask unanimous consent that this informative article be printed in the RECORD at this point.

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

MCOSS HEALTH UNIT WILL VISIT FARMS TO AID MIGRANT WORKERS

Monmouth County Organization for Social Service will extend its health services to migrant farmworkers by means of a mobile family health unit, which will go into operation on Monmouth County farms beginning August 14, Miss Winona E. Darrah, executive director of MCOSS has announced.

The organization, a voluntary health agency, has served migratory agricultural workers for years and the health clinics conducted by MCOSS have been open to these farmworkers. But taking the services to the camps where the migrants live and scheduling evening hours, Miss Darrah explained, will make it possible for the preventive health services to be more readily available to migrant families.

MCOSS has purchased and equipped a trailer—using a memorial fund donated to the organization. Physicians will be assigned by the State health department, which will also provide funds for additional nursing services required by the evening clinics. Dr. William J. Dougherty, director of the State health department's division of preventable diseases, has been working with Miss Darrah on plans for the mobile unit, the first of its kind in New Jersey.

Included in the services which will be made available will be Salk inoculations, tuberculin tests, diphtheria, tetanus and whooping cough shots. In addition, the regular services available to low income families at regularly scheduled MCOSS infant and preschool clinics in 20 locations throughout Monmouth County, also will be provided. The well baby clinics will be open to the migrant children for physical examinations and immunizations and will supplement the regularly established county clinics.

Where physical defects require other clinic facilities, the public health nurses will assist the families in obtaining the needed care.

Miss Darrah and Dr. Dougherty are working out a schedule for a 2-week period from August 14 to August 25, with the trailer and its medical and nursing crew spotted at strategic areas in the larger migrant camps throughout the county during the 2-week period. Hours of the clinics have been set for 7 to 9 p.m.

Farmers, crew leaders and other persons concerned with agriculture are being contacted to assure maximum use of the new health facilities, Miss Darrah said.

"We are happy to be able to take these services to the people who work on the Monmouth County farms and are unable, because of their working hours and travel difficulties, to take advantage of our regularly established services. We are counting on the cooperation of the workers themselves, the farmers, officials and others in the rural areas, to make this venture a success. This represents a broad concept of preventive health services."

AMERICAN JEWISH COMMITTEE COMMENDS POPE JOHN'S SOCIAL ENCYCLICAL

Mr. HUMPHREY. Mr. President, I ask unanimous consent that an excellent statement by the American Jewish Committee supporting the recent social encyclical issued by Pope John XXIII be printed in the RECORD.

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

STATEMENT BY DR. JOHN SLAWSON, EXECUTIVE VICE PRESIDENT, AMERICAN JEWISH COMMITTEE ON POPE JOHN'S ENCYCLICAL

The American Jewish Committee, together with people everywhere who are deeply concerned with the future of Western, and indeed, all human civilization in this nuclear-missile age, joins in applauding the great encyclical just proclaimed by His Holiness Pope John XXIII.

At a time of rapid and global social, political, and technological change which increasingly appears to reduce the significance of the individual human being in the scheme of life, the repeatedly vigorous reaffirmations by Pope John of the "sacred dignity of the individual" and of "human solidarity and brotherhood" constitute a resounding moral injunction to which every man, whatever his creed or tradition, can unhesitatingly respond.

To members of the Jewish community and religion, there are many teachings in this courageous and far-visioned encyclical regarding the social and economic order which evoke a particular sympathy because their spirit and expression are so profoundly imbued with the ancient biblical and prophetic zeal for social justice.

As Americans, as Jews, and as an organization dedicated to helping improve human relations between people of all faiths and races throughout the world, it is our sincere hope that the high moral principles and practical recommendations embodied in this historic declaration will find their way into the hearts and practices of all the members of the human family.

JULY 20, 1961.

IMPACTED SCHOOL AID PROGRAMS

Mr. ENGLE. Mr. President, I ask unanimous consent to have printed in the RECORD a statement I have prepared with respect to the extension of the so-called impacted-areas school legislation.

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

STATEMENT BY SENATOR ENGLE

The Senate Committee on Labor and Public Welfare has today ordered reported S. 2393, a bill introduced on Wednesday by Chairman LISTER HILL and Education Subcommittee Chairman WAYNE MORSE to extend for 1 year the expired provisions of programs of Federal assistance to impacted school districts.

California has an enormous stake in these programs. Over 600 of our school districts have been receiving payments for operating expenses and school construction under Public Laws 874 and 815. These funds have been made available in recognition of the Federal Government's obligation to help meet the expense of educating boys and girls whose parents live or work on tax-free Federal property. State and local resources simply cannot meet the heavy additional costs of these swollen enrollments.

Earlier this year I introduced S. 1078, a bill to make these programs permanent. In passing S. 1021, the School Assistance Act of 1961, the Senate provided for their extension for 3 years beyond their June 30, 1961, expiration date. I have taken the position that Congress should enact general school aid legislation, as well as legislation to meet our responsibilities to the impacted school districts. I have many times stated that education is a national problem, that the effects of substandard education go beyond the limits of any State or locality. Control of education, of course, should remain in local hands.

I would like to see general school aid, impacted aid, and the National Defense Education Act extension passed at the present session of Congress. Unfortunately, the difficulties surrounding school legislation in the House of Representatives are such that prospects are dim for final action this year.

Accordingly, I am lending my vigorous support to and ask unaimous consent to sponsor S. 2393, the urgent measure to renew the expired provisions of Public Laws 874 and 815. Its passage will enable our school districts to go ahead with planning for the school year opening next month. They have been hampered in hiring teachers and overall budget preparations by the lamentable lapse of these laws.

The American people can make no sounder investment in the future than the investment in education. I will continue in the years ahead, as I have in the past, to give my wholehearted support to proposals for the betterment of our schools.

The PRESIDING OFFICER. Is there further morning business? If not, morning business is closed.

FOREIGN ASSISTANCE ACT OF 1961

The PRESIDING OFFICER (Mr. HICKEY in the chair). Without objection, the Chair lays before the Senate the unfinished business.

The Senate resumed the consideration of the bill (S. 1983) to promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward social development and internal and external security, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Virginia [Mr. BYRD].

Mr. DIRKSEN. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Illinois will state it.

Mr. DIRKSEN. Do I correctly understand that last night unanimous consent was obtained to consider all the Byrd amendments en bloc?

The PRESIDING OFFICER. The Senator is correct.

EXECUTIVE SESSION

Mr. SMATHERS. Mr. President, I move that the unfinished business be temporarily laid aside and that the Senate proceed to the consideration of executive business.

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

EXECUTIVE MESSAGES REFERRED

The PRESIDENT pro tempore laid before the Senate messages from the President of the United States submitting several nominations, which were referred to the appropriate committees.

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

The PRESIDING OFFICER. If there be no reports of committees, the nominations on the Executive Calendar will be stated.

U.S. MARSHAL

The Chief Clerk read the nomination of George A. Bukovatz, of Montana, to be U.S. marshal for the district of Montana.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

ASSISTANT SECRETARY OF THE ARMY

The Chief Clerk read the nomination of Finn J. Larsen, of Minnesota, to be Assistant Secretary of the Army.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

ARMY NATIONAL GUARD

The Chief Clerk proceeded to read sundry nominations in the Army National Guard.

Mr. SMATHERS. Mr. President, I ask unanimous consent that the nominations down to and including Lt. Col. Chester James Moeglein be considered en bloc.

The PRESIDING OFFICER. Without objection, it is so ordered; and the nominations down to and including Lt. Col. Chester James Moeglein are confirmed en bloc.

U.S. AIR FORCE

The Chief Clerk proceeded to read sundry nominations in the Air Force lying on the Vice President's desk.

Mr. SMATHERS. Mr. President, I ask that the nominations in the Air Force lying on the Vice President's desk be confirmed en bloc.

The PRESIDING OFFICER. Without objection, it is so ordered; and without objection, the nominations in the Air Force are confirmed en bloc.

Mr. SMATHERS. Mr. President, I ask that the President be immediately notified of the confirmation of these nominations.

The PRESIDING OFFICER. The President will be notified forthwith of the confirmation of the nominations.

LEGISLATIVE SESSION

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

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

ANTI-COMMUNIST SEMINAR IN PANAMA CANAL ZONE

Mr. THURMOND. Mr. President, I ask unanimous consent that these remarks may be printed in the RECORD prior to debate on the Foreign Assistance Act of 1961.

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

Mr. THURMOND. Mr. President, on July 26, 1961, I outlined and documented the facts of a concerted campaign to discredit, intimidate, and muzzle the military leaders of our Nation. As I pointed out at that time, this campaign apparently began in this country with the Communist Party U.S.A. and its publication, the Worker. Among the articles I have placed in the CONGRESSIONAL RECORD on July 26 from the Worker was one dated June 4, 1961, entitled "Military Discusses New Move." This article constitutes a flagrant attack on the top military leadership of our country. Among those named are Lt. Gen. Arthur G. Trudeau, Chief of Research and Development of the Army; Adm. Arleigh Burke, recently retired Chief of Naval Operations; and Gen. Maxwell D. Taylor, military adviser to the President. Included in the attack were also Mr. William C. Sullivan, chief inspector in the Federal Bureau of Investigation, and Mr. Lyman B. Kirkpatrick, Jr., inspector general of the Central Intelligence Agency.

Subsequent to the Worker articles, the campaign was continued in an article by Cabell Phillips in the New York Times of June 17 and in such publications as the Washington Post and Times Herald, the Reporter, and the Bulletin of the Atomic Scientists. It also has taken the form of pamphlets and, in one instance, a memorandum which originated on Capitol Hill, according to the press. This campaign continues to give this smear campaign priority, first-page treatment. I ask unanimous consent that one of the articles appearing in the August 6, 1961, issue of the Midwest edition of the Worker entitled "Strategy Seminar Violates Ban on Propaganda Generals" be printed in the RECORD at the conclusion of my remarks.

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

(See exhibit I.)

Mr. THURMOND. Mr. President, I am convinced from the facts which have come to my attention that this campaign to intimidate our military leaders and to prevent them from participating in patriotic efforts to alert the American people to the total menace of communism is a part of an overall anti-anti-Communist effort originating with the Communist Party, U.S.A., in which they have the enthusiastic cooperation of the Marxist Socialists in our country and many others who, wittingly, cooperate and advance the purpose and goals of the Marxist-Socialists-Communists.

The very existence of such a campaign is alarming, but the evidences of success of the campaign, particularly as it applies to the intimidation of military officers in their attempts to combat the menace of communism and the cold war creates a clear and present danger to our national security which cannot and must not be allowed to continue.

Indications that the campaign to muzzle military personnel and to encumber their effectiveness against communism increase daily. As far back as March 10, 1961, a memorandum was issued by the Office of the Secretary of Defense prohibiting the use of the film "Operation Abolition," by the services for training of military personnel.

As I pointed out in a Senate floor speech on July 31, both the Army and the Navy had been using many copies of the film "Operation Abolition" as a prescribed official training film. Subsequent to the memorandum of March 10, 1961, the film was withdrawn as an officially prescribed training film by the Army and the Navy and put on the shelf. There is no question but that "Operation Abolition" was officially and effectively barred as a training film for military personnel by this memorandum of March 10, 1961.

This memorandum professed to ban only official use of the film of which the services had procured and previously used a number of prints, both officially and unofficially. The effect of the memorandum, however, and the manner of its implementation by the Department of Defense, has effectively curtailed, if not altogether discontinued, the use of the film by or for military personnel, either on an on-call basis or—for that matter—any purpose.

Subsequently, on April 21, 1961, another memorandum was issued by the Office of the Secretary of Defense banning the use or procurement by the services of a narrated film strip, "Communism on the Map."

The film "Operation Abolition," is a documentary account of the riots against the House Un-American Activities Committee in San Francisco, Calif., in the spring of 1960. The film strip, "Communism on the Map," is a documentary appraisal of the worldwide progress of the Communists since 1917. Both are hard hitting and revealing concerning the tactics and nature of communism. I am advised that the Department of Defense is in the process of preparing its own films to replace those it has banned.

One of these films prepared for use by the Department of Defense is completed. It is entitled "Challenge of Ideas." As I previously stated, I have viewed that film and regard it as "gutless" and without punch, and certainly no substitute for such films as "Operation Abolition," "Communism on the Map," and "Communist Encirclements—1961." This latter film is an updated version of "Communism on the Map."

More evidence of success for the campaign to gag our military leaders is embodied in the Department of Defense Directive No. 5122.5 dated July 10, 1961, which defines the scope of duties and authority of the Assistant Secretary of Defense for Public Affairs. The change in duties of this Assistant Secretary of Defense is subtly worded, but pregnant with powers of censorship. I have had this directive and the one it superseded printed in the July 26 RECORD on pages 13605–13606. It constitutes the means for a tight gag on statements of military personnel. Even before the directive was issued, strict censorship had crept into the Department of Defense, as it has into other branches of our Government.

In the U.S. News & World Report dated August 14, 1961, in an article entitled "A Furor Over Muzzling the Military," it is reported that officials in the Pentagon are writing more directives to limit discussions by military officers. These concrete steps by the military are

subtle in themselves, but the effectiveness of their subtlety is greatly reinforced by such news reports as the statement by Cabell Phillips in his June 18 article in the New York Times, which stated, after alluding to the official "admonishment" of Maj. Gen. Edwin A. Walker, the following:

> High officials at the Pentagon have said that they hope this example will have a restraining effect on other military men whose zeal in the same cause has been creating mounting embarrassment for them.

In practical effect, such hints are about as subtle as the blunt side of an ax when measured as to impact on an officer whose whole professional career is at stake. Our military leaders are courageous and patriotic, and undoubtedly there are many who will without hesitation place the welfare of the Nation first, even at the risk of their careers of service. Many of these officers have proved time and again their willingness to sacrifice, not just their careers, but their lives if necessary. In this instance, however, only the vilest of the vile would put our military leaders to such a choice.

Mr. President, the successes of the gag-the-military campaign, which I have described, are of general and broad application, for the most part. Unfortunately, the successes of the campaign are evidenced by specific instances of absolute frustration of the efforts of our military personnel to combat the Communist aggression.

It would be difficult in this period to single out one area of the world in which the immediate threat of the Communist menace is preeminent. The situation in Berlin is crucial. We are in the midst of a vital struggle to prevent the overrunning of southeast Asia by communism. The danger in these areas cannot be relegated to a secondary position.

Neither, however, can the threat of communism in Central and South America, right in our own backyard, be relegated to a secondary place. Communism has gained a foothold in this hemisphere in the form of a satellite ruled by the Sino-Soviet Communist dictator, Castro. In the struggle that continues in Central and South America, the freedom or subjugation of many countries hangs in the balance.

The seriousness which we attach to the threat of communism is illustrated by the President's proposed alliance for progress, which was presented to a conference with Central and South American Governments in Montevideo this week and which is still in progress. Our Government has announced a plan to finance the alliance for progress for the benefit of Central and South American countries at up to $20 billion in credits. This illustrates to some extent, although not to the extent it deserves, the importance of combating and defeating the Communist aggression in Central and South America. It is no secret that the Communists have made great inroads through subversion and propaganda in many Latin American countries. We face a difficult task in meeting this challenge, and no weapon or device which promises a good chance of repelling or rolling back the Communist assaults in the Western Hemisphere should remain unused.

Mr. President, our military leaders are not blind to the threat and assaults of communism in South and Central America, nor are they insensitive to their obligation to support and defend the Constitution of the United States and their country.

There are now and have been for some years a number of Americans citizens who are employed and reside in South and Central American countries. These individuals possess unique knowledge of the countries in which they live and are in daily contact with the business leaders and press, and government officials of the Latin American countries in which they live and work. They speak the language and know and understand the people.

Many of these Americans living abroad within our hemisphere are Reserve officers in our military services, a great number of them having served on active duty in wartime. Their residence and employment outside the United States have not dimmed nor diminished their desire and willingness to serve their country in any way that they can be of service.

In 1960, military officers conceived an idea to call some of these Reserve officers to active duty in the Panama Canal Zone for a 2-week period of intensive briefing concerning the Communist threat, in order to make these Reserve officers more aware of Communist tactics and methods so that they might recognize them. The unique potential for service to the United States of these Reserve officers is obvious. Once alerted and trained to recognize Communist tactics and moves, these Reserve officers would be in an excellent position both to offset Communist propaganda and keep our country informed as to the moves of the Communists and the reactions of officials and citizens in the particular Central or South American country in which they reside.

Approximately 100 officers were therefore called to active duty in the Panama Canal Zone for 2 weeks in 1960 and given an intensive course of instruction. Mr. President, this program, although limited in size, and in the nature of a pilot program, was tremendously successful.

In 1961, the military services of the United States proposed to repeat the 2-week seminars for Reserve officers residing in South and Central American countries on an expanded basis. It had great promise of success and, heaven knows, we needed it.

Mr. President, we hear much about the necessity for new ideas in meeting the Communist threat. We spend millions to obtain intelligence information concerning the efforts of our enemies—the Communists—going on in every country on the globe. We also spend a fortune through the U.S. Information Agency in an effort to present an unbiased and factual picture to the nations of South and Central America on the conflicts between our system and communism. Our military services, through their idea for seminars for these Reserve officers living in South and Central America, provide a refreshingly new approach, at once both uniquely effective and inexpensive. It is beyond my comprehension that there could be objections to such an endeavor. Mr. President, I regret to report that the planned and scheduled seminar in Panama for 1961, to alert Reserve officers living in South and Central America to the menace and tactics of communism, and to their peculiar opportunities for service, was frustrated by virtue of a subtle modification of a Defense Department directive. This was done after the so-called Fulbright memorandum was presented to the President and the Secretary of Defense. This planned seminar could not be repeated on any basis in 1961. The military directives to which I refer are classified but can be easily checked by a duly authorized investigation directed by this body. Mr. President, this is one example of what gagging the military is doing to frustrate our efforts to combat the Communist menace, not only internally, but externally—in our own backyard—in an area of the world particularly sensitive today to the threat of world communism.

Mr. President, this is but one instance of the success of the conspiracy to gag the military, which itself is a part of an overall anti-anti-Communist campaign. There are many other instances, equally or more frustrating, to our efforts to thwart communism. I shall continue to discuss this matter and point out such instances in the days to follow.

Mr. President, this campaign to intimidate, discredit, and frustrate our military officers in their efforts to combat communism must be reversed and defeated. If it is allowed to continue, our security will be just as seriously impaired as it would be were the weapons of our Armed Forces to be taken from them, bit by bit, and locked in warehouses. We cannot win the war against the Marxists with one hand tied behind our backs. When we succumb to this insidious campaign to muzzle our military leaders, we are weaving the thongs for our own bondage. The efforts of the anti-anti-Communist conspiracy must be nullified; and the primary weapon with which we have to fight is information concerning the total nature of the Communist menace. Now is the time to increase, not diminish or impair existing programs to alert the American people, in uniform and out.

EXHIBIT I

STRATEGY SEMINAR VIOLATES BAN ON PROPAGANDA GENERALS

(By Sam Kushner)

KANSAS CITY, MO.—Are the Armed Forces whipping up support for a war policy in spite of the July 20 directive of the Defense Department which orders military personnel to get out of the propaganda business?

And is the Institute for American Strategy, an amalgam of military leaders, major industrialists and right-wing reactionaries, still a major vehicle for this poisonous propaganda as it has been since 1955?

The answer to both of these questions is yes, as one views the strategy seminar going on at Fort Leavenworth, 30 miles from Kansas City.

At the Command and General Staff College at Fort Leavenworth, 300 military men attended a 3-day seminar where they heard Dr. Paul Lineberger of Johns Hopkins University recall the intervention of the Marines in Mexico, Haiti, and the Dominican Republic and suggest that the time is ripe for similar action against Cuba.

The seminar, under the auspices of the Institute for American Strategy and the Freedom Foundation of Valley Forge, is the first being held since the Defense Department directive was issued, and some new trimmings have been added to get around the military order.

The Freedom Foundation, closely linked with rightwingers, is now trotted out as a cosponsor for the seminar.

Maj. Gen. Harold K. Johnson, commandant of the staff college, in welcoming the seminar, took verbal cognizance of the Defense Department order, but said he had received clearance from higher authorities to hold the seminar under sponsorship of the two organizations. He stressed that "no one of us on the administrative side of this seminar is running for office."

To further circumvent the military directive, Col. William R. Kintner, from the office of the Army's Deputy Chief of Staff for Operations, wore civilian clothes when he made his speech on July 28, the first day of the 3-day seminar.

Tipping his hat to the direction of the military directive, the colonel criticized the Birch Society.

But his main fire was aimed at "the extreme liberals who say that if we could just solve our internal problems the threat of communism would go away."

But all were not as temperate as the colonel. Dr. Lev E. Dobriansky, of Georgetown University, a favorite of refugee groups from Socialist countries, did not hide his war sentiments. He called for concentrating against the Soviet Union.

Another speaker, Eugene Lyons, senior editor of the Reader's Digest, called for intervention in the internal affairs of the Socialist countries.

"Instead of waiting passively for them to harass us we should begin to harass them," Lyons declared.

FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (S. 1983) to promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic and social development and internal and external security, and for other purposes.

Mr. SMATHERS. Mr. President, I ask unanimous consent that I may suggest the absence of a quorum, the time for the quorum call not to be deducted from the time allotted to either side.

Mr. PASTORE. Mr. President, reserving the right to object, may I ask the distinguished acting majority leader if this will be a live quorum?

Mr. SMATHERS. It is not the intention of the acting majority leader to ask for a live quorum.

Mr. PASTORE. I withdraw my reservation of objection.

Mr. COTTON. Mr. President, reserving the right to object—and I shall not object—I expect to be in the Chamber during the day. If the 7 hours allocated for debate on the Byrd amendment is to be doled out, and there is to be a repetition of this practice, I certainly shall object, because I shall have to travel all night in order to fulfill an engagement tomorrow.

Mr. SMATHERS. I assure the Senator from New Hampshire that everyone desires to finish action on the amendment of the Senator from Virginia as soon as possible. The purpose of suggesting the absence of a quorum is merely to alert Senators that the Senate is about to proceed to the consideration of the Byrd amendment.

Mr. President, I renew my request that there be a quorum call, the time for the quorum call not to be deducted from the time of either side.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. SMATHERS. 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. BYRD of Virginia. Mr. President, I yield myself 15 minutes.

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

Mr. BYRD of Virginia. Mr. President, the foreign-aid bill has been before the Senate since Friday of last week. The pending question is on agreeing to the amendment designated as "7-28-61—A." The text of the amendment has been available since July 28, when, with a statement of explanation, it was published in the CONGRESSIONAL RECORD, beginning on page 13905.

The amendment is in four parts; but, by action of the Senate on yesterday, they will be considered as one. The last three parts may be considered as technical, and incidental to the first. The amendment as a whole applies only to the Development Loan Fund; and, with respect to the Fund, it would change the provisions for capitalization.

When the Marshall plan for foreign aid was proposed in 1946, the country was told it would be for 4 years and about $16 billion. Through June 30, 1961, U.S. foreign-aid expenditures had reached a gross total of $90.8 billion.

Now, after more than 15 years of passing out money around the world, the Senate Foreign Relations Committee report on S. 1983 says the main purpose of the pending legislation is to give "a new direction" to foreign aid which is entering a "new phase."

For this "new phase" the committee bill would promote long-term, poor-risk loans to assist peoples of the world in social and economic development. The original 4-year $16 billion program has now run to 15 years and $91 billion. How long will this "new phase" run?

As a starter for this new program of so-called development loans, the present bill would set up an $8.8 billion, 5-year plan. This would be in addition to billions more contemplated for the continuation of grants programs, which have been most largely used in the past.

All of the money for the new 5-year plan would come through the back door, outside of effective annual appropriation control; and full cost would be charged directly and indefinitely into the public debt of the United States.

Under the terms of the bill, every dollar to be loaned under the new program must be raised from the sale of bonds or the issuance of some other form of interest-bearing debt. Appropriations would not be used. If there were a revenue balance in the general fund, it could not be used for this purpose.

These billions of dollars derived from increasing the debt of the United States would be used to make so-called loans to "less developed countries and areas"; and the committee report on page 8 states:

> Interest rates as low as 1 percent are contemplated, and some loans will probably be interest free. Terms of repayment up to 50 years will be permitted, in some cases with no repayment of principal for initial periods up to 10 years.

Interest on Federal debt, as it would be created by this bill for the loan program alone, computed at 3 percent, compounded annually for 50 years would total $29.7 billion. This would be nearly three and a half times the principal. That is to say, Mr. President, inasmuch as all of the $8.8 billion, which would not be appropriated in the regular course, must be borrowed at about 3 percent interest, if no interest is received from the countries to whom the loans are granted, the compounded interest on the loans made by our Government will be $29.7 billion.

Mr. DIRKSEN. Mr. President, will the Senator from Virginia yield?

Mr. BYRD of Virginia. I yield.

Mr. DIRKSEN. I wish to be sure I correctly understand the Senator from Virginia. Does he say that if we made the loans at zero interest, and inasmuch as the $8.8 billion would be a public-debt transaction, and the interest on the $8.8 billion would be compounded, and the loan would run over a 50-year period—assuming that the bonds to be issued would run that long—the interest would be $29.7 billion, or substantially three and one-half times the amount of the original loans?

Mr. BYRD of Virginia. The Senator from Illinois is exactly correct. The interest will be 3½ times the principal. I wish to make clear that under the provisions of the bill, even though there might be a revenue balance in the Treasury, it could not be used for this purpose, because the bill specifically directs that the President shall borrow the money. Appropriations would not be authorized under the bill.

This calculation admittedly does not take into account any repayments, and the reason for this is obvious. There is no estimate as to the rate or time the Treasury would receive repayments for use in retirement of the debt to be created.

The bill provides that, in receipt for the funds he supplies for these loans, the Secretary of the Treasury would be given notes of "such maturity" and such "other terms and conditions" as the President may determine.

This is intended to be a loose and flexible program of long-term, poor-risk loans, financed by interest-bearing indebtedness. The committee report says there will be flexibility reflecting capacity of the recipient country to service its debts.

We all know that too much of the debts are not going to be repaid, because the committee report states that probably no interest will be charged—as is intended—or that if any interest at all is charged, it will be only 1 percent, and that the loans will run for 50 years.

Using the full amount of interest-bearing indebtedness authorized for the loan program as the basis, 3 percent interest compounded annually would range from $35.5 million in the current fiscal year to more than $1 billion in the year 2011—that is, on a 50-year basis.

On the same basis, interest costs would equal the $8.8 billion principal in about 25 years, and the interest would average nearly $600 million a year for the 50 years between now and the fiscal year 2015.

The committee bill would apply provisions of the Government Corporation Control Act to the program and would treat it as a business-type activity. Actually, it is difficult to stretch the description of either a corporation or a business-type activity to it.

The bill would repeal existing language designating the Development Loan Fund as a corporate entity. The only resemblance to a business-type agency would be the authority to make loans, and these would be to "less-developed countries and areas."

The nature of these loans has been described not only by the Foreign Relations Committee in its report on the bill, but also by "representatives of the executive branch," who, on page 14916 of the CONGRESSIONAL RECORD of August 7, are quoted as saying:

> The recipients may have some difficulty in repaying in dollars, unless the terms of the loans are adjusted to meet their requirements. Because of the foreign exchange positions of the recipients, it may be considerable time until dollar repayment can be made.

If this development loan program is treated as a business-type activity and is financed with the proceeds from the sale of bonds and other forms of interest-bearing public debt, it will avoid the practical and unobstructed fiscal controls provided by the regular annual appropriation procedure.

This is a primary objective of those advocating the new development loan program. But provisions in the bill for the organization, status and lending operations of the Fund give it the appearance of something far removed from a sound business-type agency.

Actually, the Fund would have all of the characteristics of another Federal bureau, but authorized to increase the debt of the American people up to $8.8 billion for the purpose of making grants in the form of loans, with few, if any, strings attached.

Effort has been made to compare this activity with past and present Government corporations and business-type agencies. This cannot be justified. Generally, the loans by the other agencies have been made in the United States, framed in some measure by U.S. standards, and secured by relatively good collateral.

If the loans by this Fund are going to be for up to 50 years, with no payment on the principal for 10 years, if at all, and interest at 1 percent, or no interest at all, they may as well be regarded as grants from the outset, and provided for accordingly with regular appropriations.

The pending bill itself would authorize nearly $5 billion in new dollar appropriations for grants—including the 2-year authorization for military assistance—in addition to the $8.8 billion for the Development Loan Fund.

Since the beginning of U.S. foreign aid, following World War II, the Congress as a general rule has taken the sound position that these programs involve tremendous sums of money and broad foreign and domestic implications which require the annual fiscal control inherent in the appropriation process. But with respect to development loans that are set aside in this bill.

I find no reason sufficient to justify funding these development loans in a manner which would place them in a preferred position where appropriation control could and would be obstructed and impracticable. I am inclined to think this activity may require exceptional control and exceptional investigation by the Congress, as the program progresses. Under this bill, these expenditures are authorized for 5 years, without an appropriation by Congress.

Vital military procurement, including missile, aircraft, and ship construction, is financed through the appropriation process. Military departments are willing to justify their expenditures annually. Public works and social programs at home are financed with annual appropriations.

Looking to the future, the Foreign Relations Committee report on the pending bill makes these statements:

Foreign aid has entered a "new phase."

The main purpose of this bill is to give new direction to the foreign-aid program after we have already spent $91 billion on this program.

The stress of the program is shifted to development loans.

Long-term financing becomes available to the new AID agency.

Less emphasis is placed on and fewer funds are granted to direct support programs.

These are statements made by the committee.

The Foreign Relations Committee is serving notice that the present effort to fund foreign aid outside of the regular appropriation procedures, and to finance it directly and indefinitely with proceeds from the sale of bonds and other forms of interest bearing debt, is only the beginning.

These quotations from the committee report indicate clearly that if the door is opened to such loose fiscal control with respect to the new Development Loan Fund, the efforts will be continued and redoubled to remove the restraints of the appropriation procedure from all foreign aid.

Foreign aid spending availability provided and continued in the pending bill for fiscal year 1962 totals $11.6 billion. Assuming the loan fund authorizations in the bill, appropriations at the level proposed for the current year, and other funds available, foreign aid over the next 5 years is certain to cost at least $35 billion.

Combine expenditures of such magnitude with exemption from the discipline of appropriation restraint, and the tremendous delegations of authority and authorizations to disregard existing laws which are contained in the pending bill—and the implications of Foreign Relations Committee's warning can be seen.

The bill contains 51 delegations of discretionary powers to the President with respect to foreign aid, and 18 authorizations to disregard existing law. They are set forth, with citations to page and line in the bill, in the CONGRESSIONAL RECORD of Friday, July 28, beginning on page 13906, as inserted by the Senator from Virginia.

I shall repeat only one of them at this point. I quote directly from the bill, beginning on line 24 of page 4:

> The President is authorized to make loans payable as to principal and interest in U.S. dollars on such terms and conditions as he may determine.

It is true that most of the discretionary powers given to the President and his foreign-aid appointees in this bill—like most of the authority to disregard existing laws—have been granted, in some form or another, in previous foreign-aid bills. But this bill is different.

The PRESIDING OFFICER. The time the Senator has allotted himself has expired.

Mr. BYRD of Virginia. Mr. President, I yield myself 5 additional minutes.

Previous foreign-aid bills have been on a year-to-year basis. The heart of this bill is a 5-year plan which could only increase the Federal debt while avoiding effective appropriation control; and there is clear indication that this is the intended direction of a new phase in foreign aid.

I submit, the Congress of the United States has an overriding responsibility to maintain continuing and effective control over such a combination of money and power as this bill would establish and lead to. The people of this Nation are entitled to the full measure of this protection.

The Federal debt now exceeds $290 billion. We have recently raised the statutory debt ceiling to $298 billion. Interest on the Federal debt is costing around $9 billion a year. Total debt—public and private—in the United States is in excess of $1 trillion.

The Federal Government ended the past fiscal year on June 30 with a deficit of nearly $4 billion.

I make the confident prediction that the deficit in the current fiscal year will be not less than $8 billion, and perhaps more.

Proposals passed and pending in the present Congress, on top of existing pro-

grams, within a relatively few years could raise Federal expenditures to nearly $100 billion a year.

We are in a situation which demands tremendous increase in expenditure for military preparedness. This is no time to relax control over any public spending, or to increase the public debt unnecessarily for any purpose; and I do not except foreign aid.

Military preparedness has no power in insolvency. Foreign aid has little value as an instrument of foreign policy if it contributes to the impairment of the Nation's fiscal integrity. The hope of free nations in the world today depends mainly on the financial soundness of the United States.

The cost of foreign aid has already been tremendous. It is almost certain to increase in the future. Under present volatile conditions there is every reason to keep it under the strictest surveillance and control of the best combined judgment available in the Government.

This purpose would not be served by the committee proposal to finance development loans through the back door. Congress wisely has rejected this proposal on two previous occasions. It was killed by the House of Representatives in 1957, and by the Senate in 1959.

The validity of this technique, while it has been used in some instances, has always been questionable, and under the shadow of article I, section 9 of the Constitution, which says:

> No money shall be drawn from the Treasury, but in consequence of appropriations made by law.

Representative CLARENCE CANNON, chairman of the Appropriations Committee in the House of Representatives, has described the practice of evading appropriation control by use of authority to spend from the debt as "reprehensible." I agree with him.

I have opposed the practice in the past, I oppose it here, and I am offering the pending amendment which would substitute the unquestionable and time-tested appropriation procedure.

All my amendment does, while permitting an authorization for 5 years, is to require annual appropriations, as has been the general practice for foreign-aid expenditures made in the past, and as has been the general practice in all expenditures of the Government.

The amendment would not disturb the establishment of the new Development Loan Fund or its purposes; it would simply change the method of financing it. It would give Congress the right to look over the program every year. It would eliminate the provisions for expenditure from public debt receipts, generally referred to a back-door spending, and substitute orderly authorizations for annual appropriations.

The amendment would authorize annual appropriations over the same 5 fiscal years, 1962–66; and the authorizations for appropriated funds in each year would be in precisely the same amounts as the bill would authorize annually in expenditures out of the debt. Annual appropriations, of course, could be lower than the annual authorizations.

By its nature, the amendment provides a continuity of authorization which, with reasonable assurance, could be used for advance planning; there would be sufficient flexibility for use of the program as an instrument of foreign relations; and orthodox practices in our system would be met.

I hope the amendment will be agreed to.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD a statement entitled "Discretionary Powers," and one entitled "Disregard of Other Laws," and two tables, one entitled "Interest on Development Loan Fund," and the other entitled "Spending Authority for U.S. Foreign Aid Programs Provided in S. 1983."

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

DISCRETIONARY POWERS

Granting the President broad discretionary powers, the bill would authorize him to:

1. Page 5, line 1: Make development assistance loans "on such terms and conditions as he may determine."

2. Page 6, line 20: Borrow money from the Treasury through public debt transactions with such maturities and other terms and conditions as he may determine.

3. Page 9, line 10: Establish a Development Loan Committee consisting of officers from such Federal agencies as he may determine.

4. Page 10, line 7: Make development assistance grants on "such terms and conditions as he may determine."

5. Page 11, line 16: Use development assistance grant funds for Atoms for Peace program on "such terms and conditions as he may determine."

6. Page 12, line 1: Use development assistance grant funds and foreign currencies for schools and libraries abroad founded or sponsored by U.S. citizens, "on such terms and conditions as he may specify."

7. Page 12, line 10: Use foreign currencies for grants to hospitals abroad founded or sponsored by U.S. citizens "on such terms and conditions as he may specify."

Issue "all risk" guarantees for U.S. investments abroad, and to determine:

8. Page 15, line 1: (a) where such action is important;

9. Page 15, line 9: (b) the nature of the risks;

10. Page 15, line 10: (c) terms and conditions of the guarantees.

11. Page 16, line 13: Charge fees for guarantee of U.S. investments abroad in amounts to be determined by him.

12. Page 23, line 13: Conduct research into development assistance including such aspects as he may determine.

13. Page 23, line 25: Make grants to international organizations and their programs on such terms and conditions as he may determine.

14. Page 26, line 23: Waive provisions of law requiring use of U.S. vessels in making shipments to Indus Basin development program if he determines it to be necessary.

15. Page 27, line 7: Make grants to support or promote economic or political stability "on such terms and conditions as he may determine."

16. Page 27, line 21: Use his contingency funds when he determines such use "to be important to the national interest."

17. Page 30, line 19: Furnish military assistance "on such terms and conditions as he may determine."

18. Page 30, line 21: Furnish military assistance to any country or international organization when he finds it to be "in the national interest."

19. Page 32, line 18: Consent to exceptions to the conditions of eligibility established for recipients of military assistance.

20. Page 35, line 1: Sell Department of Defense military stocks directly to foreign governments and allow delayed payments as he determines up to 3 years.

21. Page 36, line 24: Use up to $200 million a year in Department of Defense military stocks in advance of military assistance appropriations if he determines it "to be vital to the security of the United States."

22. Page 38, line 3: Determine when internal security requirements are not to be the basis for Latin American military aid.

23. Page 41, line 18: Procure materials outside the United States for purposes of the act unless he determines it would adversely affect the U.S. economy.

24. Page 42, line 25: If he judges it to be in the best interest of the United States, retain any foreign-aid article or make it available to any U.S. Government agency he may determine.

25. Page 45, line 4: Allow any U.S. agency to provide goods and services for foreign governments, etc., on an advance or reimbursement basis, when he determines it to be in furtherance of economic development purposes.

26. Page 49, line 4: Determine amount of foreign currency to be made available for U.S. uses from "special accounts" of counterpart funds in foreign countries.

27. Page 50, line 4: Allow transfer of grant funds among programs up to 10 percent whenever he determines it to be necessary.

28. Page 52, line 17: Determine the amounts of foreign currencies excess to regular U.S. Government requirements which are available for economic and social development purposes.

29. Page 54, line 8: Use up to $250 million a year in military assistance funds and Department of Defense stocks in advance of appropriations, all other laws and requirements to the contrary notwithstanding, if he determines it to be required by the national interest.

30. Page 54, line 11: Use so-called support assistance (economic or political) funds in order to meet responsibilities or objectives of the United States in Germany and West Berlin, when important to national interest.

31. Page 54, line 15: Use "support assistance" funds in Germany and West Berlin without regard to any law he determines should be disregarded.

32. Page 54, line 20: Use amounts not exceeding $50 million upon his certification that it is inadvisable to specify the nature of the use of such funds.

Suspend assistance to any country which has nationalized or expropriated property of a U.S. citizen, and make determinations as to:

33. Page 55, line 17: (a) when such is the case:

34. Page 55, line 24: (b) what steps a country shall take to discharge its obligation;

35. Page 56, line 2: (c) whether it is in the national interest to suspend the aid.

36. Page 56, line 23: Execute foreign aid programs through any agency or officer of U.S. Government he may designate.

37. Page 63, line 8: Employ such personnel as he deems necessary.

38. Page 65, line 23: Appoint and assign personnel under such provisions of the Foreign Service Act of 1946 as he deems appropriate.

39. Page 70, line 5: Allow detail or assignment of officer or employee to a foreign Government if he determines it to be in furtherance of the purposes of the act, where no oath of foreign allegiance or compensation are involved.

40. Page 70, line 16: Allow detail or assignment of U.S. officers or employees to international organizations if he determines it to be in furtherance of the purposes of the act.

41. Page 73, line 18: Appoint and remove at his discretion the chief and deputy chief of special missions or staffs established to carry out economic development programs.

42. Page 73, line 24: Fix salaries of mission chiefs and deputies in accordance with such provisions of Foreign Service Act of 1946 as he deems proper.

43. Page 78, line 9: Disregard, if he determines it to be in furtherance of the purposes of the act, any law he may specify regulating government contracting (except renegotiation act).

44. Page 78, line 18: Disregard such provisions of the Neutrality Act as he may specify in connection with the military assistance programs.

45. Page 79, line 8: Determine information to be made available with respect to operations under the act which he does not deem to be incompatible with the public interest.

46. Page 80, line 9: Certify that he has forbidden the furnishing of information to the Congress and GAO.

47. Page 82, line 20: Compromise or collect obligations, etc., accruing to him, as he may determine.

48. Page 83, line 7: Determine character of, and necessity for, obligations and expenditures of funds used in making loans under the act, and the manner in which they shall be incurred, allowed, paid, etc.

49. Page 84, line 3: Direct terms and conditions of settlement or arbitration of claims and disputes arising from operations under the act in connection with investment guarantees.

50. Page 95, line 13: Pending enactment of Peace Corps legislation, apply such provisions of the act to the Peace Corps as he may determine.

51. Page 101, line 8: Designate an agency to service Public Law 480 loans in place of the Export-Import Bank.

DISREGARD OF OTHER LAWS

Disregarding provisions of existing law, the bill would authorize the President to:

1. Page 12, line 5: Use foreign currencies to assist schools, libraries and hospitals founded by U.S. citizens abroad, notwithstanding provisions of existing law relating to embargo and control of shipments to unfriendly countries, etc.

2. Page 26, line 20: Disregard provisions of existing law requiring use of U.S.-flag vessels in making shipments for Indus Basin development.

3. Page 41, line 12: Disregard provisions of existing law requiring use of U.S.-flag vessels in shipment of commodities purchased with foreign currencies.

4. Page 43, line 5: Disregard provisions of existing law regarding disposal of surplus property when necessary to prevent spoilage and wastage of certain commodities and articles acquired for use under the act.

5. Page 45, line 21: Establish a revolving fund to deal in excess property financed by transfers from other accounts, notwithstanding existing provisions of law prohibiting such transfers without specific authority.

6. Page 52, line 18: Use foreign currency receipts, notwithstanding provisions of other laws governing the collection and use of such currencies, when he determines them to be available.

7. Page 54, line 4: Furnish up to $250 million in military assistance funds and Department of Defense stocks in advance of appropriations, each year when he determines it to be in the national interest, without regard to any other requirements of the act, future appropriation acts, and the provisions of existing law relating to embargo and control of shipments to unfriendly countries, etc.

8. Page 54, line 15: Use economic and political support funds to meet U.S. objectives in Germany and West Berlin, "without regard to such provisions of law as he determines should be disregarded."

9. Page 63, line 13: Hire, compensate and remove persons in 85 positions within the United States, without regard to civil service or any other laws; supergrades and others with salaries up to $19,000.

10. Page 66, line 19: Separate employees failing to meet his standards without regard to civil service or other laws.

11. Page 67, line 16: Make arrangements for reimbursement from foreign countries for performance of functions, but officers and employees under the act may not accept any benefits from foreign governments, notwithstanding any other provision of law.

12. Page 69, line 15: Hire retired military officers, notwithstanding section 2, act of July 31, 1894.

13. Page 73, line 17: Remove chief and deputy chief of special missions abroad from office at his discretion, notwithstanding provisions of any other law.

14. Page 78, line 9: Disregard provisions of law governing Federal contracting in purchasing under the act.

15. Page 78, line 16: Disregard such provisions of the Neutrality Act as he may specify.

16. Page 78, line 20: Assign military personnel to civil offices notwithstanding provisions of existing law.

17. Page 84, line 15: Subsections 636 (b) and (c) contain four authorizations; to waive existing law with respect to certain operating expenses abroad, including printing, binding, office space, housing, schools, hospitals, etc.

18. Page 92, line 18: Use and maintain, alter, etc., U.S.-owned facilities to train foreign military personnel without specific appropriation as required in existing law for such activities.

This is not the first effort to bypass the control of the appropriation process in obtaining money for this Development Loan Fund. It has been tried twice before, and Congress has rejected it both times.

The provision for financing the Fund out of debt receipts was first killed by floor amendment in the House of Representatives in 1957. The Senate killed the second attempt in 1959, when the validity of the authorization was challenged in a point of order.

The validity of authorizations to spend from public debt receipts, outside of the orthodox appropriation process has always been questionable and under the shadow of the provision in article I, section 9, of the Constitution which provides:

"No money shall be drawn from the Treasury, but in consequence of appropriations made by law."

Representative CLARENCE CANNON, chairman of the Appropriations Committee in the House of Representatives, has described the practice of evading appropriation control by use of authority to spend from the debt as "reprehensible." I agree with him.

I have opposed the practice in the past. I oppose it here. I am proposing now that the authorization for the Development Loan Fund to evade effective annual appropriation control be deleted from the pending bill.

And I am offering an amendment which would substitute tested and unquestionable appropriation authorization for the same period and in the same amounts. The text of the amendment follows:

"On page 6, strike out lines 4 to 24, inclusive, and insert the following:

"'SEC. 202. (a) AUTHORIZATION.—There is hereby authorized to be appropriated to the President for use in carrying out the provisions of this title such sums, not to exceed $1,187,000,000 for use beginning in the fiscal year 1962 and not to exceed $1,900,000,000 for use beginning in each of the fiscal years 1963 through 1966, as the Congress shall hereafter determine to be necessary, which amounts shall remain available until expended.'

"On page 8, line 13, beginning with '(i)' strike out down to the comma in line 16, and insert the following: '(i) all funds appropriated pursuant to the authorization contained in section 202(a)'.

"On page 8, strike out lines 19 to 23, inclusive.

"On page 9, lines 6 and 7, strike out 'and notes issued under section 202(a),'."

INTEREST ON DEVELOPMENT LOAN FUND

S. 1983 would capitalize the Development Loan Fund from the proceeds of the sale of public debt as follows: $1,187 million in fiscal year 1962, and $1.9 billion in each of the fiscal years 1963 through 1966; a 5-year total of $8.8 billion.

Interest on the Federal debt created for this purpose would total $29.7 billion, if computed at 3 percent compounded annually for 50 years, beginning with the respective dates upon which the authorizations would become available.

A calculation of the interest on this basis follows:

[Fiscal years. In millions]

	Interest on 1962 authorization of $1,187	Interest on 1963 authorization of $1,900	Interest on 1964 authorization of $1,900	Interest on 1965 authorization of $1,900	Interest on 1966 authorization of $1,900	Total interest
1962	$35.6	--------	--------	--------	--------	$35.6
1963	36.7	$57.0	--------	--------	--------	93.7
1964	37.8	58.7	$57.0	--------	--------	153.5
1965	38.9	60.5	58.7	$57.0	--------	215.1
1966	40.1	62.3	60.5	58.7	$57.0	278.6
1967	41.3	64.2	62.3	60.5	58.7	286.9
1968	42.5	66.1	64.2	62.3	60.5	295.5
1969	43.8	68.1	66.1	64.2	62.3	304.4
1970	45.1	70.1	68.1	66.1	64.2	313.5
1971	46.5	72.2	70.1	68.1	66.1	322.9
1972	47.9	74.4	72.2	70.1	68.1	332.6
1973	49.3	76.6	74.4	72.2	70.1	342.6
1974	50.8	78.9	76.6	74.4	72.2	352.9
1975	52.3	81.3	78.9	76.6	74.4	363.4
1976	53.9	83.7	81.3	78.9	76.6	374.3
1977	55.5	86.2	83.7	81.3	78.9	385.6
1978	57.1	88.8	86.2	83.7	81.3	397.1
1979	58.9	91.5	88.8	86.2	83.7	409.1
1980	60.6	94.2	91.5	88.8	86.2	421.3
1981	62.4	97.0	94.2	91.5	88.8	434.0
1982	64.3	99.9	97.0	94.2	91.5	447.0
1983	66.2	102.9	99.9	97.0	94.2	460.4
1984	68.2	106.0	102.9	99.9	97.0	474.2
1985	70.3	109.2	106.0	102.9	99.9	488.4
1986	72.4	112.5	109.2	106.0	102.9	503.1
1987	74.6	115.9	112.5	109.2	106.0	518.2
1988	76.8	119.3	115.9	112.5	109.2	533.7
1989	79.1	122.9	119.3	115.9	112.5	549.7
1990	81.5	126.6	122.9	119.3	115.9	566.2
1991	83.9	130.4	126.6	122.9	119.3	583.2
1992	86.4	134.3	130.4	126.6	122.9	600.7
1993	89.0	138.4	134.3	130.4	126.6	618.7
1994	91.7	142.5	138.4	134.3	130.4	637.3
1995	94.5	146.8	142.5	138.4	134.3	656.4
1996	97.3	151.2	146.8	142.5	138.4	676.1
1997	100.2	155.7	151.2	146.8	142.5	696.4
1998	103.2	160.4	155.7	151.2	146.8	717.3
1999	106.3	165.2	160.4	155.7	151.2	738.8
2000	109.5	170.2	165.2	160.4	155.7	761.0
2001	112.8	175.3	170.2	165.2	160.4	783.8
2002	116.2	180.5	175.3	170.2	165.2	807.3
2003	119.6	185.9	180.5	175.3	170.2	831.5
2004	123.2	191.5	185.9	180.5	175.3	856.5
2005	126.9	197.3	191.5	185.9	180.5	882.2
2006	130.7	203.2	197.3	191.5	185.9	908.6
2007	134.7	209.3	203.2	197.3	191.5	935.9
2008	138.7	215.5	209.3	203.2	197.3	963.9
2009	142.9	222.0	215.5	209.3	203.2	992.8
2010	147.2	228.7	222.0	215.5	209.3	1,022.6
2011	151.6	235.5	228.7	222.0	215.5	1,053.3
2012	--------	242.6	235.5	228.7	222.0	928.8
2013	--------	--------	242.6	235.5	228.7	706.8
2014	--------	--------	--------	242.6	235.5	478.1
2015	--------	--------	--------	--------	242.6	242.6
	4,016.8	6,429.3	6,429.3	6,429.3	6,429.3	29,734.1

NOTE.—Figures are rounded and may not add to totals.

Spending authority for U.S. foreign aid programs provided in S. 1983, as reported to the Senate, July 24, 1961 (with 5-year projection fiscal years 1962–66)[1]

[In millions of dollars]

Page	Line	Authorization and program	Amounts authorized specifically		Amounts authorized generally		Amounts provided from other sources		Total		
			Fiscal year 1962	Fiscal years 1963–66	Fiscal year 1962	Fiscal years 1963–66	Fiscal year 1962	Fiscal years 1963–66	Fiscal year 1962	Fiscal years 1963–66	Total
		Development assistance:									
6	9 and 12	Loans: authority to spend from public debt receipts	1,187	7,600					1,187	7,600	8,787
		Grants, etc.:									
11	11	Development grants	380			[1] 1,520			380	[1] 1,520	1,900
13	21	Authority to guarantee investments abroad	(1,100)						(1,100)		(1,100)
22	9	Survey of investment opportunities	5			[1] 20			5	[1] 20	25
24	23	Contributions to international organizations and programs	154			[1] 614			154	[1] 614	768
27	13	Supporting assistance	450			[1] 1,800			450	[1] 1,800	2,250
27	18	Contingency fund	300			[1] 1,200			300	[1] 1,200	1,500
		Subtotal, grants	1,289			5,154			1,289	5,154	6,443
92	25	Administrative expenses	51			[1] 204			51	[1] 204	255
		Unexpended balances continued available:									
99	1	Appropriations and other authorizations			3,108				3,108		3,108
51	21	Foreign currencies			631				631		631
45	3	Authority for Federal agencies to furnish services and commodities									
51	21	Authority to use foreign currency receipts from loans, Public Law 480 activities, etc., estimated					1,000	4,000	1,000	4,000	5,000
		Total, development assistance	2,527	7,600	3,739	5,358	1,000	4,000	7,266	16,958	24,224
		Military assistance:									
31	20	Grants, etc.	1,800	1,800		[1] 5,400			1,800	[1] 7,200	9,000
99	1	Unexpended balances of appropriations continued available			2,370				2,370		2,370
34	20	Authority to sell military stocks to foreign countries, etc.									
35	10	Authority to contract for procurement of military stocks for sale to foreign countries, etc.									
37	5	Authority to use Department of Defense military stocks	200	800					200	800	1,000
		Total, military assistance	2,000	2,600	2,370	5,400			4,370	8,000	12,370
		Grand total	4,527	10,200	6,109	10,758	1,000	4,000	11,636	24,958	36,594

[1] Assuming 1962 level of appropriations.

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

The PRESIDING OFFICER. The time of the Senator from Virginia has expired. Does the Senator yield additional time?

Mr. BYRD of Virginia. I yield myself 2 more minutes, Mr. President, and I yield to the Senator from Ohio.

Mr. LAUSCHE. What is the understanding of the Senator from Virginia of the change which would be effected by including in the bill the language which requires that the Appropriations Committee review the situation each year? I refer to the discussion which took place last week, in which it was argued that under the language of the bill the objective sought by the Senator from Virginia would be achieved.

Mr. BYRD of Virginia. I do not agree with that at all. Effective appropriation control would still be bypassed. The bill specifically provides that funds for development loans must be obtained by selling Federal bonds. Appropriations are not required.

All my amendment would do is to provide for annual appropriations, as are required for most of the other funds for use by the Government.

Mr. LAUSCHE. There is no provision which says that unless the Appropriations Committee appropriates the money and the Senate approves it, there shall be no funds available?

Mr. BYRD of Virginia. My amendment makes that provision.

Mr. LAUSCHE. The amendment makes that provision.

Mr. BYRD of Virginia. The bill itself does not.

Mr. LAUSCHE. What would be the situation, in the opinion of the Senator from Virginia, if no action at all were taken by the Appropriations Committee, if the bill is passed as it is written?

Mr. BYRD of Virginia. I assume the money would be available. In the event the bill is passed as it is now written, there would be a blanket approval.

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

Mr. BYRD of Virginia. Mr. President, I yield myself 3 additional minutes.

Mr. LAUSCHE. It is my understanding that if the Appropriations Committee annually took no action, under the general language of the bill the $1.7 billion per year would still be available for expenditure. Only in the event the Appropriations Committee actually recommended a veto and the Congress approved the veto would the money be denied.

Mr. BYRD of Virginia. That is correct. And such a veto is difficult to attain under the rules. In this case, $8.8 billion is involved over 5 years.

Mr. LAUSCHE. One billion nine hundred million dollars a year.

Mr. BYRD of Virginia. Yes, after the first year. What the Senator from Virginia objects to is having the Congress give up control over annual appropriations. The amendment offered by the Senator from Virginia provides for appropriations which, as the Senator from Ohio knows, can be up to the authorization or below the authorization. The amendment of the Senator from Virginia provides for annual appropriations, so that the program can be reviewed and the Congress can take such action as it chooses. In other words, the amendment would provide for what generally has been done ever since foreign aid was established, since 1947.

Mr. LAUSCHE. Will the Senator yield to me further so that I may ask a question of the chairman of the Committee on Foreign Relations?

Mr. BYRD of Virginia. If the Senator will use the time of the Senator from Arkansas.

Mr. LAUSCHE. What would be the legal situation, in the opinion of the Senator from Arkansas, if in a given year the Appropriations Committee took no action whatsoever with regard to the item, if the language of the bill as it has been submitted by our committee is adopted.

Mr. FULBRIGHT. If the committee approved the administrative expenses and the budget generally, but did not take direct action to repeal or to affirm the borrowing authority, the money would be available.

Mr. LAUSCHE. Very well.

Mr. FULBRIGHT. That would be dependent, however, upon the approval of the administrative expenses and the budget as presented to the committee. I would say it would be almost unthinkable that the committee would not take some action, either approving or disapproving.

Mr. LAUSCHE. It is on the basis of the actual legal situation I am inquiring. Even though the committee did not approve, the money would be available unless there were a veto or affirmative action as to the granting of the sums.

Mr. FULBRIGHT. Under the borrowing authority, the money could be borrowed, but I do not see how it could be spent, for example, if the committee disapproved the administrative expenses. It would be an empty authority. If the committee disapproved the borrowing authority, in the nature of a limitation, and the Congress supported the committee—it would not simply be the committee action, though that is where the action would be initiated—the authority could be rescinded or limited.

Mr. LAUSCHE. I read with interest the discussion in which the Senator from Arkansas was engaged. In effect, the Senator from Arkansas made the statement that it would be anticipated the Congress and the committee would not veto unless there were affirmative grounds established to justify the veto. What would those affirmative grounds be, if I may ask the Senator from Arkansas that question?

Mr. FULBRIGHT. I cannot anticipate the developments in the world. For example, a war could break out. I think this program would probably be suspended or limited, or changed very substantially, in that event. I can imagine that if some serious upheaval took place, as a result of which most of the countries with which we were dealing did things which offended us greatly, we would suspend the program or discontinue it. It is hard to anticipate the nature of those things. I would say it would have to be a serious change in the situation in the world.

Mr. LAUSCHE. In the opinion of the Senator from Arkansas what would be the situation if the committee recommended a veto without the existence of affirmative grounds to justify it?

Mr. FULBRIGHT. In effect, I think the Senator is saying, if the committee and the Congress did so.

Mr. LAUSCHE. Yes.

Mr. FULBRIGHT. When the Senator says "committee," I wish to have it understood that the committee action would not do these things. This would be up to the Congress. That would be a matter of judgment. If the Congress took action irresponsibly, the action of the Congress would still stand.

Mr. LAUSCHE. It would stand.

Mr. FULBRIGHT. Of course it would, but it would be the action of the whole Congress.

Mr. LAUSCHE. Mr. President, will the Senator from Virginia yield some time to me?

Mr. BYRD of Virginia. Mr. President, I yield 3 minutes to the Senator from Ohio.

The PRESIDING OFFICER. The Senator from Ohio is recognized for 3 minutes.

Mr. LAUSCHE. Mr. President, I am a member of the Committee on Foreign Relations. For the purpose of the record I wish to make clear that I voted to report the bill to the Senate, although I did not concur with a number of the conditions which exist in the bill.

First, I did not concur with the removal from the existing law of the conditions and limitations which were frequently imposed upon the discretionary power of the administration as to expending the money. The record will show that the principle dominating the drafting of the bill was to remove all conditions and limitations against the use of money. The bill as now drafted practically gives unconditional, unlimited power as to the expenditure of moneys designated in the bill.

Second, I did not concur with the provisions of the bill in the respect that it gave a 5-year authorization to borrow money from the Treasury. I did not feel that the Congress for 5 years ought to abdicate its power to supervise and control the program. The reason underlying that conclusion is that conditions change. In these times, conditions change frequently and rapidly. I did not feel that I wished to abdicate the responsibility which the voters of Ohio placed in me to exercise my powers in the Senate and not surrender them.

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

Mr. LAUSCHE. Mr. President, will the Senator yield me two more minutes?

Mr. BYRD of Virginia. I yield 2 more minutes to the Senator from Ohio.

Mr. LAUSCHE. Third, in the bill there was an authorization for an annual expenditure of not more than $300 million, representing collections made on moneys loaned to foreign countries and interest received on such loans. Each year for 5 years there was an authorization to use up to $300 million of that money. The committee initially struck that provision from the bill, and subsequently reinserted it by adding $300 million to the borrowing authority thus bringing it from a level of $1,600 million per year to $1,900 million.

It was for those reasons that I did not concur with the general provisions of the bill, although I believe that we must help the undeveloped countries.

My position with regard to the bill will be, first, that the authorization should not be granted for more than 2 years; second, $1.9 billion per year should be reduced to $1.6 billion; and third, although I am not as adamant on the proposition, I do not feel satisfied with the removal of the conditions and limitations that were imposed upon the discretionary power of the administration to expend the money. I thank the Senator from Virginia.

Mr. GOLDWATER. Mr. President, will the Senator from Virginia yield 30 minutes to me?

Mr. BYRD of Virginia. I yield 30 minutes to the Senator from Arizona.

Mr. GOLDWATER. Mr. President, the question that faces us today is a very large and complex one. It is not one that I feel at all competent to discuss in its entirety. I doubt that there are many Senators who can cover the entire field. But I am concerned about 2 aspects of the proposed legislation that I think hold a danger to this country of a similar stature that our enemies in the Soviet area pose, namely, What will the proposed legislation do to our dollar? I believe that this is a question which the average American can understand.

The average American is watching us spend $22 million a day more than we should be spending. The average American knows that if we started to pay off our debt today, it would be nearly 295 years, at the rate of $1 billion a year, before the debt would be paid off.

The average American knows that this money would come out of his pocket. We are not fooling anyone in this country when we ask that authority be given to the executive branch to extend the program for 5 years, giving it almost carte blanche demand upon Treasury moneys. We are not fooling anyone when we say we are going to spend $4 million, $5 billion, of $8 billion. The American people know that the money will come out of their pockets either in the form of direct taxation or, more insidiously—and I think this is the point that we should be concerned with—through inflation or, to put the question another way, through an increased cost of living.

The question today is not merely one of whether we shall give the Executive the requested authority to extend programs for 5 years, but it also revolves around the soundness of our dollar.

I remind Senators that most of the currencies in the world depend upon the soundness of the U.S. dollar for the soundness of their own currency. It has often been said by the Soviets in different writings that they could destroy the Western Powers through destroying their economy. Frankly, if I were in Khrushchev's shoes, I would not be too concerned about going to a physical war. I would be concerned with ways of keeping the Western Powers, particularly the United States, spending money which they do not have, thus forcing the United States deeper and deeper into debt, which could have two results. It could eventually bankrupt the United States. It could eventually bankrupt the currencies of the countries that depend upon the solvency of our own currency for the solvency of theirs.

I have read many fine treatises on back-door spending. I believe that the best one I came across was written by a relatively young man, who is president of one of the largest banks in the United States, the Valley National Bank in Phoenix, Ariz. He also happens to be president of the American Bankers Association. His name is Carl A. Bimson. It is not a long article, and I wish to read it. I wish to make sure that Mr. Bimson gets credit for the article, because it is his writing and expresses my opinion exactly in this entire field. He said:

BACK-DOOR SPENDING CALLED FISCAL INSANITY

(By Carl A. Bimson)

The control of the national purse strings by Congress has always been accepted as a

check on irresponsible Federal spending. In hundreds of instances, Congress has refused to appropriate money for unnecessary programs. At other times it has pared down requests when it was felt the amount requested was excessive.

More recently, however, it was been possible for Federal agencies to circumvent this control by the device of asking for a small initial appropriation which, when spent, carries with it an obligation of support in future years. The proposed foreign aid program is a case in point, although it goes much further than requests of this type which have been made previously.

In his message transmitting the foreign aid bill to Congress, President Kennedy requested spending authority totaling $4.75 billion for the fiscal year 1962. In addition, the President requested long-term authority to make loans to less-developed countries, the funds for which would be obtained by borrowing, and so would not necessitate congressional appropriations.

This borrowing authority, as requested, amounts to $900 million in fiscal year 1962 and $1.6 billion in each of the following years.

Furthermore, he asked that all repayments of previous foreign loans, amounting to about $300 million annually, be made available for development lending.

This latter request is a new twist in the back-door lending technique and would not only deprive the Treasury of $1.5 billion in the next 5 years, which might otherwise be used to meet other expenses, but would also completely remove these funds from the annual review by Congress.

The foreign aid bill is only one of several containing such "back-door" proposals. Once approved, the revision or curtailment of such a program of spending is almost impossible, regardless of public opinion. These activities are not subject to periodic review, which is the responsibility of Congress.

This type of financing of Federal programs has been referred to by Representative CLARENCE CANNON, chairman of the House Appropriations Committee, as "fiscal insanity."

In spite of this feeling by some, the practice is becoming increasingly popular and, according to the Treasury's last report, $40 billion of back-door spending authorization has been placed on the books. To date, $65 billion has been repaid, but in the same period Congress has canceled or forgiven another $16 billion of such obligations.

The picture is much the same with numerous domestic programs. In the housing bill we find the ceiling on grants for public housing is increased by over $75 million a year. This bill would commit future Congresses to appropriate up to a total of $3.1 billion in subsidies through the year 2001.

The advisability or soundness of some of the Government proposals is a separate question, but many of us can agree that no program should be adopted unless there is future opportunity for the elected representatives of the people to modify or even discontinue it.

We all know that spending plans at the Federal level are continuing to expand. When confronted with unemployment and a business slowdown, it is easy for public officials to vote for increased spending to show that they are doing something to boost the economy.

Resistance to spending is always difficult to face up to, even when the point is conceded that more spending may mean higher costs to consumers.

In spite of legislative proposals involving huge increases in spending and predictions of an increased deficit, very little mail resisting the proposals was received by Appropriations Committee members of either the House or Senate.

Congress is not likely to oppose spending measures without evidence of strong support from the folks back home. It is easier to vote for an appropriation than against it. Unfortunately it is not easy to get the man in the street sufficiently aroused to take steps to protect his own interests. Nor have we done an adequate job of informing the public on the importance of private investment in creating jobs. This is the foundation of the free enterprise profit system, and businessmen have done a poor job in selling the idea.

There is a too general feeling that profit is somehow evil and made only by a few for their own benefit at the expense of others.

Too many people lose sight of, or have never been told that it is out of the incentive to make a profit that we are able to provide over 65 million jobs. It is out of the hope of making a profit that we had a 17-percent increase in the total number of retail establishments between the years 1954 to 1958. Out of profits came our plant construction and expansion, our new tools and modern equipment, the taxes we pay to the Government, which enables them to carry out their huge spending programs for defense, foreign aid, welfare, and the innumerable other functions of government.

The point we need to continually stress is that no one needs profits in business as much as the worker who needs a job, or wants to keep the one he already has.

What we really need is a completely revised tax structure coupled with a more sensible approach to government spending. Excessive Federal budgets drain off funds which might otherwise have been used by private industry to create jobs of a more productive and permanent nature.

Both our tax and spending programs are a mishmash developed on the spur of the moment to meet an immediate need or crisis.

In our attempts to solve these problems, we are drifting further and further away from the principles which made our country great, and into the socialistic philosophy of a paternalistic Federal Government to which we look to cure all our problems through the management of our financial affairs, with the resultant loss of our freedom of decision and action. Too frequently, both individuals and legislators lose sight of the fact that fiscal policies can either help or retard growth through the removal of existing roadblocks in the path of progress and growth, or by placing new ones in its path.

In the final analysis, we need to ask ourselves: Will a legislative proposal, in our considered opinion, help or hinder our economic growth? Even if the answer to this question is "Yes", we need to ask: Can we afford it?

It is a sad commentary that businessmen whose opinions carry considerable weight with the public on issues connected with business, have for years been hesitant to even declare their position on legislative issues vitally affecting their own business.

Recently, however, more and more businessmen are awakening to the fact that we need to "stand up and be counted" when important issues are being considered, which could or would adversely affect us in the years ahead.

They can be a potent force if they will only make their opinions known.

Today, it is more important what a congressional representative or candidate for public office actually believes and will fight for than what political party he belongs to.

In this interim period between elections, when we will once again have the opportunity to take a close look at those running for public office, there is much we can do to help assure sound legislative progress, by keeping informed on legislative proposals. By making our interest known to our congressional representatives, we will have made an important first step.

Mr. President, I have read the whole article even though I know that all of it does not bear directly on the problem we are discussing today. However, I wanted to use the words of a man in whom the bankers of America, small and large, have placed their trust, and who has tried in his own way to point out to the American people that this is their problem.

It is very easy to stand on the floor of the Senate and express a great humane feeling for the people of the Congo or for the people of southeast Asia, or for the people of undeveloped countries in South America and Latin America. I know about those troubles. I have seen them. It is not easy for me to advocate cutting back or discontinuing foreign economic aid. However, I believe that we in America must first look to America. If we are taking steps in these legislative halls which will react to the detriment of the American people, the only answer can be "No."

When we are faced with a deficit this year of at least $4 billion, when we are faced with a deficit in the current fiscal year of something between $8 billion and $10 billion, or even more, we are tampering very dangerously with the value of the American dollar.

I do not have to remind the older people of this country what has happened to the money they put aside on which to retire. I do not have to remind the housewife who goes to the supermarket every day to buy food, and I do not have to remind a young man starting in business what inflation has done and is doing to our country.

I pose this simple question to my colleagues in the Senate: What does it matter that we make the entire world a better place to live in if we destroy the very hope and source of that betterment, the Republic of the United States?

The question of the dollar, then, is the overriding question here. It is not whether we will give away the historic prerogatives and rights of Congress to the President in allowing him to write blank checks for foreign economic aid. It is not that we are establishing a firmer precedent whereby the Department of the Interior, for example, could ask for a 5-year program of building in its national parks and allocating the money to contracts and take away from Congress any chance of having any control over the money in the future. I know that in the argument we will hear, we will hear presented time and time again that we do have the right to check this thing each year, and that we do have the right to say "No." In fact, when Secretary Dillon was before the congressional committees, he made five points which I should like to go through quickly, in trying to prove my point that once we do this it will never be stopped, that once we do it for foreign economic aid, I prophesy we will do it eventually for

every program that we are engaged in financing in this Government.

Mr. Dillon makes five points. He says first:

The basic law would determine the availability of the funds year by year—

This statement is probably correct with respect to funds for operating and administrative expenses. However, with respect to loan activities, there is serious question as to the legislative prerogatives in this area—

Provisions of the Government Corporations Control Act appear to specifically exempt this area from fiscal control, other than that prescribed in the original authorizing legislation.

The second point the Secretary makes is:

Quarterly reports on lending operations would be submitted to the Congress.

What good would that do? Congress would have a report on lending operations after the money had been loaned. We would have no control of that. It would be like trying to stop Mickey Mantle's latest home run after the ball had left the ballpark.

Secretary Dillon's third point is:

An annual presentation would be made to the authorizing committees of the Congress covering all development lending operations.

What effect, if any, this action could have on the jurisdictional authority is highly problematical. While it is true that the authorizing committees could recommend repeal or amendment of the original authority, we have it on the word of the Secretary of the Treasury that Congress would be hard pressed to renege on administration commitments. I shall come back to that point in a moment, because it, to me, is the great problem we face.

The Secretary's fourth point—a rather long one—is:

An annual presentation would be made to the Appropriations Committees of the Congress in accordance with the provisions of the Government Corporations Control Act. Under that act the aid agency would be required to submit to the Appropriations Committee an annual budget setting forth its proposed lending operations for the coming year and to obtain from Congress authority to expend funds in accordance with this budget.

The entire question of congressional control over the agency's lending operations was discussed under Mr. Dillon's first point, which I stated at the outset of this part of my dissertation. However, there is some doubt whether the Committees on Appropriations could reduce or limit the aid agency's administrative cost to the point where it might be deemed to prevent the aid agency from fulfilling its functions authorized by existing law.

Finally, Secretary Dillon made this fifth point:

Finally, the amounts to be borrowed under the proposed legislation would be included each year in the budget as new obligational authority in the same manner as other appropriations. Similarly, expenditures would appear in the regular expenditures budget. As far as the budget is concerned there is not the slightest difference between this method of funding and the appropriation process heretofore used for this program.

Mr. Dillon is technically correct when he asserts that the amount to be borrowed would be shown each year in the budget documents. Nevertheless, in my mind, that the Committees on Appropriations could pass specifically upon any portion of the $8.8 billion lending program is open to serious doubt.

However, what I wish to discuss specifically is this—and I think we must recognize it: The United States may have many faults. Certainly we have shown faults lately. But one thing we can say: The United States has never been dishonorable. When we make a treaty, we stay with it. When we make a promise, we adhere to it. Mr. President, can you or any other Member of the Senate imagine any subsequent Congress reneging on a promise which this administration has made to, let us say, country X to lend, let us say, $1 billion over a 5-year period, after country X has proceeded with its plans to build roads, dams, and this, that, and the other thing? No subsequent Congress could in decency renege on the word of the United States.

This, to me, presents the great problem we face. It is not the fact that there will be the review authority; that each Appropriations Committee in each Congress can stop the program or keep it going. It is not the fact that the President has 5-year authority to spend the money as he wishes, $8.8 billion in 1 year or the entire amount spread over 5 years. The question is, What will Congress do when the day comes when some Congress has the wisdom and courage to say that foreign economic aid has not bought us any friends in the world, has not brought us any closer to peace, has wasted our money all over the globe, and says, "We are going to stop it"?

Ah, but the President may then say, "You cannot stop it, gentlemen. We have promised country X a billion dollars and have given them only $500 million so far."

We, as a decent, God-fearing people, who believe in keeping our promises, would not renege on this promise. Argue as much as we will, offer proof after proof on the floor of the Senate, the simple fact remains that, once the United States commits itself to an expenditure, the expenditure will be made.

I believe Congress at this session will take a very dangerous step in advocating that we yield to the wishes of the executive branch to the effect that the administration be given a 5-year carte blanche, one might say—a 5-year Diners' Club credit card—on the people of the United States. I think we shall be overlooking our obligations to the people whom we first ought to be concerned with; the people who live in the United States; the people who work and pay their taxes; the people who pray and send their children to school. I call them the forgotten Americans. We spend 95 percent of our time worrying about 5 percent of the people; and 95 percent of the people over the rest of the globe say: "The devil with the people in the United States, who are looking for employment, who are trying to create more employment, who realize that our own capital is the only means by which we can promote the well-being of our free economic system."

Mr. HICKENLOOPER. Mr. President, will the Senator from Arizona yield?

Mr. GOLDWATER. I yield.

Mr. HICKENLOOPER. I wished to explore the statement the Senator made about the United States keeping its commitments once they have been made. We know of many instances in which the President has made tentative commitments before Congress has acted, and those commitments have been, in the main—that is, substantially—kept. However, does not the Senator believe that when the Committees on Appropriations look over, authorize, and submit to Congress the money involved in those commitments, the Executive is much more careful about making commitments than if he were uninhibited and under such borrowing authority as is here proposed, could go out and make commitments, knowing that the money would be available?

In other words, under our present system, when the President makes a commitment, he has probably canvassed the situation to see how Congress would feel about it, before he makes the commitment. But under an uninhibited borrowing authority of the kind here proposed, he could make a commitment and then say, "I have made a commitment under the authority of the borrowing power, and I shall proceed to fulfill it."

Mr. GOLDWATER. The Senator from Iowa is absolutely correct. I am not one of those who happen to believe that the Constitution is outmoded simply because it happens to be 174 years old, and under our present system, which was established by the Constitution, the House of Representatives has the responsibility for the handling of fiscal affairs, and the Senate has the responsibility to assist.

Under the present system of review, of presentation, of careful study, the Appropriations Committees of both Houses do as good a job as can be expected of them, considering human weaknesses. But when the President of the United States commits the United States to the expenditure of money, I do not care whether it be 5 cents or $5 billion, a Representative or a Senator will think a long, long time before he involves this country in a dishonest act. Members of Congress may have to act against their own better judgment; they may be forced by the desire to uphold our honor to authorize and to appropriate moneys that the country cannot afford to so authorize or appropriate. This will place the Committees on Appropriations in a peculiar position, because once such a program as is here proposed is begun, we must realize that the State Department is not the only department which likes to spend money. Other agencies of the

Government would like nothing better than to come to Congress and argue for a 5-year plan, under which the executive branch would be given the power to get money at any time either from the general fund or through the sale of bonds to finance any program it favored. If Congress allows that to happen, it will be doing as it is doing now, then we shall have to take away from Congress the right to express the judgment of the American people.

But, after all, what is our Government, Mr. President? Our Constitution begins with the words "We the people." We are not assembled here to do the whim of the President. We are assembeld here to help the President; but I suggest to my colleagues that we are assembled here to protect the American people and to look out for their interests; and that protection and that looking out for their interests include proper action in regard to the material thing called money, for which the American people work hard. They are not stingy. They are not fearful of lending money to other countries, for their development. They are not fearful of doing what we have been doing, to help countries that cannot help themselves.

But when we come to the point where we are spending billions of dollars that we do not have, when matters reach the point where our great-great-great-grandchildren will be saddled with this yoke of debt, I think this body should stop and should think twice.

I have not heard advanced any sound argument as to why we should give money that we do not have to countries that can get along without it.

We are told that the arrangement now proposed should be adopted by us because, so it is alleged, it will be a more businesslike way of proceeding. But Mr. President, a business is a little different from a government. A businessman has to earn the money he spends. The money he has on hand, available for expenditure, is money he has earned over a considerable period—perhaps a period of 5 or 10 years. On the other hand, Mr. President, what we who serve in government have to spend is money which we have taken away from the people, without their consent.

Now it is proposed that we provide that this money may be spent around the world, helter-skelter, under a program of spreading it too thin, over too great an area—continuing to spend, Mr. President, under a disproved theory, for I defy any member of the Foreign Relations Committee to point out to me one country that has become our friend since 1950 through the giving by us of money. Instead, we have lost friends. But communism has gained friends, although communism has not been engaged in giving away the money of its people. But we have.

I suggest that it is time for us to take another long, hard look at how we are going about "winning the peace in the world." Mr. President, we are not winning it by the methods we are following, and we are not going to win it by following the methods proposed in this case.

Mr. President, I know that the time yielded to me has expired. I now ask unanimous consent to have printed at this point in the RECORD, in connection with my remarks, a paper on the subject "U.S. Per Capita Foreign Aid," which has been prepared by Hermann Ficker, an analyst in international finance and trade, in the Economics Division of the Legislative Reference Service of the Library of Congress.

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

U.S. PER CAPITA FOREIGN AID

Each year, for the last 21 years, the U.S. Government has paid out an average of about $40 for every man, woman, and child in aid to foreign governments and international organizations. These are tax dollars paid in as Federal revenue by the American individual and corporate taxpayer. Out of each $40, $32 were given either as gift or military and economic grants. The other $8 were in the form of loans to be repaid with interest over a specified period. A sizable share of these loans, however, is on a long-term basis and repayments need not be in dollars—foreign currencies are acceptable. What percentage of these long-term loans will eventually turn out in fact to be gifts cannot now be foreseen. During the period July 1, 1940, through June 30, 1960, the net aid disbursed amounted to $130,240,313,000. This total represents gross aid minus amount of reverse grants received by the United States and loans repaid during the period. At least 66 percent of this net aid was spent in the United States for machinery, food, and raw materials resulting in income to our industries and agriculture.

The 20-year period is divided into the war and postwar eras. During the war period July 1, 1940, through June 30, 1945, the United States rendered aid to its Allies of $49,223,859,000. During the postwar period, aid, comprising military, economic, and technical assistance, as well as credits and loans, amounted to $81,016,454,000.

During this last fiscal year—July 1, 1960, through June 30, 1961—a total of $12,473,967,000 was available for disbursement. These funds stemmed partly from an undistributed carryover of $7,636,417,000, newly appropriated availabilities, and foreign currencies generated by the sale of our surplus farm products. Most of the carryover funds were substantially committed in continuing programs or in tentative agreements not yet fully finalized. It was estimated that during this last fiscal year about $5.2 billion would be distributed.

In addition to the funds mentioned, the United States has also made payments totaling $4,949,168,000 to the five major international monetary institutions. Such are the International Monetary Fund, the International Bank for Reconstruction and Development, the International Finance Corporation, the Inter-American Development Bank, and the International Development Association.

A related factor of concern to the American taxpayer is the amount of interest paid out annually on that portion of the national debt attributable to our foreign assistance programs. No attempt is made here to assess the total of such interest as the amount depends on too many imponderables. Conceivably, if no aid were given, other projects for which the Treasury has to borrow funds, could be financed out of current income. It is, however, impossible to cast up a final balance of aid versus national security, international preparedness against Communist subversion, raising living standards in underdeveloped areas and fulfilling our world leadership obligations.

The tabulations in this statement, to be used in compiling per capita totals by State and congressional districts, have been developed in response to many congressional requests for some approximate totals to indicate the approximate magnitude of our foreign aid borne by counties or by States as part of our national contributions.

It must be noted that the per capita estimates are derived solely by apportioning the aid on the basis of population only and do not take into account variations in income or in foreign-aid expenditures in particular States, counties or districts.

All population figures for States, counties, and towns are in accordance with the census of April 1, 1960—national total, 179,323,175. This total does not include members of our Armed Forces and dependents overseas, crews of American vessels at sea or overseas, American citizens in foreign countries or inhabitants of Puerto Rico, the Virgin Islands, and other outlying areas under the American flag.

The five per capita figures used in the five tabulations for each State, congressional district, county, county seat, or city over 10,000 inhabitants are as follows:

1. War and postwar total, period July 1, 1940, to June 30, 1960: $130,240,313,000.

Per capita figure: $726.2882.

2. War total, period July 1, 1940, to June 30, 1945: $49,223,859,000.

Per capita figure: $274.4980.

3. Postwar total, period July 1, 1945, to June 30, 1960: $81,016,454,000.

Per capita figure: $451.7902.

4. Total to international banking institutions: $4,949,168,000.

Per capita figure: $27.5991.

5. Aid available—carryover and new funds for fiscal year beginning July 1, 1960: $12,473,967,000.

Per capita figure: $69.5613.

Sources:

"Twenty Years of U.S. Foreign Aid," 1940–60, by Hermann Ficker, Legislative Reference Service, Library of Congress, Washington 25, D.C., March 21, 1961.

"Foreign Grants and Credits by the U.S. Government," Office of Business Economics, U.S. Department of Commerce, Washington 25, D.C., November 1960 and June 1961.

Mr. BYRD of Virginia. Mr. President, I yield 20 minutes to the Senator from Louisiana [Mr. ELLENDER].

The PRESIDING OFFICER. The Senator from Louisiana is recognized for 20 minutes.

Mr. ELLENDER. Mr. President, before I proceed to discuss the pending amendment, I should like to refer to a colloquy I had with the distinguished chairman of the Foreign Relations Committee [Mr. FULBRIGHT], who is not now on the floor, although I wish he were. The colloquy was in regard to the difference between the two methods of financing the Development Loan Fund. The colloquy appears on page 14700 of the CONGRESSIONAL RECORD for August 4. It might be inferred that at the time our colloquy was interrupted I felt there was no difference between the two methods of financing the Development Loan Fund, namely, by appropriation or by borrowing authority. It was unfortunate that while I was engaged in that discussion with the distinguished Senator from Arkansas, he yielded the floor to the distinguished senior Senator from

Florida [Mr. HOLLAND], and at approximately the same time I was called from the floor of the Senate.

When I subsequently returned to the floor, the distinguished chairman of the Foreign Relations Committee had concluded his presentation and had left the Chamber.

Mr. President, at this time I should like to clear up any erroneous impression which may have been left on last Friday, when that colloquy abruptly ended. I contend that once a no-year appropriation is made by Congress—that is to say, an appropriation which provides that the funds shall be available until expended—as is the case in the pending bill, as well as under the pending amendment—an appropriation providing that the funds shall be available until expended—it differs in no way from the authority to borrow funds from the Treasury. Thus, if Congress appropriated $1,187 million on an "available until expended" basis, for the fiscal year 1962, that would be no different from granting the President authority to borrow $1,187 million, to finance the Development Loan Fund operations.

In each instance the administrators of the fund would have available $1,187 million for an indefinite time in the future, and they would have all the time necessary to obligate those funds. Consequently, Mr. President, regardless of whether dollars are made available on a no-year appropriation basis or on a borrowing authority basis, they will ultimately be spent for the same purposes and in the same manner.

Now, Mr. President, I repeat there is no difference in how the dollar is handled once it is appropriated by Congress or borrowed from the Treasury under authority granted by Congress. However, and this I wish to emphasize, there is a vast difference between annual appropriations on a no-year basis and the granting of a 5-year borrowing authority. In effect, the granting of borrowing authority for 5 years is the same as an advance appropriating on a no-year basis for 5 years. Thus, in one fell swoop, the adoption of the committee bill would mean that the 87th Congress will be, in effect, appropriating as follows:

For fiscal year 1962: $1,187 million to be available until expended.

For fiscal year 1963: $1.9 billion to be available until expended.

For fiscal year 1964: $1.9 billion to be available until expended.

For fiscal year 1965: $1.9 billion to be available until expended.

For fiscal year 1966: $1.9 billion to be available until expended.

This would mean, Mr. President, that the 87th Congress is, in effect, making appropriations on a no-year basis on behalf of the 88th and 89th Congresses which, needless to say, are Congresses not yet in existence.

It is argued by those who endorse this scheme that by giving the administrators more time in which to study such proposals and in which to present them to the countries concerned, there will be less waste. Superficially this may seem so, but whether the method employed is the one proposed in the bill or whether the appropriation method is used, the same amount of time will be available to the administrators for the purpose of committing the funds. In either case the administrators will have the necessary time to make studies of proposals advanced by the borrowing country. The fact remains that after the money becomes available—whether through borrowing authority, as is proposed in the pending measure, or through an appropriation—the administrators of the program will have unlimited time to plan a program before a single dime is spent.

Mr. President, this is the 15th year in which Congress is being asked to appropriate funds to assist our friends across the seas.

Instead of this program tapering off, it is increasing. I contend that the program advanced for this year is the largest that has been offered by any administration.

The committee report indicates that the amount to be spent is $4.3 billion, which would include the Development Loan Fund, military grant assistance, economic grant assistance, and other miscellaneous programs. But the fact remains that we will be obligating the United States, for the next 5 years, to spend as much as $8.8 billion by way of loans, as I indicated earlier.

As a matter of fact, I read the testimony of Mr. Dillon when he testified some time ago before the House Appropriations Committee. He testified that it would be possible—and I agree with him—for the administrators of the program to morally bind our country during fiscal year 1962 for the full $8.8 billion amount. Of course, this would have to be done on a provisional basis, but it could be done. But, as the junior Senator from Arizona has just stated, we have never reneged on any of the obligations or promises entered into by our representatives abroad.

Mr. President, I can just picture our eager beavers from the State Department stationed around the world—and we have many of them—running out as soon as this bill is signed to peddle the moneys that will be made available by the President in the 5-year loan program. I have seen it happen in the past.

I have stood on this floor and objected many times in the past to appropriations that had to be made by Congress because some State Department official had already promised certain officials of a foreign country that specific amounts of money would be made available to them.

Let me give you one concrete example of recent vintage. During the last session of Congress, I myself had written into the report of a supplemental appropriation bill that the U.S. Government should not pay more than 40 percent of the total U.N. cost incurred in the Congo. This percentage figure was agreed to by the Congress. What happened? We ended up by paying over 50 percent of the cost. Why? Because a promise had been made by a representative of our Government that we would contribute a certain fixed amount, which was far in excess of 40 percent of the total cost.

As I have said, I can picture these administrators of ours abroad. They are the same people who have handled the program in the past, a program which has been labeled by the committee itself as being wasteful in many instances. But the people who will handle this huge program in the future are to be the same people who are now in the field. Oh, there may be a few new faces on the Washington level, but they will still depend on the administrators abroad in the same manner as has been the case in the past.

These people, in too many instances, are primarily concerned with maintaining their own jobs. Thus it is to their personal benefit that more and more programs be entered into. And let me also point out that it is also these same people who supply the State Department officials here in Washington with the evidence of the value of these programs and this is the basis of State Department endorsement of these programs.

Mr. President, on previous occasions I have brought to the attention of the Senate many, many cases of waste which I have discovered in the course of my personal investigations. However, little or nothing was done about it. I predicted what would happen in Korea and in Laos because of the waste and maladministration that took place there in our foreign aid programs. Somehow, I regret to say, my advice was not heeded.

To justify borrowing authority for the new Development Loan Fund, the committee points out, on page 10 of its report:

> And the best recommendation for the borrowing procedure is the excellent record compiled by the agencies and programs that have been financed, in part or in whole, by this method.

This list includes an array of various domestic U.S. Government corporations and the Informational Media Guaranty Fund, which has been administered by the U.S. Information Agency since 1956.

As a matter of fact, of the 23 or more agencies that have been named in the committee's report, the only one dealing with foreign operations was the Informational Media Guaranty Fund. And what happened there? It was given back-door financing authority in the Mutual Security Act, of 1954, as amended.

When the U.S. Information Agency took over the administration of the Informational Media Guaranty Fund in 1956, there was made available $28 million of borrowing authority from the Treasury. The record clearly indicates that when this Fund was established it was supposed to revolve indefinitely, but, on the contrary, it was not in operation but a little over a year when the $28 million was almost entirely depleted. This unconscionable waste of money convinced Congress that borrowing author-

ity could not be entrusted to the administrators of this Fund and since fiscal year 1958, Congress has made funds available to the informational media guarantee program by annual appropriation only.

Therefore, Mr. President, if the Informational Media Guaranty Fund is one of the best recommendations for the use of the borrowing procedure, then I submit that the Senate should give overwhelming support to the amendment offered by the senior Senator from Virginia. If there is one program where the taxpayer's dollars have been utterly squandered, it is the Informational Media Guaranty Fund.

If we make the mistake of giving the President of the United States the right to borrow $1.9 billion per year over the next 4 years for this program, it will simply mean that, no matter what the condition of our Treasury, we will be compelled to honor any promises made by the administrators of the program.

Borrowing authority of the magnitude contained in this bill cannot be entrusted to the administrators of our foreign aid program. With the exception of some high-level policy positions, the people engaged in the execution of our foreign aid program, including the Development Loan Fund, I repeat, are the same individuals who have made such a mess of our aid program in the past. They have been responsible for the "decade of waste" in the fifties. Do Senators really believe that these very same individuals will now change and make the sixties a decade of development? I fear not and I, for one, believe not.

Mr. President, let me now address my remarks to certain loans made in past years by the Development Loan Fund which I believe are not in the proper province of this program.

I refer specifically to the so-called resettlement loan. The first was in the amount of $3 million to the Government of the Netherlands to resettle Dutch immigrants in Australia.

The second was for $240,000 to Brazil to create some 100 farming units near the existing settlements of Carambei and Castrolanda for the settling of some 60 Dutch families and providing farms for 40 Brazilian families, of Dutch origin.

These two loans were approved during the first year of the DLF's operation. When DLF came back the following year for its appropriation, Congress learned of the two loans and announced its displeasure with such activities.

Mr. President, I submit that this shows the value of annual congressional review. As a result of this congressional expression of disapproval, a third resettlement project of $300,000 scheduled for Brazil, was canceled by our chastised administrators,

I believe this example very clearly shows the need of annual congressional review.

Mr. President, it will be recalled that Congress appropriated $2 billion for the Development Loan Fund. Of that amount we have obligated $1,675 million, and there was still unobligated as of June 30, 1961, $325 million. The record shows that these loans were made to countries like Ethiopia, where we have given until it hurts. We have made six loans to that country; one for $500,000, one for $2 million, one for $3,100,000, one for $20,250,000, one for $180,000, and one for $3,600,000.

We have made available to India many millions of dollars, yet it has availed us no concrete support from the Indian people or from the Government. They take our money but continue to drift in the currents of neutralism while foundering in a sea of socialism.

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

Mr. BYRD of Virginia. Mr. President, I yield 2 minutes more to the Senator from Louisiana.

The PRESIDING OFFICER. The Senator from Louisiana is recognized for 2 additional minutes.

Mr. ELLENDER. Mr. President, I am sorry I do not have sufficient time to discuss these loans at length. Therefore, I ask unanimous consent that the tables from which I have been reading be printed in the RECORD at this point.

It will be noticed from these charts that the countries we have helped the most, particularly in the Middle and Far East, were able to borrow the most money.

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

U.S. foreign assistance, by region and country, cumulative, fiscal year 1946 through fiscal year 1960

[Millions of dollars]

Region and country	Grand total	Total military	Economic assistance											
			Total economic	Mutual Security program				Non-Mutual Security program						
				Total	ICA	DLF	Other non-MSP economic	Total	Public Law 480				Export-Import Bank	Other non-MSP economic
									Title I		Title II	Title III		
									Total, sales agreements	Planned for loans and grants				
Total, all countries	84,090.8	27,105.7	56,985.1	29,057.0	26,642.9	1,359.5	1,054.7	27,928.0	(4,774.5)	3,428.9	497.6	1,599.3	5,992.2	16,410.0
Europe	43,135.6	14,830.8	28,304.8	15,136.2	14,935.6	119.2	81.4	13,168.6	(1,417.4)	725.7	158.6	690.8	2,273.2	9,320.3
Austria	1,170.1		1,170.1	723.5	723.5			446.6	(40.9)	26.3	24.6	26.5	41.1	328.1
Belgium-Luxembourg	1,935.2	1,194.1	741.1	558.7	558.7			182.4				.2	150.0	32.2
Denmark	822.2	521.9	300.3	279.3	279.3			21.0					20.0	1.0
France	9,423.6	4,242.8	5,180.8	3,183.8	3,183.8			1,997.0	(57.9)	14.0		11.9	1,262.0	709.1
Germany (Federal Republic)	4,993.9	947.7	4,046.2	1,470.0	1,470.0			2,576.2	(1.2)		3.4	134.5	10.0	2,428.3
Berlin	127.0		127.0	114.1	110.4		3.7	12.9						12.9
Iceland	62.6		62.6	54.0	54.0			8.6	(10.3)	8.2				.4
Ireland	146.2		146.2	146.2	146.2									
Italy (including Trieste)	5,517.0	2,102.9	3,414.1	1,645.1	1,645.1			1,769.0	(152.9)	106.7	79.3	206.2	205.8	1,171.0
Netherlands	2,416.0	1,187.5	1,228.5	990.2	987.2	3.0		238.3	(.3)			.2	202.2	36.0
Norway	1,024.5	674.7	349.8	274.8	274.8			75.0				(*)	50.0	25.0
Poland	509.4		509.4	61.0			61.0	448.4	(235.3)			6.7	40.0	401.7
Portugal	370.6	298.0	72.6	49.8	49.8			22.8	(7.1)	3.4		19.4		
Spain	1,470.3	456.6	1,013.7	539.4	512.5	26.9		474.3	(456.6)	238.2	4.2	131.9	100.0	
Sweden	108.9		108.9	106.8	106.8			2.1						2.1
United Kingdom	8,668.3	1,000.1	7,668.2	3,828.9	3,828.9			3,839.3	(48.4)			.3	2.1	3,836.9
Yugoslavia	2,132.4	693.9	1,438.5	519.6	415.3	89.3	15.0	918.9	(406.6)	328.0	47.1	153.1	55.0	335.7
Regional	2,237.3	1,510.6	726.7	590.9	589.2		1.7	135.8		.8			135.0	
Far East	18,956.9	6,775.3	12,181.6	6,508.2	6,031.1	230.5	246.6	5,673.4	(572.2)	455.7	48.7	263.8	488.5	4,416.7
Burma	93.9		93.9	49.4	49.4			44.5	(40.7)	37.6		1.9		5.0
Cambodia	263.6	67.3	196.3	194.0	194.0			2.3			2.3	(*)		
China, Republic of	3,894.5	2,034.6	1,859.9	1,248.7	1,050.6	78.4	119.7	611.2	(40.8)	29.5	2.9	43.3	33.2	502.3

See footnote at end of table.

U.S. foreign assistance, by region and country, cumulative, fiscal year 1946 through fiscal year 1960—Continued

[Millions of dollars]

Region and country	Grand total	Total military	Economic assistance											
			Total economic	Mutual Security program				Non-Mutual Security program						
									Public Law 480					
									Title I		Title II	Title III	Export-Import Bank	Other non-MSP economic
				Total	ICA	DLF	Other non-MSP economic	Total	Total, sales agreements	Planned for loans and grants				
Far East—Continued														
Indochina (undistributed)	1,535.0	709.4	825.6	825.6	825.6									
Indonesia	558.0		558.0	198.2	186.6	11.6		359.8	(148.3)	123.4		5.3	163.4	67.7
Japan	3,462.5	916.5	2,546.0	21.1	21.1			2,524.9	(146.3)	106.2	73.0	23.4	159.5	2,198.8
Korea	4,486.6	1,514.8	2,971.8	1,866.3	1,725.9	18.8	121.6	1,105.5	(164.7)	136.3	4.8	105.0		859.4
Laos	301.2	68.7	232.5	231.7	231.7			.8			.8	(*)		
Malaya	21.8		21.8	20.0		20.0		1.8				1.8		
Philippines	1,555.7	353.5	1,202.2	273.8	223.8	50.0		928.4	(13.8)	9.1		26.1	115.9	777.3
Thailand	571.8	305.7	266.1	239.2	216.7	22.5		26.9	(4.6)	3.9		.4	16.5	6.2
Vietnam	1,895.9	497.7	1,398.2	1,331.2	1,302.0	29.2		67.0	(13.0)	9.7	.7	56.6		
Regional	316.1	307.1	9.0	9.0	3.7		5.3							
Near East and south Asia	13,392.5	4,410.2	8,982.3	5,090.6	4,042.5	825.1	223.0	3,891.7	(2,317.7)	1,886.6	144.6	401.7	564.4	894.4
Near East	8,648.4	3,834.5	4,813.9	3,139.1	2,892.0	246.5	.4	1,675.0	(623.7)	443.7	57.9	225.6	352.1	595.7
Greece	3,073.5	1,378.9	1,694.6	999.8	956.4	43.0	.4	694.8	(72.2)	51.8		91.6	14.7	536.7
Iran	1,012.5	457.5	555.0	453.1	375.4	77.7		101.9	(12.4)	8.3	3.4	5.2	57.7	27.3
Iraq	65.3	46.1	19.2	16.6	16.6			2.6				1.7		.9
Israel	709.1	1.0	708.1	349.9	309.9	40.0		358.2	(167.8)	143.3		52.1	162.7	.1
Jordan	230.9	17.6	213.3	183.1	180.4	2.7		30.2			19.5	9.4		1.3
Lebanon	86.1	8.7	77.4	57.7	51.8	5.9		19.7			14.8		3.2	1.7
Saudi Arabia	46.6	(1)	46.6	27.4	27.4			19.2					14.8	4.4
Turkey	3,094.9	1,924.7	1,170.2	934.2	80.5	53.5		236.2	(221.5)	129.2	12.2	3.5	79.1	12.2
United Arab Republic	295.0		295.0	90.8	67.1	23.7		204.2	(149.8)	111.1		62.1	19.9	11.1
Yemen	11.3		11.3	3.3	3.3			8.0			8.0			
CENTO	23.2		23.2	23.2	23.2									
South Asia	3,890.0	1.5	3,888.5	1,675.1	1,129.5	545.6		2,213.4	(1,694.1)	1,443.0	86.8	172.6	212.3	298.7
Afghanistan	145.7	1.5	144.2	84.0	83.3	.7		60.2			20.3	.3	39.5	.1
Ceylon	65.3		65.3	23.4	15.6	7.8		41.9	(21.0)	16.5	9.3	16.1		
India	2,383.9		2,383.9	753.6	420.3	333.3		1,630.3	(1,286.5)	1,103.9	4.9	125.3	165.5	230.7
Nepal	39.4		39.4	18.9	18.9			20.5		16.8	3.7			
Pakistan	1,255.7	(1)	1,255.7	795.2	591.4	203.8		460.5	(386.6)	305.8	48.6	30.9	7.3	67.9
Regional	854.2	574.2	280.0	276.7	21.0	33.0	222.7	3.3				3.3		
Latin America	4,447.1	389.8	4,057.3	561.1	443.9	94.4	22.8	3,496.2	(467.2)	359.2	39.0	120.3	2,586.1	391.6
Argentina	460.5	6.2	454.3	26.5	1.7	24.8		427.8	(62.3)	42.9			384.8	.1
Bolivia	191.7	.5	191.2	130.6	126.4	4.0		60.6			17.4	6.2	26.4	10.6
Brazil	1,376.5	152.5	1,224.0	38.4	38.2	.2		1,185.6	(178.4)	148.1		18.2	973.8	45.5
Chile	364.6	39.7	324.9	45.2	23.9	10.8	10.5	279.7	(42.0)	33.3		35.4	205.9	5.1
Colombia	249.5	25.7	223.8	11.3	11.3			212.5	(69.9)	51.4		21.2	137.3	2.6
Costa Rica	68.7	(*)	68.7	10.9	10.6	.3		57.8			.2	.8	21.0	35.8
Cuba	52.0	10.6	41.4	2.8	2.8			38.6				.6	37.5	.5
Dominican Republic	8.8	6.1	2.7	2.1	2.1			.6						.6
Ecuador	84.3	17.5	66.8	29.1	19.1	10.0		37.7	(9.3)	7.1		2.2	24.7	3.7
El Salvador	10.0	.1	9.9	7.1	7.1			2.8				1.0		1.8
Guatemala	117.4	1.5	115.9	69.2	63.8	5.4		46.7			3.2	1.5	6.2	35.8
Haiti	80.4	5.5	74.9	39.1	31.5	7.6		35.8			3.5	4.3	25.0	3.0
Honduras	34.9	1.1	33.8	21.3	13.5	7.8		12.5			.2	2.4	3.5	6.4
Mexico	600.0	4.8	595.2	6.8	6.8			588.4	(25.2)	17.7	.2	4.4	466.5	99.6
Nicaragua	42.5	1.6	40.9	9.5	6.4	3.1		31.4					12.1	19.3
Panama	58.6		58.6	12.9	12.9			45.7				5.3	17.2	23.2
Paraguay	39.5	.5	39.0	22.0	14.9	7.1		17.0	(2.9)	2.1		1.6	10.4	2.9
Peru	334.3	51.2	283.1	28.1	23.6	4.5		255.0	(34.0)	24.1	13.9	7.8	198.6	10.6
Uruguay	72.3	23.2	49.1	10.6	1.8	8.8		38.5	(43.2)	32.5	(*)	.2	2.6	3.2
Venezuela	73.3	38.0	35.3	1.2	1.2			34.1					32.6	1.5
West Indies Federation	11.5		11.5	5.5	5.5			6.0				6.0		
Oversea Territories	4.8		4.8	3.1	3.1			1.7			.3	1.4		
Regional	111.1	3.5	107.6	27.6	15.5		12.1	80.0						80.0
Africa	822.1	57.2	764.9	525.4	437.9	87.5		239.5			79.8	22.9	80.0	56.8
Ethiopia	115.0	42.5	72.5	37.8	37.3	.5		34.7			5.9	.5	27.4	.9
Ghana	4.0		4.0	2.7	2.7			1.3			.6	.7		
Guinea	3.8		3.8	2.1	2.1			1.7			1.7			
Liberia	73.3	1.5	71.8	23.2	19.8	3.4		48.6				.6	40.1	7.9
Libya	154.0	2.9	151.1	94.4	89.4	5.0		56.7			26.2	5.1		25.4
Morocco	194.7		194.7	170.4	147.4	23.0		24.3			11.9	12.4		
Nigeria	6.2		6.2	5.8	5.0	.8		.4				.2		.2
Somali Republic	9.1		9.1	8.8	6.8	2.0		.3			.3	(*)		
Sudan	44.1	(*)	44.1	44.1	34.1	10.0		(*)			(*)	(*)		
Tunisia	135.2		135.2	100.6	68.5	32.1		34.6			33.1	1.5		
Oversea Territories	60.9		60.9	24.2	24.2			36.7				1.8	12.5	22.4
Regional	21.6	10.3	11.3	11.3	.6	10.7								
Nonregional	3,336.2	642.4	2,693.8	1,235.6	751.9	2.9		1,458.2		1.5	26.8	99.8		1,330.2

[1] Military data classified and included in NEA regional total.

Development Loan Fund—Cumulative status of credit authorizations, as of June 30, 1961

No.	Region, country, and borrower	Project	Authorizations and obligations: Amount authorized or obligated	Authorizations and obligations: Cancellations or adjustments	Authorizations and obligations: Net	Date agreement signed (obligations)	Terms: Interest rate	Terms: Duration	Terms: Currency of repayment	Disbursement	Repayments: U.S. dollars	Repayments: Local currency	Loans outstanding	Interest collected: U.S. dollars	Interest collected: Local currency
	A. Direct Loans														
	AFRICA														
	Ethiopia:														
88	Sviluppo Agricolo Industriale Del'Eritrea, S.A. (P).	Cotton textile mill	500,000		500,000	Aug. 6, 1959	5¾	10	Ethiopian dollars.	475,912			475,912		7,668
165	Development Bank of Ethiopia.	Development bank	2,000,000		2,000,000	June 20, 1961	4	15	do						
179	Imperial Ethiopian Government.	Jet aviation facilities	3,100,000		3,100,000		3½	20	do						
180	Do	Airport facilities	20,250,000		20,250,000		3½	12	do						
184	Atlas Engineering & Contracting Co., S.A. (P).	Sawmill	180,000		180,000	June 30, 1961	5¾	8	do						
193	Imperial Ethiopian Government.	Road maintenance	3,600,000		3,600,000		3½	20	do						
	Liberia:														
27	Liberian-American Agricultural & Industrial Corp. (P).	Sawmill	190,000		190,000	Dec. 16, 1958	5¼	5	U.S. dollars.	164,040	6,000		158,040	8,621	
43	Republic of Liberia	Telecommunications	3,000,000		3,000,000	Jan. 30, 1959	3½	25	do	150,000	60,000		90,000	1,247	
24	Libya: Government of Libya	Electric powerplant	5,000,000		5,000,000	June 25, 1959	3½	25	Libyan pounds.	3,365,148		25,000	3,340,148		75,260
106	Morocco: Kingdom of Morocco	Irrigation	23,000,000		23,000,000	Mar. 16, 1960	3½	28	Dirhams						
75	Nigeria:														
	Nigerian Ports Authority	Construction of warehouse	800,000	−136,400	663,600	Dec. 30, 1959	5¾	12	U.S. dollars.	663,600			663,600	12,858	
161	Nigerian Railway Corporation.	Track relaying	3,100,000		3,100,000		3½	20	(1)						
35	Somalia: Credito Somalo	Development bank	2,000,000		2,000,000	Mar. 31, 1959	4	15	Somalos	80,726		500	80,226		2,917
37	Sudan: Sudan-American Textile Industry (P).	Textile mill	10,000,000		10,000,000	May 21, 1959	5½	15	U.S. dollars.	6,804,361			6,804,361		
158	Tanganyika: Government of the Trust Territory of Tanganyika.	Road construction	1,900,000		1,900,000	Jan. 18, 1961	3½	20	do						
	Tunisia:														
33	Societe Nationale des Chemins de fer Tunisiens.	National railways	2,400,000 350,000		 2,750,000	May 27, 1959 Dec. 29, 1960	3½	20	Dinars	935,204		20,000	915,204		19,926
36	Societe Nationale Tunisienne de Cellulose (P).	Pulp factory	6,250,000		6,250,000	May 13, 1959	5¾	14	(2)	3,905,671		10,000	3,895,671		
136	Government of Tunisia	Irrigation	18,000,000		18,000,000	Oct. 11, 1960	3½	30	Dinars						
147	Do	Airport construction	5,100,000		5,100,000	Jan. 27, 1961	3½	20	do						
167	Banque Nationale Agricole	Development bank	5,000,000		5,000,000	June 27, 1961	4	15	do						
196	Societe Tunisienne de Banque	do	5,000,000		5,000,000	do	4	15	do						
	Other approvals		30,700,000	−10,700,000	20,000,000										
	Subtotal, Africa		151,420,000	−10,836,400	140,583,600	[3] (90,533,600)				16,544,662	66,000	55,500	16,423,162	22,726	105,771
	EUROPE														
28	Netherlands: Government of Netherlands.	Emigrant resettlement	3,000,000		3,000,000	Jan. 21, 1959	4¼	21	U.S. dollars.	3,000,000	3,000,000			141,767	
50	Spain:														
	Instituto Nacionale de Colonizacion.	Irrigation (equipment)	7,700,000	−7,700,000											
51	Spanish National Railways	Railway rehabilitation	14,900,000		14,900,000	June 5, 1959	3½	20	Pesetas	5,954,721		794,750	5,159,971		94,434
112	Union Electrica Madrilena (P).	Hydroelectric plant	3,900,000	−2,121,087	1,778,913	Mar. 23, 1960	5¾	5	do	1,255,849			1,255,849		26,330
128	Isodel Sprecher, S.A. (P)	Electric switchgear	350,000		350,000	June 14, 1960	5¾	8	do	302,218			302,218		264
	General Electric Espanola (P)	Power generation	1,200,000	−1,200,000											
	Yugoslavia:														
31	Government of Yugoslavia	Fertilizer plant	22,500,000		22,500,000	Jan. 8, 1959	5½	20	(4)	13,292,138	30,000	90,000	13,172,138	129,694	389,083
65	Do	Diesel locomotives	5,000,000		5,000,000	June 12, 1959	3½	12	Dinars	4,969,946		150,000	4,819,946		203,939
84	Do	Electric power	9,000,000		9,000,000	Nov. 25, 1959	3½	20	do	5,021,163		100,000	4,921,163		31,289
85	Do	Hydroelectric plant	15,000,000		15,000,000	Dec. 17, 1959	3½	25	(5)	1,234,243			1,234,243		
117	Do	Diesel locomotives (2d)	14,800,000		14,800,000	June 23, 1960	3½	15½	(6)	14,416,926	12,500	37,500	14,366,926	42,813	128,439
135	Do	Zagreb plastics	23,000,000		23,000,000	Sept. 16, 1960	5¾	15	(7)	1,592,555			1,592,555		
164	Do	Sisak ironworks	8,500,000		8,500,000	Mar. 27, 1961	5¾	15	Dinars						
168	Do	Diesel locomotives (3d)	5,200,000		5,200,000	Mar. 21, 1961	3½	15	do						
173	Do	Electric power (2d Kosovo)	14,000,000		14,000,000	do	3½	20	do						
	Subtotal, Europe		148,050,000	−11,021,087	137,028,913	[3] (137,028,913)				51,039,759	3,042,500	1,172,250	46,825,009	314,274	873,778

See footnotes at end of table.

Development Loan Fund—Cumulative status of credit authorizations, as of June 30, 1961—Continued

No.	Region, country, and borrower	Project	Authorizations and obligations: Amount authorized or obligated	Authorizations and obligations: Cancellations or adjustments	Authorizations and obligations: Net	Date agreement signed (obligations)	Terms: Interest rate	Terms: Duration	Terms: Currency of repayment	Disbursement	Repayments: U.S. dollars	Repayments: Local currency	Loans outstanding	Interest collected: U.S. dollars	Interest collected: Local currency
	A. DIRECT LOANS—Continued														
	FAR EAST														
	Indonesia:														
42	Republic of Indonesia	Railway rehabilitation	3,000,000		3,000,000	June 26, 1959	3½	15	Rupiahs	1,388,399		20,000	1,368,399		3,033
80	Do	Harbor development	6,000,000		6,000,000	do	3½	20	do	162,146		25,000	137,146		846
109	N.V. Indonesian Service Co. (P).	Automotive parts plant	2,600,000		2,600,000	May 31, 1960	5¾	10	do	609,221			609,221		
	Korea:														
22	Tongyang Cement Manufacturing Co. (P).	Cement plant	2,140,000		2,140,000	Jan. 20, 1959	5¼	8	Hwan	2,130,382		147,261	1,983,121		86,444
32	Republic of Korea	Telecommunications	3,500,000		3,500,000	Apr. 8, 1959	3½	20	do	490,492		45,000	445,492		3,827
61	Korea Electric Power Co	Chung Ju hydroelectric	1,500,000		1,500,000	May 26, 1959	3½	10	do	1,097,460		30,000	1,067,460		25,056
93	Oriental Chemical Industry (P).	Soda ash plant	5,600,000		5,600,000	Dec. 11, 1959	5¾	15	do						
94	Korea Reconstruction Bank	Development bank	5,000,000		5,000,000	Apr. 12, 1960	5	10	do						
95	Tec Pan Industrial Corp. (P)	Building materials	1,100,000		1,100,000	June 13, 1960	5¾	15	do						
153	Korea Nylon Co., Ltd. (P)	Nylon plant	3,200,000		3,200,000	Feb. 6, 1961	5¾	10	do						
182	Puk Sam Chemical Industrial Co. (P).	Chemical plant	3,300,000		3,300,000		5¾	14	do						
	Malaya:														
46	Federation of Malaya	Wharfage accommodations	10,000,000		10,000,000	Mar. 18, 1959	3½	30	U.S. dollars	976,438	50,000		926,438	2,668	
54	Do	Roads and bridges	10,000,000		10,000,000	do	3½	10	do	572,220	200,000		372,220	6,700	
	Philippines:														
59	Central Bank of Philippines	Small industry fund	5,000,000		5,000,000	May 6, 1959	5¼	7	do	345,668	177,000		168,668	2,147	
67	Republic of the Philippines	Roads and bridges rehabilitation.	18,750,000		18,750,000	June 29, 1959	3½	12	do	597,781			597,781		
81	Bataan Pulp & Paper Mill (P)	Pulp and paper mill	5,300,000		5,300,000	July 10, 1959	5¾	10	do	4,467,208	10,000		4,457,208	36,141	
92	Mindanao Portland Cement Co. (P).	Cement plant	3,700,000		3,700,000	Oct. 26, 1959	5¾	9	do	2,553,106			2,553,106	13,497	
101	Bago Pulp & Paper Co. (P)	Pulp and paper mill	5,300,000		5,300,000	Dec. 29, 1959	5¾	9	do						
154	Orval Chemical Co., Inc. (P)	Industrial explosive plant	2,100,000		2,100,000	Feb. 15, 1961	5¾	11	do						
	China (Taiwan):														
7	Asia Cement Corp. (P)	Cement plant	2,750,000 250,000		3,000,000	July 25, 1958 Feb. 18, 1960	5½	10	N.T. dollar	2,992,221		20,000	2,972,221		175,297
17	Republic of China	Multipurpose dam	21,500,000		21,500,000	Nov. 10, 1958	3½	35	do	10,640,807		100,000	10,540,807		324,983
18	Do	Railways	3,200,000		3,200,000	Nov. 12, 1958	3½	11	do	1,937,057		318,130	1,618,927		59,170
26	Land bank	Improvement of fishing	686,000		686,000	Mar. 18, 1959	5	5	do	622,607		125,593	497,015		19,075
47	First Commercial Bank of Taiwan, Chang Hwa Commercial Bank, Huan Nan Commercial Bank, Ltd., & Central Trust of China.	Small industry fund	2,500,000		2,500,000	Dec. 15, 1959	5½	5	do	798,011		45,000	753,011		5,91[illegible]
48	Ingalls-Taiwan Shipbuilding Co. (P).	Expansion of shipyard	2,000,000	−1,100,000	900,000	Jan. 22, 1959	5½	9	U.S. dollars	86,068			86,068	1,618	
49	Pioneer Chemical Corp. (P)	Coke oven	1,000,000		1,000,000	Feb. 19, 1959	5½	9	N.T. dollars	1,000,000		15,000	985,000		103,554
55	Taiwan Aluminum Corp	Production of aluminum	1,350,000		1,350,000	June 25, 1959	5½	5	do	1,048,988		10,000	1,038,988		17,767
110	Republic of China	2d railways	5,900,000		5,900,000	Feb. 18, 1960	3½	11	do	5,844,170			5,844,170		
113	China Development Corp. (P)	Development bank	10,000,000		10,000,000	Mar. 24, 1960	5¾	10	do	121,099			121,099		
114	Taiwan Telecommunications Administration.	Telecommunications	2,000,000		2,000,000	June 16, 1960	3½	10½	do						
133	Taiwan Power Co	Nanpu thermal power	20,500,000		20,500,000	Sept. 30, 1960	3½	20	do	172,793			172,793		
148	Hsinchu Window Glass Works (P).	Glass factory	1,600,000		1,600,000	May 12, 1961	5¾	12	do						
178	Taiwan Power Co	Tachien reservoir	40,000,000		40,000,000	June 21, 1961	3½	30	do						
19	Thailand:														
	Metropolitan Electricity Authority.	Electric power expansion	20,000,000		20,000,000	Mar. 6, 1959	5½	20	Baht	7,123,134		20,000	7,103,134		219,468
30	Government of Thailand	Dredge facilities	1,750,000		1,750,000	Feb. 10, 1959	5	15	do	1,232,344			1,232,344		23,746
77	Livestock Trading Corp. (P)	Meat processing plant	750,000		750,000	July 16, 1959	5¾	10	U.S. dollars	750,000			750,000	10,316	
	Vietnam:														
62	Saigon-Cholon Water Distribution System.	Water distribution system	19,500,000	−2,000,000	17,500,000	Oct. 21, 1960	3½	30	Piasters						
129	Vietnam Railway System	Railways	9,700,000		9,700,000	Aug. 10, 1960	3½	15	do	30,256			30,256		
163	Government of Vietnam	Electric power	12,700,000		12,700,000	Jan. 6, 1961	3½	20	do						
	Other approvals		12,850,000	−12,850,000	0										
	Subtotal, Far East		289,576,000	−15,950,000	273,626,000	[8] (270,326,000)				49,790,076	437,000	920,984	48,432,093	73,087	1,068,180

	LATIN AMERICA														
	Argentina:														
60	Government of Argentina	Economic development	24,750,000		24,750,000	Mar. 18, 1959	5½	9	U.S. dollars	24,612,828	300,000		24,312,828	1,314,682	
192	do	Routes 18 and 126	6,000,000		6,000,000	May 26, 1961	3½	20	(6)						
	Bolivia:														
39	Gasser y Cia Industries La Belgica (P).	Sugar mill	2,500,000		2,500,000	Feb. 5, 1959	5½	10½	Bolivianos	2,497,649		10,000	2,487,649		43,909
82	Government of Bolivia	Construction of runway	1,500,000		1,500,000	Oct. 22, 1959	3½	15	do	48,760			48,760		
185	Sociedad Industrial Azucorera La Esperanza, S.A. (P).	Sugar mill	1,750,000		1,750,000	June 12, 1961	5¾	8	do						
	Government of Bolivia	Highway maintenance	2,000,000		[17] 2,000,000										
	Brazil:														
45	Cooperativa Agro-Pecuaria Batavo Limitata & Societade Cooperativa Castrolanda Ltd. (P).	Resettlement project	240,000		240,000	Mar. 4, 1959	8	14	Cruzeiros	210,266		1,503	208,764		
52	Companhia Brasileira de Colonizacao E Imigracao Italiana.	do	300,000	−300,000											
	Chile:														
57	Government of Chile	Airport design	300,000		300,000	May 20, 1959	3½	3	Escudos						
134	Do	Airport construction (Pudahuel).	[10] 10,500,000		10,500,000	Dec. 7, 1960	3½	20	Escudos or U.S. dollars.						
188	Do	Airport construction (Concepcion).	3,200,000		3,200,000	June 21, 1961	3½	20	(11)						
199	Caja Central de Ahorros y Piestamos.	Central housing	5,000,000		5,000,000	June 14, 1961	4	25	(11)						
	Colombia: Government of Colombia.	Housing, resettlement, and penetration roads.	25,000,000		[17] 25,000,000										
38	Costa Rica: [12] Societa Italiana de Colizzazione Agricola (P).	Resettlement project	300,000		300,000	Jan. 13, 1959	5½	16	U.S. dollars	299,883	3,000		296,883	21,336	
	Ecuador:														
44	Government of Ecuador	Highway construction	4,700,000	[13] 64,108	4,635,892	Mar. 23, 1959	3½	20	(14)	1,765,408		75,000	1,690,408		37,178
102	Do	do	[11] 5,300,000		5,300,000	Nov. 6, 1959	3½	18	Sucres [15]	3,727,230	20,000		3,707,230	56,222	27,735
195	Do	Aerial photogrammetric mapping.	1,800,000		1,800,000		3½	20	(16)						
213	Ecuadoran Housing Bank	Central housing bank	5,000,000		5,000,000		4	25	U.S. dollars						
202	El Salvador: Republic of El Salvador.	Airport construction	1,600,000		1,600,000		3½	20	Centavos						
	Guatemala:														
63	Banco de Guatemala	Rubber production	5,000,000		5,000,000	Aug. 17, 1959	5¾	12	U.S. dollars						
73	Productos de Kenaf (P)	Kenaf bag factory	400,000	−782	399,218	June 3, 1959	5¾	5	do	399,217			399,217	19,899	
150	Government of Guatemala	Highway construction	2,100,000		2,100,000	Jan. 24, 1961	3½	15½	do						
174	do	do	5,400,000		5,400,000	do	3½	15	Quetzals						
	Haiti:														
58	Government of Haiti	Irrigation	4,300,000		4,300,000	May 28, 1959	3½	30	Gourdes	2,005,308	2,000	1,000	2,002,308	9,935	11,935
104	do	Highway engineering	300,000		300,000	Jan. 21, 1960	3½	3	do	168,027			168,027		
108	Centrale Sucriere, S.M.(P)	Sugar mill	3,000,000	−3,000,000					do						
	Haitian Agricultural Corp., SA(P).	Sisal plantation	250,000		250,000		5¾	9	Gourdes or U.S. dollars.						
	Honduras:														
1	Government of Honduras	Highway development	5,000,000		5,000,000	May 10, 1958	3½	20	Lempiras	2,248,885		100,000	2,148,885		61,099
137	Empresa Nacional de Energia Electrica.	Canaveral hydroelectric	2,800,000		2,800,000	Sept. 9, 1960	3½	25	do						
	Nicaragua:														
64	Municipality of Matagalpa	Public utilities	600,000		600,000	May 7, 1959	3½	15	U.S. dollars	460,064	15,378		444,686	1,416	
132	Empresa Nacional de Luz & Fuerza.	Rio Tuma hydroelectric	2,500,000		2,500,000	June 30, 1960	3½	25	Cordobas	40,121			40,121		
209	Government of Nicaragua	Highway construction	4,300,000		4,300,000		3½	15	do						
	Do	do	2,800,000		[17] 2,800,000										
	Panama:														
149	Republic of Panama	Feeder roads	5,300,000		5,300,000	Nov. 10, 1960	3½	15	U.S. dollars						
198	Caja de Ahorros	Housing project	2,500,000		2,500,000		4	22	do						
	Paraguay:														
10	Corporacion de Obras Sanitarias de Asuncion.	Water supply system	1,000,000		1,000,000	Sept. 5, 1958	3½	20	Guaranies	1,000,000		40,000	960,000		67,794
14	Government of Paraguay	Road improvement	2,500,000	[13] −40,426	2,459,574	Oct. 29, 1958	3½	15	(15)	2,279,364		50,000	2,229,364		54,325
16	International Products Corp. (P)	Modernization of operations	2,600,000		2,600,000	Nov. 6, 1958	5¼	5	U.S. dollars	2,574,410	100,000		2,474,410	210,120	
91	Government of Paraguay	Telecommunications	1,000,000		1,000,000	May 25, 1961	3½	10	(15)						
	Peru:														
111	Government of Peru	Highway construction	4,500,000		4,500,000	Dec. 19, 1960	3½	15	Soles [15]						
119	Mutual Savings & Loan Association (P).	Savings and loan association	1,000,000		1,000,000	July 13, 1960	5¾	20	U.S. dollars						
201	Government of Peru	Home savings program	7,500,000		7,500,000		4	20	(20)						
	Do	Agricultural settlement and roads.	17,500,000		[17] 17,500,000										

See footnotes at end of table.

Development Loan Fund—Cumulative status of credit authorizations, as of June 30, 1961—Continued

No.	Region, country, and borrower	Project	Authorizations and obligations: Amount authorized or obligated	Authorizations and obligations: Cancellations or adjustments	Authorizations and obligations: Net	Date agreement signed (obligations)	Terms: Interest rate	Terms: Duration	Terms: Currency of repayment	Disbursement	Repayments: U.S. dollars	Repayments: Local currency	Loans outstanding	Interest collected: U.S. dollars	Interest collected: Local currency
	A. DIRECT LOANS—Continued														
	LATIN AMERICA—continued														
72	Uruguay: Administration General de las Unimas Electricas y los Telefonos de Estado (UTE).	Telephone system	8,800,000		8,800,000	Sept. 3, 1959	3½	20	(21)	2,475,163			2,475,163		15,152
	Venezuela:														
175	Fundacion de la Viviends Popular.	Housing project (P)	5,000,000		5,000,000	Mar. 15, 1961	5	15	U.S. dollars						
212	Banco Obrero	Central home savings	10,000,000		10,000,000		4	20	do						
	Central American Bank for Economic Integration.	Development Bank	5,000,000		5,000,000		4	15	do						
	Other approvals		22 16,375,000		16,375,000										
	Subtotal, Latin America		231,065,000	−3,405,316	227,659,684	8($126,034,684)				46,812,583	420,378	297,503	46,094,703	1,623,675	329,062
	NEAR EAST														
	Greece:														
41	Government of Greece	Fertilizer plant	12,000,000		12,000,000	Jan. 28, 1959	5¼	12	Drachmas	10,812,105		120,000	10,692,105		777,087
107	Public Power Corp	Hydroelectric plant	31,000,000		31,000,000	Jan. 29, 1960	3½	25	do	467,500			467,500		4,827
	Iran:														
34	Plan Organization	Economic development	47,500,000	−1,045,000	46,455,000	Jan. 7, 1959	3½ / 5¼	12	U.S. dollars	46,110,194	300,000		45,810,194	2,381,743	
89	Industrial & Mining Development Bank of Iran (P).	Development bank	5,200,000		5,200,000	Nov. 19, 1959	5¾	15	do	241,756			241,756	2,554	
97	Plan Organization	Highway construction	25,000,000		25,000,000	Oct. 7, 1959	3½	17	do	34,538,891	100,000		34,438,891	265,623	
97A	Do	do	26,200,000		26,200,000	Dec. 20, 1960	3½	17	do						
97B	Do	do	12,000,000		12,000,000		3½	17	do						
181	Government of Iran	Port and port facilities	12,000,000	−12,000,000											
	Israel:														
5	Government of Israel	Economic development	15,000,000		15,000,000	June 25, 1958	5¼	15	Pounds	15,000,000		929,750	14,070,250		1,752,895
66	Industrial Development Bank of Israel (P).	Development bank	5,000,000		5,000,000	May 12, 1959	5	10	do	4,452,235		100,000	4,352,235		93,778
66A			5,000,000		5,000,000	May 8, 1960									
183	Industrial Development Bank (P).	do	10,000,000		10,000,000		5	10	do						
126	Government of Israel	Irrigation and agriculture	15,000,000		15,000,000	June 30, 1960	3½	20	do	8,235,750			8,235,750		66,132
166	Do	Telephone development	6,000,000		6,000,000	Feb. 20, 1961	3½	10	do						
	Jordan:														
56	Transjordan Electric Power Co. (P)	Electric power	1,200,000		1,200,000	June 25, 1959	5¾	10	Dinars	314,751			314,751		3,284
76	Jordan Phosphate Mines (P)	Phosphate mines expansion	2,500,000	−1,000,000	1,500,000	Oct. 26, 1959	5¾	13	UK pounds	892,164			892,164		13,615
160	Arab Land Bank	Development bank	1,000,000		1,000,000		4¼	15	Dinars						
	Lebanon:														
96	Societe de'Electricite de El Bared, S.A.L. (P).	Powerplant	500,000		500,000	Feb. 9, 1960	5¾	12	U.S. dollars						
99	Banque de Credit Agricole, Industriel et Foncier (P).	Development bank	5,000,000		5,000,000	May 4, 1960	4½	15	do	434,580			434,580	3,827	
138	Societe Pour L'Industrie des Metaux, S.A. (P)	Aluminum plant	400,000		400,000	Nov. 8, 1960	5¾	10	do	229,752			229,752	587	
	Turkey:														
11	Industrial Development Bank (P).	Development bank	10,000,000		10,000,000	Sept. 12, 1958	5	10	Lira	1,915,836		214,064	1,701,772		78,564
53	Maden Tetkik ve Arma Enstitud.	Aerial mineral survey	900,000		900,000	Apr. 30, 1959	3½	5	do	467,302		200,000	267,302		6,174
70	Turkiye Komur Islemeliri Korumu.	Coal mining facilities	14,500,000		14,500,000	do	5¾	12	do	37,226			37,226		
71	Vinyles Plastics, Ltd. (P)	Plastics, carbide plant	6,100,000	−6,100,000											
87	Koruma Tarim Ilaclari (P)	Production of chemicals	2,800,000		2,800,000	Jan. 19, 1961	5¾	10	do						
98	ETIBANK	Electric power distribution	7,000,000		7,000,000	Jan. 21, 1960	3½	12	do	14,020			14,020		
139	Government of Turkey	Railway construction	6,000,000		6,000,000	Dec. 19, 1960	3½	20	do						
169	Eregli Iron & Steel Works (P)	Steel mill	98,600,000		98,600,000	Jan. 9, 1961	5¾	20	do						
			31,000,000		31,000,000	do	5¾	20	U.S. dollars						
	UAR-Egypt:														
115	Adfina Por L'Exportation de la Fabrication des Produits (P).	Canning and freezing plant	450,000	−250,000	200,000	Oct. 7, 1960	5¾	10	Pounds						
116	General organization for executing the 5-year industrial plan.	Bagasse pulp mill	6,700,000		6,700,000	Nov. 23, 1960	5¾	13	do						
123	Industrial Development Bank	Development Bank	7,000,000		7,000,000	Aug. 31, 1960	5	10	do						

142	Telecommunications Organization.	Telecommunications	1,300,000		1,300,000	Jan. 19, 1961	3½	15	do							
	UAR-Syria:															
90	Modern Industries Corporation (P).	Textile mill	1,000,000	−300,000	700,000	Nov. 5, 1959	5¾	10	U.S. dollars	687,712			687,712	19,293		
124	Industrial Development Bank	Development bank	5,000,000		5,000,000	Aug. 15, 1960	5	10	Pounds							
143	Posts, Telegraphs and Telephones Administration.	Telecommunications	2,500,000		2,500,000	Oct. 3, 1960	3½	13	do							
	Other approvals		25,000,000	−25,000,000												
	Subtotal, Near East		463,350,000	−45,695,000	417,655,000	[8] (394,655,000)				124,851,774	400,000	1,563,814	122,887,960	2,673,627	2,796,356	
	SOUTH ASIA															
146	Afghanistan: Ariana Afghan Airlines.	Aircraft acquisition	700,000		700,000		5¾	5	Afghanis							
	Ceylon:															
4	Government of Ceylon	Irrigation and land development.	1,600,000	−124,057	1,475,943	June 24, 1958	3½	20	Rupees	1,475,942		125,000	1,350,942		76,001	
8	Do	Highway development	900,000		900,000	July 28, 1958	3½	10	do	685,770		75,000	610,770		16,813	
9	Do	Rehabilitation of railways	750,000		750,000	Sept. 3, 1958	3½	20	do							
103	Ceylon Cement Corp	Cement plant	4,500,000	−4,500,000			5¾	12½	do							
156	Government of Ceylon	Airport construction	3,200,000		3,200,000	Jan. 30, 1961	3½	20	do							
	India:															
2	Government of India	Railway modernization	40,000,000	−10,000,000	30,000,000	June 23, 1958	3½	20	do	28,966,995		4,000,000	24,966,995		476,145	
3	Do	Roads, cement, jute, and refractories.	35,000,000		35,000,000	do	5¼	15	do	32,012,695		4,666,667	27,346,028		1,285,360	
12	Do	Railway modernization	35,000,000		35,000,000	Dec. 24, 1958	3½	20	do	35,000,000		400,000	34,600,000		2,041,792	
13A	Do	Steel imports (public)	18,000,000		18,000,000	do	3½	15	do	17,158,571		600,869	16,557,702		293,326	
13B	Do	Steel imports (private)	22,000,000		22,000,000	do	5½	15	do	21,460,154		629,485	20,830,669		752,835	
21	Do	Public power development	10,000,000		10,000,000	do	3½	20	do	10,000,000		400,000	9,600,000		263,512	
40	Do	Capital equipment (private)	15,000,000		15,000,000	do	5¾	10	do	12,019,573		300,000	11,719,573		850,245	
78	Do	Steel imports	20,000,000		20,000,000	July 27, 1959	5¾	10	do	14,607,963			14,607,963		52,275	
118	Industrial Finance Corporation.	Development bank	10,000,000		10,000,000	Dec. 7, 1960	5	15	do							
120	Government of India	Sharavathi hydroelectric	8,400,000		8,400,000	June 30, 1960	3½	20	do	5,142			5,142			
121	Ahmedabad Electricity Co. (P).	Thermal power	3,900,000		3,900,000	do	3½	14	do							
122	Government of India	Barauni thermal power	3,800,000		3,800,000	do	3½	20	do							
125	Do	Chandrapura thermal power	30,000,000		30,000,000	do	3½	20	do							
130	Do	Durgapur thermal power	20,000,000		20,000,000	do	3½	20								
131	Do	Road transport	13,100,000		13,100,000	do	5¾	5	do	953,024			953,024			
140	Do	Kanpur thermal power	1,600,000		1,600,000	Dec. 5, 1960	3½	15	do							
141	Do	Barapani hydroelectric	2,500,000		2,500,000	do	3½	20	do							
144	National Small Industrial Corporation.	Development bank	10,000,000		10,000,000	Apr. 10, 1961	5	10	do							
151	Government of India	Third railways	50,000,000		50,000,000	Dec. 5, 1960	3½	20	do							
155	Industrial Credit & Investment Corporation of India (P).	Development bank	5,000,000		5,000,000	Mar. 23, 1961	5	15	do							
157	Government of India	Capital equipment	25,000,000		25,000,000	Dec. 5, 1960	5¾	10	do							
159	Do	Steel imports	25,000,000		25,000,000	do	5¾	15	do	666,985			666,985			
162	Hindustan Chemicals and Fertilizers.	Fertilizer plant	30,000,000		30,000,000	Dec. 29, 1960	5¾	15	do	1,484,250			1,484,250			
176	Premier Automobiles, Ltd. (P)	Automotive parts plant	7,200,000		7,200,000		5¾	15	do							
190	Government of India	Talcher power	33,000,000		33,000,000		3½	20	do							
191	Do	Birsinghpur power	8,400,000		8,400,000		3½	20	do							
197	Do	Second Sharavathi	21,500,000		21,500,000		3½	20	do							
206	Do	Nonferrous metals	20,000,000		20,000,000		3½	15	do							
	Do	Beas Dam	33,000,000		[17] 33,000,000											
152	Nepal: Nepal Industrial Development Corporation.	Development bank	400,000		400,000	June 20, 1961	5	15	Rupees							
	Pakistan:															
6	Government of Pakistan	Water sewage disposal	5,500,000		5,500,000	June 30, 1958	3½	30	do	2,097,349		75,000	2,022,349		58,470	
15	Pakistan Industrial Credit & Investment Corporation (PICIC) (P).	Development bank	4,200,000		4,200,000	Dec. 4, 1958	5	5	do	4,013,810		1,680,000	2,333,810		109,718	
20	Government of Pakistan	Railway rehabilitation	9,100,000		9,100,000	Feb. 18, 1959	3½	20	do	5,184,893		268,749	4,916,144		199,895	
23	Do	Multipurpose dam	17,500,000		17,500,000	do	3½	30	do	14,879,714		551,995	14,327,719		534,279	
			2,750,000		2,750,000	Jan. 28, 1961										
25	West Pakistan Water and Power Development Authority.	Land reclamation	15,200,000		15,200,000	Feb. 18, 1959	3½	20	do	11,321,480		767,419	10,554,061		190,759	
29	Do	Power transmission lines	14,700,000		14,700,000	do	3½	25	do	7,104,440		400,000	6,704,440		176,526	
68	Government of Pakistan	Port facilities	2,000,000		2,000,000	July 10, 1959	3½	20	do							
69	Do	do	2,000,000	−2,000,000												

See footnotes at end of table.

Development Loan Fund—Cumulative status of credit authorizations, as of June 30, 1961—Continued

No.	Region, country, and borrower	Project	Authorizations and obligations: Amount authorized or obligated	Cancellations or adjustments	Net	Date agreement signed (obligations)	Terms: Interest rate	Duration	Currency of repayment	Disbursement	Repayments: U.S. dollars	Local currency	Loans outstanding	Interest collected: U.S. dollars	Local currency
	A. DIRECT LOANS—Continued														
	SOUTH ASIA—continued														
74	Sui Gas Transmission Co. (P)	Expansion gas treating plant	2,000,000	−6,306	1,993,694	Feb. 19, 1960	5¾	12	Pounds	1,993,694		80,000	1,913,694		121,392
79	Government of Pakistan	Secondary transmission grid	23,000,000		23,000,000	June 29, 1959	3½	25	do	1,364,825		200,000	1,164,825		17,661
83	do	Inland waterways	1,750,000		1,750,000	Sept. 12, 1959	3½	12	do						
86	do	Jet runway	4,800,000	−1,000,000	3,800,000	Nov. 3, 1959	3½	15	do	2,903,533		10,000	2,893,533		5,993
100	PICIC (Second) (P)	Development bank	10,000,000		10,000,000	Jan. 15, 1960	5½	5	do	2,969,322		525,000	2,444,322		21,954
105	Government of Pakistan	Railroad rehabilitation	22,000,000		22,000,000	Jan. 16, 1960	3½	20	do	14,603,225			14,603,225		108,644
127	do	Indus water system	70,000,000		70,000,000	Sept. 19, 1960	3½	30	do	3,675,000			3,675,000		
170	do	WAH factories	5,200,000		5,200,000		5¾	15	do						
171	do	Dredger fleet	2,300,000		2,300,000	June 14, 1961	3½	15	do						
177	do	Quetta thermal power	6,000,000		6,000,000	do	3½	15	do						
186	do	Third railways	6,500,000		6,500,000	do	3½	15	do						
194	PICIC (Third) (P)	Development bank	7,500,000		7,500,000	May 12, 1961	5	7	do						
	Other approvals		2,500,000	−2,500,000											
	Subtotal, south Asia		804,950,000	−20,130,363	784,819,637	[8] (655,819,637)				248,608,349		15,755,184	232,853,165		7,653,595
	Total, direct loans		2,088,411,000	−107,038,166	1,981,372,834					537,647,211	4,365,877	19,765,234	513,516,100	4,707,390	12,826,743
	Total, obligations					1,674,397,834									

[1] 1st ½ in pounds sterling; 2d ½ in U.S. dollars.
[2] Repayable in either pounds sterling or French francs.
[3] Total obligations.
[4] ¾ ($16,875,000) in dinars; ¼ ($5,625,000) in U.S. dollars.
[5] ¾ ($11,250,000) in dinars; ¼ ($3,750,000) in U.S. dollars.
[6] ¾ ($11,100,000) in dinars; ¼ ($3,700,000) in U.S. dollars.
[7] ¾ ($17,250,000) in dinars; ¼ ($5,750,000) in U.S. dollars.
(P) Private borrower.
[8] Total obligations.
[9] 1st 5 years in pesos (639,613); remaining in U.S. dollars ($5,360,387).
[10] Loan will be supplemented with Public Law 480 funds.
[11] ½ escudos; ½ U.S. dollars.
[12] ¾ in sucres ($1,350,000); ¼ in U.S. dollars ($450,000).
[13] Represents local currency disbursements under this loan—(see below local currency loan).
[14] ½ in sucres; ½ in U.S. dollars.
[15] DLF may at its option request repayment in U.S. dollars for the last ½ of that portion of the loan which may be disbursed in dollars.
[16] On July 26, 1961, the following 3 loans to Costa Rica, included in the amount of $16,375,000 for "Other approvals", were made public: (1) Banco National de Costa Rica—$5,000,000 for agricultural development (repayable in Costa Rican colones; 20 years; 3½ percent). (2) National Water Supply & Sewerage Authority—$3,500,000 for a metropolitan water supply (repayable in Costa Rican colones; 20 years; 3½ percent). (3) Government of Costa Rica—$125,000 for road construction (repayable in Costa Rican colones; 3 years; 3½ percent).
[17] Allocation.
[18] 1st 18 installments ($1,204,000) in guaranies; remaining 12 ($1,296,000) in U.S. dollars.
[19] 1st ½ in guaranies; 2d ½ in U.S. dollars.
[20] 1st ½ pesos; last ½ U.S. dollars.
[21] 1st 13 installments ($1,545,000) in pesos; remaining loan ($7,255,000) in U.S. dollars.
[22] Includes $8,625,000 in loans to Costa Rica made public on July 26, 1961. See footnote 16.

No.	Region, country, and borrower	Project	Maximum amount of loans subject to guarantee	Maximum liability of DLF under guarantee	Net amount authorized or obligated	Loan in currency of country [1]	Date agreement signed (obligations)	Terms: Interest rate	Duration	Currency of repayment	Disbursements	Repayments: U.S. dollars	Local currency	Loans outstanding	Interest collected: U.S. dollars	Local currency
	Total direct loans				$1,981,372,834		$1,674,397,834				$537,647,211	$4,365,877	19,765,234	$513,516,100	$4,707,390	12,826,743
	B. GUARANTEED LOANS															
G-2	Liberia: Bank of Monrovia (P)	Development bank	$1,000,000	$500,000	250,000		Oct. 9, 1959	(2)		U.S. dollars					62	
G-3	Taiwan: Ingalls Taiwan Shipbuilding Co. (P).	Expansion of shipyard	995,727	497,864	497,864		Sept. 18, 1958	(2)		do					108,406	
	Other guaranteed loans		54,000,000	54,000,000	27,000,000											
	Total guaranteed loans		55,995,727	54,997,864	27,747,864		$747,864								108,468	
	Charges against DLF dollar lending authority.				2,009,120,698		$1,675,145,698				537,647,211	4,365,877	19,765,234	513,516,100	4,718,298	12,826,743
	C. LOCAL CURRENCY LOANS															
172	Israel: Government of Israel	Airport construction				[3] 925,926		3½	20	Israel pounds						
44-LC	Ecuador: Government of Ecuador.	Highway construction				[4] 64,108	Mar. 23, 1959	3½	20	Sucres	64,108			64,108		
14-LC	Paraguay: Government of Paraguay.	Road improvement				[5] 40,426	June 1, 1961	3½	15	Guaranies	40,426			40,426		
	Grand total										537,751,745	4,365,877	19,765,234	513,620,634	4,718,298	12,826,743

[1] In U.S. dollar equivalents.
[2] 2 percent fee.
[3] Israeli pounds.
[4] Sucres.
[5] Guaranies.
(P) Private borrower.

NOTE.—Totals do not add due to rounding.

DEVELOPMENT LOAN FUND

Recapitulation of budget estimates, authorizations, and appropriations for fiscal years 1958 through 1961

Fiscal years	Budget estimate	Authorization	Appropriation
1958	$2,000,000,000	$500,000,000	$300,000,000
1959	625,000,000	625,000,000	550,000,000
1960	700,000,000	700,000,000	550,000,000
1961	700,000,000	1,100,000,000	600,000,000
Total	4,025,000,000	2,925,000,000	2,000,000,000

DEVELOPMENT LOAN FUND

Fiscal year 1958: Budget estimate was $2 billion, comprised of the following: (1) $500 million to be appropriated for fiscal year 1958, and (2) $1.5 billion of borrowing for fiscal years 1959 and 1960. (Seven hundred and fifty million dollars in fiscal year 1959 and $750 million in fiscal year 1960.) Congress authorized $1,125 million for the fiscal years 1958 and 1959, as follows: (1) For fiscal year 1958, $500 million; (2) for fiscal year 1959, $625 million. Congress appropriated for fiscal year 1958, a total of $300 million.

Fiscal year 1959: Budget estimate presented to Congress was $625 million. This amount was authorized in previous year by Congress. Congress appropriated $550 million.

Fiscal year 1960: Budget estimate submitted to Congress was $700 million. Congress authorized $700 million for fiscal year 1960 and $1.1 billion for fiscal year 1961, thus granting a 2-year authorization, as was done in fiscal year 1958. Congress finally appropriated $550 million for fiscal year 1960.

Fiscal year 1961: Budget estimate submitted to Congress was $700 million. In previous year, Congress had authorized $1.1 billion for fiscal year 1961. Congress appropriated $600 million for fiscal year 1961.

Status of DLF loans by region, as of June 30, 1961

[In thousands]

Region and fiscal year	Number of loans		Amount		Disbursed	Repaid	Interest and fees collected
	Approved	Obligated	Approved [1]	Obligated			
Africa:							
1958	1		$9,300.0				
1959	9	7	31,540.0	$28,840.0	$50		
1960	4	4	46,700.0	24,550.0	7,780	$36	$2
1961	10	7	80,293.6	37,393.6	8,715	86	126
Total	24	18	167,833.6	90,783.6	16,545	122	128
Europe:							
1958	1		3,000.0				
1959	7	5	75,300.0	53,100.0	561		
1960	3	5	40,850.0	43,050.0	12,556	370	111
1961	2	3	17,878.9	40,878.9	37,923	3,845	1,077
Total	13	13	137,028.9	137,028.9	51,040	4,215	1,188
Far East:							
1958	7		38,236.0				
1959	19	19	139,990.0	118,626.0	2,513		40
1960	9	12	52,300.0	48,650.0	13,045	125	233
1961	5	8	43,597.8	103,547.8	34,232	1,233	868
Total	40	39	274,123.8	270,823.8	49,790	1,358	1,141
Latin America:							
1958	3	1	8,500.0	5,000.0			
1959	15	12	57,290.0	44,190.0	3,073		9
1960	7	6	28,600.0	23,400.0	25,430	274	450
Latin America—Continued							
1961	24	13	$133,269.7	$53,444.7	$18,414	$444	$1,494
Total	49	32	227,659.7	126,034.7	46,917	718	1,953
Near East:							
1958	4	1	89,000.0	15,000.0	1,500		
1959	14	7	83,400.0	91,100.0	35,098	50	210
1960	10	10	74,050.0	95,900.0	37,672	291	1,555
1961	[2] 6	12	171,205.0	192,655.0	50,582	1,623	5,328
Total	34	30	417,655.0	394,655.0	124,852	1,964	7,093
South Asia:							
1958	10	4	119,350.0	82,100.0			
1959	12	13	180,650.0	185,350.0	24,269	25	33
1960	16	13	278,500.0	141,750.0	106,374	6,373	1,490
1961	15	17	206,319.6	246,619.6	117,965	9,357	6,131
Total	53	47	784,819.6	655,819.6	248,608	15,755	7,654
All regions:							
1958	26	6	267,386.0	102,100.0	1,500		
1959	76	63	568,170.0	521,206.0	65,564	75	292
1960	49	50	521,000.0	377,300.0	202,857	7,469	3,841
1961	62	60	652,564.6	674,539.6	267,831	16,588	15,024
Total	[2] [3] 213	[3] 179	[3] 2,009,120.6	[3] 1,675,145.6	537,752	24,132	19,157

[1] Includes allocations.
[2] Includes 1 local currency loan.
[3] Includes 2 guarantees.

Mr. ELLENDER. Mr. President, we cannot afford another decade of waste in the sixties.

We cannot continue to reward mediocrity if not outright failure but that is what we will be doing if we permit the new development loan program to be financed by borrowing authority instead of by annual no-year appropriations.

Mr. President, if Congress were to grant borrowing authority to finance the new Development Loan Fund, in effect, it would be shifting the burden of proof from the executive department to the Congress. If Congress at some subsequent date wished to curtail or eliminate the Development Loan Fund, it would have the burden of proving that it should be done. Then, too, Mr. President, it must also be taken into consideration that if the Congress were to grant this authority it, of course, would be granted by a mere majority vote. If, however, on a subsequent date Congress wished to reverse itself, it would be necessary for the then-existing Congress to obtain a two-thirds vote because there is little doubt that the President would veto any vote by a mere majority which endeavored to kill the borrowing authority that would be granted by this Congress should the position of the Senate Foreign Relations Committee prevail.

Has the Development Loan Fund that we created in 1957 functioned so well and performed so outstanding a job that Congress feels that it should no longer have the burden of proving or of justifying its request for funds? Certainly not, Mr. President, and I hope that the Senate will not permit this to happen.

Let us sustain fiscal integrity in our foreign aid operations.

Let us adopt the amendment of the senior Senator from Virginia and affirm the decisions we made in 1957 and 1959. This is no time to strip the gears by reversing ourselves.

Mr. BYRD of Virginia. Mr. President, I yield 20 minutes to the Senator from South Carolina.

The PRESIDING OFFICER. The Senator from South Carolina [Mr. THURMOND] is recognized for 20 minutes.

Mr. THURMOND. Mr. President, I rise to oppose the foreign aid program and to support the Byrd amendments. In my judgment, the great Senator from Virginia is one of the most able financiers this country has ever produced, and I am proud to support the amendments he has offered to eliminate the backdoor financing provision of the proposed foreign aid program.

Representative OTTO PASSMAN, from the Fifth District of Louisiana, is to be highly commended for the great study he has made of this particular provision of the proposed foreign aid bill and the information he has made available to all Members of Congress concerning it. Probably no Member of Congress is more knowledgeable on this subject than is this able Representative from Louisiana.

Once a program is approved, it would require an act of Congress to reduce the amount of borrowing authorization, and the burden of proving the project unsound would be on Congress. The testimony given at the hearings before the subcommittee of the Committee on Appropriations of the House of Representatives bears out that statement. I refer to page 143 of the House hearings. I read from the testimony:

> Mr. PASSMAN. The burden of proof will be on the Congress, to make out a case that the projects are unsound and that you do not need the money, rather than on the part of the executive that they are good and that you do need the money; is that correct?
>
> Secretary DILLON. I think there will be a shift in the burden of proof. That is right.

Secretary Dillon admits that, once given this authority, he would not expect the Congress to attempt to take it back. On that point I read a brief excerpt from the testimony on page 125 of the House hearings:

Mr. PASSMAN. If the borrowing authority has been granted, the executive branch would enter into commitments and obligations. It would not be expected that the Congress, in subsequent years, would pass legislation that would cancel those commitments. Is that not about the position we would be in?

Secretary DILLON. I think there would be a very strong presumption against canceling even these conditional commitments, but if one of them should be very bad and you should find this was a complete waste of money, there would be no reason not to take action to limit either that specific one or the overall total.

There is nothing in the bill to prevent the administration from committing the entire $8.8 billion during the first fiscal year of the authorization. On that point I read from the hearings of the House committee, page 153:

Mr. PASSMAN. In effect, the executive branch could, if it should so determine, commit the entire $8.8 billion during fiscal year 1962 on a conditional basis?

Secretary DILLON. They could commit $1,187 million of it firmly, and they could commit the rest of it, which I think comes to about $7.6 billion, conditionally, if——

Mr. PASSMAN. It could be committed, nevertheless?

Secretary DILLON. Conditionally, it could be.

The program is not a loan program, as the public has been led to believe. It is a development financing program, and most of the funds would be advanced on a 50-year term basis, without interest, and with a 10-year grace period before any repayments are required.

I read from page 140 of the hearings before the House subcommittee on that point:

Mr. PASSMAN. In your professional position as a banker, Mr. Secretary, would you actually call these things loans, if there is no interest? Would they come under the category of hard loans?

Secretary DILLON. No. They call them development credits, and I think that is a good name for them.

Secretary Dillon is frank in stating that he expects that other portions of the program would be shifted to the new back-door spending approach, and this means that as each year passed, Congress would lose control over more and more phases of the program. On this point I read from page 208 of the House hearings:

Mr. PASSMAN. So, it could be that under the new proposal, the major portion of the financing would switch over to the back-door approach, and the economic request for appropriation would be less.

Secretary DILLON. I think the economic request would be less.

Secretary Dillon admits that he does not anticipate better programs or better projects, but demands long-term financing. On this point I read from page 146 of the House hearings:

Mr. PASSMAN. Mr. Secretary, when you are talking about better planning you are not talking about better planning of the projects and programs. You are talking about better financial planning. Have I stated that accurately?

Secretary DILLON. I think it is better finance planning in the recipient countries.

Mr. PASSMAN. It does not make for a better project?

Secretary DILLON. It has not to do with the technical part of the project.

Mr. PASSMAN. Essentially, it is for better financial planning, and not for better planning for the project?

Secretary DILLON. It carries with it such things as land reform, et cetera.

Mr. PASSMAN. But you would not change the program or the planning or the project. We are discussing financial planning, are we not?

Secretary DILLON. I think that is the basis of it.

It seems to me that anyone can read the testimony that was taken at the House hearings and the testimony taken at the Senate hearings, and they will be convinced that the program is a dangerous one. I would like to remind the Senate that the Congress is entrusted with the authority and duty of appropriating money. That is the lawful way, and the authority that is requested in the bill for a 5-year program through back-door financing, in my judgment is an unconstitutional procedure which would vest in the executive branch of the Government the authority to raid the Treasury for a period of 5 years of up to $8.8 billion. Congress, in my opinion, cannot divest itself of a function which is entrusted in it by the Constitution.

Mr. President, I am under no illusion that the administration has not done a great deal of work on this program in trying to put over the back-door financing provision of this bill. It would certainly be much easier for them this way, inasmuch as they would not have to come before Congress year after year and attempt to justify their expenditures. They will have a 5-year authorization with hardly any strings attached. It will deprive Congress from performing its duty to the people and to the Nation of guarding against wasteful spending and providing for efficient governmental programs.

In my opinion there has been a great deal of waste in the foreign aid program. If this bill is enacted by Congress, and if it includes the 5-year back-door financing provision, there will be even greater waste in the future.

I am proud of the fact that the Senator from Virginia [Mr. BYRD] has offered his amendment. I wholeheartedly support it, and I urge the Senate to adopt it.

Mr. BYRD of Virginia. Mr. President, I yield 35 minutes to the Senator from Nebraska.

Mr. HRUSKA. Mr. President, I rise to support the Byrd amendment to the foreign aid bill, S. 1983. This amendment would require yearly action by Congress, through its regular appropriation processes, to finance foreign aid.

Adoption of this amendment would amount to a rejection of the back-door financing proposal of President Kennedy, embracing some $9 billion over a 5-year period without any further action by Congress.

Senator BYRD, when he submitted and commented on his amendment on July 28, inserted in the CONGRESSIONAL RECORD at page 13906 a 5-year projection—fiscal years 1962 to 1966—of spending authority for U.S. foreign aid programs, on the assumption that 1962 level of appropriations would be continued in succeeding years, and on the further assumption that S. 1983 would be enacted into law.

He came out with the astounding total of $36.6 billion.

This is a tremendous amount of money, especially when added to the many other financial commitments of our Nation.

If we expect to retain our economic strength and fiscal soundness as a basis for survival and freedom, the American people are entitled to a continual review of such huge expenditures. It should be an affirmative control. It should be by the procedures and precedents established in our Government, not by method which is more expedient, or easier or more efficient to administer.

Long-term back-door financing does not furnish the type of review and control which we should have. It shifts the burden of changing the foreign-aid program to the Congress. Should the President disagree with the initial judgment of Congress and use his veto power, it would require a two-thirds vote to override his action.

This means that Congress would be abandoning its legislative role and in the initial instance be assuming the veto function.

We should always remember that Congress was intended to legislate. It should pass the laws. It is for the President to exercise the veto.

The proposed back-door financing amounts to a request that Congress abdicate duties and responsibilities placed upon it by the Constitution and followed in a history of almost 175 years.

Under such a burden, Members of Congress will not be able to render to their constituents the accounting and service which they pledged, and to which they are bound in conscience to exercise.

During the course of the debate it has been repeatedly brought out that the back-door financing feature of this bill applies to only $8.8 billion, which is only about 25 percent of the total foreign-aid program.

Percentages mean little when we deal in multibillion dollar sums. It is still almost $9 billion of money which must be taken out of the taxpayers' pockets.

It should be noted that the remainder of the foreign-aid program is subject to control and review.

Also let us be aware of the happenings in South America at the Conference of Ministers of the Western Hemisphere, where the United States proposed a $20 billion for Latin American aid. In the judgment of the Senator from Nebraska, we will be faced with similar requests for back-door financing on this vast sum in very short order.

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

Mr. HRUSKA. I am happy to yield.

Mr. AIKEN. The Senator from Nebraska might add that the commitment

or promise being made in Uruguay today is being made without any congressional approval whatever, in contrast to the commitment that was made at the Bogotá conference last fall. Mr. Dillon has no authorization from Congress to promise a 10-year, $20 billion program, as he is reported to have done in Uruguay.

Mr. HRUSKA. It is my recollection—and if I am in error I hope the Senator from Vermont will correct me—that in the instance of the Inter-American Development Bank, there was authorization by Congress and eventually a regular appropriation. That was after that Bogotá conference, where the proposal was made, that we appropriated funds to implement the program. Is that correct?

Mr. AIKEN. Yes. Before making the commitment at Bogotá, President Eisenhower had asked for congressional approval of that commitment. The money had not been appropriated, and was not appropriated until after President Kennedy assumed office. That is in sharp contrast to the commitments being made by Secretary Dillon in Uruguay today. So far as I know, the administration has not requested congressional approval for the Secretary of the Treasury to commit this country to a 10-year program. He is going ahead without its consideration by Congress.

Mr. HRUSKA. I thank the Senator from Vermont for his contribution. A little later in my remarks I shall refer more particularly to the conference in Punta del Este, Uruguay.

Some aspects of the foreign aid program in these last 15 years have served well as an instrument of our defense and of our foreign policy. However, as matters now stand, and particularly in the grant and loan provisions for economic development, there has been a virtual breakdown of the program.

While this is commonly and generally recognized, I shall develop this thought in greater detail later in my remarks.

Advocates of the bill argue that such failure is no reason for total elimination of the program. But that is begging the question, because having said that the program should not be abandoned, they assume that their plan should continue and proceed on that premise.

The fact is that there is no convincing or persuasive showing that the plan will change and correct the defects and deficiencies effectively and sufficiently warranting enactment of such bill into law.

It would be far better not to expand and increase the scope of the activities and funding of foreign aid in the way proposed, and thus compound the present situation.

The better course would be to reduce the entire effort to manageable proportions, so as to assure the attainment of the declared goals of the program. These goals are to strengthen the economic, military, and international position of the United States and to assure not only our survival, but our true independence and full freedoms.

LONG AND COMPLEX HISTORY OF FOREIGN AID

Foreign aid has been going on for about 15 years since World War II. In that time some $90 billion has been expended toward a great variety of projects and activities, in an area virtually covering the globe. In fact, 97 out of the 110 nations of the world have been recipients of some funds or other assistance.

Its labels and names have changed through the years. The following tabulation gives one some idea:

LLA: Lend Lease Administration.
FEA: Foreign Economic Administration.
ECA: Economic Cooperation Administration, the first postwar label.
TCA: Technical Cooperation Administration.
MSA: Mutual Security Administration.
FCA: Foreign Cooperation Administration.
ICA: International Cooperation Administration.
AID: Agency for International Development.

The several categories of foreign aid have also been defined, redefined, and changed many times.

But they have not changed in essence. Basically they are defense, armament, defense support, economic development, and technical assistance.

Some of them have achieved a great deal of benefit and of these the American people have no complaint.

For example, the relief and rehabilitation efforts immediately after World War II brought food, clothing, and housing to millions in war-torn areas. They brought jobs and hope with the industrial rebuilding of Western Europe and other areas.

There have been famines and disasters which necessitated help no one begrudged.

The military assistance and rearmament which followed the outbreak of the Korean war were considered vital because of Communist activity and threats. In the formation of NATO and other defense treaties, there was a unification and strengthening of the free world position which was entirely in order.

Defense support is a splendid example of proper expenditure of effort and funds. When money and equipment were sent to South Korea in support of its troops used to implement the Korean truce, we did two things: First, we brought our boys home where they belonged; second, we effected the necessary patrolling and holding action at much less cost than we could have done it ourselves.

In another area of the world it has been estimated that it costs about $400 per year to maintain a Turkish soldier in the field. To maintain an American would cost some $4,000 per year.

Many beneficial programs have been accomplished by the offer of technical assistance, in spite of some bad blunders. It is still a plan with considerable capabilities.

But in the field of economic development the story in recent years has been sad, sorry, and sordid. It did not start out this way.

FOREIGN AID IN WESTERN EUROPE

A tremendous change has occurred in the nature and in the location of foreign aid in the past 15 years. There is a vast difference between nations and peoples to whom aid was given during the early years of the program and that given later.

The Marshall plan type of aid of early postwar years was extended mainly to European nations with a prewar history of high industrialization and scientific advancement of a literate population well schooled in orderly government and social procedures.

They had something to rebuild on, with records, experience, and personal recollections. They had something to restore.

Increased productivity and regained stability and prosperity justified the program.

To the extent that the 4-year Marshall plan contributed to this result, and to the alinement of these nations on the side of the free world, we rejoice at the outcome. There now remain only some traces of aid in this area, principally through NATO and the military assistance and support which we furnish for the common defense.

During the course of this debate the success of the Marshall plan has been referred to in support of the pending bill.

It is sought to draw a parallel between the Marshall plan situation and the one which now faces us. It has been stated that in 1948 when the the Marshall plan was enacted, there was made available a massive amount of money—$12 billion—for a certain period of time—4 years—directed at a particular target—chiefly Western Europe. It was for these reasons, it is argued, the Marshall plan was a success. Hence, to oppose the pending bill is to reject a successful concept, which we should seek to emulate and not reject.

THE MARSHALL PLAN IS NO PRECEDENT

But those arguments are fallacious for a number of reasons.

First, Congress, in 1948, retained the powers of annual appropriation, even though the authorization was for a 4-year plan. This is precisely what the Byrd amendment would accomplish. Its opponents desire to do away with the annual appropriation procedures of Congress.

But there is another and more cogent reason why the Marshall plan cannot be cited as precedent for 1961.

This lies in the fact that the economic development to which the $8.8 billion will be devoted is for areas and under conditions totally different than Western Europe where the Marshall plan had its success.

BRANDNEW NATIONS

What a vast difference in the case of less developed and more backward nations which have only now or very recently gained their independence and identities as members of the family of nations.

Foreign aid has been extended to some nations of this type. It is proposed now to go into this activity with even greater intensity and much larger sums. In fact, the bulk of development loans will go to such countries.

COLONIALISM IS DEAD: LONG LIVE COLONIALISM

In still other countries, colonialism has been, ostensibly done away with, at

least to the extent of removing the direct presence and influence of a foreign or outside power. From this there follows the natural thought that since the people of such a nation are no longer exploited and oppressed by foreigners, they are self-governed and have equality before the law; that they have liberty, and that they enjoy economic, personal, and political freedom, the universal aspiration of all mankind.

But sadly and realistically, we note that in many such countries where the yoke of the foreigner has been thrown off, new and even more cruel yokes have been fastened upon the necks of the population.

They are more cruel because they are placed and maintained there by fellow countrymen, who appropriated for themselves the feudal system which the foreigners had developed through centuries of oppression and exploitation.

Liberties in such countries are still suppressed; slavelike drudgery at subsistence levels is still exacted from the greater part of the nation's people; and there is little or no education, housing, sanitation, or opportunity even to learn about them, let alone to acquire and enjoy them.

Land ownership is still confined to a small percentage of the population. Really free elections do not exist. The rich refuse to be taxed. They maintain their feudal, baronial, overlord position with arrogance and persistence.

The picture is a dismal one, indeed, and furnishes opportunity for the inciting of unrest and revolt.

ADMINISTRATION OF FOREIGN AID

Obviously it is one thing to lend or even grant money to a government or its citizens to rebuild bomb-destroyed factories, wharves, rail lines, highways, bridges, and dams. A banker-accountant type of administrator is reasonably sufficient in such a situation. It is relatively easy, as the work progresses, to check out the results attained with the funds advanced.

But it is a totally different thing to advance money to a government which will for the first time embark upon the planning, location, designing, and construction of such projects.

The work of the banker-type administrator is only the start of the many trials and tribulations. The administrator must start with government negotiations through treaties or working agreements. During this time he must sell not only the feasibility and the benefits of the project, but on occasion he must also overcome the prejudices and the objections interposed by either obstructionists, traditionalists, or even bribe-takers.

But such a treaty or working agreement only starts the foreign aid administrator's problems, because then follow the difficulties of educating and training public opinion, the worker, the builder, and finally the user of the project in question.

Throughout this process, human frailties and weaknesses must be contended with. Incompetence, indolence, lack of purpose, and even outright dishonesty, corruption, and greed have shown up far too often in far too many places in the effort to carry out such a program.

The records are replete with expensive, disastrous, and extravagant breakdowns of project after project in the field of economic development.

Mr. President, when reference is made to the breakdown of economic development plans, because of waste, extravagance, blunders, corruption, and the like, one's mind can visualize the billions of dollars which are thus dissipated.

Tragic and distressing as such financial loss may be, however, there is a more grave, irreparable damage involved—one which can hardly be recovered.

This damage consists of the harm done to the declared goals of the program—the lost opportunity to make the progress all of us would like to see and to which we are entitled. Thus we fail not only to do good, but affirmatively and viciously alienate those nations and peoples with whom we seek to work.

Such a result and trend make the loss of dollars pale into insignificance—however grievous and disheartening such loss may be.

A recital of details of specific transgressions and stupidities would be dreary indeed. It would be repetitious, too, because of the frequent treatment that subject gets, not only on the floor of Congress and its committees but in newspapers, magazines and books. For this reason, I shall not indulge in illustrations or accounts of specific situations.

I shall, however, cite the testimony and conclusion of one who has traveled widely and devoted much observation to this subject.

Mr. Justice William O. Douglas, of the U.S. Supreme Court, spoke at the commencement exercises of Mount Holyoke College in South Hadley, Mass., on June 4 of this year:

> The billions we sent abroad to Asia, the Middle East, and Africa did not build schools or hospitals but only military bases, army barracks, and a few factories. The underdeveloped nations that received our aid are mostly worse off for it. It launched them on military projects that gave them such an amount of armament that they crushed all dissident elements. The result was the liquidation of democratic influences and the entrenchment of feudal overlords. Even point 4 helped largely the landlords, not the sharecroppers. The latter are as miserable today as they were when we started our lavish aid programs; only the upper strata has prospered. They became rich on American aid, while the people at the bottom starved. There have been exceptions; but they are unusual. The main impact of American foreign aid was to widen the gulf between rich and poor helping to create the vacuum into which the Communists easily move.

BUT REFORM IS ON THE WAY

The advocates of the bill say that all of this will be changed. A reform administration in foreign aid has come to the rescue.

According to the present gospel, the United States does not propose to give aid to countries except when they set for themselves sensible targets, based on balanced programs for their own economic, educational, and social growth.

In the words of President Kennedy, in his speech of March 22:

> Thus, the first requirement is that each recipient government seriously undertake to the best of its ability on its own those efforts of resource mobilization, self-help, and internal reform—including land reform, tax reform, and improved education and social justice—which its own development requires and which would increase its capacity to absorb external capital productively.

A little later he stated:

> The instrument of primary emphasis—the single most important tool—will be long-term development loans at low or no rates of interest.

The same theme was renewed on August 9 in Punta del Este, Uruguay, by Secretary Dillon who said that the Alliance for Progress would require the following:

> Tax reforms so that evaders would know they faced strict penalties; assessment of taxes in accordance with ability to pay; land reform to put underutilized big lands to full use and to permit small farmers to own their plots.

Then comes the final sentence, which I should like to emphasize:

First. Lower interest rates on loans to small farmers and small business.

In view of the history of similar previous declarations and resolutions, one can be very skeptical about the success which will attend such handsome, glowing, and noble sentiments. One can be fully in accord with them. They are overdue, by many years, in many of the Latin American countries. It is certainly the earnest hope of the Senator from Nebraska that the changes and reforms will be attained, and soon. But he has his serious doubts.

These doubts are based first of all upon the deeply entrenched feudalistic system which prevails and the great difficulty attending any effort to change it. An entire social order is at stake—a way of life, one deeply ingrained into the people as a result of generations and generations of living.

It is doubted that all of this will be changed merely by the United States coming along and telling the people of Latin America, "We do not like your ways of doing business. We do not like your housing or your schools. We do not like your ways. We do not think your tax systems are fair, they should be changed and each of you should pay your share of taxes. We will give you financial help if you change all this in a way of which we approve."

To suggest that results will flow from such an approach is to ask a great deal of anyone who has some regard for history and human nature.

Mr. President, there is another reason: There is serious doubt that our own administrators of foreign aid will tie into the problem with such determination and persistence as will be needed to accomplish the statements made by President Kennedy and Secretary Dillon. The administration earlier this session had a splendid opportunity to demonstate that it is sincere and in earnest. It had to do with the interest rate on moneys which would be loaned

or reloaned under the Inter-American Development Bank operations in Latin America. Congress appropriated $500 million for this bank.

During the debate in the Senate, the senior Senator from Delaware [Mr. WILLIAMS], proposed an amendment, which the Senate adopted, providing that none of the moneys of that Bank would be loaned or reloaned at an interest rate higher than 8 percent.

He was caused to do this by the unpleasant knowledge that in Latin America the interest rates to the ultimate user of borrowed money runs as high as 15 to 20 percent, and there was no denial of this fact when the Senator from Delaware asserted it in this Chamber.

Mr. President, low interest rates are important. They are important even in this country and all of us recall the political capital made in last year's presidential campaign about the necessity of low rates so that America could forge ahead. This, in a country which has the blessings of much venture capital.

How much more important it would be in an area where there is very little investment money and where the need is great if any of the reforms will have a chance of seeing the light of day. I recall the words of Secretary Dillon the day before yesterday, when he said that the Alliance for Progress would require "lower interest rates on loans to small farmers and small business."

So the need is recognized.

Reverting to the debate on the Inter-American Development Bank appropriation, it was brought out that in many instances the funds of the Bank would be loaned at low rates to the lending agency, perhaps as little as 3 to 4 percent interest, and then be reloaned within the Latin American countries for as much as 4 and 5 times as much, namely, 15 to 20 percent.

This would not be reform. This would license profiteering with American money in those economies which need expansion capital the most.

It would fasten upon them the same oppressive economic system under which they have been struggling for a long time. There would be every justification in the declarations by those oppressed and exploited people that America is responsible for the exploitation.

The Williams amendment was adopted by the Senate, but at the insistence of the administration it was stricken in conference negotiations.

Somehow or other the importance of low interest was lost sight of in the desire to fund the Inter-American Development Bank at American taxpayers' expense. All of this in spite of the highest declaration of the President that "The instrument of primary emphasis—the single most important tool—will be long-term development loans at low or no rates of interest."

All this notwithstanding, we had the bold and enobling words of Secretary Dillon, in which he stated in unqualified language that it would be required, in the interest of the Alliance for Progress, that there be "lower interest rates on loans to small farmers and small business."

LATIN AMERICAN REFORM PLANS

In recent days, a basis for further cynicism is found in reports reaching us from Punta del Este.

The plans discussed there are very specific as to amount. However, when land and tax reform are reached, the draft of the agreement becomes quite vague. A report to the New York Times, written by Edward C. Burks, under August 9 dateline, indicates that the U.S. plan for processing applications for approval of development plans was defeated. A substitute plan more to the liking of the Latin American countries themselves was adopted. It provided, among other things, that such plans might be submitted to designated experts but not necessarily submitted. This group, instead of being a special multinational committee, would be composed of experts appointed by the Inter-American Development Bank.

The seven-man committee proposed by the United States would have operated between the countries applying for aid and the lending agencies. But the larger Latin American countries saw in it an infringment on their sovereignty and a hindrance to their development plans.

So what did our diplomats do? They wanted to be agreeable. They wanted to get along with our southern neighbors. Although the change in the draft was a defeat for the United States, Mr. Burks wrote:

> Top U.S. delegates were making it clear that their main interest was getting the Alliance for Progress program off the ground.

At another point in his story, Mr. Burks stated:

> U.S. officials conceded that various reform measures were not specific in the charter draft and that "it is not going to be easy" to push them through reluctant national congresses.

Mr. President, I ask unanimous consent that the full text of Mr. Burks' dispatch be printed at this point in the RECORD, in connection with my remarks.

The PRESIDING OFFICER (Mr. SMITH of Massachusetts in the chair). Is there objection?

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

LATIN PLAN LACKS REFORM DETAILS—BUT AID NEEDS ARE SPECIFIED IN URUGUAY PARLEY DRAFT

(By Edward C. Burks)

PUNTA DEL ESTE, URUGUAY, August 9.—The draft of an Alliance for Progress charter offered by Latin American nations today was specific on the foreign aid needed, but somewhat general as to social reform measures planned.

The draft, prepared by Argentina, Brazil, Chile, Mexico, and Peru states that at least $20 billion in foreign aid is to be invested in Latin America during the next 10 years. The United States participated actively in preparation of the draft but has decided to remain in the background and allow what purports to be an all-Latin document to be adopted by the Inter-American Economic and Social Conference of Finance Ministers here.

While calling for land and tax reform in participating Latin countries to insure that benefits of the 10-year program are enjoyed by persons at all social levels, the draft does not list specific goals in those areas.

U.S. sources gave this rough breakdown on how they expected the $20 billion economic and social development program to be financed annually at the rate of $2 billion a year: From U.S. Government lending agencies, about $1,100 million; from the International Bank for Reconstruction and Development, the Inter-American Development Bank and other international lending agencies, about $300 million; from U.S. private capital sources, about $300 million, and from European public and private sources about $300 million.

The five-nation charter draft eliminates entirely an earlier recommendation for a seven-man special multinational committee of experts, which was to evaluate development plans submitted by participating nations. The United States had favored the seven-man committee, but in the interest of maintaining harmony with the participating nations abandoned the idea without a real struggle.

The substitute plan agreed to by the United States calls for development plans and projects to be submitted to Inter-American Development Bank, which would appoint experts to evaluate them. Under the substitute plan, participating nations may submit plans to these experts but are not forced to do so.

Some sources were describing the change in the draft as a defeat for the United States. On the other hand, top U.S. delegates were making it clear that their main interest was in getting the Alliance for Progress program off the ground.

The seven-man committee would have operated between the countries applying for aid and the lending agencies. But the larger Latin American countries saw in it an infringement on their sovereignty and a hindrance to their developmental plans.

Although Secretary of the Treasury Douglas Dillon had described such a supranational screening committee as helpful and influential, the official U.S. stand today was that the killing of the committee plan was perfectly acceptable.

AID IS AVAILABLE

Under the loosely worded substitute plan, a nation applying for aid could, at its own request, submit its plan to experts who would be selected by the Inter-American Development Bank with the help of other Inter-American agencies.

The ad hoc committee of specialists could then lend its services in studying the development plan. This is far short of the original conception of a body of seven wise men that would screen projects before passing them on to the Bank or to other lending agencies.

Even with the watered-down substitute, U.S. officials expressed hope that the Latin nations would find it more fruitful and speedy to use the services of the Bank's expert committees.

U.S. officials conceded that various reform measures were not specific in the charter draft and that "it is not going to be easy" to push them through reluctant national congresses. But pressure is mounting in all countries for the needed economic and social reforms, the U.S. sources added.

In his major address to the conference, Secretary Dillion said the alliance for progress would require the following: Tax reforms so that evaders would know they faced strict penalties; assessment of taxes in accordance with ability to pay; land reform to put underutilized big lands to full use and to permit small farmers to own their plots; and lower interest rates on loans to small farmers and small business.

The draft charter presented today says on the subject of land reform that "frequently" fundamental reforms of land tenancy will be required. One difficulty in Latin America today is lack of agreement on what constitutes agrarian and land reform in the various countries, where there are many tenants farmer.

STRICT MEASURES ASKED

On the subject of tax reform, the charter draft calls for applications of strict measures and provision for collecting adequate and equitable taxes on high incomes and on land.

On agrarian reform, the draft says that "where necessary" reforms in agricultural structures and systems of land tenancy will be carried out so that every farm family can live on a decent level.

U.S. sources say that the charter must of necessity be relatively general but that in cases of poor performance on reforms aid can simply be withheld on the grounds that the applicant did not comply with the charter.

Among the aims of the alliance outlined in the draft are the following: The spread of benefits to all sectors of the population; reduction of dependence on one or two primary export products; industrialization; low-cost housing; minimum of 4 years of education for all children by 1970; the ending of adult illiteracy; better access of Latin exports to U.S. and world markets; the end of price fluctuations of Latin export products.

The draft charter calls for participating nations to prepare comprehensive development programs in the next 18 months—in the meantime, they are to push short-range development plans.

Mr. HRUSKA. Mr. President, another dispatch from Uruguay was written by Bernard D. Nossiter, and was published today in the Washington Post. The article is appropriately entitled "Latins May Give Only Lipservice to Reform." I shall read only one or two excerpts from the article, as follows:

The best-conceived body won't be effective unless there is a will by the Latins to reform in order to preserve. It also won't be effective unless there is a will by the United States to supply the needed foreign aid and to demand that reform go hand in hand with dollars.

And a little later in the article he writes:

But even if key leaders here mean to do the right thing, the question still remains whether governments and oligarchies back home will let them do it.

Mr. President, I ask unanimous consent that the entire article be printed at this point in the RECORD, in connection with my remarks.

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

LATINS MAY GIVE ONLY LIPSERVICE TO REFORM

(By Bernard D. Nossiter)

PUNTA DEL ESTE, URUGUAY, August 10.—Sometime next week last words will have been spoken at the Inter-American Economic Conference here. Delegates will leave with a spirited accord in their pockets and roulette wheels will return to the Conference hall.

These predictable events are a microcosm of hopes and fears in the minds of thoughtful officials here. The hope is that the accord will be translated into the sweeping social reforms needed in Latin America to better the lot of the impoverished tens of millions. The fear is that too many nations will pay lipservice to reform and hold out their hands for the generous $20 billion aid money which the United States has pledged.

Indeed, the last open question of any consequence before the delegates here concerns a key mechanism for turning words into deeds. This mechanism involves a group of inter-American experts who will pass on each nation's plan for development and so ease or impede that nation's ability to draw capital from the United States and its allies.

The big Latin nations, led by Argentina, want a veto over the selection of the experts and want them closely tied to the Inter-American Development Bank. The little nations, led by Venezuela, want to return to the original proposal before the Conference of a continuing body of seven independent experts.

The difference may not appear important and perhaps may not be important, but some well-posted figures here fear that the Argentine approach really changes nothing—that is, as in the past, each nation will deal directly with the United States rather than a permanent hemispheric group. The fear is that in such bilateral dealings the United States may again parcel out aid on a crude basis to shore up a sinking government without seeing to it that needed reforms are actually carried out.

U.S. officials have no fixed position on this question and would welcome a compromise. Secretary of the Treasury C. Douglas Dillon is known to believe that the planned evaluation body should be strong but that the strength or weakness of the new institution can't be determined until it has been put to work.

Perhaps the real point is that mechanisms are important but even the best political machine won't work well unless there is political will to carry out its stated objectives. The best conceived body won't be effective unless there is a will by the Latins to reform in order to preserve. It also won't be effective unless there is a will by the United States to supply the needed foreign aid and to demand that reform go hand in hand with dollars.

At Punta del Este, the necessary will is clearly evident among the leading men of key delegations. Dillon is a sophisticated realist who began reshaping the U.S. posture toward Latin America during the Eisenhower administration.

Roberto Aleman, Argentine Minister of Economy, is a quick-witted conservative determined to press tougher tax collection on wealthy evaders—tougher collection that has doubled Argentina's revenue in the past 2 years without increasing rates.

Roberto Campos, leader in the Brazilian delegation and Ambassador-designate to Washington, is of the same high caliber and determination.

On the other hand, at least one finance minister here recently invented his nation's first income tax law, but this "reform" as a substantial businessman in that country explained, actually takes less in taxes from the wealthy than the previously existing excess profits law, assuming of course that the wealthy taxpayer didn't duck most of the past, and will duck most of the future, tax.

But even if key leaders here mean to do the right thing, the question still remains whether governments and oligarchies back home will let them do it.

With few exceptions the agreement being shaped here expresses and in remarkably concrete terms, most of the remedies that experts have long prescribed to bring stable, growing economies to the Latin nations.

From the standpoint of words the Conference is a success, but whether actions to follow are coming too slowly, too late or not at all, can't be determined here.

LONG-TERM FUNDING IS NO PANACEA

Mr. HRUSKA. Mr. President, another sector of the reformists' program is the back-door financing, for which is claimed the virtue and merit of correcting many of the defects and shortcomings of the foreign aid economic development program. In brief back-door financing authorizes the President to issue notes and direct their purchase by the Treasury of the United States. This transaction is considered a public-debt transaction by legislative definition.

There is grave doubt as to the constitutionality and legality of such a method of financing. It is not my purpose to discuss these features, however, at this time. For those who are interested in a very splendid analysis of the arguments on this subject, I call attention to the very learned and competent speech by the junior Senator from Virginia [Mr. ROBERTSON] which appears in the March 14 CONGRESSIONAL RECORD of this year, commencing at page 3874.

The point to which I would address my remarks has to do with the dangerous precedent and the disastrous policy which would be advanced even further by back-door financing concepts if the Byrd amendment is not adopted.

The further inroads upon control of the public purse through congressional appropriations would never be repaired.

The appropriation process, used in its regular and constitutional fashion, is the only affirmative control and means of review which Congress possesses. Every effort should be made to preserve it.

Unfortunately the trend has been heavily the other way. The $8.8 billion of this bill is bad enough. But already the foundation is being laid for an early submission to Congress of similar back-door provisions to finance the $20 billion Latin American aid proposal.

From Uruguay there came a telegram to various Members of this body. It was reported and read during the debate on this floor only a few days ago. Mr. President, I ask unanimous consent that the text of the telegram be printed at this point in the CONGRESSIONAL RECORD.

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

Three days here have heavily underlined overriding importance of our having authority make long-term commitments to match major effort which Latin American countries now prepared to make on their own behalf. Lack of this authority will seriously prejudice our ability to carry out concepts of Alliance for Progress which have now become basic to our relations throughout the hemisphere. Hope these considerations will be borne in mind during Senate consideration foreign aid legislation as well as serious effect which rejection of request for authority to make long-term commitments would have on present conference.

DOUGLAS DILLON.

Mr. HRUSKA. Mr. President, the punchline in that telegram is found after the reference to the "importance of our having authority to make long-term commitments." The punchline reads as follows:

Lack of this authority—

That is to say, authority to make long-term commitments—

will seriously prejudice our ability to carry out concepts of Alliance for Progress which

have now become basic to our relations throughout the hemisphere.

Thus the opening gun has been fired, the signal has been given, that a campaign has already started for further back-door financing in the form of foreign aid; and this time not for merely $8.8 billion. This one is for $20 billion; and I predict that requests in that amount will shortly be before this body.

The junior Senator from Virginia in his March 14 speech stated at one point:

> I would not be at all surprised if an attempt is made in the near future to finance the entire foreign aid program by direct borrowing from the Treasury thus avoiding the risk of having these funds cut by the Appropriations Committee.

How prophetic he was, or will shortly be proved to be.

Mr. President, this proposal is made in the name of expediency. The administration feels that it would be easier and more convenient to get large sums over a long time without the embarrassment and hindrance of submitting the plans to the elected Representatives of American citizens and taxpayers. But the road of expediency leads in the long run only to disaster.

Somehow or other, Mr. President, this entire proposal has a very familiar ring. In essence, it is a request for the suspension of legislative order of business, in favor of granting and placing into the hands of one man the powers and the responsibilities which heretofore have been quite diffused, and properly so. This one man would not exercise the powers himself. He would delegate them. But there would be a bypassing and a nullifying of the system of Government procedures whereby wholesome, stable, composite judgments and decisions are normally arrived at.

The same approach and the same demands, demands for greater efficiency and dispatch, were urged in connection with the so-called omnibus farm bill and the reorganization plans for the various governmental regulatory and other agencies. Always there is the request that we forget about the system of checks and balances, that we discard the tried and true ways of making progress, and that we place the powers and responsibilities into the hands of one man.

Mr. AIKEN. Mr. President, does the Senator from Nebraska have time to yield for a question?

Mr. HRUSKA. I am glad to yield.

Mr. AIKEN. Do we not also see indications of that drive and attempt in the report of a committee of supposedly responsible citizens of the United States who advocate that we give the President the right to raise or to lower income taxes 5 percent?

Mr. HRUSKA. Yes. Furthermore, it is to be noted that that request relates to two matters which the Constitution states are solely within the power of the Congress, namely, the right to levy taxes and the right to make expenditures of tax funds. So we find that that proposal is to alter two of the most essential parts of the Constitution of the United States.

Mr. AIKEN. Yes, two of the basics of our democracy—the power to tax and the power to spend—are now under attack.

Mr. HRUSKA. I thank the Senator from Vermont for his contribution.

I recall with much appreciation the splendid speech he made in opposition to back-door financing, for the purpose of foreign aid or for any other purpose. Certainly, in a situation in which the Secretary of Agriculture claimed he was not getting any additional powers, it was important to note that he was actually getting a great many additional powers. In the farm bill, notwithstanding the representations to the effect that the Secretary of Agriculture would have less power, not more, actual tabulation showed a list of 23 new grants of power not heretofore possessed by him.

Mr. AIKEN. And he received those powers under only title I of that bill.

Mr. HRUSKA. That is correct.

And in the pending foreign aid bill there are 51 grants of discretionary power and 18 authorizations to disregard other laws applicable to foreign-aid activities—this time for an indefinite period, not for only a year.

Theoretically the recapture of such powers, once granted, could be done by suitable action of Congress. But that road is a difficult one indeed, once the powers are put into use. Seldom is such a recapture possible. To effect it would require passage of a law by Congress. If it were vetoed—and it more than likely would be—there would be required in each House a two-thirds majority.

Thus each House of Congress is put in the position of being required to assemble a two-thirds vote in order to change something which is being done or a situation which exists.

This trend has gone much too far. It should be stopped. The Byrd amendment should be approved.

In short, Mr. President, instead of permitting the proposed operations "through the back door," by supporting the Byrd amendment, it is proposed that we put a screen on the back door.

If this is done, the long-range program will be authorized, but there will be an annual appropriation, as required by our conventional appropriations process, in order to fund that authorization.

It would seem, Mr. President, that the more vigorous the protest against congressional action, the more evident is the lack of faith in the merit and desirability of the proposed program. The greater the reluctance of the foreign-aid director to submit his plans and progress to Congress, the more insistent we should be that this be done.

Mr. President, there have been grandiose errors and blunders in foreign aid, so far. Many have been stopped and a few corrected by constant and vigorous scrutiny and surveillance by Congress, its committees, and its Members.

We know that many more erroneous, mistaken, improper, and wasteful episodes escape our detection, due to the farflung, complex, and vast operation which for years has defied effective control and supervision by either Congress or the Executive.

Yet the existence of the interest and action of Congress has had a salutary effect. We should not only retain it; we should sharpen and strengthen it.

The Byrd amendment is one way to achieve this.

Mr. President, if further time remains available to me, I now yield it back.

Mr. MUSKIE. Mr. President, I yield 15 minutes to the distinguished Senator from Ohio [Mr. YOUNG].

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

Mr. YOUNG of Ohio. Mr. President, our foreign-aid program, both military and economic, is a necessary and vital expense we must bear in our role as leader of the free world. We cannot shirk from this role or the responsibilities it thrusts upon us. We can, however, minimize the burden through intelligent programs efficiently managed.

This year Congress and the American people are taking a new look at our foreign assistance programs. Under the leadership of President Kennedy, a revitalized program has been submitted tailored to eliminate past abuses and to meet the needs of the 1960's.

Many Americans, including thousands of my constituents, are wondering why we must continue to spend taxpayers' money to assist the economies of other countries. As with most projects which humans undertake, there are mixed motives behind our economic assistance to underdeveloped nations. A leading motive is the moral one. It is the simple concept that over two-thirds of the people of the world are desperately poor and go to sleep hungry every night, while the leading nations of the free world have achieved the highest standard of living in human history.

Another obvious motive is the political fact that the West, by example, has shown backward nations the world over that the average man can have comfort, education, and opportunity without imposing a system of economic slavery on an entire nation. The masses of the poor in this world are beginning to awaken to the possibilities of life, are surging forward with new ideas and aspirations. These forces must be channeled in democratic directions. We cannot afford to allow the Communists to capture them by default. The underdeveloped nations have seen the rapid rise of the Soviet Union and tend to forget the human misery—almost slavery in present-day Red China—that accompanies these gains.

Finally, it is fact that a high average prosperity in all nations helps increase prosperity in each of them. With Marshall plan funds we helped rebuild the economy of Europe after World War II and prevented a Communist takeover. As a result, today we are trading with Western Europe at an unprecedented rate. It makes economic sense to help establish healthy economies in presently underdeveloped areas. In the long run the new horizons of trade and commerce will more than repay the cost of these programs.

Mr. President, it is a monument to former President Harry S. Truman that,

under the Truman doctrine and the Marshall plan, money paid out by American taxpayers for Turkey and Greece saved those important nations from falling behind the Iron Curtain. They are now bulwarks of strength for the free world against the threat of Communist aggression.

The average American spends $27 a year on foreign aid. That is the amount of money taken from him by our foreign assistance program. The same hypothetical American spends $58 a year on alcoholic beverages. That is hard to believe, but the statistics show it.

In the pending bill the Committee on Foreign Relations has recommended $4,326 million for foreign assistance. This represents less than 1 percent of our gross national product and less than 5 percent of the entire budget for fiscal year 1962.

Perhaps Walter Lippmann, one of the most perceptive journalists of the day, summarized the need for foreign assistance when he said:

> The United States can no more refuse to contribute to foreign aid in the world than the richest man in town can refuse to contribute to the community chest.

Mr. President, the world has changed since U.S. funds rebuilt Europe in the postwar era. Now there are new nations with new needs, stiffer economic competition by the Soviet Union, and the necessity for balancing the flow of American dollars abroad. It is time for a reevaluation of foreign aid, both as to means and as to goals.

For the past 13 years our economic assistance programs have been largely uncoordinated and operated on a year-to-year basis. This has made consistent planning difficult or impossible. President Kennedy has recommended a new concept of development assistance in the legislation before us.

It will provide long-term financing for a long-range approach to long-range problems. There will be improved, more efficient, and simplified management. Recipient countries will be encouraged to mobilize their resources and make necessary internal reforms before receiving this assistance. This will be a partnership effort, not solely an American one, as other industrial nations—West Germany, England, France, and Japan—will be urged to participate and shoulder their share of the burden.

Far too often our continuing foreign aid programs have been a disappointment. In far too many instances—Laos being a prime example—they have been poorly administered and have resulted in outright waste. As a result, rather than win us friends, they have created enemies.

For too long a time foreign aid has been covered up by the fancy phraseology "mutual security" and rushed through Congress as a military necessity. Overpaid officials and employees of the International Cooperation Administration have lived in opulence in foreign countries, without effective supervision of their work.

Unfortunately for American taxpayers, the ICA is the haven of many ineffective officials who never had it so good. The entire ICA should be overhauled and probably one-third of its personnel should be eliminated forthwith, as this is a proven extravagant, boondoggling, mishandled outfit.

Economic assistance will be separated from military assistance and no longer hidden under the ill-defined "mutual security" label.

Administration and operation will be placed under a single agency, in place of several competing and confusing units.

Only the most competent and dedicated career aid officials will be retained and new recruitment will attract highly qualified talent now in private industry.

Emphasis will be given to loans at low interest rates repayable in dollars, instead of outright grants of taxpayers' money. The development loan program will not be a giveaway. It will protect the interests of American taxpayers as well as the dignity of officials and citizens of nation's receiving these loans.

Carefully planned programs for each country receiving aid will take the place of a series of individual, unrelated projects. The large constructive economic projects which really develop a backward country have to be planned, administered, carried out, and financed over a period of years. It takes more than 1 year to construct roads, develop ports, open mines, build factories, and to modernize agriculture.

Too often these projects, now financed by annual appropriations, are likely to be unimportant and actually wasteful. We must encourage these nations to draw up long-term plans for projects that will help to create new wealth rather than to continue with haphazard planning based on the theory of "get it while the getting is good."

Mr. President, the authority for long-range financing is the very heart of this new concept of foreign aid. If this is not included, the success of the entire program will be in jeopardy.

Such relatively long-term economic aid planning makes sense in aiming at more efficient use of taxpayers' dollars, and it strengthens our diplomacy in the cold war. Up to now, our aid administrators have been handicapped in trying to induce long-range coordinated planning because they could not predict what amounts Congress would approve from year to year.

By approving long-range financing the Congress will not be losing its control of foreign aid funds. Under the new 5-year program the Congress will still retain the power to review, to investigate, to criticize, to reduce, or to abolish this program. The whole operation will be periodically reviewed. While there is every reason to believe that this program will be efficiently managed in the future, should there be any evidence of mismanagement of taxpayers' money or any skulduggery whatsover, the Congress can at any time repeal the entire program at the end of any fiscal year.

The development loan program will convince many of the now uncommitted and newly developed nations that American assistance is not a year-to-year thing depending on diplomatic developments in the cold war. It will encourage them to undertake necessary and constructive internal reforms such as equitable land reform and establishment of just systems of taxation.

This improved and more stable poltical climate will benefit those businessmen who have so far hesitated to commit themselves to private capital investment in those areas where it is so urgently needed.

We cannot correct or recover the waste, the inefficiency and the ineptness in the management of this program in the past. However, by approving this bill we can assure American taxpayers that these same mistakes will not be permitted to continue. With wise planning and selfless administrators we can establish a positive program which will fulfill our long-range goals as leader of the free world.

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

Mr. YOUNG of Ohio. I yield to my distinguished colleague from Alaska.

Mr. GRUENING. I noticed with interest that in the early portion of my colleague's eloquent address, in describing the new program, he referred to it as being tailored to eliminate past abuses. I should like to ask the Senator, apart from the declaration of purpose to eliminate past abuses, where is there any evidence that the new program will be substantially different from the old?

Mr. YOUNG of Ohio. I believe the entire long-range concept of this program, from the choice of the title of "Assistance" rather than "Mutual Security," shows a new outlook. It is difficult to be optimistic in this grim, cold war period, but I feel the foreign assistance program as brought forth by the Foreign Relations Committee will be an improvement. We are all hopeful that we shall profit by the mistakes and the experience of the past and that we can eliminate the waste which has heretofore too often been the case.

The PRESIDING OFFICER. The 15 minutes yielded to the Senator from Ohio have expired.

Mr. YOUNG of Ohio. My time has expired, or I should be happy to yield further to my friend.

Mr. BYRD of Virginia. Mr. President, I yield 20 minutes to the Senator from California [Mr. KUCHEL].

The PRESIDING OFFICER. The Senator from California [Mr. KUCHEL] is recognized for 20 minutes.

Mr. KUCHEL. Mr. President, once again, a storm is gathering over the world. Dark and ominous clouds begin to appear. The people of the United States and our Government are now increasing their exertions to preserve our Republic and to seek to assure freedom for mankind. A few days ago Congress enacted a $47 billion defense budget, by far the largest appropriation bill enacted by Congress at any one time.

But the struggle against communism is not to be waged solely by increasing the military strength of our country and

of the free world. Communism plies its trade not alone by threats of nuclear annihilation; but also by subversion and intrigue, by propaganda and by money.

What do we do to meet the problems of the weak and of the small and of the new states whose legitimate needs are not being met and who are ready prey to Communist enslavement? Our answer over the years has been a bipartisan policy of mutual security. We seek to help weaker nations, militarily and economically, so that they may remain free. America's foreign policy must always be based on the single question of what is in the best interests of our country and of her security. Where weak or small or new nations want to remain free, want to be our friends, why should we not attempt to assist them, rather than push them into Communist arms?

I have listened to the Prime Minister of Greece. I listened to him as he solemnly declared his people and his country would have gone down the Communist drain had it not been for American assistance under mutual security. Greece would not be an independent nation today were it not for the help which the Government and the people of the United States gave to her.

I have spoken with the leaders of the gallant Turkish people. The Turks could not maintain their capacity to defend their own land were it not for mutual security.

And what of the great people in Western Germany, or indeed in France or in England?

Premier Fanfani of Italy was here a few weeks ago. He, too, indicated his people's eternal thanks, for what this country, under mutual security, has done in the past for the cause of the peoples who wish to be free. Italy is our ally in the cause of liberty. And Fanfani looms as one of the world's great advocates of that cause.

Indeed, from the very beginning in post-World War II days, this country took a prostrate Europe—bleeding—and resuscitated it and strengthened it so that today, standing shoulder to shoulder in this seemingly never-ending struggle against communism, the free peoples of Western Europe are invigorated and strong, because of the policy of and the wisdom of the policy of the Government of the United States.

Across the seas in the far Pacific stands Japan, feared by communism, and given the strength which she displays today because of a policy of our Government which we are now asked to continue, and which we should continue.

With my vote I shall continue that policy. But I wish to say I bitterly regret that the Senate Foreign Relations Committee has sent to the Senate a bill providing for the abandonment by the Congress for a 5-year period of any responsible right or duty to sit in judgment about how much each year the Development Loan Fund should receive in the way of moneys to expend.

This is not the first time that problem has been before the Senate. In 1959 the Senate Committee on Foreign Relations sent to the Senate precisely the same recommendations. I wish to make it clear that I believe in a reasonably long-term authority for our country to engage in repayable development loans. From the first I have supported the Development Loan Fund, as President Eisenhower first recommended it.

I continue to support that theory. But the original bill in 1959 provided, and the one before the Senate now provides, that Congress shall abandon its right, indeed, its Constitutional duty, to appropriate. The President of the United States would be given authority by the bill before us to "borrow money from the Treasury to issue, during the fiscal years 1962 through 1966, notes for purchase by the Secretary of the Treasury in order to carry out the purpose of the title," to quote the precise language, by the procedure which is once again, regrettably, written into the bill.

It is wrong for Congress to abandon its prerogative in this field. For us to do so would be a grave disservice to our country. Everything that the Government of our country has asked for with respect to the right to make long-term—5 year—commitments can be given by this Congress simply by authorizing a Development Loan program for 5 years. But in the process Congress ought not to relinquish its constitutional responsibility to pass judgment on annual requests of the executive branch of the Government for appropriations.

It is said by those who sponsor the proposed legislation that each year under the Government Corporation Control Act, it will still be necessary to have the Congress sit in judgment on annual appropriations. In some perplexity, the ordinary Senator asks, "If there is no difference, then why advocate change?"

Both the Secretary of State and the Secretary of the Treasury join in saying—and I quote from the CONGRESSIONAL RECORD of August 9, 1961, page 15229:

> Such an authorization would not provide Congress authority for advance commitments. The future availability of U.S. funds would still be subject to annual appropriations in amounts which could be known for only 1 year at a time.

If that is true, why have the dispute? If the joint statement I have just read constitutes the law and the fact, why not continue authorizing 5-year development loans and continue annual appropriations by the Congress, under the Constitution, as has been done every year? But I do not believe that that is the law nor the fact. I do not believe that in one breath the proponents of the bill before the Senate can state that "the President is authorized to issue during the fiscal years 1962 through 1966 notes for purchase by the Secretary of the Treasury in order to carry out the purposes of this title," and then, in the next breath contend that, really, nothing is changed because Congress will continue to appropriate annually anyway. That is simply a non sequitur. And, I repeat, under such a contention, why fight for a change from the historic, constitutional pattern?

I notice that the Department of State has sent perhaps to all Senators a statement entitled "Analysis of Controls of Development Lending Program by Appropriations Committees." On page 3 of that memorandum are five points of procedure which, it is contended, will apply to the proposed legislation if it passes in the form in which it is before the Senate. I ask unanimous consent that the text of those five points be printed at this point in the RECORD.

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

> As applied to the proposed development lending program, it is understood by the executive branch that the following procedure would prevail:
>
> 1. The President would annually submit a budget showing both obligations and expenditures for the contemplated program, in accordance with law.
>
> 2. The Congress would have the responsibility of reviewing the program and acting to authorize the use of the borrowing authority year by year. In accordance with past practice, from which there has been no deviation, this review would take place in the first instance in the Appropriations Committees of the respective Houses in the same manner as all other budget proposals. The authorization for the use of funds would appear in an appropriation bill.
>
> 3. Congress could limit the use of funds in accordance with its judgment. Limitations could be proposed by the Appropriations Committees or by amendment to the bill on the floor of either House in the same manner as Congress acts with respect to all other items in an appropriation bill.
>
> 4. The executive branch would be limited, both as to obligations and expenditures, by the amounts made available in the aid act or in the appropriation act, whichever is the more limiting.
>
> 5. The President has already transmitted to the Congress his amendments to the 1962 budget for foreign assistance, including proposed language for development loans. Until Congress enacts the necessary language approving the budget program, neither obligations nor expenditures can be incurred. If in some subsequent year Congress failed to enact the necessary language approving the budget program and making the funds available for that fiscal year, the development lending program could not enter into further obligations or make expenditures other than those necessary to liquidate obligations entered into under previously authorized programs.

Mr. KUCHEL. I refuse to follow the argument that we should vote for a change since it really will be no change at all. That is simply running in circles.

Mr. President, it is rather interesting to me that in 1960, when hearings were being conducted on the Mutual Security Act in the Committee on Foreign Relations, the distinguished junior Senator from Idaho [Mr. CHURCH], while examining Secretary Dillon, who was then serving in the Eisenhower administration, said, at page 64 of the hearings:

> Senator CHURCH. Mr. Secretary, you recall last year the committee bravely undertook to write into the mutual security bill a 5-year authorization for funds for the Development Loan Fund, and we took that revised bill upstairs and went into battle expecting reinforcements from downtown which never arrived and so the effort failed.
>
> This year the administration makes no recommendation to place the Development

Loan Fund on any other than an annual basis, so I take it that decision that was made last year continues in effect so far as the administration's position is concerned.

Mr. DILLON. I think a fair statement of the President's position would be as he has always said that he favors a long-term basis for the operation of the Development Loan Fund. However, he did not favor the particular method that was chosen last year, but favored a different approach whereby we asked for appropriations which would extend over a number of years.

That was requested last year. You recall the Congress authorized funds for this year as well as last year. As soon as that law was passed, we requested funds for both years so as to give a 2-year basis but Congress did not see fit to give us any funds for the second year.

They denied all appropriations for the development loan fund for the second year. We do have that continuing authorization. We felt that as long as we had that authorization, and in the light of the congressional action last year, that we should just submit a request for funds under the existing authorization.

That does not by any means foreclose a new request for long-term authority next year which may well come.

My friend, the able Senator from Idaho [Mr. CHURCH], was correct when he said that the Committee on Foreign Relations abandoned a long-term procedure. It wanted to do precisely that. I remember the debate on this floor on the committee's proposal. The Senate in the yea and nay vote rejected the provision for long-term loans, by sustaining a point of order by Senator CASE of South Dakota. The next day, the distinguished Vice President of the United States, then serving in his capacity as Democratic Senate leader, offered an amendment to provide for a continuation of annual appropriations. We approved it. That is the way the committee action was disposed of in this Chamber in 1959, and that is the way it should have been disposed of, and that is the way we should dispose of it today.

This year we are again faced with precisely the same situation. I am one of those who believe that we ought to authorize this kind of program for 5 years. But I am also one of those who believe that Congress should discharge its own responsibility under the Constitution and listen each year to what the executive branch of the Government desires and, having listened, make its own determination as the legislative branch of Government, on how much money ought to be appropriated. It can be done without regard to fiscal year. That is why I salute the distinguished chairman of the Senate Committee on Finance, the Senator from Virginia [Mr. BYRD], because that is precisely what he proposes to do by his amendment which is now before the Senate.

I ask unanimous consent that the text of the amendments be printed at this point in the RECORD.

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

On page 6, strike out lines 4 to 24, inclusive, and insert the following:

"SEC. 202. AUTHORIZATION.—(a) There is hereby authorized to be appropriated to the President for use in carrying out the provisions of this title such sums, not to exceed $1,187,000,000 for use beginning in the fiscal year 1962 and not to exceed $1,900,000,000 for use beginning in each of the fiscal years 1963 through 1966, as the Congress shall hereafter determine to be necessary, which amounts shall remain available until expended."

On page 8, line 13, beginning with "(i)" strike out down to the comma in line 16, and insert the following: "(i) all funds appropriated pursuant to the authorization contained in section 202(a)".

On page 8, strike out lines 19 to 23, inclusive.

On page 9, lines 6 and 7, strike out "and notes issued under section 202(a),".

Mr. KUCHEL. Mr. President, if Congress relinquishes its obligation to the American people to determine how much money ought to be appropriated each year, it will have relinquished the obligation not merely for one Congress, not merely for two Congresses, not merely for one presidential term, but for 5 years, into the third new Congress from the time we are asked originally to abdicate our responsibility.

In my judgment, that procedure does not make sense. We are elected as representatives of the people. We sit here in judgment on the spending policies of the executive branch of our Government. We would not serve the Republic, we would not serve constitutional government in the United States if we were to say, "Let us back away from our responsibilities. Let us relinquish our share of the burden. Let us give to the executive branch—any executive branch—our duty to determine its needs for the next 5 years how American money ought to be loaned overseas." Yet that is precisely what we are asked to do.

I repeat what I said at the beginning. I believe in mutual security. Every year that I have been honored to be in the U.S. Senate, I have supported the theory of mutual security. I have done so not as a Republican; I have done so as an American. I have supported the program under Eisenhower, and I shall also support it under Kennedy. But what I opposed during the years of President Eisenhower in 1959, I also oppose today under the administration of President Kennedy. To the great credit of General Eisenhower, in 1959 as President, he stated that he did not want responsibility which was not his, that he objected to back-door spending, that he wanted Congress honorably to discharge its duty to appropriate. On that basis, I hope the Senate will fulfill its constitutional responsibility, will refuse to abdicate its constitutional duties, and will approve the amendment offered by the Senator from Virginia [Mr. BYRD]. Thus, we may go forward with an excellent program, but we will do so under the terms of our Constitution.

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

Mr. KUCHEL. I yield.

Mr. MUNDT. I congratulate the distinguished Senator from California on his most convincing and constructive presentation. I can subscribe to every word that he has said. His views certainly represent the viewpoint of the Senator from South Dakota. The Senate should be on notice now that if we approve this back-door spending procedure, this buckpassing procedure, whereby we try to absolve ourselves from further responsibility, and turn it all over to the executive branch, we are opening up a chain of procedure—we already hear rumors that in connection with the Latin American Development Fund, there is talk about a $20 billion development program financed through the back-door procedure—which will be of almost no end, a type of spending over which Congress will have relinquished all control.

If we do that, we can well be accused of being Pontius Pilates, washing our hands of our responsibility. That is what we may well be accused of if we fail to approve the Byrd amendment, which continues a permanent program of planning, which is desirable, but which retains the constitutional authority of Congress to regulate the appropriation of taxpayers' money.

The Senator from California has rendered an outstanding service by pinpointing the issue as clearly as he has.

Mr. KUCHEL. I thank the Senator from South Dakota very much for his kind words. I agree completely that if we do not approve the Byrd amendment, we will be washing our hands of all responsibility in this regard.

Mr. BYRD of Virginia. I yield 10 minutes to the Senator from Iowa.

Mr. MILLER. Mr. President, I wish to preface my remarks in support of the pending amendment by making it perfectly clear that I am in favor of a reasonable appropriation for foreign aid upon the assurance that this money of our American taxpayers will be judiciously spent. I fully recognize that we have a moral obligation to help others who are in need. I fully recognize that it is to the interest of the United States in the cold war with the Communist world to take action which will assist the developing nations to develop as free and independent countries rather than as Communist bloc puppets.

All of us know of abuses which have occurred in our foreign-aid programs. Some of these have been so flagrant as to overshadow the good that has come from these programs. The abuses have not been isolated and they have been inexcusable. Taxpayers back home are not satisfied by the excuse that "waste and inefficiency are bound to occur in any large program." They feel that public trust has been violated in the name of humanitarianism. It is understandable how they may tend to overlook the reasons for and the benefits that have resulted from our foreign-aid programs. In this connection, Mr. President, I ask unanimous consent to have printed in the RECORD at this point in my remarks a statement entitled "Some Accomplishments of U.S. Foreign-Aid Programs," which I have received from the International Cooperation Administration by letter under date of July 20.

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

SOME ACCOMPLISHMENTS OF U.S. FOREIGN-AID PROGRAMS

Achievements and accomplishments can only be stated meaningfully when there are yardsticks against which they can be measured. The avoidance of nuclear war and the maintenance of the independence of a threatened country is one type of accomplishment. The successful completion of a factory or a medical school is at another level of accomplishment. Improved administration of our oversea programs is yet another form of accomplishment. Assessments of the accomplishments and failures of our oversea assistance programs frequently tend to confuse these different types of accomplishments—and failures—without differentiating between the different weights which should be attributed to each type.

Easily the most important and most fundamental of U.S. objectives under these programs is the attainment of U.S. foreign policy objectives. Stated simply, the national interest which U.S. foreign policy seeks to advance is to assure that our people will be able, within our own boundaries, to maintain and develop our institutions, our values and our well-being free from coercion by external powers. Fulfillment of this interest presupposes three basic conditions: peace, or at least the absence of a major nuclear war; a friendly, or at least not hostile, attitude toward our country on the part of a sizable portion of the rest of the world; and a better world in which to live, raise our families, and do business.

Foreign assistance is an integral and major part of the response of the United States to the challenges to this national interest which arise out of three great interrelated currents of change—Communist imperialism, the revolution of rising expectations in the less-developed nations, and the greatly increased interdependence of nations resulting from the forward rush of modern science and technology. In this contest the program, in association with other instruments, has had many successes, some failures, and some activities whose success is still in doubt—with many of the acts of this great drama of the mid-20th century yet to come.

Foreign aid has contributed to these national objectives in several ways:

1. It has helped free countries to maintain a military posture which contributes to deterring or preventing Communist expansion by force of arms. The externally inspired Communist rebellion in Greece, aggression against Korea in 1950, followed closely by Chinese Communist military aid to the Vietminh in Indochina, showed the Communists would use military means to expand their power whenever they thought they could do so successfully. Military and economic assistance has helped deter military aggression, or renewal of military aggression, along much of the periphery of the Sino-Soviet bloc. Korea, Taiwan, Vietnam, Laos, Iran, Turkey, and Greece are examples.

Assistance has also contributed greatly to the establishment of a critically important complex of oversea bases. Without it we probably would not have today the bases in Morocco, Libya, and Spain.

While military strength can help to prevent Communist expansion by force of arms, it cannot insure that other methods will not be used by Communists to good advantage. In other words, it is a necessary, rather than a sufficient, condition to arresting the growth of Communist power. Nor do the successes add up to maintaining that U.S. programs of assistance to foreign military efforts have been without flaw—in either formulation or execution. We have probably agreed to some force goals that are too high, for example. Without these aid programs, however, the United States might now be worrying not about whether these local armies could in some cases be reduced, but about how to construct a viable garrison state out of Canada and Latin America.

2. It has helped free countries to meet an imminent internal threat to their independence. Foreign aid has, on occasion, scored as dramatic successes in meeting or averting an imminent threat as in deterring armed aggression. A most convincing demonstration along these lines occurred when aid was used on the largest scale to meet the imminent threat in Western Europe shortly after World War II.

Western Europe's economic future in the winter of 1947 seemed bleak. The war and the accompanying destruction and disruption had twisted the economies of Western Europe out of shape and balance. Agricultural and industrial production was well below prewar, bankruptcy was around the corner for many of these countries, and inflation characterized the internal financial situation of most European countries. These factors induced a climate of hopelessness and helplessness that laid the countries of Western Europe open to a degree of Communist influence and infiltration that we now tend to forget since the success of the Marshall plan.

Many observers were prepared to write off the Far East 10 years ago, after mainland China had fallen, when Korea was under attack and when guerrillas were menacing the Philippines, Malaya, and Burma. But in these 10 short years, there has been remarkable achievement for which timely foreign assistance can take some of the credit. Taiwan, war shattered and crowded with refugees in 1950, has burgeoned into a dynamic, diversified economy. Korea has far exceeded prewar production and living standards, despite the large influx of refugees from the Communist north. The Philippines suppressed the Hukbalahaps who had terrorized much of the country and at the same time made notable economic progress, particularly in the industrial sector. Malaya won a decade-long guerrilla jungle war with the Communists, enjoys political prestige and stability, and holds much economic promise.

Other more recent internal crises which probably would have brought Communist or other disruptive influences to power in the absence of U.S. assistance include Guatemala, Iran, Bolivia, and Jordan.

3. Economic assistance has helped free countries both to develop and to meet a long-term internal threat to their stability. The role of foreign aid in meeting imminent internal crises has been fairly clear. That role has been somewhat less dramatic where economic development and a long-term threat to stability are involved. But it may not need to be any less significant on that account. For if we only allowed ourselves to become preoccupied with internal dangers when they are clear and present, as in Laos and Jordan, we are likely to find they are by that time extremely expensive and dangerous to deal with—if indeed they have not passed the point of no return as was the case with mainland China. In trying to meet this challenge, the United States has found that foreign aid is one of the most useful tools available to us.

The point 4 program, the Development Loan Fund, and before it development assistance, and some of the defense support and special assistance help toward meeting this challenge. The Philippines, Thailand, India, and many other countries might be in quite different circumstances in the absence of such assistance. A major question that remains today is the adequacy of our response to the long-term threat, and challenge, when taken in the context of the next 10 to 20 years.

4. Economic assistance has helped a number of countries to avoid undue dependence on bloc aid which would tend to bring them into the international Communist orbit. Cambodia, Afghanistan, Burma, and Indonesia are examples where this threat has existed or continues to exist but is being met with some success by the United States. Egypt, Syria, and Iraq, which in the mid-1950's appeared to be falling into the Soviet orbit, have maintained some independence.

Accomplishments also can be—and frequently are—measured in terms of concrete projects in particular fields of activity such as agriculture, health, community development, and industry. For many, this is the most satisfying form of measurement—the reduction of the number of malaria cases in Taiwan from 1,200,000 in 1950 to under 100 a year, the almost unbelievable progress and success of the community development programs in India and the Philippines, the placing of millions of acres under cultivation through irrigation—these facts, and hundreds more accomplishments like them, cannot help but stir the hearts of most Americans. In many ways these are more satisfying indicia of accomplishment than the statement that the maps of the world have remained the same for another year as a result of what the United States has done abroad. A wide variety of such accomplishments is given in "Aid in Action" (Department of State Publication No. 7221, July 1961).

Accomplishments can be measured in yet another way—how effectively has the United States made use of the resources available to it for the oversea programs. It is possibly in this area that our foreign-aid programs have received their greatest criticism in recent years. In part, this criticism has been unjustified and results from failure to recognize that where a major program is carried out in a seriously underdeveloped country, the problems of administration are infinitely more difficult than those faced in Europe. Circumstances may require—or, if you will, foreign policy reasons may require—that we administer an assistance program in a country whose economy is disrupted—or whose political system is weak—or whose finances are chaotic—or whose public ethical standards differ from those we are accustomed to. There have been difficult problems in inducing American personnel to take up service in some of these countries, for reasons which are fairly apparent in view of recent and present circumstances. In Korea, for some time, American technicians were not allowed to bring their wives and families because of inadequate housing and living conditions; in Vietnam assassinations and terrorist activities are prominent even in Saigon today and U.S.-aided malaria teams are a special target for Viet Cong attack; Afghanistan and Laos are extremely isolated countries with very difficult living conditions. The major programs in such countries cannot be accomplished overnight and are fraught with many problems and many dangers. The numbers of Americans whose health has been permanently impaired as a result of their service in the work of assisting foreign countries to realize their potential is large, and it grows almost daily.

However, with the benefit of hindsight, it is now apparent that the United States could have coped with some of these administrative problems more effectively than it did. Recent accomplishments in the field of administration include step-up in language training, personnel recruitment and

inservice training, and internal audits. Centralization of aid administration and focusing of responsibility is planned as is further efforts on personnel and administrative improvements.

CONCLUSION

Without any question, the accomplishments of the program and its predecessors have been numerous and substantial—and without them the map of the world would be very, very different today. However, the problems toward which the program is now directed in the underdeveloped countries are not soluble in a stated limited period of years for a given amount of money. A difficulty which is already present but which will become increasingly severe in the future will be that of distinguishing between those criticisms of the program which are constructive and those which arise primarily as a result of a desire—particularly understandable given our American impatience—to find an easy, cheap, and short-term solution—when there is none—to the problems arising out of the cold war and the "revolution of rising expectations" in the lesser developed nations of the world.

Mr. MILLER. Mr. President, our foreign-aid programs have cost the American taxpayers an almost unbelievable sum of money. Compared to the cost of human misery which some of the projects have undoubtedly relieved and to the cost of a hot war—either limited or general—which might have developed absent our efforts in the foreign-aid field the cost is not prohibitive. Nevertheless, anyone who would suggest that the U.S. taxpayers have not been cooperative simply is being ungrateful and manifesting abysmal ignorance of the facts. I ask unanimous consent that a table showing the net foreign-aid expenditures totaling $84 billion from July 1, 1945 to June 30, 1961 made by our Government be inserted in the RECORD at this point.

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

Net foreign-aid expenditures July 1, 1945, to June 30, 1961

[In millions of dollars]

Actual July 1, 1945, to June 30, 1960:	
Military aid grants	26,468
Economic aid:	
Grants	34,024
Credits	12,066
Other	2,546
Payments to international financial institutions	4,875
Total	79,979
Estimated July 1, 1960, to June 30, 1961:	
Military aid grants	1,500
Economic aid grants, credits and other	2,600
Total	4,100
Total	84,079
Estimated unexpended balance as of June 30, 1961 [1]	6,752
Requested for fiscal 1962	4,805

[1] Includes $5.4 billion mutual security, $0.9 billion foreign currencies, $0.5 billion inter-American development; excludes development funds of Export-Import Bank and international financial institutions.

Source: Office of Business Economics, U.S. Department of Commerce.

Mr. MILLER. Mr. President, in the light of these tremendous sums of money, it is understandable why the American taxpayer has become alarmed over reports showing that efforts of the Communist world, at only a fraction of this cost, have been so effective. It is further understandable why the American taxpayer has taken a very suspicious view of the request by this administration to spend even more money than that recommended by President Eisenhower. I ask unanimous consent that a table showing the differences between the Eisenhower and Kennedy budgets be printed in the RECORD at this point.

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

The following table compares the Kennedy requests with the Eisenhower budget proposals:

[In millions of dollars]

	Eisenhower budget	Kennedy requests	Difference
Military assistance	1,800	1,885	+85
Economic assistance	1,250	1,190	−60
Development loans	700	900	+200
Contingencies	250	500	+250
Reuse of loan repayments		287	+287
Carryover of unobligated funds		43	+43
Total	4,000	4,805	+805

Mr. MILLER. Mr. President, the suspicion of the American taxpayers has been further confirmed by the recent report of the rather presumptious offer, reportedly made by Secretary of State Dillon, of a $20 billion aid program, at American taxpayers' expense, in Latin America.

All of what I have said, Mr. President, provides a background from which I, as a representative of the people of my State, must now view this administration's request for not only increased expenditures of our people's moneys for foreign-aid activities but for the financing of the almost $9 billion of development loans in a manner which relaxes the control by Congress over this important and expensive activity of our Government. And in this connection, Mr. President, I do not want the taxpayers of my State to be fooled into thinking that this development-loan program is not going to cost them anything because it will, we hope, all be paid back in hard currency or American dollars. It is going to cost them plenty. It is contemplated that interest rates as low as 1 percent will be charged, and some loans will be interest free, with terms up to 50 years for repayment. The distinguished Senator from Virginia [Mr. BYRD] has had prepared a calculation of interest cost to the American taxpayers—whose taxes will be used to make up the difference between the interest paid by recipient countries and what the Treasury has to pay the holders of Treasury notes—showing over $29 billion on the basis of 3 percent differential compounded annually for 50 years. I ask unanimous consent that this calculation be printed in the RECORD at this point in my remarks.

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

A calculation of interest on Development Loan Fund

[Fiscal years. In millions]

	Interest on 1962 authorization of $1,187	Interest on 1963 authorization of $1,900	Interest on 1964 authorization of $1,900	Interest on 1965 authorization of $1,900	Interest on 1966 authorization of $1,900	Total interest
1962	$35.6					$35.6
1963	36.7	$57.0				93.7
1964	37.8	58.7	$57.0			153.5
1965	38.9	60.5	58.7	$57.0		215.1
1966	40.1	62.3	60.5	58.7	$57.0	278.6
1967	41.3	64.2	62.3	60.5	58.7	286.9
1968	42.5	66.1	64.2	62.3	60.5	295.5
1969	43.8	68.1	66.1	64.2	62.3	304.4
1970	45.1	70.1	68.1	66.1	64.2	313.5
1971	46.5	72.2	70.1	68.1	66.1	322.9
1972	47.9	74.4	72.2	70.1	68.1	332.6
1973	49.3	76.6	74.4	72.2	70.1	342.6
1974	50.8	78.9	76.6	74.4	72.2	352.9
1975	52.3	81.3	78.9	76.6	74.4	363.4
1976	53.9	83.7	81.3	78.9	76.6	374.3
1977	55.5	86.2	83.7	81.3	78.9	385.6
1978	57.1	88.8	86.2	83.7	81.3	397.1
1979	58.9	91.5	88.8	86.2	83.7	409.1
1980	60.6	94.2	91.5	88.8	86.2	421.3
1981	62.4	97.0	94.2	91.5	88.8	434.0
1982	64.3	99.9	97.0	94.2	91.5	447.0
1983	66.2	102.9	99.9	97.0	94.2	460.4
1984	68.2	106.0	102.9	99.9	97.0	474.2
1985	70.3	109.2	106.0	102.9	99.9	488.4
1986	72.4	112.5	109.2	106.0	102.9	503.1
1987	74.6	115.9	112.5	109.2	106.0	518.2
1988	76.8	119.3	115.9	112.5	109.2	533.7
1989	79.1	122.9	119.3	115.9	112.5	549.7
1990	81.5	126.6	122.9	119.3	115.9	566.2
1991	83.9	130.4	126.6	122.9	119.3	583.2
1992	86.4	134.3	130.4	126.6	122.9	600.7
1993	89.0	138.4	134.3	130.4	126.6	618.7
1994	91.7	142.5	138.4	134.3	130.4	637.3
1995	94.5	146.8	142.5	138.4	134.3	656.4
1996	97.3	151.2	146.8	142.5	138.4	676.1
1997	100.2	155.7	151.2	146.8	142.5	696.4
1998	103.2	160.4	155.7	151.2	146.8	717.3
1999	106.3	165.2	160.4	155.7	151.2	738.8
2000	109.5	170.2	165.2	160.4	155.7	761.0
2001	112.8	175.3	170.2	165.2	160.4	783.8
2002	116.2	180.5	175.3	170.2	165.2	807.3
2003	119.6	185.9	180.5	175.3	170.2	831.5
2004	123.2	191.5	185.9	180.5	175.3	856.5
2005	126.9	197.3	191.5	185.9	180.5	882.2
2006	130.7	203.2	197.3	191.5	185.9	908.6
2007	134.7	209.3	203.2	197.3	191.5	935.9
2008	138.7	215.5	209.3	203.2	197.3	963.9
2009	142.9	222.0	215.5	209.3	203.2	992.8
2010	147.2	228.7	222.0	215.5	209.3	1,022.6
2011	151.6	235.5	228.7	222.0	215.5	1,053.3
2012		242.6	235.5	228.7	222.0	928.8
2013			242.6	235.5	228.7	706.8
2014				242.6	235.5	478.1
2015					242.6	242.6
	4,016.8	6,429.3	6,429.3	6,429.3	6,429.3	29,734.1

NOTE.—Figures are rounded and may not add to totals.

Mr. MILLER. Mr. President, I do not know whether I will vote for the pending bill. There are many unanswered questions about it which I trust will be satisfactorily answered before the debate is concluded. I do feel, however, that adoption of the Byrd amendment will help considerably in enabling me to support the bill. There is a point, Mr. President, to which the taxpayers of my State cannot be pushed. And they are not likely to react favorably when presented with specious arguments in support of some of the provisions contained in this bill.

When one cuts through all of the smoke that has been thrown up on both sides of the argument over the Byrd amendment and gets down to the kernel, the issue is this: The proponents of the administration's request to have both a 5-year authorization and Treasury Department financing—back-door financing—say that this will provide a greater

lever on officials of recipient countries to make basic changes in their tax, governmental, and landownership systems, because our Development Loan administrators will be able to make loan commitments without any reservation. The opponents of this request—and the supporters of the Byrd amendment—believe that a 5-year authorization will provide ample support for long-range program planning and that the requirement for Development Loan administrators to come before Congress each year to justify appropriations to continue their programs, on the basis of performance and/or assurances of officials of recipient countries, will provide a greater lever on these officials to make basic changes in their tax, governmental, and landownership systems.

I happen to be persuaded to the latter view, Mr. President. I might add that I have been very unimpressed by arguments of the proponents of the back-door financing provision that this is necessary to permit long-range program planning. It is not necessary at all. We have been carrying out long-range planning for years under our present foreign-aid programs without back-door financing. In the case of Greece, for example, 21 of 47 projects were for 2 to 5 years; in the case of Ethiopia, 42 of 45 projects were from 2 to 15 years. I ask unanimous consent that these projects and their source be printed in the RECORD immediately following my remarks. Moreover, Mr. President, no foreign-aid project has ever been discontinued because of failure of Congress to appropriate the money needed.

In conclusion, I am well satisfied that Development Loan administrators and the officials of recipient countries need have no fear of the Appropriations Committees of Congress if they are doing a good job.

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

GREECE [1]

Project No.	Started fiscal year	Completion date
240-19-137	1958	1960 [2]
240-14-010	1958	1962 [3]
240-14-133	1959	1959
240-11-009	1958	1958
240-11-008	1958	1959
240-29-138	1959	1961 [4]
240-23-063	1956	1959
240-29-153	1961	1963 [3]
240-37-131	1957	1962 [3]
240-41-139	1958	1961 [3]
240-41-053	1958	1961 [4]
240-41-153	1961	1961 [3]
240-42-090	1958	1961 [3]
240-49-051	1958	1958
240-61-054	1958	1963 [3]
240-71-089	1959	1962 [3]
240-83-052	1956	1959
240-98-064	1956	1960
240-93-162	1960	1961 [3]
240-99-154	1958	1963 [3]
240-71-089	1958	1959 [3]
240-32-126	1959	1962 [3]
240-69-146	1959	1959 [3]
240-61-157	1960	1963 [3]
Industrial safety exhibit ($7,300)	1958	1958
240-93-148	1959	1961
Greek productivity center ($200,000)	1961	(3)
240-82-164	1961	1961
Retirement of Greek Government debt ($114,512,000)	1958	1958
Volos earthquake rehabilitation	1956	1957
240-31-106	1957	1959
240-12-108	1957	1958 [5]
240-61-110	1957	1959 [5]

See footnotes at end of table.

GREECE—continued

Project No.	Started fiscal year	Completion date
240-85-111	1957	1958 [3]
240-85-112	1957	1958 [3]
240-22-116	1957	1960 [3]
240-31-118	1957	1957 [3]
240-31-120	1957	1957 [3]
240-94-124	1958	1959 [3]
240-31-121	1957	1958 [3]
240-31-117	1958	1958 [3]
Greek Government state investment program ($23,666,000)	1958	1959 [3]
240-32-126	1959	1962 [3]
240-69-161	1960	1961 [3]
240-69-159	1960	1961 [3]
240-69-160	1960	1961 [3]

ETHIOPIA

Project No.	Started fiscal year	Completion date
663-57-911	1954	1969 [3]
663-54-914	1954	1967 [3]
663-53-055	1960	1965 [3]
663-69-900	1954	1961 [3]
663-69-906	1958	1972 [3]
663-69-908	1953	1958
663-66-053	1959	1960 [3]
663-66-060	1960	1970 [3]
663-67-924	1957	1962 [3]
663-68-927	1959	1970 [3]
663-69-926	1953	1961 [3]
663-79-013	1953	1960
663-71-012	1958	1960
663-81-040	1957	1963 [3]
663-83-041	1957	1964
663-99-901	1955	1961 [3]
663-99-908	1955	1966 [3]
663-96-900	1958	1961 [3]
663-96-907	1958	1970 [3]
663-96-042	1957	1965 [3]
663-91-054	1960	1967 [3]
663-99-000	1952	1972 [3]
663-19-900	1953	1961 [3]
663-19-906	1958	1970 [3]
663-11-917	1953	1970 [3]
663-13-056	1960	1962 [3]
663-13-062	1960	1960 [3]
663-13-916	1956	1965 [3]
663-13-918	1958	1967 [3]
663-19-031	1957	1963 [3]
663-19-052	1959	1968 [3]
663-19-907	1956	1962 [3]
663-25-900	1956	1961 [3]
663-25-901	1953	1961 [3]
663-29-906	1958	1970 [3]
663-25-910	1953	1963 [3]
663-25-907	1956	1965 [3]
663-25-063	1960	1962 [3]
663-37-900	1957	1961 [3]
663-37-907	1957	1963 [3]
663-59-900	1953	1961 [3]
663-59-906	1958	1969 [3]
663-51-901	1958	1970 [3]
663-51-915	1958	1970 [3]
663-51-061	1960	1961 [3]

[1] 6 miscellaneous projects of less than $10,000 each were omitted.

[2] June 30.

[3] Estimated.

[4] Merged.

[5] Completed.

Source: A report on U.S. foreign operations to Senate Committee on Appropriations by Hon. Allen J. Ellender, 87th Cong., 1st sess.

Mr. BYRD of Virginia. Mr. President, I yield 10 minutes to the distinguished junior Senator from South Dakota.

Mr. CASE of South Dakota. Mr. President, I wish to direct attention to the background of the phrase "back-door financing" and the points of order which have been made in the past relative thereto. The first challenge to the device of drawing money from the Treasury without an appropriation, and in a bill reported by a committee other than the Committee on Appropriations, was made in the House of Representatives on June 28, 1949, by the junior Senator from South Dakota, who then was a Member of the House. I made the point of order in the following words:

Mr. Chairman, the point of order I make is that subparagraphs (e) and (f) of section 102 in title I constitute the appropriation of funds from the Federal Treasury, and that the Committee on Banking and Currency is without jurisdiction to report a bill carrying appropriations under clause 4, rule 21, which says that no bill or joint resolution carrying appropriations shall be reported by any committee not having jurisdiction to report appropriations.

I then said:

The Constitution has said that no money shall be drawn from the Treasury but in consequence of appropriations made by law. It must follow that the mechanism which gets the money out of the Treasury is an appropriation.

I shall not read the entire argument at this time, but I wish to invite attention to the position of the Chair in the House of Representatives, because it is that decision which has been controlling and which has been relied upon ever since. Mr. BOGGS of Louisiana was in the chair. He said:

The Chair is prepared to rule.

The Chair agrees with the gentleman from South Dakota that the point which has been raised is not a casual point of order. As a matter of fact, as far as the Chair has been able to ascertain, this is the first time a point of order has been raised on this issue as violative of clause 4 of rule XXI.

Here follows the nub of the Chair's ruling that the so-called back-door financing did not constitute an appropriation:

As the Chair sees the point of order, the issue involved turns on the meaning of the word "appropriation." "Appropriation," in its usual and customary intrepretation, means taking money out of the Treasury by appropriate legislative language for the support of the general functions of Government. The language before us does not do that. This language authorizes the Secretary of the Treasury to use proceeds of public-debt issues for the purpose of making loans. Under the language, the Treasury of the United States makes advances which will be repaid in full with interest over a period of years without cost to the taxpayers.

I shall repeat that sentence, Mr. President, because this sentence is the foundation sentence on which, from 1949 on, this type of back-door financing has rested:

Under the language, the Treasury of the United States makes advances which will be repaid in full with interest over a period of years without cost to the taxpayers.

Therefore, the Chair rules that the language does not constitute an appropriation, and overrules the point of order.

Following that ruling by the Chair, I made this parliamentary inquiry:

Mr. CASE of South Dakota. Would the Chair hold then that that language restricts the Secretary of the Treasury to using the proceeds of the securities issued under the Second Liberty Bond Act and prevents him from using the proceeds from miscellaneous receipts or tax revenues?

The CHAIRMAN. The Chair does not have authority to draw that distinction. The Chair is passing on the particular point which has been raised.

Mr. CASE of South Dakota. However, Mr. Chairman, it would seem implicit in the

ruling of the Chair and I thought perhaps it could be decided as a part of the parliamentary history. It might help some courts later on.

Mr. President, we have moved to a new era in back-door financing. The bill before the Senate today does not presume to say, as similar bills have in the past, that the Secretary of the Treasury is authorized and directed to purchase bonds that were offered to him, and that the proceeds of the Second Liberty Bond Act should be available for that purpose. In the bill before the Senate, for the first time, so far as I know, that procedure is not resorted to. The bill merely provides that the President shall be authorized to issue these notes for purchase by the Secretary of the Treasury, in order to carry out the purposes of this title. Here, for the first time, it is proposed that the general revenues may be used, without even the gesture of making the provision applicable to the proceeds of Liberty bonds, or anything of that sort. The Secretary of the Treasury is expected to use whatever money may be in the Treasury, and to withdraw it to purchase the bonds.

As I have stated, the ruling of the Chair in the House of Representatives, in 1949, cited the fact that the ruling was based upon the prospective payment in full of the money taken, with interest. In the bill before the Senate, the pertinent language is included in section 202, on page 6, as follows:

> Payment under this subsection of the purchase price of such notes and repayments thereof by the President shall be treated as public-debt transactions of the U.S. Government.

In the committee's report on the bill, the committee has not pretended to say that the loans from the Development Loan Fund would all be repaid in full or with interest; in fact, at page 8 of the committee report, under the heading "Title I—Development Loan Fund," the report reads:

> Interest rates as low as 1 percent are contemplated, and some loans will probably be interest free.

The significance of that statement is indicated, I think, in the reports which were made from the Conference in Uruguay the other day. I quote from an Associated Press report published in the Idaho Falls, Idaho, Post Register of August 7, under the byline of William L. Ryan:

> PUNTA DEL ESTE, URUGUAY.—* * * Secretary of the Treasury Douglas Dillon told the Inter-American Economic and Social Conference here Monday that Kennedy's alliance-for-progress program envisions a new aid agency.
>
> "It is our intention that future development loans made by our new aid agency will be on a long-term basis, running where appropriate up to 50 years," he said.

In that connection, it should be noted that the committee report, referring to the Development Loan Fund provision in the bill, contains the following statement:

> Terms of repayment up to 50 years will be permitted, in some cases with no repayment of principal for initial periods of up to 10 years.

In other words, the loan fund which is proposed to be created by the bill will be available for the making of 50-year loans, and during the first 10 years no repayment of principal will be required.

I quote further from the Associated Press dispatch from Uruguay, under a dateline of August 7:

> The bulk of the 50-year loans proposed by Dillon would be "at very low or zero rates of interest." Informed sources pointed out such loans, if interest free, would amount in substance to an 80-percent grant.

That, I say, is similar to the point which the Senator from Iowa [Mr. MILLER] made a few moments ago, when he computed the cost to the Treasury of the interest-free loans.

In 1959, when the same type of financing was proposed in the mutual security bill, which was then pending before the Senate, I made the same point of order with respect to the question.

The PRESIDING OFFICER. The time of the Senator from South Dakota has expired.

Mr. CASE of South Dakota. Mr. President, may I have an additional 3 to 5 minutes?

Mr. BYRD of Virginia. Mr. President, I yield 5 minutes to the Senator from South Dakota.

Mr. CASE of South Dakota. Mr. President, in 1949, when the foreign-aid bill was before the Senate, I made a similar point of order, challenging the jurisdiction of the Committee on Foreign Relations to report an appropriation, basing it upon the fact that the Senate, too, has its rules with regard to general appropriations.

In that instance, the ruling of the Chair, advised by the parliamentarian, turned on a somewhat different point—namely, whether that measure proposed a general appropriation.

I questioned the ruling on that occasion, and respectfully appealed from the decision of the Chair. A motion to lay the appeal on the table was made. The motion to lay on the table was rejected by a margin of 11 or 12 votes, as I recall. With the tabling of the motion to lay the appeal on the table, it was apparent that the Senate would have sustained the appeal from the Chair's ruling on the point of order. Thereupon, the majority leader, now the Vice President of the United States, moved an adjournment of the Senate; and the matter went over until the next morning. The next morning, half an hour before the session of the Senate convened, the then Senator from Texas, the majority leader, conferred with the Senator from Illinois, the minority leader and me, and proposed that the provision in question be withdrawn from the bill, that the amount of money involved be made smaller, and that it be made subject to annual appropriations.

Mr. President, that matter is now before us again—although now in somewhat different form, but still based on the idea that an appropriation is not needed, because the term "loan" is used and it is said that the money might be repaid.

Mr. President, if it is held that the transactions would be actual loans, subject to being repaid in full, then they might properly be regarded as loans, not appropriations. However, in view of the provisions of the bill itself, and also the statement made by Secretary Dillon, to the effect that the "loans" can be made for as long a period as 50 years, that during a 10-year period no repayments of the principal might be required, and that the rate of interest might be as low as 1 percent, or that no interest at all might be charged, certainly it is apparent that the proposal is not a good faith one in compliance with the Constitution, which requires that appropriations be made only by law, and contains an absolute interdiction against expenditure of the funds of the taxpayers of the United States by any other method.

Therefore, Mr. President, I believe that the only course now open to the Senate is to agree to the Byrd amendment, strike this provision from the bill, and then require the committee to bring to the Senate appropriate provisions in compliance with the provision of the Constitution that the funds of the people of the United States may be expended only by means of use by Congress of the appropriation procedure.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD relevant portions of the debate which occurred in 1949 in the House of Representatives and in 1959 in the Senate.

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

[From the House of Representatives proceedings, CONGRESSIONAL RECORD, vol. 95, pt. 7, pp. 8536–8538]

The CHAIRMAN. The gentleman from South Dakota will proceed to state his point of order.

Mr. CASE of South Dakota. Mr. Chairman, the point of order I make is that subparagraphs (e) and (f) of section 102 in title I constitute the appropriation of funds from the Federal Treasury, and that the Committee on Banking and Currency is without jurisdiction to report a bill carrying appropriations under clause 4, rule 21, which says that no bill or joint resolution carrying appropriations shall be reported by any committee not having jurisdiction to report appropriations.

This is no casual point of order made as a tactical maneuver in consideration of the bill. I make this point of order because this proposes to expand and develop a device or mechanism for getting funds out of the Federal Treasury in an unprecedented degree.

The Constitution has said that no money shall be drawn from the Treasury but in consequence of appropriations made by law. It must follow that the mechanism which gets the money out of the Treasury is an appropriation.

I invite the attention of the Chairman to the fact that subparagraph (e) states: "To obtain funds for loans under this title, the Administrator may issue and have outstanding at any one time notes and obligations for purchase by the Secretary of the Treasury in an amount not to exceed $25 million, which limit on such outstanding amount shall be increased by $225 million on July 1, 1950, and by further amounts of $250 million on July 1 in each of the years 1951, 1952, and 1953, respectively" within the total authorization of $1 billion.

Further that subparagraph (f) provides that "The Secretary of the Treasury is authorized and directed"—and I call particular attention to the use of the words "and di-

rected"—"to purchase any notes and other obligations of the Administrator issued under this title and for such purpose is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended"—

And so forth. The way in which this particular language extends this device of giving the Secretary authority to subscribe for notes by some authority is this: It includes the words "and directed."

In other words, the Secretary of the Treasury has no alternative, when the Administrator presents to him some of these securities for purchase, but to purchase them. The Secretary of the Treasury is not limited to purchasing them by proceeds from the sale of bonds or securities. He is directed to purchase these notes and obligations issued by the Administrator. That means he might use funds obtained from taxes, that he might use funds obtained through the assignment of miscellaneous receipts to the Treasury, that he might use funds obtained through the proceeds of bonds.

This proposal will give to the Committee on Banking and Currency, if it should be permitted, authority which the Committee on Appropriations does not have, for in the reporting of an appropriation bill for a fiscal year, any appropriation beyond the fiscal year would be held out of order. Here this committee is reporting a bill which proposes to make mandatory extractions from the Treasury during a period of 4 years.

In considering this matter I have looked up other uses of this device of having the Secretary subscribe to issues of securities, but in no instance have I been able to find where we have directed a Secretary to do so. We have authorized him, but we have never directed him. I have in my hand here supplement 1 of the 1946 edition of the United States Code which in title XV, paragraph 606, sets forth the provision in the Reconstruction Finance Corporation Act of June 30, 1947. In that act the Reconstruction Finance Corporation was authorized to issue to the Secretary of the Treasury its notes, debentures, bonds, and so forth; but when it comes to what the Secretary of the Treasury may do it states:

"The Secretary of the Treasury is authorized to purchase any obligations"—

But it does not say that he is directed to do so; in other words, the Secretary has some discretion on RFC securities; it is not mandatory that money be extracted from the Treasury.

I also have here title 42 of the Code which gives the Housing Act of 1937, as amended, and I invite the Chair's attention to that particularly because we are dealing here with a proposed extension of the housing program. In subparagraph (c) of paragraph 1420, title XLII, United States Code, the following language is carried:

"The Authority is authorized to issue obligations in the form of notes, bonds, or otherwise which it may sell to obtain funds for the purposes of this Act."

It then states that the obligations shall be unconditionally guaranteed but provides for congressional review through specific appropriations in these words:

"In the event that the Authority shall be unable to make such payment upon demand when due, payment shall be made by the Secretary of the Treasury on money authorized to be appropriated for such purpose out of any money in the Treasury not otherwise appropriated."

It does not direct the Secretary of the Treasury to procure them. Now, going further, in subparagraph (d) the language of the Housing Act, as amended, reads:

"The Secretary of the Treasury is likewise authorized to purchase any such obligations."

But it does not contain the words that are included here in subparagraph (f) where the pending bill states:

"The Secretary of the Treasury is authorized and directed to purchase any such notes."

Mr. Chairman, this is not, as I said earlier, a casual point of order; we are here dealing with the fundamental power of the Congress to control appropriations. No such device has ever before, so far as I can find out, been presented to the Congress for getting money in the guise of a legislative bill without its having been considered by the Committee on Appropriations. It is a mandatory extraction of funds from the Public Treasury, and, consequently, constitutes an appropriation and is beyond the authority or the jurisdiction of the Committee on Banking and Currency to report in this bill.

The CHAIRMAN. Does the gentleman from Kentucky desire to be heard on the point of order?

Mr. SPENCE. I do, if the Chair please.

The CHAIRMAN. The Chair will hear the gentleman.

Mr. SPENCE. Mr. Chairman, the raising of funds by public debt transaction has been frequently authorized by the Congress: The Export-Import Bank raises funds by that method; the Bretton Woods Agreement, in my recollection, is carried out by that method; the British loan was financed by that method, and the Federal Deposit Insurance Corporation was also financed by that method. It does not seem to me that this is a seasonable objection. This has been the policy of the Congress for years.

Mr. Chairman, this is not raising money to be appropriated for the purposes that ordinary appropriation bills carry. All of this money is to be used as loans.

* * * * *

Mr. MCCORMACK. Mr. Chairman, I agree with my friend who has raised the point of order that this is not a casual one, but, on the contrary, is a very sincere one. It presents a new question from a legislative angle to be passed upon in the direct question raised by the point of order.

The gentleman from South Dakota has referred to the Constitution. The Constitution says:

"No money shall be drawn from the Treasury but in consequence of appropriations made by law."

The word "appropriations" is used.

The rule referred to, clause 4, rule 21, says:

"No bill or resolution carrying appropriations shall be reported by any committee not having jurisdiction to report appropriations."

You will note the word "appropriations" is used. Now, let us see what "appropriations" means.

I have before me Funk & Wagnalls Standard Dictionary and "appropriations" is defined as follows:

"To set apart for a particular use. To take for one's own use."

The provisions of this bill are not taking for one's own use, because this is a loan designed purely for loan purposes. It is not a definite appropriation. It is giving authority to utilize for loan purposes and the money comes back into the Treasury of the United States with interest.

Again, the word "appropriations" is defined: "Something, as money, appropriated"—

I call particular attention to those words "something, as money, appropriated"—"or set apart, as by a legislature, for a special use."

I repeat "something, as money."

The provision in paragraph (f) that my friend has raised a point of order against relates entirely to loans. As we read section 102 of title I it starts out with loans. Throughout the bill, a number of times, there is reference to loans.

Paragraph (e) says:

"To obtain funds for loans under this title."

It is a loan.

The meat of the two paragraphs, as I see it, is this:

Paragraph (f), line 23, page 8, says:

"The Secretary of the Treasury is authorized and directed to purchase any notes and other obligations of the Administrator issued under this title and for such purpose is authorized to use as a public-debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under such act, as amended, are extended to include any purchases of such notes and other obligations."

It seems to me that that is the meat. Certainly, the language there does not amount to an appropriation. It is entirely for loan purposes.

I think it is reasonable to submit to the chairman that in order for the House to carry out its will that the rules should be construed from a liberal angle, a broad angle, rather than from a narrow angle. Certainly, the word "appropriations" is used in the Constitution. And, I think it is the rule of the House that must govern, and that is what the Chair has to pass upon, because the Congress could determine by proper legislation what the word "appropriation" means as contained in the Constitution itself. So, it is a rule that I respectfully submit the chairman has got to construe in relation to the provisions of the bill to which the point of order has been addressed, and that specifically says, as I have referred to before, "that no appropriations," and so forth, which refers to appropriations entirely. There is nothing said about loans. Now, if the House intended that it should apply to provisions of this kind, instead of saying, "No bill or joint resolution carrying appropriations shall be reported" the House might have said, "No bill or joint resolution carrying appropriations or having directly or indirectly the effect." There is a difference between cause and effect. Certainly, it applies to this case. The House, in its wisdom, in adopting this rule, confined it to appropriations made to an agency of Government for use by that agency in carrying out what the Congress considered to be essentially the function of the Government during the coming fiscal year or during the period for which the appropriation has been made.

I respectfully submit that it must call for an appropriation out of the general funds of the Treasury in order to violate the rules of the House. This permits the use of money raised by the sale of bonds under the Second Liberty Bond Act for loans to these public agencies, such loans to be repaid with interest.

I respectfully submit, complimenting my friend for having raised the point of order—and certainly, it is not a dilatory one, nor a casual one, one that demands respect—that the point of order does not lie against the language contained in the pending bill.

* * * * *

The CHAIRMAN (Mr. BOGGS of Louisiana). The Chair is prepared to rule.

The Chair agrees with the gentleman from South Dakota that the point which has been raised is not a casual point of order. As a matter of fact, as far as the Chair has been able to ascertain, this is the first time a point of order has been raised on this issue as violative of clause 4 of rule XXI.

As the Chair sees the point of order, the issue involved turns on the meaning of the word "appropriation." "Appropriation," in its usual and customary interpretation, means taking money out of the Treasury by

appropriate legislative language for the support of the general functions of Government. The language before us does not do that. This language authorizes the Secretary of the Treasury to use proceeds of public-debt issues for the purpose of making loans. Under the language, the Treasury of the United States makes advances which will be repaid in full with interest over a period of years without cost to the taxpayers.

Therefore, the Chair rules that this language does not constitute an appropriation, and overrules the point of order.

Mr. CASE of South Dakota. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. CASE of South Dakota. Would the Chair hold then that that language restricts the Secretary of the Treasury to using the proceeds of the securities issued under the Second Liberty Bond Act and prevents him from using the proceeds from miscellaneous receipts or tax revenues?

The CHAIRMAN. The Chair does not have authority to draw that distinction. The Chair is passing on the particular point which has been raised.

Mr. CASE of South Dakota. However, Mr. Chairman, it would seem implicit in the ruling of the Chair and I thought perhaps it could be decided as a part of the parliamentary history. It might help some courts later on.

The CHAIRMAN. The Chair can make a distinction between the general funds of the Treasury and money raised for a specific purpose by the issuance of securities. That is the point involved here.

[From the Senate proceedings, CONGRESSIONAL RECORD, vol. 105, pt. 10, pp. 12435–12445.]

Mr. CASE of South Dakota. Mr. President, I desire to make a point of order regarding the language which appears on page 16, beginning in line 13, and through line 13 on page 17. That part of the bill is section 203; and I make the point of order against it. That is the language which is proposed to be stricken out by the amendment of the Senator from Illinois, Mr. DIRKSEN.

The point of order is that that provision constitutes an appropriation, and that an appropriation cannot be made in a legislative bill reported by the Foreign Relations Committee.

My reason for believing that provision is an appropriation is that the Constitution of the United States provides that "no money shall be drawn from the Treasury, but in consequence of appropriations made by law."

The language of the bill to which I make my point of order provides for drawing money from the Treasury. If it results in the drawing of money from the Treasury, then, according to the definition contained in the Constitution, that provision of the bill must be an appropriation.

I invite the attention of the Chair to the constitutional provision that "no money shall be drawn from the Treasury, but in consequence of appropriations made by law."

So the question as to the validity of the point of order is whether the language which I seek to have stricken out draws money from the Treasury.

I invite the attention of the Chair to the language of the provision itself:

"(b) For purposes of the loans provided for in this section, the Secretary of the Treasury is authorized to use the proceeds of the sale of any securities issued under the Second Liberty Bond Act as now in force or as hereafter amended, and the purposes for which securities may be issued under the Second Liberty Bond Act are hereby extended to include this purpose. The President shall determine the terms and conditions of any advances or loans made to the Fund pursuant to this section."

Obviously that draws money from the Treasury; it draws from the Treasury money which the Treasury may have received as a result of the sale of securities issued under the Second Liberty Bond Act.

In the following paragraph the bill provides:

"The amount of such obligations also may not exceed the limitations specified in section 203(a) of this act except that, to the extent that assets of the Fund other than capitalization provided pursuant to section 203(a) are available, obligations may be incurred beyond such limitations."

Without knowing just what those other assets are, one would assume that those other assets also are funds resting in the Treasury, and that if they are to be made available, they will be drawn from the Treasury.

So the point of order is that this provision of the bill must constitute an appropriation, since it proposes that money be drawn from the Treasury. If it is an appropriation, it may not be reported by the Foreign Relations Committee, because it would constitute an appropriation, and appropriations may be reported only from the Appropriations Committee.

The PRESIDING OFFICER (Mr. MOSS in the chair). Is the Senator's point of order that this provision is in violation of the Constitution?

Mr. CASE of South Dakota. No; I merely used the Constitution to define what constitutes an appropriation.

Under the Senate rule, appropriations must be reported from the Appropriations Committee, and may not be contained in a legislative bill.

I used the Constitution merely to define an appropriation.

The Constitution provides:

"No money shall be drawn from the Treasury, but in consequence of appropriations made by law."

If this provision is an appropriation, it provides for the drawing of money from the Treasury, and therefore the provision is in violation of that Senate rule.

Furthermore, I invite the attention of the Chair to the fact that this question came up before, when the Development Loan Fund was first authorized. At that time the Congress decided to make an authorization, and later to make an appropriation.

The amendment submitted by the distinguished Senator from Illinois [Mr. DIRKSEN] does not propose that the money be taken out of the Treasury by simply providing that the Secretary may take it out; but the amendment of the Senator from Illinois maintains recognition of the fact that this provision of the bill is an appropriation, and it merely authorizes an appropriation. In that event, the appropriation would fall under the annual review of the Appropriations Committee, of course.

The PRESIDING OFFICER. The Chair has not had an opportunity to study the point of order. After discussion with the Parliamentarian, the Chair believes it may be neceessary to examine the precedents in connection with this matter.

The Chair wonders whether the chairman of the Foreign Relations Committee has any comments to make in connection with this matter.

Mr. FULBRIGHT. Mr. President, I think the precedents are so clear that the Chair would not need to study the matter. There have been many precedents. The form of this provision is precisely the same as the language used 2 years ago when the Senate voted to approve this very operation of borrowing through the public debt transactions.

The distinguished Senator from Virginia is an authority on this subject; and some time ago he was advised that the precedents are very clear against the point of order now made by the Senator from South Dakota. I did not know there was the slightest doubt about that, or I would have had a memorandum on it prepared.

The instances in which the Congress has authorized precisely the same operations were stated a few minutes ago, at great length, by the Senator from Vermont.

There are many precedents which authorize this procedure; and I have no doubt that the Parliamentarian will advise the Chair that the point of order is not well taken.

Mr. ROBERTSON. Mr. President, will the Senator from Arkansas yield?

Mr. FULBRIGHT. I yield.

Mr. ROBERTSON. I raised this point in connection with a housing bill, 2 years ago. I was convinced that the Senate did not have authority, under the Senate rule which requires authorization and appropriation, to bypass the Appropriations Committee and go directly to the Treasury, by calling the transaction a debt transaction, because a number of those items would never be paid off, although some of them were revolving funds which would be paid off.

But after I indicated that I intended to make the point of order, I was confidentially informed by the Parliamentarian that the Chair would rule against my point of order.

There has never been a decision that such a provision was in violation of the Senate rule. But the information which came to me from the Parliamentarian was that in some previous year there had been a ruling in the House of Representatives against a position similar to the one I had taken, and that the Parliamentarian would be inclined to follow that.

Then I checked among my colleagues; but I could not find among them support which would justify bringing the matter to a showdown on the floor of the Senate.

So I did not make the point of order, because I understood that if I did make it, the Chair would rule against the point of order, and then I would be obliged to appeal from the ruling of the Chair.

At that time certain items in the housing bill were so very popular that whether it was within the rules of the Senate or not made no great difference.

The situation has become so extreme now, with all the demands on the Treasury for gold from abroad, with $13 billion of deficit spending, when long-range Government bonds cannot be sold, as to raise the question whether we should continue this practice. That is my first point.

The second point is whether the Senate would like to have a definite solution of this point of order. We can have it. I could not say how the Parliamentarian would rule. All I received was the information that 2 years ago he was going to rule against the point of order. So I did not make the point of order, because I could not follow through successfully. Tonight it may be different.

Mr. CASE of South Dakota. Mr. President, if the Chair will hear me a moment further, it is true, as the distinguished chairman of the Foreign Relations Committee has said, that the same financing device was approved by the Senate by passage of the bill 2 years ago; but the point of order was not made. I invite attention to the report of the Foreign Relations Committee itself this time, on the pending bill, which reads in part, on page 15:

"It will be recalled that this is the same financing device which was proposed by the administration and approved by the Senate when the Fund was first established in 1957. As finally enacted that year, however, the law creating the Fund authorized appropriations totaling $1,125 million for 2 fiscal years."

In other words, Congress, on reflection of what the Senate had done in approving this matter as a public debt transaction, made a change before it finally enacted the authorization for the appropriation. It did not pursue this method.

It is true that the distinguished junior Senator from Virginia raised the question on the housing bill. I think I took part somewhat in the discussion at that time. It was deemed the better part of parliamentary discretion at that time, because of the popularity of the housing bill, perhaps, to avoid pressing for a decision. But here we are proposing to do something Congress has never done before, to say that for 5 years the Secretary can dip into the Treasury and draw out money to the extent of $1 billion a year. If it can be done for 5 years, if we are to say this will take place for 5 years, what is to prevent, the next time a bill comes before Congress, our saying it can be done for 10 years or 15 years or 20 years or 25 years? If money can be drawn from the Treasury by this kind of device, are we not appropriating money? Are we not drawing money from the Treasury? And the Constitution says no money shall be drawn from the Treasury but in consequence of appropriations made by law. If this is drawing money from the Treasury, it must, it seems to me, be regarded as an appropriation, and it would then fall under the rules of the Senate relating to appropriations.

Mr. FULBRIGHT. Mr. President, I do not think I need say any more about the question. The Export-Import Bank is a good example. It has been operating under the arrangement provided for in the bill for I do not know how many years. It is limited only by the loans it can reasonably approve, which now total some $9 billion. This is done time and again.

I do not know why the Senator would suddenly choose this particular occasion to raise the point of order. I am perfectly willing to let the Parliamentarian rule on the point. If this procedure had not been followed by Congress, many of the most important programs, as mentioned by the Senator from Vermont a few moments ago, could never have been carried out. I agree with the Parliamentarian and the position of the Senator from Virginia that he was convinced by the Parliamentarian there was no validity to this point of order.

The PRESIDING OFFICER. In view of the precedents of other legislation which has passed this body, including revolving funds created thereunder, even though the point of order was not squarely raised before, the Chair feels disposed to follow the precedents, and overrules the point of order.

The question is on agreeing to the amendment of the Senator from Illinois, Mr. DIRKSEN, to the committee amendment.

Mr. CASE of South Dakota. Mr. President, temporarily I appeal from the decision of the Chair, but I shall withdraw the appeal in a moment, after I make a statement. It is true that what is proposed has been done before, and has been done on other bills. Never, so far as I know, has it been done to the extent and in the direction here proposed, for authority to take as much as $1 billion a year out of the Treasury for 5 years.

I think this is an issue the Congress should face. In view of the fact that the point has just been raised, I am not sure we are prepared with the material I should like to present to the Senate, if the issue is to be voted upon in the nature of an appeal; nor do I think that the time this evening lends itself to the presentation of this issue. However, I want to say this is an issue which ought to be squarely faced by the Congress. Are we going to surrender the prerogatives that have been prescribed for the Appropriations Committee? Are we going to sacrifice the review procedures provided by annual appropriations and accept the kind of device which, by going around the Appropriations Committee, permits an expenditure to become a public debt transaction and permits the drawing of money out of the Treasury?

If it can be done for a $5 billion program, it can be done for more than that. If it can be done for 5 years, it can be done for 25 years.

In terms of amount and in terms of years, this is the most flagrant abuse of the idea that has come to my attention. If there were enough support and if enough Senators had listened to the debate on the point, I would not object to going to a vote on the appeal.

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

Mr. CASE of South Dakota. I yield.

Mr. AIKEN. If it appears that the borrowing authority of the Commodity Credit Corporation would be restricted, would the Senator go along with requiring the Commodity Credit Corporation to get an appropriation?

Mr. CASE of South Dakota. The Senator from South Dakota certainly would, in connection with the Commodity Credit Corporation, as well as the Housing Administration. The Senator from South Dakota has always thought they ought to be made subject to appropriations, and not have this kind of back-door appropriation.

Mr. AIKEN. If it is required in this instance, then I think we should at least from now on require that the borrowing authority should be transferred to appropriations. That goes for small business, big business, the Maritime Commission, stockpiling. To be consistent, the Senator would have to insist on that.

Mr. CASE of South Dakota. The Senator from South Dakota believes that is exactly the way it should be done. The Senator from South Dakota raised this issue in the House years ago. He is consistent in his position.

Mr. WILLIAMS of Delaware. Mr. President, if the Senator will yield, the Commodity Credit Corporation does get an appropriation. It has borrowing authority only, and it gets direct appropriations from the Treasury. Ultimately, we pay that which was borrowed.

Mr. AIKEN. To make up the losses; but it gets the money out of the Treasury.

Mr. WILLIAMS of Delaware. That is correct. To make up its losses it must get money from appropriations. It must be repaid. In this instance, there is no way to repay the money.

SEVERAL SENATORS. Vote! Vote!

The PRESIDING OFFICER. The question is, Shall the ruling of the Chair stand as the judgment of the Senate?

Mr. CASE of South Dakota. Mr. President, I said that I would withdraw the appeal. On further reflection, I think I shall not withdraw it. I ask for the yeas and nays on my appeal.

The yeas and nays were ordered.

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

Mr. CASE of South Dakota. I yield.

Mr. RUSSELL. I think the Senator from South Dakota is completely correct on the point of order he has made.

Mr. LAUSCHE. Mr. President, will the Senator speak louder?

Mr. CASE of South Dakota. Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order.

The Senator from Georgia may proceed.

Mr. RUSSELL. I shall vote to overrule the ruling of the Chair, with all deference to the Chair, because, in my opinion, the policy which is embraced in this amendment can lead to a serious impairment of the power of the purse and control of the purse that has resided in parliamentary bodies since the dawn of at least English parliamentary history.

If we delegate for 5 years the power to take a billion dollars from the Treasury without coming to the Congress, we will surrender some, at least, of the power of the purse, because a simple majority of the Congress could not alter what was done unless the President approved. It would require a two-thirds vote to override a veto to recapture the power of the purse.

This is an entirely different thing from an authorization. If the language of the bill as reported provided for an authorization for an appropriation of a billion dollars each year, of course it would be entirely consonant with the rules of the Senate and with the maintenance of the power of Congress over expenditures on an annual basis. This is going a long way from the original concept of Congress on matters which have to do with fiscal policies of the Government.

The Founding Fathers did everything they could to provide that each Congress would have a right by a simple majority to determine fiscal policies. The Founding Fathers even wrote into the Constitution a provision that no appropriation for the maintenance of the Army should be for a longer period than 2 years. If the Congress wants to authorize a billion dollars a year for loans it ought to authorize it and not appropriate for 5 years a billion dollars a year. It would take a two-thirds vote of the Congress, of each House, ever to recapture the power. It would matter not how strongly we felt it necessary, because the President could veto any bill which might interfere with this arrangement.

Mr. CASE of South Dakota. Before the distinguished Senator takes his seat, I wonder if I might ask his opinion with respect to an interpretation of a phrase in the Constitution which I have been using in connection with my point of view as to the defining of what is an appropriation. The Constitution, in article I, section 9, says, "No money shall be drawn from the Treasury, but in consequence of appropriations made by law."

Is it not the opinion of the distinguished Senator from Georgia that since the Secretary of the Treasury is authorized to use the proceeds of the sale of any securities issued under the Second Liberty Bond Act, and so forth, as set forth in the bill, he would be drawing money from the Treasury?

Mr. RUSSELL. This is not the first time we have done violence to my concept of the Constitution. This has happened in respect to a great many other bills, more particularly with respect to some of the housing bills. In my opinion, the Constitution provided that Congress should take two looks at these large expenditures of funds; one at the time of the authorization, and one when the appropriation was made according to law to meet the authorization. Under what is now proposed, the Congress would not get the two looks at the matter.

Mr. CASE of South Dakota. Mr. President, for the purpose of getting the point clearly before those who have come into the Chamber since this discussion started, my point of order is not that the bill may be unconstitutional. I am not arguing that the bill may be unconstitutional. I am saying that by the provisions of the Constitution the language in the bill constitutes an appropriation, for the Constitution says, "No money shall be drawn from the Treasury, but in consequence of appropriations made by law."

The language of the bill provides for drawing money from the Treasury, to the amount of a billion dollars a year for 5 years. The language even provides that if the money is not used in 1 year any unused portion can be used in the next year. The language is "any unused portion of the maximum applicable to any period shall be added to the maximum applicable to the succeeding period." This represents a drawing of $5 billion out of the Treasury in 5 years.

Mr. RUSSELL. It is a reappropriation which is something always considered to be in the power of the Appropriations Committee. It is a reappropriation of funds not expended each year.

Mr. CASE of South Dakota. If the language draws money from the Treasury, that constitutes an appropriation under the definition in the Constitution.

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

Mr. CASE of South Dakota. If it is an appropriation it must come, under the rules of the Senate pertaining to appropriations, only from the Appropriations Committee. It can be reported only from the Appropriations Committee.

I yield to the Senator from Illinois.

Mr. DIRKSEN. A parliamentary inquiry, Mr. President.

The PRESIDING OFFICER. The Senator will state it.

Mr. DIRKSEN. Will the Presiding Officer refresh the memories of Senators as to the basis for the ruling?

The PRESIDING OFFICER. The ruling of the Chair on the point of order?

Mr. DIRKSEN. Yes. If I correctly heard the Presiding Officer, the point of order was overruled on the ground that there was precedent for the language which is carried in the bill. I am not sure I correctly understand whether by "precedent" the Chair meant this was a practice which had not been successfully challenged heretofore, or whether it represented a careful analysis of the rule and of the language involved.

The PRESIDING OFFICER. The basis for the ruling of the Chair was that this practice has been followed on many previous occasions and has been acquiesced in by the Senate. On that basis the Chair found that at no time had the question been squarely presented, as it is now. Based on that history, on the basis of the action of the Senate the Chair overruled the point of order. There is now before the Senate an appeal from the ruling of the Chair.

Mr. CASE of South Dakota. Mr. President, of course, I doubt that anybody would maintain that simply because some law or rule was not enforced. It was repealed because it had not been used. If the issue has never been squarely presented to the Senate before for a definite ruling, perhaps it is because the issue was never so large or never seemed to be so flagrant an abuse of the rule as is the case now before us.

Again I state for the benefit of those Senators who have come into the Chamber during the debate, although the Senate did sanction this practice, so to speak, by passing the bill 2 years ago, the bill was changed before it became law. The authority for that statement is the report of the committee itself, where it says, at page 15, "this is the same financing device which was proposed by the administration and approved by the Senate when the Fund was first established in 1957. As finally enacted that year, however, the law creating the Fund authorized appropriations." So the language was changed before it became law.

Mr. KEATING. Mr. President, will the distinguished Senator yield?

Mr. CASE of South Dakota. I yield to the Senator from New York.

Mr. KEATING. Mr. President, with the utmost deference to the ruling of the Chair, I respectfully suggest that the mere fact that this question has not been raised before and that this method of financing has been contained in previous legislation could scarcely be construed to be a precedent dealing with the precise situation before us today. I have not completely made up my mind on the merits whether to support the committee amendment or the amendment offered by the distinguished Senator from Illinois. However I stress the fact that this point of order raises a fundamental issue. I agree entirely with the reasoning of the Senator from South Dakota that the language objected to constitutes a taking of funds out of the U.S. Treasury and is a matter therefore which under Senate rules should be handled by and should come to us from the Appropriations Committee. I, therefore, shall support the appeal from the ruling of the Chair, although I have great respect for the present occupant of the Chair and for his ruling. This back-door approach to the Treasury raises problems very much deeper than anything relating to this specific bill.

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

Mr. CASE of South Dakota. I yield to the Senator from North Carolina.

Mr. ERVIN. I should like to ask the Senator from South Dakota if the ruling of the Chair, in effect, is: Since there is no precedent on this subject, the absence of a precedent shall constitute a precedent adverse to the position of the Senator from South Dakota.

Mr. CASE of South Dakota. Apparently, whatever is the indicated ruling, it is adverse to the position of the Senator from South Dakota. [Laughter.]

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

Mr. CASE of South Dakota. I yield to the Senator from Colorado.

Mr. CARROLL. Will the distinguished Senator from South Dakota give his opinion on this matter: If we overrule the ruling of the Chair, what would be the effect upon the Dirksen amendment, which is now pending?

Mr. CASE of South Dakota. If the point of order were sustained and made to apply to the entire paragraph, the paragraph would come out of the bill. Actually, the point of order is primarily directed to the language beginning at line 23 dealing with the withdrawal of the money. If the point of order is sustained as made, all the language would come out and there would not be anything for the Dirksen amendment to amend. The remedy to the situation, of course, would be to reinstate the first part of the language and then simply make it an authorization for an appropriation.

Mr. CARROLL. Mr. President, will the Senator yield further?

Mr. CASE of South Dakota. I yield.

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

Mr. CARROLL. I understood the Senator yielded to me.

Mr. CASE of South Dakota. Yes, I yield to the Senator from Colorado.

Mr. CARROLL. My reason for asking the question is that it seems to me that if the point of order applies, as the distinguished Senator from South Dakota says, to the so-called Fulbright concept in the bill itself, it must necesarily apply to the Dirksen amendment. If the point of order applies to the Dirksen amendment, it would destroy the President's own program, because, by the words of the minority leader, this is the President's program.

Mr. CASE of South Dakota. Perhaps I should advise the Senator from Colorado that the language of the Dirksen amendment uses the words "authorization for an appropriation" and does not propose to draw money from the Treasury.

Mr. LAUSCHE. Mr. President, will the Senator from South Dakota yield to me so that I may supplement what he has said?

Mr. CARROLL. May I continue? Is it not true that the Dirksen amendment provides authorizations for successive years, with appropriations of $700 million for 1 year, $500 million for another year, and $300 million for another year?

Mr. CASE of South Dakota. It merely provides for authorizing an appropriation.

Mr. CARROLL. May I ask another question? The Senator from Colorado has not been present in the Chamber the entire time, nor has he been a Member of this body long. What would be the effect over a long period of time, if we legislated in this fashion? What would be the effect upon housing legislation? What would be the effect upon numerous other types of legislation if the Senate adopts the position advocated by the Senator from South Dakota, in view of the funds already provided and obligated? What would be the effect if the Senate should now sustain the point of order made by the distinguished Senator from South Dakota?

Mr. CASE of South Dakota. Of course, if action were taken now, it would not repeal legislation which is on the statute books authorizing certain things to be done. It would, however, create a precedent, so that hereafter, instead of taking money out of the Treasury without an appropriation bill, the form would be followed which we follow in connection with most domestic legislation, in which we authorize appropriations to be made.

Mr. CARROLL. I suggest to the Senator that if his concept of the Constitution is accurate, there will be a shutoff immediately.

Mr. CASE of South Dakota. No.

Mr. CARROLL. I think we should be very careful how we handle the situation.

Mr. CASE of South Dakota. The Senator from South Dakota has not said that the point of order rests upon constitutional grounds. He is not saying that the bill is unconstitutional, or that past legislation which used this device is unconstitutional. He has merely cited the Constitution to define what an appropriation is; and if this constitutes an appropriation, then it comes under the rules of the Senate relating to the reporting of appropriations.

Let me read the constitutional provision again, because I think there is an important distinction. The issue has never been presented quite so clearly. I am using the Constitution merely to define an appropriation:

"No money shall be drawn from the Treasury, but in consequence of appropriations made by law."

The question is: Does the language in the bill propose to draw money from the Treasury? If it draws money from the Treasury, it must be an appropriation. If it is an appropriation, then it comes under the rules of the Senate pertaining to the reporting of appropriations.

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

Mr. CASE of South Dakota. I yield.

Mr. LAUSCHE. I wished to touch upon the question raised by the Senator from Colorado, with reference to the application of the rule urged by the Senator from South Dakota, with respect to the Dirksen amendment.

Let us remember that the Dirksen amendment does not direct the Treasury to pay out the amounts identified by the Senator from Colorado. The Dirksen amendment specifically provides that each year an appropriation shall be made.

Mr. CASE of South Dakota. May be made. It authorizes an appropriation to be made.

Mr. LAUSCHE. It may be made.

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

Mr. CASE of South Dakota. I yield.

Mr. FULBRIGHT. As I understand, the Senator is not basing his point of order on the ground of unconstitutionality, but on the rules of the Senate. Is that correct?

Mr. CASE of South Dakota. That is correct.

Mr. FULBRIGHT. I invite the Senator's attention to the text beginning on page 70 of the volume on Senate procedure, in which the following language is found:

"DEFINITION OF GENERAL APPROPRIATION BILLS

" 'There is a distinction between what is commonly called a general appropriation bill and a bill providing for a special appropriation.' The 'rule itself was intended to include only the general appropriation bills, which are well defined, carrying general appropriations for the various departments.'

"In specific cases, the following have been held to be general appropriation bills within the meaning of rule XVI: Urgent deficiency appropriation bills, deficiency appropriation bills, river and harbor appropriation bills, all chapters of an omnibus or consolidated general appropriation as the one of 1950.

"In the 84th Congress, the bills considered to be general appropriation bills follow: Urgent deficiency, 1955; Treasury and Post Office, 1956; second supplemental, 1955; Labor and Health and Welfare, 1956; Interior, related agencies, 1956; Agriculture, 1956; independent offices, 1956; State, Justice, and Judiciary, 1956; Defense Department, 1956; District of Columbia, 1956; Commerce and related agencies, 1956; general Government matters, 1956; public works, 1956; legislative, 1956; mutual security, 1956; supplemental, 1956.

"DEFINITION OF SPECIAL APPROPRIATION BILLS

"All bills appropriating money which are not general in nature are considered as special appropriation bills and therefore not subject to the restrictions found in rule XVI. Examples of bills held by the Senate to be special appropriation bills follow:

"Relief appropriation bill of 1939 and 1940, work relief bill for 1943 (in the House), a joint resolution making appropriations for relief purposes; a joint resolution making appropriations for emergency relief purposes; a joint resolution providing additional appropriations for the Civilian Conservation Corps; a bill making appropriations to enable the Secretary of Agriculture to carry out the purposes of 'An act to provide further for the national security and defense by stimulating agriculture and facilitating the distribution of agricultural products'; a bill making an appropriation for farm relief in drought and storm-stricken areas; and a bill making an appropriation to enable the United States to make payments upon subscriptions to the capital stock of the Reconstruction Finance Corporation."

Is it not a fact that under the rule this is a special appropriation bill, and is not covered by the rule which the Senator cites as his reason for challenging this particular provision?

Mr. CASE of South Dakota. Responding to the Senator from Arkansas, I have two observations—first, if a proposal to appropriate $1 billion a year for 5 years is not an appropriation which comes under the rules which would place it under the jurisdiction of the Committee on Appropriations, we ought to redefine "appropriations."

Second——

Mr. FULBRIGHT. I did not say that this was an appropriation bill. The Senator said it was. I deny that it is an appropriation bill.

Mr. CASE of South Dakota. Does the Senator from Arkansas think this is an appropriation bill?

Mr. FULBRIGHT. This is an authorization to borrow money, which would be repaid to the Treasury. Most of the precedents already cited are in connection with programs to borrow money, to be repaid to the Treasury; but such a provision is not considered an appropriation, within the constitutional meaning.

Mr. CASE of South Dakota. Does the Senator understand that this is not a provision to draw money from the Treasury?

Mr. FULBRIGHT. Not in the sense in which that term is used in the Constitution. The money is borrowed. That is the language of the bill. That is the reason why, in the past, practically all such programs have involved authority to borrow money from the Treasury, which, it is contemplated, will be repaid to the Treasury.

This is an extremely far-reaching proposal. I had no notice that the Senator intended to raise any such point of order. It would seem to me to be dangerous and improvident to decide at this point a question which would affect the housing program, the seaway, to which reference has already been made, the Export-Import Bank, the International Bank, and other programs which are of the utmost importance to this Government. Such programs would be affected by the ruling. If the Senate is to decide a question of this importance, it should be submitted to the Committee on Rules and Administration for serious study. I would call it an extremely improvident act to decide an issue as important as this without any preparation, without any hearings, without even the benefit of the exhaustive study the Senator from Virginia prepared in a previous case, which I remember discussing with him. He had done a great amount of research, and we had the benefit of it.

I submit that on the narrow ground proposed by the Senator from South Dakota, relying on the rules of the Senate itself, the point of order does not apply.

Mr. CASE of South Dakota. Will the Senator from Arkansas advise the Senate why it was that 2 years ago, when the bill was finally enacted—I assume as the result of a conference—instead of following this plan, the bill was changed so as to authorize appropriations?

Mr. FULBRIGHT. I shall be very glad to tell the Senator; and I think that is at the root of the necessity for the procedure followed in the present bill.

For a long time the Senate Committee on Appropriations has had under consideration a move to outlaw or forbid any kind of procedure other than appropriations. The Senate had gone along, but in conference the House insisted upon a different procedure. As often happens, Senators having many pressing duties, and being members of various committees, gave way in this instance, for those and various other reasons.

Later the House, by its action, refused to allow anything. It was understood in the conference that if we would not insist upon our position the House conferees would be very lenient and considerate in recommending the appropriation of the necessary amounts, following the authorization of more than $1 billion.

As events proved, the House refused to appropriate anything this year in connection with the supplemental bill or rather, it did not appropriate the full amount authorized.

This only emphasizes the necessity for the procedure which the committee recommended. The House Committee on Appropriations does not confine itself to recommending appropriations. It has assumed the authority to make policy. When the House refuses to appropriate for a program such as this, for all practical purposes it denies the policy.

When it is asserted that this procedure takes away the control of Congress over these programs, that is a mistake. It does not take away the control of the Congress at all. The Committee on Foreign Relations is as much a part of the Congress as is the Committee on Appropriations. It is only human nature that members of the Appropriations Committee, like all other human beings, like to get all the power they can. This is especially true of the House committee. The record shows that the Senate committee has been extremely cooperative in carrying out the policy determined by the Congress as a whole; but in several instances the House has not been—specifically, in the case I have just mentioned, at the beginning of this year. The administration requested $250 million, and the House Appropriations Committee allowed nothing.

After a very long struggle on the part of the Senate, and insistence on the part of the Senate, together with the exertion of great efforts by the administration, the final result was an appropriation of $150 million.

The issue is within the Congress. Congress is not denied control. Congress will continue to have control over the programs through its legislative committees.

If the ruling of the Chair is overruled, complete authority over these programs will have been delegated to the Committee on Appropriations.

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

Mr. CASE of South Dakota. I shall be glad to yield in a moment. First, let me respond to the observations of the Senator from Arkansas.

First, I assure the Senator from Arkansas that had I known this provision was in the bill and had I known this question would arise, I would have conferred with him.

Mr. FULBRIGHT. It has been no secret. It has been well advertised.

Mr. CASE of South Dakota. There has been no secret about it. However, the Senator from South Dakota—and that is true of every other Senator—is busy with other duties, and does not always read bills before they reach the floor of the Senate. I had assumed, with respect to the Loan Fund, that inasmuch as 2 years ago the committee apparently acquiesced in the idea that there should be an authorization for an appropriation, the increase for the Development Loan Fund would also follow the same device as was used 2 years ago.

It was only as I went to the news ticker, after I came from a committee meeting this afternoon, that I read about the Dirksen amendment, and then compared it with the language which was proposed to be stricken, that it dawned on me that what was proposed was a change in the handling of the Development Fund.

Second, if 2 years ago it seemed to be the better part of discretion to make it an authorization for appropriation, when only $1,250 million was involved for 2 fiscal years, it might be the better part of discretion, in dealing with the House this time, to have an authorization for appropriation, unless it is planned to make an authorization for $5 billion covering 5 years.

I now yield to the Senator from Georgia.

Mr. RUSSELL. Mr. President, in a sense, I regret that this issue has arisen in this way, in this fashion, and at this time. But there cannot be any question, since the issue is here, that this provision of the bill collides squarely with rule XVI of the Senate, which provides that appropriations shall be considered by the Committee on Appropriations.

There cannot be any question that if the Senate adopts this provision and bypasses rule XVI, we are not only surrendering power now, but are binding the next two Congresses and handicapping them with amendments in dealing with this program.

If the Members of future Congresses, not yet elected, thought it wise to reduce the amount, a two-thirds vote would be required to undo something which we are asked to provide by a majority vote.

With respect to the argument as to the special appropriation, I invite attention to the last paragraph of the report of the committee, page 1, which reads as follows:

"In all, the bill authorizes appropriations for the coming fiscal year of $3,164,820,000. This is in addition to authority provided the Development Loan Fund to borrow up to $1 billion a year from the Treasury for each of the next 5 years for its lending operations."

In other words, under this peculiar arrangement, it will be necessary to give a general appropriation bill to deal with every item of the bill, which the committee report says is $3,164 million, except the $1 billion which goes into the Loan Fund. That is appropriated out of hand in this bill in violation of the terms of rule XVI. It is not

only violated out of hand under this provision for 1959; it is violated also for 1960, 1961, 1962, 1963, and 1964, because there is a general violation of the authority of rule XVI relating to the Committee on Appropriations.

The greater part of the money to be appropriated is handled under the rules of the Senate. But the billion-dollar Loan Fund receives special handling in violation of rule XVI, not only for this year, but also for the 4 ensuing years.

It would be a very simple matter to rewrite the provision and authorize an appropriation of $1 billion a year for each of 5 years. If that were done, it would be consistent with the rules of the Senate and with the policies which pertain to practically all the other spending operations of the Government.

It is quite true that there have been some provisions in housing bills which have been handled in this way. In my opinion, they are violative of rule XVI. I think there ought to be an authorization to provide a special appropriation. This is simply a general authorization with an attempt made to exclude $1 billion of it from having to follow the course of other appropriations by going before the Committee on Appropriations.

Mr. CAPEHART. Mr. President, will the Senator from South Dakota yield?

Mr. CASE of South Dakota. I yield to the Senator from Indiana.

Mr. AIKEN. Mr. President, may we have the regular order? I do not think one Senator ought to hold the floor indefinitely and yield to others to make speeches.

Mr. CASE of South Dakota. I yield the floor.

Mr. CAPEHART. I want to talk about the practical aspects of the matter, not whether the Federal Government should or should not lend money. The practice of authorizing the Treasury to lend money has developed as a result of Congress authorizing or passing laws to enable the Federal Government to lend money to many different kinds of projects.

For example, there are two kinds of expenditures at the moment in the Federal Government. One is expenditures for business purposes, expenditures which we would call expenses. In other words, the money is spent 100 percent as expenses. The Government never expects to get it back.

In the case of a bank, a bank lends money and expects to get the money back. It lends the money out of its treasury, and the loans are repaid to the treasury. It seems to me that we ought to set aside this request for a ruling tonight and that the Senate ought to give a little thought, possibly, to going before the Committee on Rules and Administration to establish a policy or adopt a rule whereby all moneys which it is intended to lend, and as to which it is expected it will be returned to the Treasury, could be handled on an authorization basis, such as the bill provides.

When we authorize the Treasury to lend money for a specific purpose, such as the Export-Import Bank, the Commodity Credit Corporation, the International Bank, and a half a dozen housing projects, we do not know whether the money will be lent in 1 year or over a longer period of time.

Therefore, if we appropriate $1 billion, and there is a request for only $500 million to be loaned, then there is $500 million in an appropriation bill which will not be used.

It seems to me that we ought to set this matter aside. The Senator from South Dakota could submit a resolution to be referred to the Committee on Rules and Administration, to enable a study to be made of the advisability of setting up a system to handle loans which we know will be loans, as compared with what might be termed expense matters.

I think we would be much better off to authorize the Treasury to lend money, in instances when the money will be repaid to the Treasury, than we would be to go the appropriation route. I think we ought to have all the safeguards that we can possibly get with reference to authorizations for the Treasury to lend money for specific purposes.

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

Mr. CAPEHART. I yield.

Mr. SPARKMAN. I think the Senator from Indiana has made a very fine point; namely, that instead of considering this proposal as a single-shot method, there ought to be a determination, once and for all, across the board. The Senator has suggested that a resolution be offered in order to arrive at that determination. I am certain the Senator is aware of the fact that in the House a resolution has been offered. I believe it is still pending in the Committee on Rules. If adopted, it would touch on these various programs. A movement such as is being considered here would affect only one individual program.

What is difficult for me to understand is how only a few weeks ago the administration itself asked for this very kind of program in connection with the International Monetary Fund. That program was advocated, I am sure, by the majority leader. I imagine the Senator from South Dakota and probably all other Senators on the other side of the aisle, as well as on this side of the aisle, favored it. Why we should now, in one particular program, seek to strike it, I fail to understand.

Mr. CAPEHART. As a practical business matter, there would be better control over the funds and over the money if the Treasury were authorized to lend money to the corporations or the institutions to which the loans are to be made, than by the appropriation route, in my opinion.

If we appropriate the money, the attitude will be taken that it is appropriated and will be gone. But since we are going to lend money which will be repaid and are going to have collateral—a note or some other sort of instrument—it seems to me, purely from a business standpoint and a practical standpoint that it would be better to go that route than the appropriation route.

If it is the will and the judgment of the Senate, after studying the program and after referring it to the Committee on Rules and Administration, that we ought to do this, then we ought to treat all similar projects alike. We ought to treat the Commodity Credit Corporation, the Housing Authority, the International Bank, the Export-Import Bank, and others, alike. We ought to say, "From now on we will appropriate money rather than to go the route we have been going."

I, myself, would favor a rule which provided that when the money has been expended and the Government never expects it to be returned, such funds be considered by the appropriation route.

When the money is to be lent, and we expect it to be returned when the loans are repaid to the Treasury, I think it would be wiser to go the other route.

For example, let us consider the amount of money which the Commodity Credit Corporation will lend this year. Let us consider the amount the Export-Import Bank will lend. Let us consider what the International Bank and the Housing Authorities will spend. When we consider all these projects, the amount runs into a large sum. It runs up the appropriation bill. No particular amount of money is saved for the Government, but a great deal of money is appropriated, without knowing how much of it will be loaned.

I prefer to make certain that we authorize the Treasury to loan the money, and put the Treasury in a position to be certain that the money will be paid back, and have the money paid back to the Treasury; and in the case of the 100 percent expenditure items—items which we do not expect will result in the repayment of any of the money—handle them by means of appropriations.

Therefore, I believe we should study this problem. I am generally in favor of tightening up on the procedure. But I do not think that should be done in connection with the pending bill.

Mr. CASE of South Dakota. But first an appropriation to the loan fund should be authorized.

Mr. CAPEHART. But the $1 billion will stand as an appropriation. It may well be that the loans will amount to $200 million; but $800 million more will then have been appropriated.

Mr. CASE of South Dakota. No; we could merely have authorized the appropriation of $1 billion, and then what was actually needed would be appropriated.

Mr. CAPEHART. But what is the difference between appropriating the money and saying, "Pick up the money whenever you need it," and saying to the Treasury, "Advance the money when it is needed"?

Mr. CASE of South Dakota. Because then the Appropriations Committee will have an opportunity to make its annual review.

Mr. CAPEHART. I have great respect for the Appropriations Committee, but I do not believe it is wiser than any of the other committees.

If, under the House of Representatives rules, control of all the money were to be placed in the hands of the chairman of the Appropriations Committee, a great deal of trouble might develop.

Mr. ALLOTT. Mr. President, in my opinion there are very many basic and philosophical reasons why it is wise to pursue the course of tightening up and of returning the appropriations to the hands of the Appropriations Committee.

The legalities of this matter have been discussed at some length.

In my opinion, this matter comes under rule XVI of the Senate rules. In fact, I should like to use the citation the Senator from Arkansas himself used; I refer to the volume entitled "Senate Procedures." The Senator from Arkansas referred to page 70 of that volume. Thereafter, on page 71, we find the following:

"In the 84th Congress, the bills considered to be general appropriation bills follow:"

And in the following list, the next to the last item is:

"Mutual security, 1956."

So there is no question that under the Senate rules this is an appropriation matter, and falls within rule XVI.

I should like to address myself to one or two points. I see on the floor the Senator from Louisiana, and I am sure he will recall what I am about to say.

It is said that this provision will simply constitute borrowing, and that all of the money is to be repaid.

The Senate has the intention of getting away from the old idea of making grants and gifts to the various nations; and, instead, the Senate wishes to loan them money by means of the Development Loan Fund.

This year in the Appropriations Committee the officers of the Development Loan Fund testified. If I recall correctly—and I believe I do, although I do not have the hearings before me at the moment—they testified that one-third of these funds will be loaned in soft currencies or will be repayable in soft currencies. That means that there would be a long, long time before the money which they would loan from the Treasury would be repaid.

Knowing that, and knowing that a considerable portion of this money would, in the long run, be an actual appropriation—and I think the Senator from Indiana is mistaken in his concept of the nature and the kind of

these loans—at that time I questioned the officers as to the nature of the security. They take the notes or bonds of these people; but very rarely do they take mortgages. So we depend on the credit of these countries, and do not usually hold mortgages for the amounts loaned.

I think the Senate should look into this area, with the idea of tightening up on the law.

So I conclude my comments by stating that the authorities cited by the Senator from Arkansas say that this is a general appropriation.

Furthermore, Mr. President, I point out that when we engage in this procedure, we know that a considerable portion of the money, at least, is an actual appropriation.

Mr. ROBERTSON. Mr. President, will the Senator from Colorado yield?

Mr. ALLOTT. I yield.

Mr. ROBERTSON. Is it not a fact that the purpose of this trust fund is to make loans to underprivileged nations that do not have sufficient bankable security to obtain loans either from the International Bank or from the Export-Import Bank?

Mr. ALLOTT. That is correct.

Mr. ROBERTSON. Consequently, it is not realistic for us to fail to face up to the fact that much of the money will never be repaid. The recipient countries will not be able to repay it.

Mr. ALLOTT. By the terms of the loans themselves, some will be repayable in the soft currencies of the countries to which the loans are made.

Mr. ROBERTSON. Absolutely.

Mr. HOLLAND. Mr. President, I have supported the Development Loan Fund, both when it was created and when it had to be supplemented by additional appropriations, approximately 2 or 3 months ago. I did so because I believe in loans as a better method of extending the help of our strong financial arm, rather than to proceed by way of grants or gifts. It is as a friend of this particular type of activity, as contrasted with grants and gifts, that I make these remarks.

First, I should like to call attention to the fact that the question is not—as stated by the Senator from Indiana—whether the funds will be expended and gone from the Treasury or whether they will be invested and later may be returned.

The Constitution provides:

"No money shall be drawn from the Treasury, but in consequence of appropriations made by law."

There is no question that money will be drawn from the Treasury, under this measure. Money may be lawfully drawn from the Treasury, under this measure, if it be passed and enacted into law, up to the amount of $1 billion a year, for 5 years, and up to the amount of the accumulated balances during the 5 years, and up to the amount of the repayments made during those 5 years, because a revolving fund is set up.

So it is completely idle for anyone to say that this is not an appropriation bill—and a very large appropriation bill—or to say that it does not come within the purview of the Senate rules which relate to appropriation bills.

Mr. President, some of my friends in their earlier remarks indicated that they were fearful that if the ruling of the Chair were not sustained in this case, difficulties would be created in the case of existing housing programs, the seaway appropriations, and other programs which have been handled in this manner. But such a conclusion would be completely erroneous, because here the only question is whether, under the rules of the Senate, the procedure in the case of the pending bill is sound.

Many measures which are passed by the Senate could be attacked by the making of a point of order at the proper time. But often at the time the Senate is so united in its view that the objective of the measure is sound and salutary, that no point of order is raised.

Having served for some years on the Appropriations Committee, I know it is hardly ever that an appropriation bill comes here from the other body without containing numerous items of legislation which could have been stricken out if points of order were made appropriately in the other body.

I also know that as our Appropriations Committee has reported such measures to the Senate, and as they have been passed, there have been frequent additions to the bills by way of affirmative legislation to which no point of order has been raised; and such provisions are perfectly legal when passed in that way.

I remember that last year, when I was handling, here on the floor, the appropriation bill for the Department of Commerce and related agencies—a bill in which our committee had included a provision to allow more high-rated positions in the CAA, which at that time was being very much enlarged—there was a colloquy and debate with my distinguished friend, the Senator from Kansas, and with my distinguished friend, the Senator from South Carolina. But when they realized the salutary nature of the provision which was included, they graciously consented not to raise the point of order; and the bill was passed and was enacted into law with that provision in it; and it was enacted in such a way as to redound to the better serving of the objectives which the CAA carried out.

Scarcely an appropriation bill which the Senate passes fails to contain one or more—sometimes many more—provisions of that sort.

So my friends do not need to worry about how legislation already enacted or already passed may be affected if the ruling of the Chair is not sustained. In that event, such legislation will not be affected in any way, because no point of order was raised at the time of its consideration.

I am sure that in the future there will be times when the Senate will decide that it is wise legislative procedure to overlook the raising of a point of order, when it is proposed to do something very necessary in a certain field, and when the actual cost, at the time when the Senate acts, cannot be assessed.

Mr. President, in this proposed legislation we are asked to appropriate $5 billion, to be spent once, twice, or as many times at it may be paid back, without further control by the Appropriations Committee, which in itself is a minor matter, without the power on the part of Congress to revert to the other system in the event it cannot override the veto of a President who is anxious that this system prevail.

I can understand why this provision was written into the bill. It was because the Executive thought the Congress should have been more generous than it saw fit to be, in the supplemental bill of 2 or 3 months ago, in the granting of additional funds for the Development Loan Fund.

In the expenditure of funds so large as these are, and on an objective which is as subject to question as this is, in which the Congress has insisted on having first an authorization bill and then an appropriation bill in each year in which the foreign-aid program has been operating, it seems to me we have a question which is so very vital and one in connection with which the discretion of the Congress should be kept in the picture, in behalf of the taxpayers and the protection of the Treasury, that the Senator from South Dakota was completely justified in raising his point of order, and the Senator is completely justified in standing back of it.

One more remark and I shall be through. No one attaches any criticism at all to the Presiding Officer for his ruling. He very properly referred the matter to the Parliamentarian, and ruled in accordance with what the Parliamentarian advised him, which was the proper course for him to follow. The Parliamentarian has in effect advised that, since the Congress has seen fit not to raise points of order in previous legislation which was highly beneficial to our country, and which was desired to be passed, therefore the point of order could not be raised at this time and on this particular item.

I do not think that reasoning is logical. I do not think that conclusion follows at all. Just as the Senate exercises its judgment from time to time on matters of legislation in appropriation bills, refusing to raise the point of order on some and raising it on others, so may we always—and I hope we shall always—have the right to raise a point of order when a vital matter to our people is involved; and certainly this is such a matter.

Mr. President, may I say, before I take my seat, certainly the Senator from Arkansas and his committee are not to be criticized in any way for what they have done, because they have made so clear what they intend to do. The Senator from Georgia, or perhaps it was one of the other Senators, has already read the language on page 1 of the report, making it very clear that, in addition to the appropriation which is to be made under this authorization, there is authority granted for the Development Loan Fund to borrow $1 billion a year for the next 5 years. The report could have gone ahead to make it clear that moneys paid back could be reloaned, but that was not necessary.

If Senators will read pages 15 and 16 of the report they will find the committee laid this matter straight on the line, so there could be no question as to what was intended. Speaking of these particular subsections, the report states:

"These subsections effect a major change in the method of financing the Development Loan Fund. Instead of an authorization of appropriations of $700 million for fiscal 1960, as proposed by the administration, the committee bill gives the Fund authority to borrow from the Treasury up to $1 billion a year in each of 5 fiscal years beginning in 1960. Any unused portion of this borrowing authority in 1 year is to be added to authority available in succeeding years. The Secretary of the Treasury is authorized to meet the Fund's needs by a public debt transaction."

That does not mean the funds are not going to be spent from the Treasury. Whether they are spent at the time they are turned over to the Development Loan Fund or at the time they are turned over to our neighbors all over the earth, they are certainly going to be drawn from the Treasury; and that is the wording of the report.

While I compliment the committee for being frank—and I hope Senators will read the rest of the statement, because it makes clear what is intended to be done—I hope Senators will also be equally firm in their insistence that in a far-reaching, longtime, huge money matter, so contentious as this has been from year to year, the Congress shall retain from year to year the power to pass upon this program and the power to say whether we shall continue it and in what amount.

I hope the ruling of the Chair will be overruled.

Mr. CARROLL. Mr. President——

The PRESIDING OFFICER. The Senator from Colorado.

Mr. AIKEN. Mr. President——

Mr. CARROLL. I yield to the Senator from Vermont, who has been seeking to be recognized.

Mr. AIKEN. I have some pertinent information to put in the record.

Mr. CARROLL. Would the Senator mind if I first made a short statement?

Mr. AIKEN. No.

Mr. CARROLL. Mr. President, I have had real qualms about the present bill and the 5-year, $5 billion program proposed by the committee. I am not at all averse to having an appropriation made from year to year. I want that distinctly understood. What I am concerned about is that programs that have existed for 25 to 30 years are jeopardized and within a relatively short debate we will have very able Senators making a hasty argument on a point of order which could affect billions of dollars of such programs. I do not think that is legislating responsibility.

This is why I make a suggestion. It has been made before by the distinguished Senator from Alabama, by the distinguished Senator from Arkansas, and by the distinguished Senator from Indiana. Let the resolution of the matter before us go to the Committee on Rules and Administration. Does anyone doubt, if the point of order is sustained this evening, it will affect housing and other legislation which has been enacted in the past 20 or 25 years? If the point of order is to be sustained, it should be made to apply across the board, and it should be done intelligently.

I make this as a last suggestion: If the Senate sustains the ruling of the Chair, there is nothing to prevent the Senate from later moving to protect the principle involved, if the Senate so desires.

Mr. President, may we have order? It is disconcerting to have so much conversation going on. I would like at least to be able to reflect on my own thoughts.

The PRESIDING OFFICER. The Senate will be in order.

Mr. CARROLL. The point I want to make is that it will be highly unwise for the Senate to take hasty and ill-advised action on a totally new subject which might have an injurious effect on legislation which has been in existence for 25 years. There have been two or three legal opinions expressed, and I respect the opinions, but they are impromptu opinions. No precedents have been cited. Nobody knows how deeply such action would affect other appropriations.

With all due deference to the distinguished Senators who have spoken on the matter, I think they do not know fully at this hour the extent to which other appropriations would be affected. I think I can make that statement with some confidence of accuracy no matter how persuasive their arguments may sound.

Let us assume the Senate sustains the Chair and proceeds from that point. Presumably the Dirksen amendment will then be considered. If it is not, the Senate will proceed with the bill. In the meantime, a proper resolution on this subject could be considered by the Rules and Administration Committee. No harm would be done, because the program does not really become effective for a year. What we are talking about is a loan program, which is completely controllable. In the argument of the Senator from South Dakota, it is true he was not interpreting the Constitution, but he was interpreting the constitutional definition of what is meant by an appropriation. The senior Senator from Colorado, Mr. ALLOTT, stated that the mutual security program is within rule XVI. What is there to worry about? Let us not have any hasty action at this time.

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

Mr. CARROLL. I yield.

Mr. HOLLAND. Having in mind the constitutional words that no money shall be drawn from the Treasury but in consequence of appropriations made by law, does the Senator contend the $5 billion which could be taken out of the Treasury and loaned under this measure would not be drawn from the Treasury?

Mr. CARROLL. The junior Senator from Colorado contends this is an issue which should be discussed in the Committee on Rules and Administration, and not tried to be passed on in the Senate in a few minutes, in an atmosphere of first impression. I could very easily agree that if I were rendering a quick interpretation, an off-the-cuff opinion, I might agree that the distinguished Senator from Florida is correct; but this is not the way to legislate, in my opinion, on so serious a question with such far-reaching, historical implications.

Mr. President, I yield the floor.

Mr. AIKEN. Mr. President, it is my understanding that if the decision of the Chair is overruled by the Senate, in effect we shall have decided that borrowings from the Treasury which are made without authorization in an appropriation bill are not legal, or at least we shall have cast serious doubt upon their legality.

Mr. President, I should like to read into the RECORD a list of borrowings from the Treasury which have been made by various agencies, and then comment very briefly.

The Commodity Credit Corporation owes the Treasury $13,730 million.

The Rural Electrification Administration owes $2,962 million.

The Farmers Home Administration owes $403 million.

The Export-Import Bank of Washington owes $1,888 million.

The Housing and Home Finance Agency owes $2,819 million

The International Cooperation Administration owes $1,172 million.

The Reconstruction Finance Corporation, of course, is liquidated now, but it borrowed untold billions of dollars.

The St. Lawrence Seaway Development Corporation owes the Treasury $112 million.

The Veterans' Administration, direct loan program, owes $930 million.

The Defense Material Service of the GSA, for strategic materials stockpiling, owes $1,937 million.

The U.S. Information Agency, for Informational Media Guarantees; the Department of the Army, for the Natural Fibers Revolving Fund; the Small Business Administration; and the Department of Commerce, Maritime Administration, for the Federal Ship Mortgage Insurance Fund owe approximately $21 million.

The Tennessee Valley Authority has been financed through borrowings from the Treasury, although the bond-issuing authority has now been withdrawn except as it relates to retiring old bonds.

Besides those investments by the Treasury, the Treasury now holds securities amounting to $258 million in the Bank for Cooperatives; $699 million in the Federal Home Loan Bank; $1,206 million in the Federal Intermediate Credit Bank; $1,792 million in Federal land banks; $1,947 million in the Federal National Mortgage Association.

That makes in all, for notes and other securities held, about $31,800 million. Some of these borrowings were authorized through the Appropriations Committee and others were not.

It is my understanding that the Housing and Home Finance Agency, which owes the Treasury $2,819 million, did not have its borrowings authorized by the Appropriations Committee; that the Veterans' Administration direct loan program, $930 million, was not authorized by the Appropriations Committee; and, furthermore, that by this very law on which we are working there have already been guaranteed private investments abroad amounting to $500 million, almost the last dollar of which has been committed, and that there is authorization for $500 million more in the bill which we are considering.

If there are losses on those private investments abroad, the insurance must be paid first through the premiums on hand, which amount to the grand sum of $4 million, and beyond that they will be paid by notes given by the Director of the ICA to the Treasury.

Those are three items—the Housing and Home Finance Agency, the Veterans' Administration direct loan program, and the guarantee of private investments abroad—which I feel would be seriously jeopardized by overruling the decision of the Chair at this time.

Mr. CASE of South Dakota. Mr. President, will the Senator yield?

Mr. AIKEN. I yield.

Mr. CASE of South Dakota. I think the Senator overlooks the fact that all of those things have been done by law. I do not think we would impair the validity of any law which has been passed.

Mr. AIKEN. No.

Mr. CASE of South Dakota. Even though the money has been taken from the Treasury by this device, if it was done as the result of a law, it conforms to the constitutional provisions.

Mr. AIKEN. I believe two of our colleagues on the floor have been quoting from the rules of the Senate to the effect that unless the authorizations went through the Appropriations Committee they would not be legal.

Mr. CASE of South Dakota.. No.

Mr. AIKEN. That is my understanding.

Mr. CASE of South Dakota. The Senator misses the point. We have not contended those actions were not legal. This would be legal if Congress did it, and the bill became a law.

Mr. AIKEN. And we made the appropriation. Yes, indeed; I agree.

Mr. CASE of South Dakota. Either way. If Congress passes the law, it will be drawing the money from the Treasury by law. It is the contention of the Senator from South Dakota that since it is an appropriation it should be handled under the rules of the Senate pertaining to appropriations.

Mr. AIKEN. If the contention of those who are opposed to the provisions of the bill is correct, then the Housing and Home Finance Agency, the Veterans' Administration, and the program of guarantees for private investments abroad have all been illegal programs up to this point.

Mr. CASE of South Dakota. Those are not illegal. They have been authorized by law.

Mr. AIKEN. They did not go through the Appropriations Committee.

Mr. CASE of South Dakota. But that is not the point. It is not a question of whether these things are legal. If the point of order was not made when the law was passed, then they are legal.

Mr. AIKEN. Let us consider the REA. The Comptroller General has already driven one spike into the coffin of the REA. Do we want to drive another one? I expect some do, but I do not.

Mr. CASE of South Dakota. No. As a matter of fact, most REA funds have come as a result of appropriations, and there has been an authorization to make appropriations.

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

Mr. AIKEN. I yield.

Mr. KEATING. It seems to me that perhaps there is confusion over the fact that this would not have any effect on legislation already on the statute books.

Mr. LAUSCHE. Mr. President, will the Senator please speak a little louder.

Mr. KEATING. Clearly, if we were to overrule the decision of the Chair it would have no effect whatsoever on legislation now on the statute books. I think it would mean, as for the future, that such a method of what one perhaps might call back-door fi-

nancing would not be permitted, and that hereafter such appropriations would have to go through the Appropriations Committee. This certainly would not have an effect on anything already in the law.

Mr. AIKEN. Mr. President, I will say that the Comptroller General has questioned the legality of loans to the REA cooperatives 18 years after the bill which purported to authorize such loans was passed. If the Comptroller General can do that with regard to the REA, certainly it would put other agencies in equal jeopardy if we take this action and overrule the decision of the Chair.

There may be more opposition to the REA in some quarters than there is to some of the other agencies, but I do not see how we can question the legality with respect to one agency and not with respect to the others.

I think we should really know what we are doing. I do not know how many agencies, in addition to the three I have mentioned, have obtained their borrowing authority outside the Appropriations Committee. There may be others. These three have been called to my attention while I have been on the floor.

Mr. President, if there is no more discussion on this matter, in order to simplify the vote, I move to lay on the table the appeal of the Senator from South Dakota from the ruling of the Chair.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Vermont to lay on the table the appeal of the Senator from South Dakota from the ruling of the Chair.

Several Senators addressed the Chair.

Mr. CASE of South Dakota. Mr. President, a point of order.

Is an appeal from the ruling of the Chair subject to a motion to lay on the table?

The PRESIDING OFFICER. An appeal from the ruling of the Chair is subject to a motion to lay on the table; and, therefore, the motion of the Senator from Vermont is in order.

Mr. LAUSCHE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The motion to table is not debatable. The Chair will entertain a parliamentary inquiry. The Senator will state it.

Mr. LAUSCHE. Does the order for the yea-and-nay vote applying to the appeal of the Senator from South Dakota apply to the motion of the Senator from Vermont?

Mr. AIKEN. Mr. President, in case it does not, I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Vermont to lay on the table the appeal of the Senator from South Dakota from the ruling of the Chair. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The Chief Clerk proceeded to call the roll, and Mr. AIKEN voted in the affirmative and Mr. ALLOTT voted in the negative when their names were called.

Mr. THURMOND. Mr. President, I wonder if the Presiding Officer will clearly state the question. As I understand the situation, a vote "yea" is a vote to sustain the ruling made by the Presiding Officer; and a vote "nay" is a vote to sustain the position of the Senator from Georgia, Mr. RUSSELL, and the Senator from South Dakota, Mr. CASE, to overrule the decision of the Chair. Is that correct?

The PRESIDING OFFICER. Essentially it is correct. The Senator from South Carolina makes inquiry as to the effect of a vote on the motion to table. If the vote is "yea" and the motion to table is agreed to, then the whole question of appealing from the ruling of the Chair will be laid on the table, and the Senate will proceed to consideration of the amendment to the bill.

Mr. LAUSCHE. Mr. President——

The PRESIDING OFFICER. The Senator from Ohio.

Mr. LAUSCHE. This may be repetitious, but do I correctly understand we are not now voting on the appeal from the ruling of the Chair, but are voting on a motion to table?

The PRESIDING OFFICER. The Senator is correct. The vote is on the motion to table the appeal from the ruling of the Chair.

Mr. CLARK. A parliamentary inquiry, Mr. President.

Mr. FULBRIGHT. Mr. President, I ask for the regular order.

The PRESIDING OFFICER. The Senator from Pennsylvania will state his parliamentary inquiry.

Mr. CLARK. A vote "yea" on the motion to table is a vote in opposition to the point of order; is it not?

The PRESIDING OFFICER In effect that is correct.

The clerk will resume the call of the roll.

The Chief Clerk resumed and concluded the call of the roll.

Mr. MANSFIELD. I announce that the Sentor from New Mexico, Mr. CHAVEZ, the Senator from Rhode Island, Mr. GREEN, and the Senator from Montana, Mr. MURRAY, are absent on official business.

I also announce that the Senator from Wyoming, Mr. O'MAHONEY, is absent because of illness.

The Senator from Tennessee, Mr. GORE, is absent on official business attending the nuclear test suspension conference in Geneva, Switzerland.

On this vote, the Senator from New Mexico, Mr. CHAVEZ, is paired with the Senator from Rhode Island, Mr. GREEN. If present and voting, the Senator from New Mexico would vote "nay," and the Senator from Rhode Island would vote "yea."

On this vote, the Senator from Connecticut, Mr. BUSH, is paired with the Senator from Montana, Mr. MURRAY. If present and voting, the Senator from Connecticut would vote "nay," and the Senator from Montana would vote "yea."

Mr. KUCHEL. I announce that the Senator from Utah, Mr. BENNETT, and the Senator from Iowa, Mr. HICKENLOOPER, are absent on official business of the Joint Committee on Atomic Energy.

The Senator from Connecticut, Mr. BUSH, is necessarily absent.

If present and voting, the Senator from Utah, Mr. BENNETT, would vote "nay."

On this vote, the Senator from Connecticut, Mr. BUSH, is paired with the Senator from Montana, Mr. MURRAY. If present and voting, the Senator from Connecticut would vote "nay," and the Senator from Montana would vote "yea."

The results was announced—yeas 42, nays 48, as follows:

Yeas, 42: Aiken, Anderson, Bartlett, Cannon, Capehart, Carlson, Carroll, Case of New Jersey, Church, Clark, Cooper, Dodd, Douglas, Engle, Fulbright, Hart, Hartke, Hennings, Humphrey, Jackson, Javits, Johnson of Texas, Kefauver, Kennedy, Kerr, McCarthy, McGee, McNamara, Magnuson, Mansfield, Morse, Moss, Muskie, Neuberger, Prouty, Proxmire, Randolph, Sparkman, Symington, Williams of New Jersey, Yarborough, Young of Ohio.

Nays, 48: Allott, Beall, Bible, Bridges, Butler, Byrd of Virginia, Byrd of West Virginia, Case of South Dakota, Cotton, Curtis, Dirksen, Dworshak, Eastland, Ellender, Ervin, Frear, Goldwater, Gruening, Hayden, Hill, Holland, Hruska, Johnston of South Carolina, Jordan, Keating, Kuchel, Langer, Lausche, Long, McClellan, Martin, Monroney, Morton, Mundt, Pastore, Robertson, Russell, Saltonstall, Schoeppel, Scott, Smathers, Smith, Stennis, Talmadge, Thurmond, Wiley, Williams of Delaware, Young of North Dakota.

Not voting, 8: Bennett, Bush, Chavez, Gore, Green, Hickenlooper, Murray, O'Mahoney.

So Mr. AIKEN's motion to lay on the table the appeal by Mr. CASE of South Dakota from the ruling of the Chair was rejected.

The PRESIDING OFFICER. The question is, Shall the decision of the Chair stand as the judgment of the Senate? On this question the yeas and nays have been ordered.

Mr. COTTON. Mr. President——

Mr. BYRD of Virginia. Mr. President, I yield 1 minute to the Senator from New Hampshire.

Mr. COTTON. Mr. President, on August 3—a little more than 1 week ago—as part of a regular report which I wrote to my constituents, I stated, in brief form, my reasons for supporting the Byrd amendment.

Because of the shortness of the time available, I ask unanimous consent that an excerpt from that report be printed at this point in the RECORD, as a statement by me.

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

STATEMENT BY SENATOR COTTON, OF NEW HAMPSHIRE

Now comes the last of the major requests of the President—foreign aid. Resistance to this program has been building up, but the impact of the Berlin crisis may break it down and give the President what he wants. The main point in controversy is not the amount the President is requesting for the coming year but the authority he seeks to take billions direct from the Treasury over the next 5 years without any control by the Congress—a long-term $9 billion blank check. Twice during the Eisenhower administration similar carte blanche authority was proposed, but Congress refused. I have just reread the report I wrote you 2 years ago (July 1959). This is what I said:

"Now, for the 13th successive year I must touch on foreign aid. (It started as the Marshall plan my first year in Congress.) Almost anything you might say about foreign aid is true. It has done sensible things and it has done foolish things. It has spent money wisely and it has spent it wastefully. It has made us friends abroad and it has lost us friends abroad. Reasonable men may argue that no price is too high for peace and security and the program must continue in full force, or even be expanded. Others can advance logical reasons why it is sheer waste and should be ended. Neither view is correct. The truth lies in between.

"Certainly we can't abandon South Korea or forsake Formosa. The Chinese Reds would spill into the Pacific, engulf Japan and the Philippines, and be at our very doors. Should we cancel aid to Turkey and Iran, the Soviets could grab the oil pool of the Middle East. Up would go the cost of the oil that heats your home, operates your factory, or runs your automobile.

"These are old and oft-repeated points, but this year we found ourselves up against a brandnew issue in foreign aid. That was the question of a built-in program. For 13 years I have been a stanch supporter of mutual security, although I have helped to prune its more lavish expenditures, but this year I was among those who took the floor, spoke and fought against this new concept of a permanent program. It would authorize billions of dollars, years in advance, wholly in the hands of the executive, without the need of coming back to Congress each year. The supreme function of your Congress is to watch expenditures year by year, to weigh them, to pare them, to eliminate them when possible. Once we surrender that function, there is no longer need of a Congress. We would have an American version of totalitarianism."

This year I support a reasonable foreign aid program now just as I did in 1959. Indeed, in this time of stress the moral effect alone would be disastrous if Congress rebuffed the President and destroyed the program. But I shall fight against this blanket authority now as I did then. Foreign aid should not be allowed to run uncontrolled, and Congress should not abdicate its duty to scrutinize and appropriate every dollar every year. That is why I shall vote for the Byrd amendment.

Mr. FULBRIGHT. Mr. President, I yield 10 minutes to the Senator from Missouri [Mr. LONG].

The PRESIDING OFFICER. The Senator from Missouri is recognized for 10 minutes.

Mr. LONG of Missouri. Mr. President, during the past few months I have received considerable mail from the people of Missouri concerning the bill which is presently before the Senate. Many of these letters have in effect said, "Stop this ridiculous foreign aid—stop this give-away—stop pouring our tax dollars down foreign ratholes." In fact, some have even included more descriptive language.

On the other hand, I have received many letters urging that I give wholehearted support to the President's recommendations.

Before I came to the Senate, I followed our foreign aid programs, keeping reasonably informed as to how much we were spending, and where. In general, I always believed that such programs were wise and necessary. But now, the responsibility is on me, as a representative of the people, to reach a decision and cast my vote on a program which will cost billions of dollars.

Needless to say, I have spent considerable time during the past few weeks reappraising my views. I have asked myself why some people so violently oppose these expenditures, and, even more so, why some urge that billions of dollars be spent to help those overseas. I have asked myself whether it is necessary to spend these billions, and, if it is, how we should do it.

When we look around us at the world of the sixties, we find a vastly different one than we knew even 15 or 20 years ago. Hundreds of millions of people in Asia, Africa, and Latin America are actively seeking a better life. They are intent on throwing off the yoke of oppression, whether it be political or economic. The people of the underdeveloped nations of the world are conscious of the standard of living enjoyed by the people of the industrialized nations. They desire an opportunity to establish for themselves a life free from disease, ignorance, hunger, and the other miseries of the very poor. They are determined to progress. How their energy and determination are channeled depends greatly on our action here, in the Congress.

Certainly, we cannot turn our backs on these people, for if we do this energy and determination may bring chaos to the underdeveloped nations, paving the way for Communist demagogs to take control.

However, we do have alternatives before us. The first is to continue a foreign-aid program such as we have conducted to help underdeveloped nations in the past—a program based on annual authorizations and appropriations. Under such a development program, we would continue to be limited to the fiscal year in committing ourselves to provide aid. Emphasis could not effectively be put on the overall, long-term development of the recipient nation. We would continue to proceed on a project-by-project basis. We would continue to rush approval of projects toward the end of the year, so the appropriated funds would be committed, thus preventing their loss.

As another alternative, we can adopt a development program of long-term authorization accompanied by annual appropriations and carryover. Under such a program we could place more emphasis on long-term development, but we would still be limited to a project-by-project determination, because there would always be the question: If we commit ourselves beyond the fiscal year, will the funds be there? We would still be severely limited in our ability to plan effectively beyond the fiscal year.

The third alternative is a development program such as recommended by the President and reported by the committee, a program providing long-term authorization financed by Treasury borrowing. Under this program, we could commit ourselves to a program of projects within a long-term development program to be undertaken by the recipient nation. We could say without hesitation to the underdeveloped nation, "If you carry out your responsibilities under this program, we can give you the following assistance over the next few years."

To me, the last alternative is by far the best. It would allow us to make the most effective and efficient use of our foreign-aid dollars. It would tend to eliminate many of the present shortcomings of our foreign-aid program. The removal of the rigid annual appropriation financing method would allow us to proceed in a more businesslike manner. We should see the end of the highways that run from A to B, then on to nowhere—highways that benefit the country, but for which it is not ready. We should see the end of the hastily approved project which really is not worth the expenditure, for there would no longer be any need to race the clock so as to give approval before the end of the fiscal year.

Certainly, the second alternative would accomplish many of the above results. It would allow long-term commitments, subject of course to future appropriations, and would allow a far better coordination of aid with the progress of development, but there is one serious drawback to this alternative.

The job which lies ahead of us will not be easy. The demands we will make on the underdeveloped nations will be many. Our approach will be, if the recipient nation is serious in its desire to move forward, we stand ready to help. If the recipient nation is ready to take the steps necessary to be a real participant in the 20th century, we will give them a helping hand.

However, the overriding burden is theirs. We will demand that they make the necessary social and economic reforms to insure that the poor and the miserable share in the development. We will insist that our aid benefit those who have suffered so long from a lack of adequate food, housing, medical care, and education. We will demand that tax reforms be made so that those people of the recipient nation who can afford it will carry their burden of the development.

If we are to demand these things, if we are to expect these nations to undertake the peaceful revolution which is necessary to accomplish the job, we must be able to lay out cold, without reservation, where we can and will be of assistance. We must be able to commit ourselves to loans at this point, and at that point throughout their long term development program.

The underdeveloped nations are financially unable to carry out these programs alone, and for them to begin a program with the possibility of no capital to complete it at some point along the way would be impossible.

Therefore, I am firmly convinced that the Treasury borrowing method is necessary. With such a program, we can certainly go a long way in making the sixties truly a decade of progress.

Mr. President, some opponents of foreign aid have continuously proclaimed we should put a stop to this program because you cannot buy friends.

Certainly a truer word was never spoken, than you cannot buy friends. If this were the purpose of this legislation, it would not be worth the money we spend. If we were attempting to buy friends, I would oppose this bill as strongly as I now support it.

However, this is not the purpose. The purpose of this legislation is to help attain a better way of life for many millions of people. The purpose is to help other nations develop into full partners in the family of nations. We want these things to be accomplished in an open society. We believe that the underdeveloped nations can accomplish these goals as open societies, and we further believe that they desire to do so. If we are correct in our belief, and if we do what is necessary to be of help, then these nations and their people will be our friends, not because we provided assistance, but because we all share common goals and common aims. We shall have their friendship because we are working together for a better world.

Our friendship with our European allies is certainly not based on the financial assistance we gave them under the Marshall plan. Rather, it is based on the common goals that we share. What the Marshall plan accomplished was to help put our allies on their feet so they now can participate as full partners in the efforts of the Western World.

The bill before the Senate recognizes the danger of interpreting our program as an attempt to buy friends. To offset any such inference, the bill places the greatest emphasis on loans—hard loans which will require dollar repayment. The terms may be soft but there must

be returned at least $1 for every dollar borrowed.

True, the bill does provide for some grants, but they are only for those instances where special circumstances exist, circumstances where development loans would not or could not do the job.

Mr. President at this time we cannot foresee what lies ahead. But this we do know: Our Nation will do all in its power to prevent war while strictly adhering to our principles of freedom. If war comes, it will probably be because some nation has underestimated the determination of the free world.

However, I do not believe that, in the final analysis, this will happen, for under the leadership of our President our course has been made clear.

Therefore, the world picture in the years ahead will probably be determined by political ideas and economic weapons. If the nations of Latin America, Africa, and Asia find that their futures can be realized as free societies, this will undoubtedly be their course. However, unless development is obtained as a free society, they may turn to the closed society of communism and the leadership of the Soviet Union as the only method.

Again, I would say there is no question in my mind but that these nations can accomplish their goals in an open society, regardless of their history, traditions, political and social institutions, and culture.

Mr. President, the point has often been raised that our problems in assisting the underdeveloped nations have been caused because we did not know enough about these countries, their people, and their institutions. However, I would join forces with those who take exception to this point. It is not that we do not know enough, for we have stacks and stacks of information and facts. What has been missing is understanding. We tend to analyze our facts on the basis of Western concepts and thinking. We fail to consider that the approach of the African, Asian, and South American and his thinking may be considerably different from our own. We too often fail to comprehend the effect of their religion, culture, traditions, and history on their attitudes and desires. Because of our concentration on the struggle with the Soviet Union, we often cannot understand why many of these nations desire to remain neutral, expressing the position that neither of the two world camps is always right or always wrong.

That one of these nations may accept aid from the Soviet Union, and that it may side with Russia in the U.N. does not necessarily mean it is anti-West. What it often means is that the nation is struggling to exist as a nation and acts in accordance with what it believes best protects its own independence. Maybe they are wrong, maybe we are sometimes wrong, but we vote according to what we believe is in the best interest of our Nation. The underdeveloped nations are struggling to retain their independence and right to self-determination. It is definitely in the interest of our Nation to put forth every effort to see these nations develop as open societies, and not closed ones. When the showdown comes, friendship will be determined by common goals and common experiences. The torch of freedom was lifted high up by the Thirteen American Colonies. We cannot afford not to give the necessary assistance to those nations who have only recently taken hold of that torch. Also, we can no longer afford not to help those who have been held down by economic as well as political dominance.

Mr. President, the pending bill, in my opinion, is necessary to the future of our Nation and the world we all hope for. While failure to approve this bill as reported may not preclude the realization of this goal, it certainly will postpone its accomplishment.

Mr. FULBRIGHT. Mr. President, I yield 15 minutes to the Senator from New York [Mr. JAVITS].

Mr. JAVITS. Mr. President, one thing I think this debate has shown—and I think it is very well known—that I am against the Byrd amendment. Much as I love HARRY BYRD—which is a fact, as he knows—my opinion is that the appellation "back-door financing" is a fiction. It seems to me that, if anything, what is proposed is business financing. I ask any businessman, or banker, or lawyer in this Chamber who has represented businessmen or bankers, what he would say if he were an official or attorney of a corporation or director of a bank if the company he represented were getting only a 1-year lending authority. He would say it was a restriction which doomed the enterprise to defeat, and he would immediately try to overturn that decision. I think the appellation "back-door financing" which gives an impression that, in the dark of night, after the bank is closed, we are going to try to go through the back door in order to help ourselves to money illegally, has certainly been exploded by the debate, because, in open daylight, after hours and days of debate, the Senate will soon vote yes or no on this issue.

The Senate having voted with its eyes open, and with such outstanding experts and distinguished and learned men having taken part in the debate, I think the word "backdoor" ought to be relegated to the ashcan. It will no longer be deserving of being a part of this question, after the Senate has debated and thoroughly faced every facet of the issue, as I think we have.

A big issue is also made here of congressional control. I respectfully submit that is the weakest issue with which to oppose what is here sought, because if there is anything wrong with this proposal, it is certainly not the deprivation of congressional control.

I hasten to say that what is meant by congressional control is not control by the House or the Senate. What is meant is control by the Appropriations Committees. Let us get it perfectly straight and clear. That is what we are talking about. The House and the Senate, not in one, but in six ways—and I have detailed them before, and I will do so again—have complete control over the authority, and, at any stage, at any time, can shut it down.

What is happening is that the control is being transferred to a majority of the Senate and of the House, and is being taken away from a majority of the Appropriations Committee of each House. It seems to me that is a very small price to pay for making the program successful.

It is unique that not all, but almost all, of the Senators who are opposing this provision of the bill are the very same Senators who are saying the foreign aid program is a failure, is wasteful, has not worked out, and is not getting anywhere. If it is not working out—which I think is not an accurate statement—that fact would be attributable to the very inadequacies which this 5-year effort points at.

Let us not forget that President Eisenhower made this proposal, just as President Kennedy is making it now. Why? There are three reasons we must do this, even if we have not done it before.

First, the program is inadequate. It is inadequate in amount. Every student of the subject, from the United Nations up and down, has said that there is not enough capital being devoted to the underdeveloped areas rapidly enough to meet the challenge of communism. Mark the word "rapidly," because the people in the underdeveloped areas want to get abreast of the civilized world. If an iron collar is put on those people, if their subsistence level is reduced, and as is being done in Red China, they are driven by the whip and the sword, there may be enough taken out of their backs to bring their level up. But there is no need to do that. We want to see them get credit and advance by retaining their human dignity, rather than by fastening the ways of communism around their neck.

But, Mr. President, we are in a race in time. What is called the revolution, the explosion, going on in the world is attributable to competition in time.

So that is the first reason why we have to do what we can, even though it is inadequate. We have to try to mobilize our resources so that our impact may be concentrated, as we did in wartime, and concentrate in several points what we lack in sums of money.

Second, we are meeting the competition of the Russians in time. The Russians have an aid program comparable to ours.

They are putting out now something over $1 billion a year. Adding to that Chinese Communist money and the money of their satellites, they come close, in amounts of aid, to what we are doing, except they are not tied to any inhibitions. They can make their commitments, over a period, not only of 5 years, but 10 and 20 years, and even longer.

Third, the progress in the underdeveloped countries—and India is the most remarkable example of them—has now brought them abreast of the capability of absorbing a commitment over a long term.

I wish to repeat that, because it is very important. The progress in the newly developing countries has now come

abreast of receiving and usefully employing a commitment over a long term.

These countries had great difficulty in planning their own development. They lacked technical people. They lacked accessibility to their own populations, with the ideas. They lacked some of the most basic developments needed for any program.

Think of the hundreds and thousands of villages in India alone which had no outlet to any road. I have been in some of those myself. Many Senators have been in some of those. Those villages had no outlets to roads for centuries. Many are only now getting them.

Many countries at long last are now reaching the point where they can plan. This is the third 5-year plan for India. India can now plan, in order to absorb money committed over a substantial period of time. Indeed, many countries are reaching the point of progress in their own development where this is all they need.

For those three reasons this program should be adopted.

First, there is the inadequacy of the program, because we have been unable to mass our means, and we now know we cannot get more means in the United States than, roughly, $4 billion, so we must mass those means over the 5-year program.

Second, there is the competition of the Communist bloc, which has now reached its apogee, which is now strong, and almost equals our own.

Third, there is the progress and the development for the planning in the developing countries.

All of these together create a new exigency which we did not face before—and it is a new exigency.

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

Mr. JAVITS. I am glad to yield.

Mr. DWORSHAK. The Senator from New York referred to the explosion which is taking place in some of the underdeveloped countries of the globe, countries which the Senator says are entitled to more adequate foreign aid than we have been giving them in the past. I am sure, since the Senator comes from New York, that he has read the Wall Street Journal of yesterday, which carried an article headed "Copper Industry Nationalization Is Asked in Chile." The industry, 90 percent of which is American owned, may be expropriated.

The question I ask my good friend from New York is whether this is an evidence of gratitude and appreciation on the part of Chile, which received within the past year $100 million of foreign aid for the rehabilitation of that country following the earthquakes.

Mr. JAVITS. To digress from my main argument for a minute—and I hope my friend will permit me to continue with it, because our time is limited—I do not expect that the foreign aid program will result in having all nations on earth grateful to us or having all nations on earth adopt policies agreeable to me, nor shall we, by voting for a foreign-aid program, deprive ourselves of the right and the opportunity to proceed in every way open to us, as before—diplomatically and propogandawise—in our relationships with all of these countries, in fighting for the things we think are right.

I should rather have Chile free and rebellious, using that term in the same sense as the Senator spoke of Chile, rather than to have Chile in Communist hands and docile so far as communism is concerned. That is really the issue, as I see it.

Mr. President, I now come to my next point, which is in terms of the control of the Congress. I refer to the list of controls we have.

We have the control of the Government Corporation Control Act, which gives to the Appropriations Committee the power, at least on an annual basis, to control the program. At the worst we can get stuck, on that basis, for 1 year, for $1.8 billion which we are to appropriate on a yearly basis now.

Second, there are reports which are made to the Congress, and under the power of the Congress we can stop the program if there is any paper or any documents which the Executive refuses to give us. We can completely investigate anything we wish to investigate.

Third, there is the Comptroller General, who is operating. There is the Inspector General, who is operating. The General Accounting Office makes most detailed audits.

Finally, and even more important than any of the others, in the concurrent resolution technique. We certainly do not wish to use that technique. We hope we shall not have to use it. We do not wish to make a monkey out of the administration, but we are now talking about power and talking about control. Under the concurrent resolution technique, contained in section 617, we have power and we have control. We can actually vote to do what we wish, with a majority vote of the House and the Senate, and it does not require Presidential concurrence.

Some people have argued the constitutionality of that technique. I put a brief in the RECORD to demonstrate its constitutionality. Quite apart from that, who will contest it? The administration agrees we have that power. It has been put into the bill, and the administration has asked us to pass the bill on that basis. The administration certainly cannot question the fact that we have the power, if we choose to exercise it.

I do not think there is any real question, Mr. President, as to congressional control. The argument with respect to congressional control is employed in order to make us feel squeamish, to make us feel that we are really doing something wrong or really giving up one of the great, fundamental constitutional authorities of the Congress, by not doing what we have done before, which is to keep our hands on the thing every year.

The people who favor the Byrd amendment point out that Congress recently appropriated $500 million in redemption of a promise made at Bogotá. They point out that Congress, in respect to the Marshall plan, appropriated annually what it promised in the bill it was going to appropriate. Therefore, it is said, Is not the provision in the Byrd amendment—that we are authorizing, though not appropriating—adequate to do all of the things which the administration wishes to do?

The trouble with that approach, Mr. President, is that history has taught us it is completely inadequate. History has not only taught us that, but has also taught every country with which we do business the same.

This is the point. Mr. President, when we made a promise at Bogotá, we passed a resolution making it a specific promise. We promised certain Latin American aid of $500 million for a certain purpose. We authorized the appropriations for that. We are men of honor. We redeemed that promise.

I have no doubt that if we passed a resolution with respect to what is going on at Montevideo today we would honor that promise as well. However, that is not what the bill is concerned with. The bill relates to agreements to be made with some 60 or more nations all over the world. No one nation is being made any commitment to itself.

Our record shows there is a difference between the lump-sum authorization and the lump sum appropriation, and this is not very encouraging to those who may wish to depend on our promises. In the years from 1958 to 1961, in response to authorizations—not requests of the administration but authorizations passed by the Congress—of $2,925 million for the Development Loan Fund, the very thing about which we are talking, we appropriated exactly $2 billion.

Mr. President, in the fiscal year 1961, which is our latest history, the figures show that on July 24, 1959, we authorized $1.1 billion. Mr. President, it did not take us very long to cut that figure in half, because on September 2, 1960, we proceeded to cut it right in half. We cut the $1.1 billion to $550 million.

I ask Senators, What if you were a country which, for your development plan, was depending upon the fact that the United States was going to appropriate $1.1 billion?

I ask Senators to suppose that they were the administrator, downtown. Would they dare to parcel out that money in solemn agreements committing the United States on the basis of that authorization, when the record shows that we have cut the authorizations 30 percent, and that we never have waited very long in order to do it? In one case, in 1958, we did that a very short time after we had actually made the authorization.

Mr. President, we come down to the nubbin of the problem, which is this: If we are going to do the business of helping in respect to the development plans of other countries, at the stage in which this whole matter is now, considering the competition of the Communists and considering the progress these countries have made in their planning, we have to be prepared to make long-term commitments, and we cannot—I say this advisedly—we cannot make these long-term commitments on the basis of the authorization and appro-

priation technique, because our own record—it is our own record, and we made it—demonstrates that these countries cannot depend upon that, unless they have been made specific promises, in which case we do keep our promises. These are promises made by the Congress and not promises made by some administrator in the State Department. That is all these countries have to depend upon. Unless we in the Congress wish to put the Congress in the position of negotiating all of these deals and committing ourselves to every country or group of countries on the globe with whom we deal, we cannot make the authorization technique good.

Mr. President, we are all on the same side of trying to win the cold war and trying to win it decisively. We know that we cannot play the Russian game in terms of subversion and infiltration and aggression and rocket rattling.

This is not our business. We cannot operate that way. We have a great weapon.

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

Mr. JAVITS. Mr. President, may I have 1 more minute?

Mr. FULBRIGHT. I yield one additional minute to the Senator from New York.

Mr. JAVITS. We know that we have a great weapon, and that is the power of credit. There is no such thing in the Communist world. They do not know what it means and do not want it. But we have the power of credit. The power of credit can win the cold war if we use it. The whole design of the provision is at long last to mobilize the credit of our country.

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

Mr. JAVITS. Will the Senator yield me an additional minute?

Mr. FULBRIGHT. When the Senator finishes, I will yield another minute.

Mr. JAVITS. I so deeply believe that even what we are doing here is still not enough, considering what needs to be done in order to win the cold war decisively, that with a whole group of my associates—and I am proud that the Senator from Connecticut [Mr. BUSH] has been especially helpful, with his banking experience, in working with me in drafting the amendment—we have drafted an amendment which would——

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

Mr. JAVITS. Mr. President, will the Senator yield an additional minute?

Mr. FULBRIGHT. I yield an additional minute.

Mr. JAVITS. Which would give private enterprise participation in an effective way in what is sought to be done under the bill, including the very funds about which we are talking today, on a long-term commitment basis. I send the amendment to the desk for printing under the rule, and call attention to the fact that in addition to the Senator from Connecticut [Mr. BUSH], I am very honored to have as cosponsors the Senator from Kentucky [Mr. COOPER], the Senator from Maine [Mrs. SMITH], the Senator from Delaware [Mr. BOGGS], the Senator from California [Mr. KUCHEL], the Senator from Texas [Mr. TOWER], the Senator from Maryland [Mr. BEALL], the Senator from Iowa [Mr. MILLER], the Senator from New York [Mr. KEATING], and the Senator from Pennsylvania [Mr. SCOTT].

Mr. FULBRIGHT. Mr. President, I yield myself 2 minutes.

I congratulate the Senator from New York on a very incisive speech. I wish to emphasize one point that he made which cannot be made too strongly. If there is any change in the power situation proposed, it is not with regard to the Congress as a whole, but only with regard to the Committee on Appropriations. Theoretically, the committees of the two Houses of Congress are only the agents or servants of each House. But as a practical matter, under the distribution of labor in such large bodies, it has come to be almost an accepted fact, I think, that the committees in the appropriating process have a very unusual power, as demonstrated by the figures the Senator has mentioned.

In 1958, within less than 1 month after the Congress had authorized an appropriation of $500 million, the appropriation was reduced to $300 million, indicating the unusual influence of the Committee on Appropriations on the program. There would be no real serious diminution or any diminution in the power of Congress, which Congress always has in connection with such programs, if any, but it is only with regard to the rather unusual situation as related to Appropriations Committees. I believe the point of the Senator from New York is absolutely sound.

Mr. JAVITS. I thank my colleague.

Mr. FULBRIGHT. I think the point is very little appreciated by Senators.

Mr. JAVITS. Mr. President, will the Senator from Arkansas yield to me so that I may introduce a chart?

Mr. FULBRIGHT. I yield.

Mr. JAVITS. I ask unanimous consent to have printed at this point in the RECORD a table showing a comparison of appropriations made pursuant to Marshall plan authorizations and Development Loan Fund authorizations.

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

Comparison of appropriations made pursuant to Marshall plan authorizations and Development Loan Fund authorizations

[In millions]

MARSHALL PLAN [1]

Fiscal year	Amount authorized	Date and public law	Amount appropriated	Date and public law
1948	[2] $4,300	Apr. 3, 1948; 80-472	$4,000	June 28, 1948; 80-793.
1949-50	5,430	Apr. 19, 1949; 81-47	4,702	Oct. 6, 1949; 81-327.
1951	2,700	June 5, 1950; 81-535	2,200	Sept. 6, 1950; 81-759.
Total	12,430		10,902	

DEVELOPMENT LOAN FUND [3]

1958	$500	Aug. 14, 1957; 85-141	$300	Sept. 3, 1957; 85-279.
1959	625	Aug. 14, 1957; 85-141	400	Aug. 28, 1958; 85-853.
			150	May 20, 1959; 86-30.
1960	700	July 24, 1959; 86-108	550	Sept. 28, 1959; 86-383.
1961	1,100	July 24, 1959; 86-108	550	Sept. 2, 1960; 86-704.
			50	Mar. 31, 1961; 87-14.
Total	2,925		2,000	

[1] Percentage cut: Approximately 12.
[2] Plus $1,000 borrowing authority.
[3] Percentage cut: Approximately 30.

Mr. JAVITS. Mr. President, I thank the Senator.

Mr. FULBRIGHT. Does the chart which the Senator has asked to be printed in the RECORD include the figures on the Marshall plan?

Mr. JAVITS. Yes.

Mr. FULBRIGHT. Even under the plan the appropriations were cut 12 percent, though it was more of a specific nature, comparable to the $500 million Bogotá matter. So even under that plan there was a 12-percent decrease.

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

Mr. FULBRIGHT. I yield 10 minutes to the Senator from Colorado.

The PRESIDING OFFICER. The Chair recognizes the Senator from Colorado.

Mr. ELLENDER. Mr. President, will the Senator yield me 1 minute?

Mr. FULBRIGHT. I will yield the Senator from Louisiana 1 minute.

Mr. ELLENDER. I wish to say that when I spoke earlier today, I asked to have printed in the RECORD tables which show that Congress has already appropriated $2 billion for the Development Loan Fund, but as of June 30, 1961, $325 million had not yet been obligated. Why is that? I would like to get an answer to that question.

Mr. JAVITS. Mr. President, does the Senator wish to yield to me so that I may answer the question?

Mr. FULBRIGHT. I do not know the point that the Senator has made.

Mr. ALLOTT. Mr. President, I will yield the floor for 1 minute, if I may have the floor at the end of that time.

Mr. ALLOTT. Mr. President, the bill presently under consideration, the Act for International Development of 1961, more commonly referred to as the foreign-aid bill, represents a continuation of a tradition heretofore established by this country.

I wish at the outset to address myself to this point, and then I shall comment on the remarks of the senior Senator from New York [Mr. JAVITS], whose arguments, in my opinion, have holes in them wide enough to drive a new tank through.

Foreign aid traces its origins back 15 years and more to the early 1940's when countries of the world found themselves facing the challenge of post-war reconstruction. The nature and form of our assistance program has varied from time to time as we developed through UNRRA, the Marshall plan, the Truman doctrine, and the Eisenhower doctrine and now AID. But, the constant factor in all of these programs is the $90 billion this country has made available to the free and underdeveloped countries of the world, either in the form of loans or grants to date. In return the benefits derived from this largesse are perhaps more often measured in terms of intangibles but the benefits are there nonetheless. I subscribe to the view that foreign aid is, and has been a necessary and vital contribution to the history of freedom. On the other hand, it has caused me grave concern to learn of the abuses in our foreign-aid programs over the years.

I am only too well aware of the fact that in isolated instances unfeasible irrigation projects, costing millions of dollars, are completed only to be abandoned for lack of water; that roads are built only to terminate abruptly halfway to their destination and then abandoned; that roads are built only to be washed out by the first substantial rainfall. It is common knowledge that foreign aid has been a vehicle for delivering a tractor to a farmer too unskilled and untrained for a plow. We have made mistakes, and perhaps unwittingly provided fodder to those who would label us "Ugly Americans." But, if we have erred, if we have miscalculated or overreached ourselves in an effort to help people, perhaps the fault lies with our being overly zealous. We, in America, enjoy the highest standard of living in the world, reached in a free and democratic society, and these same standards, these same principles are the ones we have tried and will continue striving to attain for the free people of the world, who, in the exercise of their own volition, willingly embrace such concepts.

Abuses must not be tolerated, mistakes must be minimized, and it is imperative that our abundant generosity be curbed. We must gear our aid to the capacity of the recipients, rather than our hopes for them. If this program is to merit continuance, it must continue to reflect mounting progress along with diminishing waste. Our aid ambitions have been lofty and this bill is in that tradition.

I have reservations with regard to certain aspects of this bill and they are, in the main, a result of certain excesses which appear unwarranted. But, at this time, I wish to limit myself to a consideration of section 202(a). In brief, it contains a provision authorizing the President to borrow $8.787 billion during the course of fiscal 1962 through 1966 for use in the Development Loan Fund. The proposal carries a maximum of $1.187 billion for fiscal 1962 and $1.9 billion in each of the four succeeding fiscal years. This procedure represents a continuing departure from established fiscal policy. As a member of the Senate, and as a member of the Appropriations Committee, I cannot permit this "borrowing authority" provision to be considered without addressing myself to it.

I read from article I, section 9, clause 7 of the Constitution of the United States:

> No money shall be drawn from the Treasury, but in Consequence of Appropriations made by Law; and a regular Statement and Account of the Receipts and Expenditures of all public Money shall be published from time to time.

The Honorable Frank Coffin, Managing Director of the Development Loan Fund, was one of the principal administration spokesmen during the committee hearings on the bill. He testified in part on the issue of borrowing authority, on page 200 of the hearings, as follows:

> The key log in the whole development lending structure is our request for permission to borrow from the Treasury and to use loan repayments in the total amount of $8.8 billion over the next half decade. Let me state with some precision what it is we are asking and why. We are asking for a presumptive or prima facie authority, not an absolute authority, because this authority is subject to revocation or modification.

Here is the significant part:

> It will be a shifting of the burden of proof from the yearly proving of needs, which can never be precisely identified, to putting up to those who would limit or, cancel access to our funds, the burden of proving that the funds are being badly used or not wisely used. * * * This has been called many times back-door financing.

In other words, what he has said is that the burden will be shifted to Congress to prove then that the funds are not being used wisely. I was not elected to the U.S. Senate, and I am not a member of the Committee on Appropriations, to come here and preside over the interment of the responsibilities and duties devolved upon that committee and upon the Congress by the Constitution of the United States. Let us have that point clear.

I have spoken, and described earlier, the abuses practised upon our foreign aid programs in the past. Congress must seize the reins, exercising its function to control the outlay of the vast funds this foreign aid program envisions. This can most suitably be accomplished by an annual review of the projects, both accomplished and contemplated; our role in government must not be abdicated in such an important sphere. Mr. Coffin, enlarging upon the merits of the borrowing authority, states on page 201 of the hearings:

> The Congress will have two kinds of control. They will have, first of all, control of knowledge, of assurance that their license is not being abused; and, secondly, they will have a control in the nature of several kinds of actions that can be taken. * * * In terms of the assurance that the license will not be used, we have written into the law some of the criteria which have been in before, and have added some new emphasis, criteria which will govern lending.

I am not persuaded, at least judging by past performance, that we can take much comfort in, or gain great assurance, that this license is not being abused. Unfortunately, many facts suggest the contrary.

Here is the crux of the matter: those administering the program conceive of the funds as their money to spend as they see fit.

Mr. Coffin makes a further point in support of the back-door financing approach to foreign aid; namely, we are not dealing with governments geared to an annual appropriations system, and, that reforms we are trying to encourage call for long-range approach. To that, I would simply say that the annual appropriations system has been the mainstay of this Government since its inception and I would encourage others to look with favor upon the idea of adopting it, together with all the other attractive features of our democratic process. Long-range planning is, of course, efficient and effective modus operandi, but it should not be implemented with shortsighted financing. As Mr. Coffin indicated in his testimony, the back-door approach would put Members of Congress in an entirely different position. In lieu of the agencies coming before the Appropriations Committees to justify their plans in the traditional sense, plans would be made and adopted, leaving to us the burden of proof—proof that the plans are inadequate or otherwise unpalpable. I oppose this approach and consider it shortsighted from the legislative viewpoint. I prefer the concept contained in the Byrd amendment. Not only do I support the amendment, but urge my colleagues to do likewise. The Byrd amendment accomplishes the objectives sought by the administration by setting forth an authorization over the next 5 years in the amount requested. This is in keeping with sound fiscal policy but at the same time permits the necessary planning to be undertaken. The President can be secure in the knowledge that the amount he deems obligatory for the Development Loan Fund will be available, assuming the proper justification can be shown. Under this amendment an annual review of the program would be made and funds appropriated in accordance with the needs as they are shown. In my judgment, this amendment contains the vital qualification which needs to be applied to the bill.

The Byrd amendment is but one of several which are pending and aimed toward curing the patent defect in the bill as it now stands. In my opinion and with all due respect to the distinguished chairman of the Foreign Relations Committee, the least effective of all is the compromise offered by the Senator from Arkansas. Here is the text of that proposal:

> On page 10, after line 3, insert the following:
>
> "SEC. 206. CONGRESSIONAL OVERSIGHT OF LENDING ACITIVITIES.—In any case in which the amount of a proposed loan under this

title exceeds $10,000,000, such loans shall not be made and no agreement obligating the United States to make such loan shall be entered into unless thirty days earlier a full and complete report with respect to the purposes and terms of the proposed loan shall have been made to the Committees on Appropriations and Foreign Relations of the Senate and to the Committees on Appropriations and Foreign Affairs of the House of Representatives.

The language seems quite clear; and unless I misconstrue it, the proposal fails short of the objective which should be achieved. Before any loan in excess of $10 million could be made, a report thereof would be made to the respective committees of the House and Senate 30 days in advance. Agreed, the Congress is put on notice of the pending loan and the respective committees are at liberty to inquire into the merits of it. Agreed further, that in the event the respective committees consider the loan unsound, unwise or unwarranted, they are at liberty to make these sentiments known, but to what avail? I dare say the lending agency will likely regard its own judgment in the particular case as controlling and proceed with the loan nevertheless. My point is that we are offered the privilege of protesting without being afforded a remedy.

I therefore urge my colleagues to adopt the Byrd amendment. It affords the necessary restraints without preventing the requisite advance planning.

I do not conceive of the borrowing authority, which virtually assures the President unlimited control over $8.8 billion, as being necessary to the successful implementation of long-range planning.

Did we come to the Senate to abrogate all of the responsibility with which the Constitution and the people have charged us, and say to the President and the executive branch, "You do it, and perhaps some day we will reclaim the power"? Or did we come here to do our duty? I believe we came here to do our duty.

The Congress is charged with the responsibility for this Nation's purse, and in carrying out this responsibility must adhere to the traditional principles. This administration has sought to diminish the power of Congress; and the bill, in its present form, is just such an example. Earlier this session the administration's farm bill would have given unprecedented power to the Secretary of Agriculture had title I not been severely amended. The wilderness bill, which will undoubtedly be coming up for consideration on this floor in the near future, will serve as another illustration. I urge a sense of caution and serious consideration. Foreign aid is important to the United States and to the world, but section 202(a) must be modified and the Byrd amendment offers just that opportunity. I trust it will be adopted.

Mr. President, I should now like to turn briefly to the arguments advanced by the senior Senator from New York [Mr. JAVITS], a few moments ago.

He said that we cannot engage in a 1-year lending business. Mr. President, foreign aid is not a business. If it were a business there are a number of loans we would never have made. We would not make two-thirds of them repayable in local currency, all over the world.

The Senator argues that those who favor the Byrd amendment generally oppose foreign aid. That is not correct. No man has been a more consistent supporter of foreign aid, or has been more strongly in favor of it, than I have. However, I will not surrender one iota of the responsibilities that we Members of the Senate have and accept this new direction.

The senior Senator from New York says that our rate program is inadequate. He cannot point to an instance in the last 10 years in which Congress has not appropriated substantially all the money asked for in the foreign aid bill or authorized by the foreign aid bill.

He urges and would have us say to the executive department, "You run the entire show, and if we don't like it, we will recall the power."

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

Mr. BYRD of Virginia. I yield 1 more minute to the Senator from Colorado.

Mr. ALLOTT. Mr. President, I would now like to refer to the recent remarks of the junior Senator from Arkansas [Mr. FULBRIGHT], chairman of the Foreign Relations Committee. He said, in effect, that the Appropriations Committees are separate from Congress. The Appropriations Committee of the Senate or the Appropriations Committee of the House has no power or right that the Senate or the House itself does not confer on the committee. We are not taking anything away from the Appropriations Committee, any more than we are taking it away from any other committee, because that committee exists only as an integral part of the Senate.

I hope that the Members of the Senate will not surrender more and more and more to the executive branch of the Government. If we do so, soon we shall have very little power left to surrender.

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

Mr. ALLOTT. I yield.

Mr. HICKENLOOPER. The Senator said that he has supported foreign aid.

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

Mr. BYRD of Virginia. I yield 1 more minute.

Mr. HICKENLOOPER. The Senator has said that he has supported foreign aid. I take it that the Senator has supported foreign aid; but first, last, and always he wants to support the American constitutional system, ahead of everything else. Is that correct?

Mr. ALLOTT. The Senator has stated the situation in very plain words.

Mr. BYRD of Virginia. Mr. President, I yield 15 minutes to the Senator from Iowa.

Mr. HICKENLOOPER. Mr. President, I shall not take much of the time of the Senate this afternoon. This subject has been canvassed on both sides.

I believe it is safe to say that the sum total of the proposal of the amendments of the Senator from Virginia is the question, Does Congress now want to turn over to a board or bureau in the administrative department of the Government its constitutional right of appropriating money from the Treasury, or does it wish to retain that power in the Congress?

We hear a great deal about inefficiency. We hear that the proposed program would make for greater efficiency in the administration of foreign aid. I ask this question: What is the cause of the inefficiency that has been pointed out in our foreign aid program in the past? Is it in the Appropriations Committee of the Senate and the Appropriations Committee of the House? Is it in the appropriating process in Congress, or is the inefficiency in the administration of the program, and things the administrators do? Of course, the inefficiency arises in the administration of the program.

Notwithstanding the fact that Congress has attempted to pay meticulous attention to this program by way of annual appropriations, inefficiency still creeps into the administrative process.

Now it is proposed to take away the checks and balances which the Appropriations Committees and the appropriating function of Congress keep on these programs and turn the operation all over to the administration, not for 1 year, but for 5 years; and instead of appropriating this money as the Constitution provides it must be done, the proponents want to adopt the device which has been used for Government corporations of various kinds operating internally, and adopt the so-called backdoor method of getting money out of the Treasury without the burdens and restraints of going before the Appropriations Committee and having to account meticulously for what they proposed to do and what they have done before they can get the money.

This proposal is a part and parcel of the programs which have been growing with tremendous speed this year. Every major piece of proposed legislation which has come to Congress for passage this year has contained two major propositions: First, increased centralized control in the administrative branch of the Government; second, the expenditure of larger amounts of money at the discretion of the administrator. We have moved with such speed in the last few months along that line that it is frightening. This proposal is a part and parcel, in my judgment, of a system of planned economy for the United States, a system in which the planning will not be done by the representatives of the people, but will be done by some self-styled experts who are not answerable to the electorate, but who are appointive officials, who are administrators, who desire nothing more than to avoid the restraints of having to come before the congressional committees, propose their programs, justify their actions, and get the money for them as a result of such justifications.

We hear much said about the Marshall plan and how successful it was. I was a member of the Committee on Foreign Relations at the time the Marshall plan was adopted. I have been a member of that committee ever since. The Marshall plan worked very successfully.

However, it was not a back-door spending program at all; it was a plan under which the appropriations were made annually as the program progressed successfully abroad.

There is no reason why such a program as the development loan program cannot progress along the same line. There is no reason why the amendment of the Senator from Virginia [Mr. BYRD] would not offer ample opportunity for planning, ample opportunity for justification of the programs, but still keep the appropriating power within the hands of Congress.

Mr. DWORSHAK. Mr. President, will the Senator from Iowa yield for a question?

Mr. HICKENLOOPER. I yield.

Mr. DWORSHAK. The Senator from Iowa is forcefully stating the undesirability of diluting and destroying the constitutional powers of the Committees on Appropriations. The Senator from Iowa has served for many years with distinction as a member of the Committee on Foreign Relations. Would it not be just as logical to propose that when the Committee on Foreign Relations takes action on a bill, then for the succeeding 5 years the committee should abdicate its powers and let the executive department take over completely?

Mr. HICKENLOOPER. That is the trend and general pattern of this type of request.

There is no more reason for granting this request than to permit the Department of the Interior to go to the Treasury for the next 10 years to borrow all the money it wants, within certain authorization limits—to borrow hundreds of millions or a billion or two billion dollars a year for the next 10 years, to do whatever it wishes with it, by way of public works, and come to Congress only once in a while to say, "We have decided to do this, that, and the other; what are you going to do about it?"

Mr. DWORSHAK. Mr. President, will the Senator from Iowa further yield?

Mr. HICKENLOOPER. I yield.

Mr. DWORSHAK. I was about to ask another question, this one concerning the annual appropriation for the public works projects which are under the direction of the Corps of Engineers of the Army. As a member of the Committee on Appropriations, I am familiar with the proposals which are made annually for this purpose. If the precedent which is sought to be established in the bill is set, would it not be logical for the Corps of Engineers, under the present administration, to come to Congress and ask, "Would it not be feasible for the Committees on Appropriations to appropriate money for 5 years, and then take a 4-year recess, go home, and forget worrying about it?"

Mr. HICKENLOOPER. It would be just as logical for the Corps of Engineers to have the right and power to draw from the Treasury for the next 5 years a limited or an unlimited amount of money, to do whatever they pleased by way of construction, to make whatever contracts they wished to make, within their judgment. Then the Committees on Appropriations would have nothing to say about it, and neither would the legislative committees which have charge of the authorizations have anything to say about it.

Mr. President, I will make a prediction. We have learned during the past week of the offer made in Montevideo to join in the providing of $20 billion for the Inter-American Development Bank over the next 10 years. The United States is not to provide all of that sum; we are to provide more than half of it. The offer has been made. I predict that the administration will come to Congress and ask for borrowing authority, not for 5 years, but for 10 years, on the theory that the program cannot be efficiently operated unless there is unlimited and unhampered jurisdiction over the money; and the Committees on Appropriations will be completely bypassed.

It is proposed in the bill to take $8.8 billion from the Treasury without meeting the constitutional requirement that no money can be spent from the Treasury except as a result of appropriations. In this proposal, there is to be no appropriation. It is back-door financing. It is a subterfuge. It is usurpation by the administration branch of the constitutional functions of Congress. If we begin to establish such a precedent in connection with international financial operations, I believe it will haunt us from this time forward.

Much has been said to the effect that there has been back-door financing before, in the RFC and the Export-Import Bank. That has been argued on the floor of the Senate. I shall not repeat the arguments. However, there is a vast difference. Those operations are not at all comparable with what is here proposed. A Government corporation operating solely within the United States for ascertainable purposes, under programs which are clear and defined, on a real banking basis, is far different from a farflung WPA operation, operating worldwide, with proposed loans the terms of which we do not know, with the terms of refund undefined, with the power to lend money on practically a giveaway basis, if the Administrator wishes to do so; without his being supervised by Congress; at no interest cost at all, if the Administrator does not wish to charge interest; and on such terms of repayment as may mean that the loan many never be repaid.

Mr. President, this proposal is a precedent which will haunt us if it is adopted. It is only the beginning. If Congress cannot or will not defend its own prerogatives, as they are set forth in the Constitution, then someone else will have to have mercy on the people, because the rights of the people are being given away. Those who have been elected to Congress to preserve those rights under the Constitution will be, in my judgment, abrogating a substantial portion of their responsibility if they give up the appropriating process and the appropriating rights through such a subterfuge as this.

I know of no program that has been substantially handicapped because it has been necessary to account for its expenditures before the Committees on Appropriation each year. I know of programs in which money has been saved because of the careful check which is made each year when appropriations are requested. I say again that the waste in the international program has not resulted from the action of the Committees on Appropriation. The waste in the program, where it has occurred, has resulted because the administrators have had poor judgment and have sponsored bad programs, and the administration of the programs has suffered. That is where the waste has occurred.

Now it is proposed to extend from 1 year to 5 years the opportunity to make mistakes. During that period the administrative mistakes can be amplified and exaggerated. Congress should be careful to preserve its responsibility for the disposition of the public money. We should be careful, in fulfilling the constitutional mandate, to make certain that the money shall not be spent from the Treasury except upon appropriations.

We should beware of subterfuges which nibble away and erode the rights of the representative body of this Government. We should beware of measures which increase the centralization of power of administrators, even under the guise of so-called efficiency.

But, Mr. President, I maintain that it would not increase the efficiency of this program, it would not increase the efficiency of the operations in various countries of the world. Instead, by extending and by lengthening the period of time in which a check can be made on these operations, an opportunity would be afforded to increase the errors and to exaggerate the mistakes.

But even in addition to that, again I point out that the most ominous feature of this proposal is the provision to bypass the appropriation procedure of the Congress. Some may talk about efficiency if they will. Perhaps on occasion a dictatorship is more efficient, from a certain point of view, for a particular period of time, than a democracy or a republic, which has to have things threshed out by the regular representatives of the people. But the greater the concentration of governmental power in administrative hands, the less the liberty and the freedom of the people.

So, Mr. President——

The PRESIDING OFFICER (Mr. HICKEY in the chair). The time yielded to the Senator from Iowa has expired.

Mr. HICKENLOOPER. I should like to have 1 or 2 minutes more, if I may.

Mr. MANSFIELD. Mr. President, on behalf of the opponents of the amendment, I yield 2 more minutes to the Senator from Iowa.

The PRESIDING OFFICER. The Senator from Iowa may proceed for 2 additional minutes.

Mr. HICKENLOOPER. Mr. President, if I have to choose between efficiency, on the one hand, and preservation of the rights and the responsibilities of the Congress to the people, on the other, I choose to maintain the responsibilities of the Congress to the people, even at the cost of a little efficiency.

Only in that way can we serve representative government. Only in that way can we keep hold of the responsibility of Congress to make appropriations of the public funds.

Furthermore, Mr. President, the attempt now being made is only the opening gun in a program to bypass the Congress and to increase the centralization of power in the administrative branch of government and to increase the erosion of the power of the legislative branch.

The PRESIDING OFFICER. The additional time yielded to the Senator from Iowa has expired.

Mr. MANSFIELD. Mr. President, I yield 15 minutes to the Senator from Kentucky [Mr. COOPER].

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

Mr. COOPER. Mr. President, last Friday, at the beginning of the debate on the foreign-aid bill, I spoke for a short time in support of the bill, and particularly in support of the provisions which would assure a 5-year program, aided by Treasury borrowing, designed to give continuity and maximum effectiveness to our foreign-aid program.

I do not know that there is a great deal more that I can say; but for a number of years I have felt so strongly that these provisions must be adopted by the Congress if our foreign-aid program is to have the chance to succeed, in the attainment of its objective. I shall speak today again, for a short time.

Since 1955, I have been convinced that the system of annual appropriations inhibits the development of a successful foreign-aid program, and if it is continued that it will doom any chance of our foreign-aid program to have maximum effectiveness.

I may say that my position on this matter is not new, nor is it based on some abstract or doctrinaire theory.

I would prefer not to speak on the basis of personal experience; yet, I must say that my views and convictions on these issues began to develop in 1955 and 1956, when I served as the Ambassador of this country to India, and when I had opportunity to see the operation of our foreign-aid program, in a country receiving our aid.

I believe that all of us will agree that if there is any developing country in which our foreign-aid program can succeed, it is a country such as India. That is true, first of all, because India has reached a rather advanced stage of industrial development; India is, after Japan, the most advanced country in Asia in point of industrial development. Further, India has an able corps of civil servants, and a leader. Prime Minister Nehru, who holds the confidence of the people of India; and India's program is designed to help the people of that country advance their standard of living, by providing advances in education, health, community development, and agriculture.

We have granted large sums of money to India, and our aid has been helpful to her. Yet I found that even in that favorable environment our aid—large in amount as it was—was not as effective as it should have been. Why was that true, Mr. President? It was because it could not be fitted in the most effective way into her 5-year plan or any long-term plan, because it could not be counted on beyond any current year. India, like all the other developing countries, is determined to have her industrial revolution, and, just as our country and the countries of Western Europe had their industrial revolutions, over a long period of time. This means that these countries must build transportation systems, develop their resources—such as coal and iron ore—build steel plants and chemical plants, and develop machine tools, for, without these, there is no possibility for the the production of capital and consumer goods, upon which economic growth, employment, and advancement in living standards depend.

We know that it is impossible to develop and create such industries in our own country in 1 year or 2 years or 3 years. Years and years are required in order to achieve industrial development—and capital must be assured. And yet we expect underdeveloped countries to plan and build on a 1-year basis.

I saw that a country as advanced—as compared to other countries in Asia—as India—when it could not be assured that aid would be forthcoming over the time necessary to develop its industrial projects—then it could not use our aid effectively. When I was there, I saw that our aid was siphoned off and drifted into secondary projects, which people in our foreign-aid agency would develop. Those projects were good, in themselves; but they were not the most important ones. And with the proliferation of projects which ensued, there was—and there will always be—an increase in the number of the personnel required to run secondary projects. I thought then that the number of U.S. personnel engaged in our foreign-aid program in that country was entirely too large—and I am sure there are too many in other countries.

If such a situation—and I saw it—exists in a country such as India, where there are comparatively favorable circumstances for development, a situation that inhibits the most effective use of our aid, of course it exists in less developed countries. And this inhibition, against effective use, is inherent—due to the method of yearly appropriations—when applied to foreign-aid programs, which are long term in their very nature.

The countries of Africa, the Mideast, and even some in Latin America, do not enjoy the most favorable circumstances for economic and industrial development.

I think we forget the overwhelming problems that these countries face. We tend to look at their problems in terms of our own experience. We forget that we experienced our industrial revolution, just as Great Britain and the countries of Western Europe experienced theirs, over a period of 100 years. In this country we had great potential for advancement because of our resources, and land. We have had the increasing savings of our people, without which capital for investment cannot be formed. We had increasing governmental revenues. Even then, we had to secure loans from Great Britain and other European countries for industrial development.

When we look at the problems of these countries in the light of our own experience, we ought to know there is absolutely no basis for comparison. The average per capita income in many of these countries is less than $100 a year. The people have no savings, and there is no opportunity for savings—for the formation of capital. The only method for capital formation is through taxes. That is the reason why governmental development is emphasized in these countries, rather than development by private enterprise for it is the only way. But even when these countries levy taxes for capital formation and industrial development, capital tools are still required, which they cannot produce, and which must be secured from other countries. The only way these countries can secure capital goods they do not produce, is through a favorable trade balance, or through loans or grants from other countries. That is why our foreign aid program is so important. Development in many of these countries cannot go forward—unless we can help supply goods that cannot be produced in the countries we help. And unless we assist in supplying technical aid in education, agriculture, health, and public administration.

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

Mr. COOPER. I yield.

Mr. DWORSHAK. The Senator from Kentucky has been an ardent supporter of foreign aid programs every year. I know he has closely followed the programs to see whether or not they have achieved success or failure. My question is, in the light of developments in South Korea, where we have spent huge sums of money, and in Laos and in other areas where foreign aid has been lavishly expended, does the Senator feel that the apparent failure of such programs is in any way related to the lack of long-range planning?

Mr. COOPER. To be frank, I must say that in the countries where there has been such great waste and failure of the programs, it was the result chiefly of poor administration by the executive branch of the Government.

But I believe there would have been less opportunity for waste and failure even in those countries if we had had a system which would have encouraged continuity, where the availability of funds could have been assured, where reasonable plans could have been developed. I think there would have been less opportunity for waste even in those countries than has taken place.

But let us not be carried away from the main point by these examples of waste, important as they are. There are other countries in the world where the people and governments are struggling with all their might and main to advance. This is a primary political fact in the world today. I believe our program would have been more effective

and will be more effective and will enable the countries to advance if we provide continuity and adequate financing over a period of 5 years.

These countries including many in Latin America—have meager resources. All of them must develop two types of programs. One is the program for the development of agriculture, educational opportunities, community development, and, I think very important, public administration. Few of those countries have enough people trained in governmental administration. We need more trained people in the United States. But there is a crying need for trained civil servants in the developing countries.

Even the development of those basic plans of training require time, continuity, and assured financing. Beginning these programs to assure the most basic needs for food, health, clothing, every country is determined to have its industrial revolution—the same type of revolution we had, which has lifted the living standards of our people. It is a political fact in Asia, Africa, the Near East, and it is a political fact in Latin America. These countries cannot have their industrial revolution in the time their people demand except with long-term plans and with the assurance of aid over a period of years. Those countries must manage their meager resources and their limited foreign exchanges over a period of years—at least 5 years. They need the assurance that our aid will be available at least for a period of 5 years. Our program today does not give that assurance.

I was interested, when reading the accounts of the economic conference in Uruguay, that after Mr. Douglas Dillon had presented so ably to the Latin American countries the program for long-term development, Che Guevara, of Cuba, said, "Yes, the Americans promise Latin America again and again, but there is no assurance that the Congress will make good on their promise."

At this point I should like to say to my friend the Senator from Iowa [Mr. HICKENLOOPER] that I do not believe the Marshall plan—which did work well without long-term Treasury borrowing—is analagous to foreign aid programs for the newly independent countries. The Marshall plan dealt with countries that had been our allies and friends—countries that knew us well enough to know when the United States makes a moral commitment to provide funds over a period of 4 years, we would do it. Further, we were dealing with countries whose problem was not that of creating industry, but the problem of restoring and redeveloping industry. Those countries had passed through their industrial revolution, and had reached a high level of industrial development before World War II. To compare the Marshall plan with the programs here proposed for countries in Latin America, Asia, and Africa has no real value. When we deal with Asian and African countries we are dealing with people who do not know us, who have very little knowledge of us, who have some regard for us, but who cannot undertake long-term programs of industrial development, and base their development plans on our aid unless it is actually made available. The only way it can be made available, in my judgment, is through the method of Treasury borrowing, proposed by the committee bill.

Mr. President, I am not on the Appropriations Committee. I do not claim to be an expert upon methods of financing. But I will say, there is no constitutional question involved. If Congress wants to appropriate money by the method of Treasury borrowing, there is nothing unconstitutional or illegal about it, and there is nothing to prevent it from doing so. This is borne out by the fact that since 1933 the Congress has been making money available for various programs by means of Treasury borrowing. Congress has made money available for various programs, such as Public Law 480, to support farm prices and for the transfer of surplus commodities to foreign countries, the export-import program, and other programs, because the Congress liked the programs and because the Congress believed Treasury borrowing was the best way to make them effective. It may be that a point of the opposition to Treasury financing for the foreign aid program, derives from the simple fact that some Members do not like, and oppose any foreign aid program.

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

Mr. COOPER. Mr. President, will the Senator yield me 5 more minutes?

Mr. FULBRIGHT. Mr. President, I yield 5 more minutes to the Senator from Kentucky.

Mr. COOPER. Mr. President, I submit that the only test which should be applied to the relevancy of Treasury borrowing for the foreign aid program, is whether it will be more effective than the method of year-by-year appropriation. Experience dictates that it will be more effective.

I learned something else in my short experience in India. I had an opportunity to compare our program with the Russian program. I do not say that the Russian program is superior to ours in all respects. Many of our point 4 programs are humane and go to basic needs. But, at present, the Soviet Union's program is superior to ours in the respect that it provides long-term loans of from 12 to 15 years at low interest rates. For this reason the countries take the aid of the Soviet Union because the aid is available at once for their industrial development and is available "now."

We shall not be able to match the Russian program so far as heavy industrial development is concerned unless long-term financing—such as Treasury borrowing—is passed.

Mr. President, I know there is wide opposition to the foreign aid program. It comes from people who believe the program is too costly—and it is costly. It comes from those who believe the program is wasteful—and it has been wasteful in certain countries. It arises from the remnants of isolationism—for some people believe we ought not to be involved in the affairs of other countries even though we are world leaders and cannot avoid it. And the argument is made, "This money could be spent for our internal development."

I do not consider the last argument a valid argument, because our foreign aid program stands upon its own merits. It is a program to give assistance to countries so they may develop strong economies to help them remain free and independent. As I view it, that is the main foreign policy objective of our foreign aid program, for strong, independent countries are indispensable to a world of security, justice—and I believe—democratic values.

I am not one of those who believe our foreign aid program will save every country from going Communist. Whether a country goes Communist or not will depend on other factors as well as foreign aid. I do know, however, that unless we have an effective foreign aid program for these newly developing countries we will be more likely to lose our association with them.

Our foreign aid program has continued since World War II against all opposition. President Truman, President Eisenhower, and President Kennedy have strongly supported it. I say to my fellow Republicans, we have known no stronger supporter of foreign aid than President Eisenhower.

The PRESIDING OFFICER. The time of the Senator from Kentucky has again expired.

Mr. MANSFIELD. Mr. President, I yield 3 additional minutes to the Senator from Kentucky.

Mr. COOPER. Mr. President, we will have a foreign aid program for many years. This being true, I believe we will be derelict to our responsibility if we do not take steps to make it the most effective program possible.

A few minutes ago my good friend from Iowa talked about our obligation to the people. If we wish to save the money of our people, and to achieve our national purpose, we ought to have a system and a program which can be effective. We will not have it under a yearly appropriations approach.

If we are trying to help other countries—and we are—we ought to have a program to suit their needs, one which can be effective and which will give them the best help.

Again, from the standpoint of the objective of our foreign aid policy the objective of helping these countries raise the standards of living of their people, achieve economic stability and remain independent, whether they are neutrals, or whether we are popular with them, then we must have a program which can achieve our objective.

Mr. President, I have felt strongly about this for 6 years. I recommended the program to the Department of State and Secretary of State Dulles in 1956. It is incomprehensible that the United States, with all its experience in private enterprise where this kind of planning and use of capital, proposed in this bill, is applied, should hang on to the slogan of "back-door financing" and deny the same opportunity for growth and development to other countries, under our

foreign aid program. I close by paying my tribute to the chairman of the Foreign Relations Committee for his leadership and statesmanship. And I pay tribute also to the ranking Republican member, Senator WILEY for his courage and leadership.

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

Mr. COOPER. I yield to my colleague.

Mr. MORTON. I am sure the Senator, with his great experience, recognizes the fact that we must have long-range implementation as well as long-range authorization.

Mr. COOPER. Absolutely, and this is what the Senator said in a fine speech 2 days ago.

Mr. MORTON. No one would run a business on any other basis.

Mr. COOPER. The Senator has been a businessman. The Senator knows that our people do not run their businesses on a 1-year basis, yet we expect other countries, with little wealth and little experience, to run their development programs on a yearly basis.

Mr. MORTON. If the Senator will yield further, I should like to depart from the subject a bit to bring something to his attention which I think will be very dear to his heart, because it concerns one of the neighboring counties to his.

I have learned from the research division of the Republican National Committee that Jackson County, Ky., cast the largest Republican vote of any county in the United States, 90.4 percent. Three thousand nine hundred and twenty-three of the very intelligent people in Jackson County, out of the 4,342 who voted, voted for the Republican candidate. I am sure that pleases the Senator.

Mr. COOPER. It pleases me very much. Jackson County is in my own congressional district—I live only two counties away—and Jackson County is a great Republican county. My district is a mountain district, long isolated, but its people are brave and intelligent people and they have enough sense to know that we do not have a foreign aid program which works effectively. I believe they support the committee amendments.

The PRESIDING OFFICER. The time of the Senator from Kentucky has again expired.

Mr. BYRD of Virginia. Mr. President, I yield 5 minutes to the Senator from Nebraska [Mr. CURTIS].

The PRESIDING OFFICER. The Senator from Nebraska is recognized for 5 minutes.

Mr. CURTIS. Mr. President, within the last few moments it has been said that one cannot run a business without financing of the type provided in section 202. I submit that the business of the U.S. Government has been run for 174 years without the necessity for any such back-door financing.

The issue is not whether one is for or against foreign aid. We are faced with an issue of whether one is for or against orderly constitutional procedure.

Mr. President, even though it has been printed before, I ask unanimous consent that section 202(a) of the bill before us be printed in the RECORD at this point.

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

SEC. 202. CAPITALIZATION.—(a) The President is authorized to issue, during the fiscal years 1962 through 1966, notes for purchase by the Secretary of the Treasury in order to carry out the purposes of this title. The maximum aggregate amount of such notes issued during the fiscal year 1962 shall be $1,187,000,000, and the maximum aggregate amount of such notes issued during each of the fiscal years 1963 through 1966 shall be $1,900,000,000: *Provided*, That any unissued portion of the maximum amount of notes authorized for any such fiscal year may be issued in any subsequent fiscal year during the note issuing period in addition to the maximum aggregate amount of notes otherwise authorized for such subsequent fiscal year. Such notes shall be redeemable at the option of the President before maturity in such manner as may be stipulated in such notes, and shall have such maturity and other terms and conditions as may be determined by the President. Payment under this subsection of the purchase price of such notes and repayments thereof by the President shall be treated as public-debt transactions of the United States Government.

Mr. CURTIS. Mr. President, the Constitution provides:

No money shall be drawn from the Treasury, but in consequence of appropriations made by law.

True, that has been broadly interpreted, but the fact remains that the spirit of the Constitution calls for the system and procedure of appropriations as we know them through the Appropriations Committees.

Why is it that this system of back-door financing is proposed? Why is it that we are asked to bypass the Congress for 5 long years? Is it because of the necessity for long-range planning? Not at all.

The distinguished Senator from Kentucky pointed out that we had a foreign aid program all of these years in spite of vigorous opposition. That point refutes all the argument that it is necessary that Congress be bypassed if there is to be porgram of continuity.

Let us look at our domestic programs. Congress keeps faith with the people on long-range flood control programs through the appropriation system. The same may be said of the agriculture program, which affects a great segment of our population.

One may say, "Oh, yes, but those programs are prompted by a domestic group that might apply pressure."

I reply, "How about the defense program? Year after year we provide for the defense of this Republic through the appropriation procedure." Someone might argue that the Constitution should be changed because we might come into a period in which pacifism would prevent the protection of our country, and therefore we could not trust the people or the Congress to provide for the defense. Our entire atomic energy program, military and civilian, has moved forward through the appropriating process. The fact that this claimed bypassing of Congress is necessary for a long-range program is without one scintilla of support so far as any credible evidence is concerned.

Mr. President, why do the proponents want the proposed legislation? Whom do they fear? Do they fear the Appropriations Committee of this body? Do they fear the Appropriations Committee of the House of Representatives?

I submit that they are individuals of intelligence, character, and patriotism, and that they carry out the mandates of Congress and let the public good prevail, even over their personal preferences. Whom do they fear? Are they afraid of the Congress? I think some people are. I do not believe any of my colleagues or Members of the other body are afraid of Congress. But why do the proponents of the plan want a system of obtaining money from the Treasury without going to Congress? Do they fear Congress? Are they afraid of a self-governing constitutional government such as we have? Why can we not trust this precious system of government that we have? Whom do the proponents fear? Do they fear the people? Do they fear that the people will rise up and oppose foreign aid?

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

Mr. CURTIS. Mr. President, will the Senator yield me an additional 3 minutes?

Mr. MANSFIELD. I yield the Senator from Nebraska an additional 3 minutes.

Mr. CURTIS. Even though I have disagreed on foreign aid, I do not think that such an eventuality will occur. After all, are the people sovereign or are they not? If the people of the United States wish to elect a Congress that does not appropriate money for flood control, they have the right to do so.

If the people want to stop appropriations for agriculture or atomic development, they have the right to do so. In America the people are sovereign.

Whom do the proponents of the provision fear? Why do they want to go into back-door financing under the cover of night? Do the proponents of the scheme fear the light of day upon their requests? I say that many of those outside the Government who are pressuring for a bypassing of Congress are some of those, but not all, who are not friends of Congress as an institution. Some of those people, though not all, are not the friends of constitutional government or constitutional liberty, and the self-governing system of the Constitution provided for people.

The Byrd amendment ought to pass. It may not pass, but in any event the rollcall on the Byrd amendment will forever stand as a milestone in the struggle for constitutional government and constitutional liberty. Why desert it? Whom do we fear?

I yield back the remainder of my time.

Mr. MANSFIELD. Mr. President, I yield 10 minutes to the Senator from Mississippi [Mr. STENNIS].

Mr. STENNIS. Mr. President, if the years of Senate experience with proposals for legislation have taught us anything it is that authority is often

surrendered for practical purposes although there are assurances that the congressional control remains. The immediate case in point is the Foreign Assistance Act of 1961 with the special Development Loan Fund provisions.

My distinguished colleague from Virginia [Senator BYRD] has offered an amendment to the foreign aid bill (S. 1983) to eliminate provisions for employing back-door financing of the new Development Loan Fund with expenditures from public debt receipts and to substitute instead an "authorization for orderly and unquestionable annual appropriations."

I use the term "back-door financing" advisedly. It is a device all too frequently used to evade the appropriation process.

The amendment would authorize annual appropriations over the span of 5 fiscal years 1962–66; the authorization for appropriated funds in each fiscal year would be in precisely the same amounts as the bill now allows through loans from the Treasury without appropriations.

I support this amendment which would substitute tested and unquestionable appropriation authorization for the same period and in the same amount.

Like the Senator from Virginia [Mr. BYRD], I am unimpressed that review and control would be provided through routine reports to the Congress and application of the Corporation Control Act. In practice, the operation of this act is to provide for theoretical power of the Congress to end or modify a program but the essential and vital annual review provided by Congress in the annual appropriation procedure is not provided.

Simply to set up new processes of borrowing from the Treasury and to enter into long-term programs with foreign countries shows the futility of expecting any real congressional control over the program. The language of the Senate report—page 11—shows this futility. It states in pertinent part:

> We can scarcely expect the poorer countries to commit themselves to comprehensive development plans in the absence of reasonable assurances that foreign exchange requirements will be met and that programs undertaken will be supported through completion. The element of continuity is essential to all growth, including economics.

In the face of such language it is idle for the Congress to be assured—as it has been assured—that the legislative control remains as it has in accordance with the provisions of the Government Corporation Control Act. Under this act, long-time operations result in the situation where the only purpose served by coming to the Congress each year is to receive appropriations for administration and not for the substantive part of the program.

Foreign aid is not in the same class as programs in which Congress has, in some cases, given long-term authority for the raising of funds—as in some cases of the operation of the Corporation Control Act. The situations change too rapidly to put foreign aid in that class.

Theoretically, we could cut off aid at any time even under a long-term program, but the very fact of a long-term commitment might well result in greater aid than would be possible or needed if the program were looked at each year.

For example, materials might be stockpiled early in anticipation of a long-term program and we might find ourselves having supplied the materials with which another Castro could build.

Who can predict that the aid given to one government will not shortly thereafter turn up in the hands of a less friendly or a hostile government—or that the government we support will become unpopular or be overthrown, as has happened in Korea and other nations.

In the New York Times of July 16, 1961, there is an article entitled "In Iran, a New Group Challenges Us." The gist of the article is that although the United States has poured three-quarters of a billion dollars in economic aid into Iran plus untold military aid, that the middle class we helped create now fights the government we support and wants us to go home.

We could multiply examples of this worldwide, but it all adds up to the lesson that there is no basis for giving blank-check support to long-term programs than there is to believe that the friends of today will be in our corner tomorrow.

Why are we urged to give blanket commitments for long-term spending through the back door—as it has been called and which I will continue to call it. Has there been some laggard, unwillingness on the part of the Congress to finance proposals for economic and military assistance? I think not.

I learned only yesterday that as of June 30, 1961, the United States has furnished $90.5 billion in economic and military assistance since July 1, 1945. A breakdown shows that $61.5 billion has gone for economic assistance, $27.7 billion for military assistance, and $1.4 billion for technical aid.

Are we to be advised now that $90.5 billion was spent during this 15-year period, and that those who spent it were unable to get "continuity" out of the programs so that now a long-term blank check must be provided?

It appears to me that blanket authority for anything past 1 year at a time would create a long-term program that would stack bureaucracy on top of bureaucracy and the perpetuation of jobs for those people administering the program.

I cannot see where any substantial benefit will flow from this new method of foreign aid financing. But assuming there will be some benefit, the harm done would far outweigh the benefits. It will be another substantial, continued far-reaching program of unorthodox spending. The combined effect of all these departures will be virtually to destroy the legislative processes.

Further, if we add this method of financing to the vast aid program, how can we hold the other programs of like financing to reasonable proportions?

Many new programs are being proposed by the administration, many of which are of great importance but all of which will cost many millions of dollars from the taxpayer.

There is another aspect of this bill which I have not heard discussed but which I should like to mention only briefly in passing.

It has occurred to me in reading the legislation before us that we are turning over some functions to the executive branch of the Government which are the primary responsibility of Congress as provided by the Constitution of the United States.

I refer specifically to the interagency Development Loan Committee to be established by the President according to this bill. A provision of the bill provides that this committee shall establish its own rules, standards, and criteria for the loans it will provide in the years ahead.

To allow this committee to establish such rules, standards, and criteria for lending operations is, in my opinion, diametrically opposed to the principle responsibilities given the Congress itself. The rules, the standards, and the criteria must be established by Congress. It is then the responsibility of the executive department involved and that departments administrators to carry out the programs as set forth by the Congress. To do otherwise, in my opinion would be a derogation of the constitutional principles under which we operate.

Can any statement of purpose in legislation escape the force of these words, shifting responsibility from the Congress? I am inclined to think not.

Under basic principles of constitutional law, the province of court is to establish the guidelines and the broad provisions under which the administrative agencies can work. The Congress charts with broad strokes and the administrative agencies then fill in the details in accordance with the overall plan established by the Congress. But if, as in this case, Congress leaves it to the agencies to chart the course and to establish the principles, then Congress has abandoned its prime function of lawmaking.

No administrator of any Federal agency can constitutionally make the law. The administrator promulgates orders, regulations, and directives which are in pursuance of ordained authority but he must adhere to the broad scheme established by the Congress. In this case, however, the Administrator of the Interagency Development Loan Committee would establish that broad scheme himself.

While congressional power to change the program and rescind the entire action of the committee allegedly remains, morally it would be indefensibly and politically unacceptable to change that which has already been promised another country. Also, Congress would have to take the initiative to change or reverse the actions of the Committee.

All of this adds to the conclusion that, as admitted, congressional power to control programs exists in theory and on paper as in the case of other programs under the Corporation Control Act.

I support the Byrd amendment.

If we loosely handle and expand this program of aid for others, how can Congress ever refuse the ever-increasing re-

quests for expanding the aid programs at home? I consider the assistance programs to other countries, even though some are meritorious, the chief roadblock to exercising economy in our domestic programs.

Our people are willing to be taxed for the necessary expenditures of the Government but they want and should hold their representatives in the Congress responsible for seeing that sound methods of financing and appropriating of funds are followed. To place this foreign aid program on the all too large list of those which can borrow money rather than come for appropriations each year is to open the door to an expanding era of this costly item without proper accountability to the Congress and without proper accountability of the Congress to the people.

I fully realize that our foreign policy makes necessary a certain amount of military aid and technical assistance. But the amount requested for foreign aid is much too large, especially when there has been no real assurance that the poor management existing in many areas in the past will be corrected. For years I have thought that we are spending far too recklessly and far too much on this program.

Therefore, I am opposing the bill.

I strongly support the Byrd amendment, which would eliminate back-door financing, thus retaining annual congressional control and annual appropriations, which I consider absolutely essential.

Mr. BYRD of Virginia. I yield myself 5 minutes.

Mr. President, there has never been a time in our history when it was more vital to preserve the fiscal integrity and responsibility of this Nation.

For 15 years, at tremendous expense, we have been serving as the policeman, the banker, and the Santa Claus for the free world. Our burdens, worldwide, are increasing.

At home we are steadily increasing the cost of nonessential spending programs—some of them perhaps desirable, but many of them not necessary under the circumstances.

As a result of these dual spending programs—at home and around the world—we are running dangerous deficits on two fronts. There is a budgetary deficit at home, and a deficit in our balance of payments with foreign countries.

The balance of payments deficit has been chronic for 5 years and as a result foreign nations have siphoned off our gold supply at an alarming rate. We have less gold now than we had at the beginning of World War II.

At the same time the direct Federal debt is approaching $300 billion. And in addition, the Government has underwritten contingent liabilities totaling another $300 billion in insured and guaranteed obligations.

There was a deficit in the Federal budget of $4 billion in the year just ended. The deficit in the current year is certain to be $7 to $8 billion, and it may run as high as $10 billion. We are approaching annual budgets of $100 billion.

Tax rates are close to their alltime high, and the point of diminishing returns has been reached in some areas. Inflation has already driven the value of the dollar down to 46 cents, on the basis of 100-cent dollars on the 1939 index.

Under this bill Congress would abdicate its authority to exercise effective appropriation control over $8.8 billion, and I submit this would be an act of irresponsibility. This would be an act of irresponsibility.

The principle involved is even more important than the money. In their unchallenged wisdom our forefathers foresaw the necessity of keeping the public purse strings close to the people for the preservation of their freedom.

This is fundamental. The Constitution provides that only Congress has the power to appropriate funds, lay taxes, contract debt, and coin money and regulate its value.

No money can be withdrawn from the Treasury, but in consequence of appropriations made by law. And revenue measures must originate in the House of Representatives where Members must submit themselves for reelection by the people every 2 years.

Revenue measures, required to originate in the House, are interpreted to include appropriation bills. Here is a bill for $8.8 billion in expenditures, all outside the country, and all provided outside of the appropriation process.

This procedure does not keep faith with the fundamental of holding the public purse strings as close as possible to control by the people, and there is no adequate justification for the proposal.

There never has been a time when we need more strictly to adhere to the principles of our form of government which was designed to keep us free, and this applies to all three of the separate, independent, coordinate, branches of the Government at Washington.

We are faced with a long struggle, and it is the United States which is, and has been, holding up the free world. Our cause is not served by sacrifice of freedom at home, and the struggle can not be won in insolvency.

If the American dollar goes down there will be no international currency worthy of confidence. Money is no problem to Russia. All she has to do is print it. It is not acceptable in foreign trade.

It has been my conviction for some time that Khrushchev plans to weaken and destroy us from within. In doing so his objective of world domination would be achieved.

The amendment now pending simply would require annual appropriations under a 5-year authorization, but the vote on it will be vital. It involves more than the $8.8 billion immediately under consideration. If the provisions in the bill are not changed, they will set an irresponsible precedent for financing foreign aid through the back door in the future.

I have an intense desire to preserve the integrity of the appropriations procedure as a keystone in fiscal responsibility. I hope the amendment will be adopted.

Mr. President, do I have any time remaining?

The PRESIDING OFFICER. The Senator from Virginia has 2 minutes remaining.

Mr. BYRD of Virginia. I yield 1 minute to the Senator from Vermont.

Mr. AIKEN. Mr. President, if the time has come when it seems desirable to transfer part of the power of the Congress to the Presidency, then let us make this transfer openly and on its merits.

Congress has the right to cede its responsibility, but we should not do so in the name of foreign-aid legislation. Back-door financing is bad enough, but back-door legislation is inexcusable.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum, and I ask unanimous consent that the time for it be not taken out of the time for debate.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. FULBRIGHT. 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. FULBRIGHT. I yield 10 minutes to the senior Senator from Oklahoma.

Mr. KERR. Mr. President, I will vote against the pending amendment. I do so only after long and serious consideration.

Although I generally supported the previous administration in all foreign relations matters, I have for many years voted against the foreign-aid economic program operated by this Government. I have done so for a number of reasons, among which are these:

First, I have felt that these programs have not been administered economically, effectively or wisely.

Second, I have voted against them because they were being advocated by an administration which favored the providing of economic aid to foreign countries for programs to develop their economy, the operation of which was not adequately controlled by the Congress.

At the same time, that administration opposed effective programs of resource conservation and economic development for our own States, even though they have always been handled under a system of effective congressional controls.

Third, I did not support the foreign-aid program because the dollars spent in the administration of this program could and usually did become claims against our gold reserves.

Mr. President, the environment today is vastly different. We have an administration which is cooperating effectively in providing the necessary funds to speed up existing programs, and initiate new ones to accelerate the resource development and conservation programs so necessary for the economic progress and growth within our own States.

The bill before us contains a provision which will to a great extent, perhaps entirely, prevent dollars provided for foreign economic aid from becoming claims against our gold reserve.

Then, too, of equal importance, we have the most explicit assurances from the President of the United States that the foreign-aid program recommended by him would be reorganized, more efficiently operated and more carefully geared to increasing the strength of nations which with their citizens are most likely to effectively cooperate in a stronger common stand against the encroachment of communism.

Even now, a great conference is taking place at Punta Del Este where our representatives may be taking advantage of the last clear chance available to this Government to do all within our power to help prevent the spread of Castroism in Central and South America; to halt the insidious spawning of new Communist beachheads in this hemisphere. Our President tells us that this foreign-aid program will help him to take advantage of this last clear chance.

Therefore, because of my deep conviction that the most important responsibility of our President in the field of foreign affairs is to do all possible, and in a manner which I believe can be successful, to stop the spread of communism, especially in the Western Hemisphere, I shall vote for the foreign-aid bill.

In that regard the Chief Executive has advised Congress that his ability to make this program the most effective will depend upon keeping in the bill the authority which would be stripped from it by the pending amendment.

There is no Member of the Senate for whom I have higher respect or deeper affection than the great senior Senator from Virginia [Mr. BYRD], the chairman of the Committee on Finance, on which committee I have had the honor to serve for 11 years. Because of my profound respect for him, I follow his leadership much of the time. His advocacy of the pending amendment has caused me to give it the most searching consideration of which I am capable.

This study and analysis on my part leads me to the conclusion, however, that the long-term borrowing authority in the bill is not only necessary to make this program efficient, but the language of the bill, at the same time, includes provisions and safeguards which fix it so that the executive, even if it wishes to do so, could not infringe upon the appropriations powers of the Congress.

It must first be pointed out that no provision of this legislation is irrevocable. Congress can, at any time, according to its judgment, modify or even repeal the long-term lending authority.

Uninterrupted legislative control is guaranteed by inclusion in the bill of a provision making certain features of the Government Corporation Control Act applicable to development lending. The amounts to be borrowed by the aid agency will be included each year in the Federal budget and submitted therewith for annual review by the Appropriations Committees of both Houses and by the whole Congress. It is clearly indicated in section 104 of the Government Corporation Control Act that the use of funds may be limited by Congress. This means in any year and in any amount.

Under this procedure, the President would submit an annual presentation of projected obligations and expenditures for the lending authority as part of the Federal budget. These, like other budgetary items, would be reviewed by the Appropriations Committees of both Houses and by the Congress. Limitations on expenditures could be proposed either by the Appropriations Committees or on the floor of either House. It is perfectly clear that no further expenditures could be made under the lending authority in the absence of express approval by Congress.

In the light of these considerations, it may well be asked: What then is the difference between the proposed borrowing authority and the present system of annual appropriations?

The difference is large and significant. While it is clear that Congress can impose such limitations as it judges necessary, it is also clear that it was the intent of Congress, in enacting section 104 of the Government Corporation Control Act, that budgetary limitations would be imposed only for compelling reasons; that is, only for the purpose of assuring that the will of Congress as expressed in the aid bill is effectively executed.

The Appropriations Committees have in the past rarely exercised their power to restrict the operations expenditures of the agencies which have been financed by authority to borrow from the Treasury. They have not done so because of the clear legislative intent of Congress regarding the operations of these agencies. The important point, however, is that such limitations can be imposed if they are deemed necessary by Congress.

The basic departure is that the burden of initiative is switched from the executive to Congress. Instead of the traditional presumption that no funds can be counted on until they are appropriated by Congress, under the new legislation, the presumption will be that funds will be forthcoming unless Congress acts to restrict or eliminate them. While this procedure does indeed provide for restraints on the normal appropriations process, it is essentially voluntary restraint accepted by the Congress itself. It is both voluntary and subject to revocation.

While the basic authority of Congress will thus be safeguarded, the new procedure will make it possible for nations receiving development loans to work out long-range programs with a fair assumption that these projects can be completed. This approach will make for effective economic development according to sound business principles. The procedure is new, but the basic authority of Congress will remain unimpaired.

For the reasons I have stated, I shall vote against the amendment and for the bill.

Mr. FULBRIGHT. Mr. President, will the Senator from Oklahoma yield?

Mr. KERR. I yield.

Mr. FULBRIGHT. I compliment the Senator from Oklahoma on an excellent statement. I especially compliment him on the attitude he has taken toward the pending bill. I believe he is completely sound in recognizing that if there is to be a program, it should be made as efficient as possible. There is no sense in continuing a program containing limitations which almost insure its inefficiency, as has been the case in the past. What disturbs me is that Senators who have been most critical of inefficiency are unwilling to take a step as important as this to bring about efficiency. The Senator from Oklahoma has made an important contribution in making that clear.

The Senator's comments about the retention by Congress of its control over the program are well taken. The idea that Congress will be relinquishing any substantial powers is completely erroneous. I compliment the Senator for making that point clear.

Mr. KERR. I thank the Senator from Arkansas for his remarks and most especially for the contribution he has made to reporting the bill to the Senate. Not only is it a bill which I can support, but it is a bill which, in my judgment, makes the program more effective.

I congratulate the Senator from Arkansas on the guarantee which he and his committee wrote into the bill to preserve the integrity of congressional control of appropriations, of the program, and of the money. I should like to have the Senator state the exact place in the bill where it is provided that even a concurrent resolution of Congress, without the approval of the Executive, provides the necessary retention of congressional control of the money available for the program.

Mr. FULBRIGHT. I shall be glad to do so. That section is often overlooked. It is section 617, on page 55 of the bill. It provides:

> Assistance under any provision of this act may, unless sooner terminated by the President, be terminated by concurrent resolution.

Mr. KERR. Of Congress.

Mr. FULBRIGHT. Yes; of Congress.

Mr. KERR. That is but another added guarantee written into the bill itself. It provides that Congress will preserve its inherent, traditional constitutional control of the appropriation of public funds.

I thank the great Senator from Arkansas for his patriotic, unselfish, devoted, effective leadership in the development of this program, in the writing of the bill, and in the presenting of it to Congress and the country.

Mr. FULBRIGHT. I thank the Senator from Oklahoma.

Mr. President, let me ask whether the Senator from Massachusetts wishes to have time yielded to him.

Mr. SALTONSTALL. I should like to ask the chairman of the committee certain questions.

Mr. FULBRIGHT. Then, Mr. President, I yield myself 10 minutes.

The PRESIDING OFFICER (Mr. BURDICK in the chair). The Senator from Arkansas is recognized for 10 minutes.

Mr. SALTONSTALL. Mr. President, I should like to ask the Senator from Arkansas about a suggestion made last Wednesday, in the course of colloquy with the Senator from Vermont, Al-

though he did not propose these words as an amendment, he suggested them as a possibility, if they were offered. I now read them:

SEC. 206. CONGRESSIONAL OVERSIGHT OF LENDING ACTIVITIES.—In any case in which the amount of a proposed loan under this title exceeds $10,000,000, such loan shall not be made and no agreement obligating the United States to make such loan shall be entered into unless thirty days earlier a full and complete report with respect to the purposes and terms of the proposed loan shall have been made to the Committees on Appropriations and Foreign Relations of the Senate and to the Committees on Appropriations and Foreign Affairs of the House of Representatives.

I should like to ask the Senator from Arkansas whether that amendment would be acceptable, if it were proposed either by himself or by some other Member of the Senate.

Mr. FULBRIGHT. In explanation of the colloquy of the other day, I will say to the Senator from Massachusetts that I do not personally think the bill needs or requires that amendment. I think that in the existing provisions of the bill there is ample protection of the rights of Congress.

But in acknowledging the interest of several Members of the Senate in this type of further check, let us say, upon the executive, this amendment was prepared by the staff of the committee, at my request—not by the administration—merely in an effort to see whether some common ground could be arrived at. I do not see that it is necessary for me to propose such an amendment, because I am not conscious of a need for it.

However, in view of the amendment which the Senator from New York, the Senator from New Hampshire, and the Senator from Vermont had offered—I believe he had two or three amendments—I have indicated that I believe this kind of substitute would have some merit, and personally I would be willing to accept it.

Subsequent to that colloquy, I have learned that other Members, including the minority leader, have been thinking of a similar amendment.

I am only desirous of working out something acceptable to as many Members as possible. Perhaps we cannot obtain a unanimous-consent agreement; but this amendment would be acceptable to me, personally. If we can refine it, or if the Senator from Illinois wishes to have a slightly different version, I would not be arbitrary about that.

Mr. SALTONSTALL. The Senator from Arkansas has spoken of his personal views. Can he go further than that? Would the administration object to an amendment of this character?

Mr. FULBRIGHT. I have consulted the administration about this amendment and some variations of it. The administration is not disposed to be difficult about it. The administration has some criticism of it. For example, the administration would prefer to have a somewhat shorter period of time; it would prefer 15 days to 30 days, as a matter of efficiency of operation.

I suggest that we propose to provide for 15 days while Congress is in session—I think that would be ample time—and 30 days when Congress is not in session. That is a slight change, not a material one.

I should also like to suggest $15 million, instead of $10 million—so as not to burden our committee staff with excessive paperwork. Such a provision would still cover what we call the important loans.

I hope something of the kind can be drafted, if that would be agreeable to the Senator. I wish to get as much enthusiastic support for this legislation as possible from Senators on the other side of the aisle, because I do not think such legislation should be considered by the country as partisan in nature. It is not partisan; this is not a Democratic program. It is a national program.

Therefore, I have gone as far as I possibly can, on every occasion, to accommodate the views of the Republican members of the committee, and likewise the views of the other Republican Members of this body. So I do not wish to be arbitrary. I hope we can get something that is workable.

Mr. SALTONSTALL. I think it would be very helpful if the chairman of the committee could tell us that he felt that if, let us say, the amendment of the distinguished Senator from Virginia [Mr. BYRD] were not adopted, something of this kind would be acceptable, not only to him personally, but also to the administration, so we would have support for this amendment.

Mr. FULBRIGHT. I believe I can say that. The administration has indicated to me its preferences, but has said, "Whatever you finally agree upon will, of course, be acceptable to us." That is about as far as they can go. I think they would not oppose a proposal like this in either body. But they would like the provision to be manageable and as workable as possible, because, of course, this is a very important activity; and with the larger amounts of money, there would be greater difficulty than was the case with the Middle East situation, where only $200 million was involved.

I have no objection, insofar as the Middle East situation is concerned; but I think this would cause a greater amount of paperwork, even with relatively small loans.

Mr. SALTONSTALL. Of course, I cannot say it is accurate, but I was informed by reasonably responsible sources that in the last 3 years there were 60 loans of more than $10 million. That would mean an average of 20 of them a year. That is not a great number of such loans.

Mr. FULBRIGHT. That is correct. But this program, if adopted by the Congress, will be considerably expanded, and it is anticipated that there will be a far greater number of larger loans—partly because there will be long-term planning authority, which I certainly hope will tend to put the program into projects which will really contribute to the economic base of a country, as opposed to short-term, rather showy projects, which often contribute little to the country's economic base. That has been one of the criticisms of the program.

So I anticipate that there would be larger loans.

Mr. SALTONSTALL. I should like to ask another question, if I may.

Mr. FULBRIGHT. First, I wish it clearly understood that this program and this provision apply only to the loans of the Development Loan Fund.

Mr. SALTONSTALL. That is correct.

Mr. FULBRIGHT. It does not apply, and cannot apply, to the other programs—the military assistance, the support assistance, the technical assistance, or the contingency fund. It is limited to the DLF—the Development Loan Fund.

Mr. SALTONSTALL. I understand.

Mr. FULBRIGHT. I want that clearly understood.

Mr. SALTONSTALL. This amendment, if adopted, would not provide Congress with any power to stop the making of the loan, unless section 617, on page 55 of the act, which I shall read——

Mr. FULBRIGHT. I read it into the RECORD a few minutes ago, during the remarks of the Senator from Oklahoma [Mr. KERR].

Mr. SALTONSTALL. Very well; I was unable to hear what was said at that point.

It is my understanding and interpretation of that act that it would apply to any single loan, if Congress wished to make it apply.

Mr. FULBRIGHT. I do not think it would not apply retroactively.

Mr. SALTONSTALL. I invite attention to this language:

Assistance under any provision of this Act may, unless sooner terminated by the President, be terminated by concurrent resolution.

I have in mind that if the language the Senator suggested the other day were inserted in the act, a majority of any of the four committees could file a concurrent resolution.

That concurrent resolution would go to the Foreign Relations Committee of the House or the Foreign Relations Committee of the Senate. But if such resolution were to go to one of those committees, and hearings were held on it, and so forth, certainly, in my opinion, the administration would be very unwise to make a loan until that resolution was accomplished.

Mr. FULBRIGHT. I certainly think so.

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

Mr. FULBRIGHT. I yield myself 10 more minutes.

The provision clearly provides that assistance under any title may be terminated. I think it is intended to cover any functional activity. I doubt that they had in mind specific loans. Technically, however, it might apply to a specific loan, which would be a most unusual exercise of this provision. I think they had in mind a much broader meaning—for example, that the DLF, could be terminated or rescinded, or that the contingency fund could be rescinded. I doubt that the Congress would ever use this procedure with respect to a single

loan, unless it were of very great or major importance. It could, however.

Mr. SALTONSTALL. I think, under a reasonable interpretation, I would agree with the Senator from Arkansas.

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

Mr. FULBRIGHT. I yield.

Mr. KEATING. I express my appreciation to the distinguished Senator from Arkansas for his cooperation with those of us who authored the Saltonstall amendment.

The Saltonstall amendment, in the revised form which has been studied by the chairman of the Foreign Relations Committee, is a good compromise. It provides that reports on all loans to be made from funds borrowed from the Treasury must be presented 30 days before the loans are to take effect to the House and Senate Appropriations, Foreign Affairs and Foreign Relations Committees.

This should be considered in conjunction with section 617, now in the bill, which would permit assistance under any provision of the act to be terminated by concurrent resolution. Thus full information on all important loans would be sent to four congressional committees and would not come into effect for 30 days. If within that period, any good and strong reasons for disapproving a loan were discovered, then a concurrent resolution could be introduced calling for termination of that assistance. That resolution would in the Senate, I believe, be referred to the Foreign Relations Committee which would have full data to consider both the loan and the resolution. Although there is no further provision for a veto by either a committee or a single House of Congress, in practice the filing of the reports and the provision for a concurrent resolution of disapproval should enable the Congress to make its intentions clearly known to the executive branch before any obligation of over $10 million is made under this loan program. The provision is a protection and an insurance to the executive as well as to the legislative branch.

It also seems to me when one reads the language suggested by the Senator from Arkansas in conjunction with section 617—and I thoroughly agree that it would be sparingly used—it could be used to terminate a project already started. In the light of that fact, it seems to me, when one reads those two together, there is a very reasonable protection for Congress. And when read together, in my judgment, they furnish a greater protection than is incorporated in the so-called Byrd amendment, for the reason that under the Byrd amendment there must be a waiting period of a year before action can be taken on an authorization. Appropriations are voted only once a year. These reports would have to be filed every time a loan was made. Furthermore, under this proposal, four separate committees would have surveillance over the operations of the program every year, instead of just two, where a substantial loan is involved. The limit of $10 million is perhaps open to some question, although I would think this was about right. Therefore, in the light of the position taken by the Senator from Arkansas and his assurance that this amendment will have his support and the support of the administration, it is my intention to vote against the Byrd amendment. On the whole, I think the Saltonstall approach would be more effective than the Byrd amendment in providing continuous, meaningful oversight by the Congress of loans financed by Treasury borrowing.

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

Mr. FULBRIGHT. I yield.

Mr. PROUTY. I want to be very certain that the proposed amendment under discussion at the present time is one which the Senator suggested during a colloquy with me last Wednesday, I believe, on the floor, and that the language would be identical with the distinguished Senator's proposal at that time.

Mr. FULBRIGHT. That is correct. I thought, if it was necessary and if we could reach agreement with the Senator from Illinois and other Senators interested, I would agree to certain changes. However, what we are talking about is the language of the amendment we discussed.

Mr. PROUTY. I understand it is agreeable to the chairman of the committee, and also to the administration.

Mr. FULBRIGHT. The position of the administration is somewhat like mine. It is reluctant, because it considers such a provision unnecessary, but it could live with it. It is believed it would place some burdens on the administration, particularly as concerns the volume of reports, and the administration would prefer to have the amount raised, so there would not be so many. Like the provision incorporated as to the Middle East, I said I thought it was a good provision. I do not think it is absolutely necessary, but if it were acceptable, I would prefer that it be adopted. Personally, I think the administration could live with it, if we all agreed that it was acceptable.

Mr. PROUTY. Under the provisions of that amendment, should it be adopted, the proposal would be referred to four committees of the Congress 30 days prior to any action being taken by the administration. Is that correct?

Mr. FULBRIGHT. That is correct. It has been suggested that while Congress was in session 15 days would be long enough, and 30 days should be provided when Congress was not in session. Does the Senator think provisions for 30 days is also necessary while Congress is in session? I thought 15 days would be long enough while Congress was in session.

Mr. PROUTY. Personally, I think the requirement of 30 days is preferable, because it gives the committees more time to study proposals.

Mr. FULBRIGHT. The question is one of reconciling the necessity of letting the committee know, but also not delaying the program. We are constantly being criticized for delays. It is one of the major criticisms. The question is one of reconciling the conflicting interests.

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

Mr. FULBRIGHT. I yield.

Mr. AIKEN. Am I correct in assuming, as suggested by the chairman of the Foreign Relations Committee, that the amendment being discussed would provide for publicizing proposed contracts?

Mr. FULBRIGHT. It would not. It is anticipated that the reports to the committees would be confidential reports. It would be intolerable, prior to final agreements, to publicize the plans. I would anticipate that the reports to the committees would all be classified reports, for the information of the committees.

Mr. AIKEN. And they would be submitted to only 100 Members of Congress and their staffs; is that correct?

Mr. FULBRIGHT. I had not counted up the number, but I refer to the Committees on Appropriations and Foreign Relations.

Mr. AIKEN. The number would be about 100 Members. Assuming that the committee did not approve one of the proposed contracts, what would it do?

Mr. FULBRIGHT. It would register its complaint with the administration.

Mr. AIKEN. Suppose 60 Members approved and 40 Members disapproved. What would the 40 do about it?

Mr. FULBRIGHT. They could also complain.

Mr. AIKEN. Does the Senator mean they could not come on the floor and speak as American citizens?

Mr. FULBRIGHT. I think they should, but not prior to accomplishing the agreement. I think it would create an intolerable administrative problem to publicize proposed agreements prior to their accomplishment. This proposal is intended to give Members of Congress an opportunity to study the proposals.

Mr. AIKEN. So we would provide 100 muzzles for 100 Members of Congress.

Mr. FULBRIGHT. The Senator knows I am not trying to justify it. I am reluctantly considering it.

Mr. AIKEN. Has not the State Department vigorously opposed this provision every year and stated that it would demoralize their program?

Mr. FULBRIGHT. Publication would.

Mr. AIKEN. It would demoralize their program, and every member of the Foreign Relations Committee ought to know it.

Mr. FULBRIGHT. Of course it would, if the proposals were publicized.

Mr. AIKEN. Does the Senator know any better way to get publicity than by submitting a proposal to 100 Members of Congress?

Mr. FULBRIGHT. I am told that many reports made to committees are not publicized.

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

Mr. FULBRIGHT. I yield.

Mr. KEATING. However, in connection with the very pertinent inquiries of the Senator from Vermont, I think it should be said that, under section 617, if any 2 of the 100 Members, as the

Senator put it, or any 1, felt that the proposed law was unwise, a concurrent resolution could be submitted.

The resolution would not necessarily be adopted. It would go to the Committee on Foreign Relations in the Senate and, in the other body, to the Committee on Foreign Affairs. It could be submitted. Of course, there is nothing which would presume to say to a Member of Congress that he could not submit a concurrent resolution.

Mr. FULBRIGHT. The provision with respect to the concurrent resolution has been in the law all along. I have never heard of anyone submitting a concurrent resolution. That provision was in the law last year. The administration asked that it be an act of Congress, and the committee kept it as it was.

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

Mr. FULBRIGHT. I yield.

Mr. BUSH. I join in thanking the Senator for his courteous consideration of the Saltonstall-Keating amendment, of which I am a sponsor. The Senator from Pennsylvania is also a sponsor. I think it is very helpful for the Senator to have this colloquy in anticipation of the labors we face next week.

In view of what the senior Senator from Vermont [Mr. AIKEN] has said, I invite attention to an amendment offered by the junior Senator from Vermont [Mr. PROUTY], in which the Senator confines the reference to the Committee on Foreign Affairs of the House of Representatives and the Committee on Foreign Relations of the Senate.

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

Mr. BUSH. May we have more time?

Mr. FULBRIGHT. Mr. President, I yield myself 10 minutes more.

Mr. BUSH. The purpose is to reduce the number of committees which would have to consider the problem and to place it in the hands of committees which are most familiar with the development-loan program and the whole foreign-aid program.

I shall raise that question when this provision comes before the Senate next week, but I thought I would mention it now so that Senators might consider it as being less cumbersome in operation.

I also ask the Senator to consider whether it might be well to modify the suggested amendment to insert the language "while the Congress is in session." It seems to me there is something to be said for having references made while the Congress is in session.

I do not wish to take the Senator's valuable time to debate that question now, but I raise the question for consideration of the Senate next week, when we shall have more time.

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

Mr. FULBRIGHT. I yield to the Senator from Pennsylvania.

Mr. SCOTT. I had in mind the same question which was posed by the Senator from Vermont, as to assurances. What the distinguished Senator has said answers the concern I felt.

The sponsors of the amendment have been most desirous that there be some form of coordination with the Congress, and some control other than that in section 617, or that the concurrent resolution provision be included.

I should like to ask the distinguished Senator from Arkansas a question in this connection, in view of some conversation which has been had from time to time, indicating that perhaps the administration might wish to withhold some information on the ground of national interest. That authority is not provided in the amendment, and I would appreciate some assurance from the Senator from Arkansas that so far as he is concerned there will be no attempt to include a reservation eliminating some reports, since the amendment contemplates that reports on loans in excess of $10 million shall be made to certain committees of the Congress.

Mr. FULBRIGHT. That particular provision was in the Middle East resolution. The distinguished Senator from Illinois is reported to be considering such an amendment. We have discussed that question. I do not think the Senator has actually prepared it.

I think such a reservation has great merit. However, as I have already indicated, I believe that under the law providing for classification, the administration could protect itself from undue revelation. The senior Senator from Vermont has great doubt about the ability of the administration to do that, but I do not entertain the same doubt. Perhaps I am mistaken.

We know there are many leaks, but often the leaks do not relate to what I would call classified or secret information. The leaks involve more personal matters, such as my own correspondence, which I have no authority to classify. Those are the most frequent leaks. I do not believe there is any great risk.

This is a point we can discuss. Does the Senator from Pennsylvania feel very strongly that when we are dealing with an extremely sensitive matter, under no circumstances should this authority be provided, and that the reports must be included?

Mr. SCOTT. I prefer the exclusion from this measure at this time of such an overall extension of power to the Executive.

Mr. FULBRIGHT. Yes.

Mr. SCOTT. I do not believe that the Executive has formally made any such request. I have in mind, among other things, the Middle East problem. I think it is important that such secrecy as may pertain to the Middle East problem be maintained, but not for any purpose other than the security of the United States. It should not be maintained for the benefit of any person from a political standpoint.

Mr. FULBRIGHT. I agree.

Mr. SCOTT. We ought not to be concerned that the impact of some voting group might be averted by concealment. I do not think it is in the mind of anyone, actually to do so, but I have a reservation in my mind. I am sure the Senator understands what I am getting at.

Mr. FULBRIGHT. Yes.

Mr. SCOTT. I prefer, as I have said, that it be omitted. I am glad to see it has been omitted. That goes a long way toward helping me in my concern as to how to act.

Mr. FULBRIGHT. It has been suggested that the leaks, if leaks exist, and the reports about negotiations before loans, if they get out, would cause numbers of lobbyists interested in the cases to descend upon the committees. This could happen, if there were leaks. On the other hand, if we should do our duty and protect against leaks, they would not occur, because when the 30 days were over the story would be publicized.

All I can say is that if this provision is unworkable we shall have to repeal it.

Mr. SCOTT. The danger of leaks is one which is broadly applicable. For example, if there were leaks in the Armed Services Committee one might have the same problem, and there might be lobbyists for aircraft concerns and others coming to the Congress.

Mr. FULBRIGHT. That is correct.

Mr. SCOTT. I thank the Senator.

Mr. AIKEN. Mr. President, will the Senator yield for one more short question?

Mr. FULBRIGHT. I yield for one more question.

Mr. AIKEN. Does the Senator believe that if the contract were submitted, and if the executive department were going through with it, the Congress could terminate the contract by a concurrent resolution?

Mr. FULBRIGHT. It strikes me that if the Congress acted by resolution quickly enough, before the obligation was entered into, under the language the Congress could terminate anything.

Mr. AIKEN. Under the language?

Mr. FULBRIGHT. Under section 617. Not under this amendment, but under section 617, which is in the law.

Mr. AIKEN. If, under the amendment, the contract were submitted to the four committees of the House and the Senate, and Congress felt strongly about it, and if the executive department would not cancel it, could the contract be canceled by the Congress by a concurrent resolution?

Mr. FULBRIGHT. As I have already answered, I think the language refers to the general activity provided under various titles. I do not think that under a reasonable interpretation it could apply to a single, ordinary loan. I have not had an interpretation made on that point. I shall be glad to do so.

Mr. AIKEN. The answer would be "Yes."

Mr. FULBRIGHT. Technically, the language seems to be very broad, as I said before. It says "assistance under any provision of this act." It would seem to be broad enough, but it ought to be interpreted with the rule of reason. I think it would be very unreasonable to apply a narrower, technical interpretation.

Mr. AIKEN. The Senator also said that the contract would be submitted in the strictest of secrecy. How would Congress pass a concurrent resolution in secrecy?

Mr. DIRKSEN. By invoking rule XXXV.

Mr. AIKEN. By invoking rule XXXV and closing the doors, to pass it in secrecy?

Mr. DIRKSEN. Yes.

Mr. AIKEN. I think the Senator from Illinois has answered the question.

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

Mr. FULBRIGHT. I yield.

Mr. KEATING. I do not think the question ought to be left in that state. Obviously, if a concurrent resolution were filed, it would become public property and those filing the concurrent resolution would have to take the responsibility for doing so.

Mr. FULBRIGHT. I doubt that a concurrent resolution would be filed except in extreme cases.

Mr. DIRKSEN. Mr. President, I wonder if my distinguished and charitable friend from Arkansas will yield the minority leader about 30 minutes on this question?

Mr. CURTIS. Mr. President, will the Senator from Arkansas yield for a question?

Mr. FULBRIGHT. I yield for a question.

Mr. CURTIS. Referring to section 617 of the bill, pertaining to the concurrent resolution, could any project or program be stopped by a concurrent resolution before it was started or instigated?

Mr. FULBRIGHT. I believe the authority under which the project or program would be granted could be stopped, if it were abolished or rescinded under section 617 of the Development Loan Fund before the loan was made. I think such concurrent resolution would stop it. If some project were contemplated under the contingency fund and the contingency fund were rescinded, I think this would stop the program.

Mr. CURTIS. The bill uses the language:

> May, unless sooner terminated by the President, be terminated by concurrent resolution.

Can a program that has not been instigated be terminated?

Mr. FULBRIGHT. If the Senator is talking about the authority to do so, it is in the provision. I think a reasonable interpretation would not refer to individual loans or projects. It would refer to titles under the act, to the use of the contingency fund, or to Development Loan Fund. Under 617 one could rescind the Development Loan Fund, I would think.

Mr. CURTIS. The whole thing?

Mr. FULBRIGHT. Yes.

Mr. CURTIS. Such a provision would not apply to an individual country?

Mr. FULBRIGHT. I do not think that would be a reasonable interpretation of the provision, but I have not had a legal research made on that point. The provision has been in the law, but no test has ever been made, and none has ever been sought.

Mr. CURTIS. The concurrent resolution would apply to the whole act or nothing.

Mr. FULBRIGHT. No; but any provisions in the bill, it seems to me, could be rescinded. But those provisions do not relate to individual loans.

Mr. CURTIS. Then if the amendment referred to by the distinguished Senator from Massachusetts were agreed to, could any member of the committees offer a concurrent resolution in regard to one of the projects?

Mr. FULBRIGHT. I think such an interpretation would be very strained.

Mr. CURTIS. I am not interpreting the bill.

Mr. FULBRIGHT. I think a member of the committee could offer a concurrent resolution to repeal the Development Loan Fund, and the resolution would be referred to the committee. If Congress agreed to the concurrent resolution, the Development Loan Fund would be repealed.

Mr. CURTIS. That is all the concurrent resolution would involve?

Mr. FULBRIGHT. I think that would be a reasonable interpretation. I do not wish to be pinned down on the case of a loan, if a loan of great significance were involved. If the loan had not been made, but there was a borrower, and Congress were willing immediately to pass a concurrent resolution, it might be held proper under the amendment. I have not thought about the question.

Mr. SALTONSTALL. Mr. President, will the Senator yield for an additional question?

Mr. FULBRIGHT. I yield.

Mr. SALTONSTALL. Perhaps the question is rhetorical. Is it not perfectly clear that if any member of any of the four committees of the House or the Senate objected, and showed by his statements and the report of the committee that he objected to one of the loans, the administration would not go forward with that loan?

Mr. FULBRIGHT. That is my opinion, if the objection were a responsible one. If a single individual expressed disapproval, that would be one thing. If the committee, or a reasonable number of the committee, said, "This is a very serious matter. We do not think the project is justified," and proceeded to give anything like a plausible reason for the opinion, and the objection did not seem purely frivolous, I think the administration would undoubtedly take another look at the project, discuss it, and review it; and if there were continued opposition, my opinion is that the administration would not move forward. That would be the course of wisdom. That is the way I think the law would work. Therein lies the value of the proposal. We would not have a veto. But if the objection were serious, with some justification to it, I think such objection would influence the administration to change the program, modify it, drop it or take whatever action seemed proper under the circumstances.

Mr. SALTONSTALL. As I see it, that would be a responsibility of Congress if the authorization were agreed to.

Mr. FULBRIGHT. It certainly is. After all, it is a long-term program. I think it would be extremely unwise and improvident for the administration of any party in an instance like the one described to override the wish of Congress and go on, even though it had authority to do so. It would be very foolish to proceed under such circumstances.

The program must be of a cooperative nature, and Congress must support the program all along if it is to succeed. If we so fall out with the administration that we object to the way the program is being administered, we have the inherent power, even without the amendment, to pass a bill to kill it if we can muster a two-thirds vote. We can always take such action, even over a veto.

We have already discussed the point in another connection. Any reasonable administration must get along, by and large, though not on every detail with every Member of Congress, but with a majority of Congress.

Mr. HICKENLOOPER. Mr. President, will the Senator yield for another question?

Mr. FULBRIGHT. I yield, but I am desirous of giving the minority leader an opportunity to speak. I am sure he is eager to speak.

Mr. HICKENLOOPER. I assure the Senator that I am as eager to hear the minority leader as he is.

Mr. FULBRIGHT. I look forward with fear and trembling to his address, but it is my duty to give him an opportunity to speak.

Mr. HICKENLOOPER. I look forward with complete pleasure because I think I shall be in complete agreement with what he will say, although I am not sure what he will say.

I invite attention to section 617, page 55, which is the concurrent resolution provision. That section happens to be one of the reasons why I object to the procedure. Not only is no protection afforded, but it is a camouflage, in my judgment. While I have not researched the question legally or had it researched, the section provides:

> Assistance under any provision of this act may, unless sooner terminated by the President, be terminated by concurrent resolution.

From a horseback opinion standpoint, a reading of that provision demonstrates that there is no question that the concurrent resolution would have to destroy the whole act or the whole provision of the act under which it operated. The concurrent resolution would have no effect on individual, specific programs.

Many of us have supported mutual assistance programs, but we have had violent objections from time to time to specific items of operation under the program. The provision in question would leave us helpless. We would have no choice but to follow the idea that if one has a bad cold, the way to cure it is to cut off his head. When it comes to specific performances under the program, if there were violent objection, we would have no remedy whatsoever except to abolish the entire provision under which we are operating.

Mr. FULBRIGHT. The provision. The Senator is correct.

Mr. HICKENLOOPER. Such action, which most people would not want to take, would be very drastic.

Mr. FULBRIGHT. It would be drastic, but proper. However, we are not

supposed to be executing the laws. It is most unusual even to consider the amendment we have been considering. Yet Congress is so anxious to get into this act that I do not see any harm in the provision about which we have been talking. I do not think Congress ought to undertake to pass upon every single act. We do not have the staff necessary to exercise intelligent judgment.

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

Mr. FULBRIGHT. I will yield for a question, but not for another speech. I yield myself 2 additional minutes.

Mr. MILLER. I should like to ask the Senator from Arkansas a question. Assuming the interpretation of section 617 is as he has said—which I believe is a reasonable one—how could it be applied in connection with the provision contained in section 614(c), which provides that the President is authorized to use the $50 million but that he does not have to reveal its use if he certifies that it is inadvisable to specify the nature of the use of such funds; in other words, how can Congress act through a concurrent resolution on something it does not know anything about?

Mr. FULBRIGHT. If Congress had any suspicions, it could approve a concurrent resolution repealing section 614(c). That would stop it. Congress could repeal the whole section, and thereby abolish the authority. I believe action could be taken under the authority of section 617.

Mr. MILLER. Does the Senator think it wise to require this extreme type of operation on the part of Congress?

Mr. FULBRIGHT. I do not believe that section 617 is necessary at all. We are supposed to give the power to the Executive, and the executive department is supposed to execute that authority. If they do it erroneously or badly, we can repeal that provision. If the administration does not do it properly it can be criticized, and, if necessary, it can be defeated in the next election. We are not supposed to execute laws. The more we get into that, the more cumbersome the whole operation becomes. I expect to be criticized for even agreeing to the proposal, because to a certain degree it interferes with the Executive functions.

Mr. MILLER. We could avoid the problem if section 614(c) did not have the secrecy provision in it.

Mr. FULBRIGHT. The Senator has the right to move to strike it out. The committee felt it was justifiable. However there is no reason why the Senator could not offer an amendment on Monday to strike out 614(c). If the Senate supports the Senator, it will go out.

Mr. MILLER. The point I wish to make is simply that section 617, it seems to me, is form without substance unless we have that part of section 614(c) taken out.

Mr. FULBRIGHT. The Senator is entitled to his opinion. I do not quarrel with it. He may be right. Probably he is right.

Mr. President, I yield 30 minutes to the Senator from Illinois.

Mr. DIRKSEN. Mr. President, first I express my gratitude to the distinguished Senator from Arkansas for yielding me of his time. I think he knows that I am in favor of the Byrd amendment. I am for something to implement the Byrd amendment. As a result of the colloquy here this afternoon the impression seems to be that an audit-and-oversight provision would be a substitute for the Byrd amendment. I never had any such idea at any time. I believe the Byrd amendment is necessary, and I believe implementing oversight and auditing of the program is necessary, too.

First, I point out that after 13 years of the so-called foreign-aid program, it becomes a "harder sell" than it has been at any other time. It will become an increasingly "harder sell"; and I should not be a bit surprised—and certainly a prophet takes his life in his hands when he prophesies—if with the long-term back-door financing, as we call it, we are preparing to liquidate the program.

Mr. FULBRIGHT. I do not call it that.

Mr. DIRKSEN. Whatever it is called.

Mr. FULBRIGHT. I object to it.

Mr. DIRKSEN. I do not object to what the Senator calls it. I say with that provision we are getting ready to liquidate the foreign-aid program, because there is something far more important involved here than so-called Treasury borrowing, and that something is the American people.

We are dealing here with their money. It does not make any difference whether the Internal Revenue Service extracts it from them on internal revenue payday or whether it is taken by the form of the President issuing notes and the Treasury buying the notes. It comes out of the Treasury, and it belongs to the people. Finally it must be liquidated by the people themselves.

They are conscious right now of what is going on. They do not ask for much. I have never asked for perfection in this program. I know that the human casting can fail and that there can be corruption in this program. I know that waste can enter into it. I know that it does not always reach down. However, when all is said and done, we have our responsibility under the Constitution. There is no other way in which it is possible to get money out of the Treasury except as we make it possible to do so.

What the people want is competence in the program. They want an accounting. They want some feasibility. They want acceptability of projects. They want the money to reach down to the people who are to be helped, and not skimmed off by a thin uppercrust group in any of the countries.

They would like a little audit. They would like a little oversight. They wonder whether their representatives in this Chamber are conserving the resources of the taxpayers.

When I say competence of personnel, for example, I am thinking of many things which have been dredged up by the committee in the House. I have served on this committee in the Senate year in and year out as we have dealt with foreign aid. I remember people not identified with Government who used to come to testify. Mr. Williams Castle, who probably made a modest fortune in documentary films, used to come up there, and I used to answer him. I upheld the ICA during that testimony simply because he had no identity with Government and I did not know how much investigative talent he had. The Porter Hardy committee in the House has performed most creditably in this field, and they have shown something about the incompetence of personnel. One situation showed up only recently in Peru. There was a regional director down there by the name of Roland S. Atwood. A man by the name of John R. Neale was the administrator of the ICA program there. The committee had Atwood before it, and it put the blame on him. It said:

> You should have known what was going on. You should have disciplined Mr. Neale.

What happened to Mr. Atwood? Mr. Atwood landed on the Inter-American Bank under a special section down there to look after some $394 million.

People talk about competence. That is the first thing the people want. They are entitled to have it. We are not going to get it by ladling up $8,800 million so that the President can issues notes and get the money.

We will discover difficulty in getting a look-see. In connection with the Peruvian situation, Representative HARDY served notice on 12 witnesses to come before his committee. What happened? The Secretary of State notified all 12 of them in writing that they should not appear before the committee and testify. That is a matter of record. So the first point I make is that we want some competence.

Does anyone think that we are going to get it after we have delegated away the money by permitting the issuance of notes to be bought by the Treasury and after the obligations have been incurred? No, not in my book. I do not believe that will ever happen.

The second thing is the question of feasibility and acceptability of some of the projects with which we are involved.

Let us take a little look. There was an irrigation project in Peru. The engineers said it would not work. They were asked why. The answer was simple: There was no water. That is the best answer I know. But the director went ahead with the project anyway. One hundred and twenty-four thousand dollars was involved. That is a long way from $10 million; but $124,000 is $124,000 of the people's money. It is not picayunish, in my book, because if it can happen there, it can happen with respect to larger sums.

The report shows that Iran did not have a single project. Yet the director was told to spend $40 million as quickly as he could. Oh, the headaches. The greatest excoriation written about the Iran project was published in the London Times, which referred to the corruption, extravagance, mismanagement, inflation, and destruction of the stability of the country.

Is this what we shall do? Shall we barter away the annual look-see? That is what would happen.

What happened in Korea, for example? A fertilizer plant was built there.

I think it has been in process of construction for a long time; it has not been finished yet. It was estimated to cost $19,500,000. I think we have put $47 million into it up to now. That is what happens when Congress does not get a real look-see.

In the substitute proposal I have offered to provide checking, I provide for a staff in the Committee on Appropriations, competent and of sufficient size to perform the task. That provision is not in the other amendment. That is no substitute for what I have in mind, because when the money is gone, our chance to do anything with it is gone at the same time.

Consider the Vietnam road, which was supposed to be 250 miles long. Finally the authorities settled for 18 miles. Expensive bridges and expensive laterals were built. The overall estimate, to begin with, was $18 million. Now it is said it will take $100 million to build the project. Do Senators want to do that with the people's money? I do not. I want an audit; and I want an audit every year.

I remember my days as a member of the Committee on Appropriations. The distinguished Senator from Maine [Mrs. SMITH] will remember, I am certain, that I quizzed witnesses back and forth. That is the only way to get the story; it is not possible to get it from those who will spend the money. If Senators think I am wrong, let me prove to them that I am right.

In Peru, it was planned to build an irrigation project. There was a road that began nowhere and ended nowhere. This was all revealed before a congressional committee.

The last booklet issued by the ICA is entitled "Aid in Action—How U.S. Aid Lends a Hand Around the World." Does it say anything about the projects in Peru? Oh, no. Let me read what it says about Peru:

> The importance of selected seed, proper fertilizer, and modern cultivation methods in potato growing was shown when a U.S. demonstration plot produced 610 bushels per acre, valued at $677, compared to 118 bushels per acre, valued at $50, by conventional methods.

Where was the comment on the road? Where was the comment on the irrigation project? Where was the comment on the conflict of interest on the part of the man who was running the foreign aid show in Peru? Senators will not find it in the ICA publication. That is what I quarrel about: It is the spenders who come before the committee. I would rather have a staff which has taken a good look-see come and tell Members of Congress when an agency has ostensibly justified its case. Then let the agency people take the same side of the table and be asked, "What have you to say about it?"

It is the people's money with which we are dealing. When it goes out the back door by the issuance of notes, it has gone. We shall have to beg for information. That is why I object to a $10 million cutoff in a proposal to audit this program. The $124,000 which went down the drain in Peru was very important to me. The seven elevators in Haipur, India, without a bushel of grain in them, are probably fancier and have more gimmicks in them than any grain elevator in the United States. They are important to me. It will not be possible to reach activities of that kind with a $10 million cutoff.

So I suggested an alternative proposal with no cutoff. I proposed that before any authorization under this act could be used, the proponents of the program must come before the respective committees and tell where the money was to go, what country would be the recipient, and what the justification was for it.

Where do Senators think I got that language? Bless them all, I did not concoct it out of a hole in my head—not by any means. We had before us a bill relating to the Middle East. Who do Senators think rose on the floor of the Senate and proposed the very language I offered? He submitted it for the approval of the Senate and got approval without a dissenting vote. Was it the minority leader from Illinois, even though $300 million was involved? No; it was the incumbent Vice President of the United States, the then majority leader. If we thought such a provision was pretty good then, I think it is still pretty good. There was no $10 million cutoff, and no $5 million cutoff.

I am willing to accept the former majority leader's language, which the Senate wrote into the Middle Eastern program. That is good enough for me. But that is no substitute for the Byrd amendment. It can be only a supplement to the Byrd amendment. That is why I believe the Byrd amendment is so important.

Does this proposal reach down to the people? I do not know. What did the House investigators says?

They pointed out the preoccupation with building large and costly projects at the expense of the basic economic development—large, monumental, costly projects. That was the course which the foreign aid group pursued. They get delusions of grandeur. I would rather see built a $100,000 sawmill, where people can cut lumber with which to build themselves habitations, than a $5 million powerplant, which, when it breaks down, sits there for people to look at, no one knowing what to do about it.

I sat in Taiwan with a representative of General Electric. I say "General Electric"; it could have been a representative of Westinghouse. He said:

> The trouble with this program is that those who operate the show get delusions of grandeur. They say, "How big can it be? How much money can we spend?" They do not train the people to maintain them. Then, when the plants break down, the people sit there like sheep and look at them.

Mr. President, we had better look at this program first and ascertain whether a particular kind of project is acceptable for the area for which it is proposed.

I suppose I could multiply examples when it comes to reaching down to meet the people. When 20,000 merchants in Vietnam clamor for licenses to enable them to buy imported goods at special rates of exchange, and the United States pays the freight, is that something which reaches down to the people? We are dealing with the people's money.

Let Senators go back home and try to justify such a program. I say that, because I carried the flag for foreign aid on the floor when it was very awkward, as Senators will know.

When I was being written up in the Illinois newspapers, it did not make any difference. I stood my ground. I stand my ground now. However, I believe that now is the time to take counsel, because involved here is $8,800 million in a space of 5 years. It will go out of the U.S. Treasury when Congress authorizes the notes in the bill. It can all be obligated in a single year, if I correctly read the bill. Then try to get it back. How shall we revoke that authority? It must be done by equal dignity—by amending the bill or by concurrent resolution. It must be done by a measure of equal dignity—meaning either a bill or a joint resolution. It must be signed by the President. And if he undertakes to veto it, the veto will have to be rebutted by a two-thirds vote.

Do Senators think that can be done, after we have told him to go ahead for a 5-year period, and not to come back for an annual audit by the Appropriations Committees? I doubt it very much.

This is the time—not later—to be mindful of what is before us. There can be weeping, and it is said that "Weeping endureth for a night." But things might not be so joyful when we return home and face our constituents.

I want to vote for a foreign-aid bill. I always have done so, despite the excoriations I have encountered doing it. But I will not vote for this proposal.

It is said this is only what President Eisenhower wanted. That may be; but I think we should get the record clear and straight. There was a time when President Eisenhower asked for an arrangement like this. But he changed his mind when it finally dawned on him that this was not good procedure. I think I can establish that. He had some reasons for it when, in June 1959, he addressed a letter to the chairman of the Foreign Relations Committee, and in the letter pointed out that there was to be a certain amount of capital for the Export-Import Bank and a certain amount for the International Bank for Reconstruction and Development, and that there was consultation to set up another International Bank. Already at that time we had before us a resolution with respect to the Inter-American Bank. I think the President had a point in that connection. But, at long last, what did he say in that letter? It is to be found in the CONGRESSIONAL RECORD, volume 105, part 10, page 12423. I now read what Dwight D. Eisenhower, then President of the United States, wrote in that letter:

> Accordingly, I do not look with favor upon the provisions of your amendments which authorize the Development Loan Fund to borrow from the Treasury.

In 1957 he entertained a different view. But when all the facts came be-

fore him, there is what he said, in response to the 5-year proposal which, way back at that time, had come before the Senate. Dwight Eisenhower, the President of the United States, said:

> I do not look with favor upon the provisions of your amendment which authorizes the Development Loan Fund to borrow from the Treasury.

Mr. President, I hope that puts at rest the record as to where the President of the United States stood at that time.

In view of all that has been said on this floor about back-door borrowing, I think we ought to have the record straight.

It is said that 20 agencies do this. I concede the fact. But I also concede that they are constantly under scrutiny. One cannot go with a committee to Laos or into Latin America or the Middle East or Africa or elsewhere, to look at these things. One must have a staff, to do that, for one thing, if it is to be done by the Appropriations Committee.

But once the control of the purse is gone, we might just as well forget about all that.

Mr. President, I have heard many statements on the floor of the U.S. Senate about how effectively we can often do these jobs. Mr. President, I speak from long experience. A number of years ago I almost lost my eyesight from poring over little figures day after day and night after night. I know how much one can accomplish, finally, as an individual, and still do all the other work which goes in and out of our offices. We are not going to get a look-see at this program unless it is placed on an annual basis, because they will give us as much information as they may desire—which will not be enough. Of course, we shall have to fight every step of the way.

It is said, "Oh, but we have all kinds of audit controls in other statutes, now. We have the Government Corporations Control Act."

Mr. President, did you ever look at the budget? I used to live with the budget, day after day. Look at the budget for the fiscal year 1962, beginning at page 94. Look at the cryptic figures. The information is all there. There is a column for "1960, actual," and one for "1961, estimate," and one for "1962, estimate." That is what is called a business-type budget. That is what the Government Corporations Control Act calls for. It says, "A business-type budget must be submitted." There it is—all these little cryptic figures look as though a spring chicken had walked across the page.

I defy anyone to make any sense out of those figures unless he has a staff and assistants who have worked early and late to examine the witnesses, who have to be self-serving, as the lawyers say, and put them through a "course of sprouts." That is when we will get the story, but not until then.

But unless we have real annual control through the Appropriations Committees, we shall not get it through the Government Corporations Control Act, for I have been through it. The Development Loan Corporation has been under that act since 1958, and I would like to see anyone come forward and show me that he has gotten any real, first-class examination of what has been going on in the entire field of foreign aid.

This is not a happy thing to have to say. But when it must be said, and when it can be documented, there is no choice.

I had hoped we could be a little selective in this program. For example, certain countries in Latin America could be selected. Must they all be included? Must all the countries in Asia be included? Must all the countries in the Middle East be included? Certainly the Soviet Union does not do that. Where does the Soviet Union send its help? To the United Arab Republic, to Afghanistan—to countries that are close by, and that can be integrated into their security pattern.

But what do we do? Do we exercise selectivity? Oh, no; selectivity has been rejected, as has been stated in the testimony given before various of the congressional committees. Instead, the program is not to be selective. As a result, our assistance is going to 69 countries and 7 territories; and we have 11,000 persons scattered all over the earth, administering this program.

I think I would rather use a rifle than a blunderbuss, so to speak, in order to get something done in this field. But with $8.8 billion, selectivity goes out the window.

We may even bring in Outer Mongolia, although I must say I was genuinely happy this afternoon when, after having made a statement on that subject quite a number of times, the State Department announced that it is not ready at this time to recognize Outer Mongolia. That is out where the winds of the Gobi Desert blow, where one hears the bleating of sheep and neighing of camels—9,000 miles from nowhere. And we want to recognize them. So I am glad that they are not to be recognized; but I am surprised that, somehow, they have not gotten into the program, because it is a pretty diffusive program.

But if we are not going to be selective, how effective, finally, is the program going to be?

It is not for me to make that determination. But it is for me, as a Member of the Senate, to examine the program every year, if I can, instead of depending on what I think are rather frothy safeguards in existing law today. In that way we can do a better job and can find out where the extravagance lies and where the waste is, so we shall be able to eliminate the extravagance and the waste, and so we shall be able to have the program be of help to the humble people who are supposed to be helped.

It was said, with respect to Korea, "We sent $50 million worth of fertilizer there every year." But what happened, Mr. President? Why, Mr. President, deep as is my esteem and high as is my affection for Syngman Rhee, it had to happen, it seems, under his administration: $50 million worth of fertilizer was given to the liberals of Korea because they were of the right party persuasion. What they did not need they sold in the black market for two to six times the value.

Do Senators wonder why we have uproars and eruptions and difficulty in Korea today, and why there has been a swap of three different governments in the past few months? Rhee was voted out. Chang was voted out. A new government went in. Instability runs riot. Could it be otherwise—particularly in a country where the testimony shows there are 300 unfinished ICA projects?

We ought to take a little time to read some of the testimony that has been adduced by hard labor and painstaking work on the part of our colleagues at the other end of the Capitol.

I gather that under the $8.8 billion program there will be an emphasis on social reform. That will be good. I am thinking about Bolivia. Bolivia got an export-import loan in 1942, another one in 1949, and another one in 1955. The amount of the loans was $42 million. I got this information yesterday from the Export-Import Bank. Bolivia got $42 million. She received over $150 million in foreign aid for a country of 3,300,000 people, which is a little less than the size of Chicago. So I thought we were doing pretty well by Bolivia.

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

Mr. DIRKSEN. Will the Senator yield me another 10 minutes?

Mr. FULBRIGHT. I have promised nearly all my time. The majority leader wishes to say a few words. I will yield the Senator 5 minutes. I have several other commitments.

Mr. DIRKSEN. I can only say it is regrettable, first, that the time situation is what it is, and that I do not have a couple of hours because I could keep the Senate here, but I know some of our colleagues must get away.

Let me finish the Bolivian story. They are delinquent on the loans and on the interest. What now? They nationalized the Patino tin mines. A certain individual put up $1,750,000 to get the legislature to pass an act to give him a special dispensation to get a divorce. So a deal was made with the Patino mines to receive $4,500,000 for the victims of the expropriation. Where is the money coming from? From us. We are supporting the Bolivian Treasury today. They are in a deficit situation, and have been for a long time. We have to shore them up. Here is an 8-year deal, $750,000 a year, including interest. Who is to pay for the expropriated victims? The cost will come out of this money.

Mr. President, that is why I want to look. I will not be a party to that sort of business. Unless the program is oriented, I will not vote for the bill. It will be the first time in many years that I have not voted for a foreign aid bill.

I am proud of my party. Let us take a look at the votes. I recite these from memory. On the authorization and appropriation acts in 1959, the ratio on this side of the aisle was infinitely better than on the other. On the authorization and appropriation in 1960, it was better on this side than on the other side. So I think we can hold up our heads with a degree of pride and say we stood up and supported the foreign aid bill. But

finally, when we have testimony which makes it a pretty difficult thing to support the program, I will not further ignore that testimony.

Mr. President, I ask unanimous consent to include in the RECORD in connection with my remarks findings and recommendations of the Hardy committee made on Peru, Iran, and on Laos, concerning construction projects. There will be found the story. I ask Senators to take it with them. It will be a good campaign document when people come into a hall to hear them. They can say to them, "This is what happened," and tell them how they justify their vote.

The PRESIDING OFFICER. Is there objection to the request?

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

U.S. AID OPERATIONS IN LAOS

CONCLUSIONS

1. Giving Laos more foreign aid than its economy could absorb, hindered rather than helped the accomplishment of the objectives of the mutual security program.

2. Excessive cash grants forced money into the Lao economy at a faster rate than it possibly could be absorbed, causing:

(a) An excessive Lao Government foreign exchange reserve, reaching at one point $40 million, equal to a year's aid.

(b) Inflation, doubling the cost of living from 1953 to 1958.

(c) Profiteering through import licenses and false invoices, which made possible the purchase of U.S. cash grant dollars for 35 kip. Those dollars could be resold in the free market for as much as 110 kip.

3. Much of the overspending is the direct result of a determination to maintain a 25,000 man Lao Army.

Determination of "force objectives" (the level or the number of troops needed for the security contemplated by the mutual security program) has always been considered a military decision for the Joint Chiefs of Staff and the Department of Defense.

In Laos, however, the decision to support a 25,000-man army with U.S. aid funds was made by the Department of State, despite contrary recommendations by the Joint Chiefs of Staff. This was a political decision in a military field. There is no evidence that it was essential to support a 25,000-man army. In fact, significant military opinion has suggested a force of 12,000 to 15,000.

4. A basic difficulty—undermining the success of the aid program in many ways and giving rise to the evils of speculation, profiteering and corruption—was the artificial, unrealistic "official" rate of exchange of 35 kip to the dollar, whereas the free market rate soared as high as 110 to $1. It took the Department of State and ICA 4 years to overcome this difficulty.

5. The concentration of the benefits of the aid program to the area around Vientiane and other centers of population, and the enrichment of, and speculation by, Lao merchants and public officials which attended the aid program, tended to lend credence to the Communist allegation that the Royal Lao Government was "corrupt," and "indifferent" to the needs of the people.

6. Neither the first Director of the U.S. operations mission (USOM), Carter dePaul, nor his successor, Carl B. Robbins, showed any clear awareness of the problems that confronted the program or any expertness in meeting them. The first evaluation group that ICA/Washington sent into Laos (the Sessions group) made a report of which the main thrust was that the Director should be replaced, but this did not occur for 14 months, and then only by transfer tantamount to promotion. Robbins has stated that his mission was to "clean up the mess," but there is little indication that he did so.

7. Edward T. McNamara, public works and industry officer, accepted bribes totaling at least $13,000 from Willis H. Bird and Gerald A. Peabody of the Universal Construction Co., in return for helping them secure lucrative contracts and overlooking deficiencies in their performance.

8. William E. Kirby, area transportation adviser, aided by dePaul's circumvention of ICA regulations, was instrumental in securing the award of a contract, for the supply of ferry barges, to the Hong Kong Transportation Co. Shortly thereafter, he was employed by its affiliate, Pacific Islands Shipbuilding Co. While the contract was being negotiated he was the recipient of $500 from the Hong Kong Transportation Co. which has not been satisfactorily explained.

9. Brig. Gen. Lacey V. Murrow, U.S. Army (retired), head of the engineering firm of Transportation Consultants, Inc., was under retainer to Vinnell Co. at the same time that he was employed by ICA in Laos as an engineering consultant for the purpose of assisting in the selection of construction projects. During this period Vinnell Co. was seeking to obtain contracts with ICA in Laos.

10. (a) General Murrow discussed frankly this employment and retainer situation with the subcommittee. However, A. S. Vinnell, president, and Frank S. McNamara, vice president, of Vinnell Co., misinformed the subcommittee under oath concerning their relationship with Murrow.

(b) After an allegation that a conflict-of-interest situation existed in the Vinnell-Murrow relationship ICA's Office of Personnel Security and Integrity contacted Vinnell Co. by long-distance telephone in California, and also made a single, perfunctory, fruitless inquiry in Bangkok. They received from Vinnell a denial that any contract relationship with Murrow existed for the period in question. Accurate information concerning the relationship might have been secured from Murrow's office, located only a block or two away from ICA headquarters in Washington.

11. Norman McKay, an employee of Transportation Consultants, Inc., acting as consultant to the USOM, was instrumental in securing the award to Universal Construction Co. of a contract to construct a ferry ramp in Laos. Shortly thereafter, he went to work for Universal as project manager.

12(a) Carter dePaul, former USOM director, sold his 1947 Cadillac upon his departure from Laos to Gerald A. Peabody, head of Universal, at an inflated price. Uncontroverted evidence indicates the vehicle was at that time inoperable, and that shortly thereafter it was cut up and the pieces dropped down an abandoned well. In the interim, it had stood rusting in front of Universal's main office, where it was the subject of scornful amusement by Lao and Americans alike.

(b) In order to convert the proceeds of his sale to Peabody (the sales price was in kip), he presented false information to the Embassy as to the original cost of the car to him; of $2,000 claimed, it is doubtful that more than $1,250 can be supported.

(c) Asked to explain the false information he had submitted in his official claim, he presented misleading and conflicting testimony to the subcommittee under oath.

13. ICA/Washington was the recipient of continuing information from reliable sources—including GAO, end-use auditor Haynes Miller, contract management expert Howell, ICA auditor Edward Burns, a team from ICA's Office of Evaluation, and the Sessions group—concerning the major problems plaguing the Lao program, alleged improprieties, and suitable corrective measures. No significant remedial action was taken.

14. In the light of all the evidence available, the conclusion is inescapable that Haynes Miller was "railroaded" out of Laos because he was close to discovering the truth about Universal, its bribes, its virtual monopoly of U.S. aid construction projects in Laos, and its woefully inadequate performance. The prime mover in ousting Miller was USOM Director Carl Robbins, acting on the basis of his confidence in Edward T. McNamara and the USOM controller, Harry Harting. Ambassador Parsons abetted this removal and lent it the color of his name and office.

15. In the light of all the evidence available, including documentation of the Lao Government's request for the continuation of the contract, the conclusion is inescapable that the Howell group was eased out of Laos because they were insisting that the U.S. aid program be subjected to proper controls. Under proper controls, improper activities would have become much more difficult.

16. As an instance of the lack of executive ability and informed alertness of USOM Director Carl Robbins, special note should be taken that, when asked to name a deputy, he made two nominations: Edward T. McNamara and William E. Kirby.

17. A costly aid project for training, equipping, and advising the national police force of Laos, so as to provide internal security and simple law and order, has been operating for more than 3 years. Although ICA sought to convince the subcommittee otherwise, there is no evidence to contradict numerous official reports from Laos that the project's objective is not near attainment. It is fortunate that by nature the Lao seem to be a peaceable people, not inclined to criminal behavior.

18. ICA/Washington took more than 18 months to negotiate a final signed contract for highway engineering services (with Vinnell). There was a period of 4 months of total inaction by ICA's Area Operations Division. As a result:

(a) Control of the road program passed from ICA/Washington to USOM/Laos.

(b) Officials of the USOM assisted and encouraged the development by the Universal Construction Co. of a virtual monopoly of U.S.-financed construction projects in Laos.

(c) Universal through the bribery of McNamara and the failure of other USOM/Lao officials to perform properly, was able to secure payments totaling over $1.6 million for performance that was inadequate and did little to enhance the economy of Laos or the prestige of the United States.

19. USOM Director Carter dePaul violated ICA contract regulations in several important respects, particularly in relation to the Universal contracts. His actions included—

(a) Writing two contracts for a single job in order to evade the rule that a USOM Director cannot write a contract for more than $25,000 without ICA/Washington approval.

(b) Writing contracts with inadequate specifications; one contract included a provision that the contractor (Universal) was not required to complete any work under the contract.

(c) On at least one occasion completely reversing the usual order of procedure: the work was started first; the contract came next; later (with the contract already signed) invitations to bid were issued; and finally ICA/Washington authorization (which should have preceded all other steps) was obtained.

20. ICA/Washington and, in particular, its Office of Personnel Security and Integrity, have failed to investigate promptly and diligently charges of improprieties brought to their attention, even charges made by ICA's own personnel.

21. Lao army pay raises in 1955 and 1959 have added $3.8 million annually to the cost of the U.S. aid program in Laos.

U.S. AID OPERATIONS IN IRAN

CONCLUSIONS

1. U.S. aid and technical-assistance programs in Iran which, between 1951 and 1956, totaled a quarter billion dollars, were administered in a loose, slipshod, and unbusinesslike manner.

2. The so-called expanded technical-assistance program which began in January 1952 and resulted in U.S. obligations of over $100 million in a 5-year period, was neither technical assistance nor economic development, but an ad hoc method of keeping the Iranian economy afloat during the years of the oil dispute.

3. The expenditure of technical-assistance funds during these years was undertaken without regard to such basic requirements of prudent management as adequate controls and procedures, with the inevitable consequences that it is now impossible—with any accuracy—to tell what became of these funds. The resulting opportunities for waste and loss of funds were considerable, but the extent to which loss and waste actually occurred cannot be determined since management practices and control procedures were so poor that records of the operation, especially in the early years, are not reliable.

4. Amounts requested for U.S. aid to Iran seem to have been picked out of the air. There is no evidence that they were based on advance study of what the Iranian economy needed, the amount it could absorb, or programs which could be intelligently administered by the U.S. personnel available at the time to expend the funds.

5. The conduct of the U.S. operations mission's affairs appears to have been based on the assumption that as long as U.S. aid funds were spent promptly it was not a matter of great consequence as to what they were spent for. Members of the mission who openly objected to the uncontrolled nature of the operation were either disciplined or labeled as incompetent. To those familiar with the involved and time-consuming processes for financing public works in the United States, in whole or in part with Federal funds, the cavalier, freewheeling casual fashion in which huge sums of U.S. funds were committed in Iran must necessarily be shocking.

6. The participation of Iran in sharing the expense of the program appears to have been little more than nominal, and it is clear that, from the Iranian standpoint, the program's virtue was that it supplied a source of foreign exchange. It was not U.S. know-how but U.S. dollars which was Iran's chief gain.

7. Under the expanded operations begun in 1952, about $10 million in direct aid was furnished for a series of industrial, or capital improvement projects. Under statutory criteria the eligibility of the projects is questionable. U.S. officials sought to justify these expenditures on the grounds that the various plants involved were not only badly needed for the economy of the country but would supply excellent demonstrations of the feasibility of such undertakings. However, the more important of these enterprises still are not fully operating after 4 years, due to poor planning and faulty engineering. Thus their value in terms of economic development has been almost nil, and as demonstrations they appear chiefly to be monuments to a fumbling aid program.

8. A major effort on the part of the U.S. mission in 1953 to promote the construction of a multi-million-dollar dam on the Karadj River has resulted in virtually nothing but the relocation, at a cost to the U.S Government of nearly $3 million of a road around the proposed site while not only has there been no construction started on the dam, the Iranian Government has not even concluded a firm contract for its financing.

9. Among the programs undertaken was one of supplying nearly $5 million over a 4-year period to support Iranian students who were completing their college training abroad. Involved in the program was a $2 million subsidy, through a special exchange rate for dollars, to the well-to-do sponsors and parents of these students. The nature and scope of the program were not revealed to the Congress and the Comptroller General has ruled that the expenditure of technical assistance funds for this purpose was unauthorized.

10. On top of annual grants of about $20 million for technical assistance, the United States began, in 1953, to supply supposedly temporary budgetary assistance to the Iranian Government at a rate of $5 million a month. In spite of the alleged temporary nature of this increased aid, the United States has continued to make budget aid grants and loans at about this same rate for 3 years.

11. U.S. control over what Iran did with this budget aid was practically nonexistent and the subcommittee notes that Iranian budget deficits increased rather than decreased during this period.

12. U.S. aid, alleged to be granted on the basis of austerity levels of Iranian Government expenditures, was utilitzed to pay for many extraordinary items, like the payroll of the National Iranian Oil Co. The fact that these items had not previously been considered appropriate charges against the Government budget casts doubt upon the propriety of treating them as budget items to be supported with U.S. aid dollars.

13. Whatever Iranian efforts may have been made to solve their own difficulties through appropriate reforms in Government spending and tax collection, their successes in this regard do not appear to have been noteworthy during the period when U.S. aid was financing Iranian budget deficits.

14. Iran's oil revenues are, and have been for some time, adequate to finance both the Government's operating budget and their ambitious development plan. Thus, their chronic budget deficits appear to be an outgrowth of financial management methods rather than lack of resources.

15. A factor in continued U.S. aid appears to be an aversion on the part of Iran to receive help in the form of U.S. loans, even though such loans are feasible and Iran is in a good position to repay them.

16. Each year's allotment to Iran has been justified as a temporary measure for a given set of reasons which have changed each year while the level of aid has remained about the same throughout. Presentations to the authorizing and appropriating committees of the Congress have been vague and misleading. This may be due, in part, to the paucity of factual information available to those testifying before the committees of Congress. It may also be due to awareness that a clearer picture would have led Congress to reduce the program by eliminating items of expenditure which could not be reasonably justified.

17. Program presentations to the Congress have consistently failed to point out that Iran was and is an essentially solvent country.

18. The use of the so-called illustrative method of presenting budget requests to the Congress is a major factor in the almost complete loss of control by the Congress over spending in this type of program. Under this system the Congress is given a description of a hypothetical program which might be carried out if requested funds are furnished. However, when funds are granted by the Congress, there is no commitment by the executive branch to expend them for any of the activities used as hypothetical illustrations.

19. Congressional control over expenditures in this type of program is further defeated by the fact that information supplied Congress on how funds granted on the illustrative basis were actually spent consistently omits the elementary facts needed for an intelligent postaudit.

RECOMMENDATIONS

The subcommittee recommends—

1. That the Congress give concentrated attention to the entire problem of foreign aid with a view to determining the extent to which it has departed from its economic role and has become a vehicle for dealing with diplomatic problems simply by writing out annual checks drawn on the U.S. taxpayer.

2. That the Congress require the Department of State and the International Cooperation Administration to take whatever measures are necessary to reverse the present pattern of deciding on dollar commitments first and actual programs and projects later. Requests for aid and technical assistance funds should be more closely scrutinized before they are authorized and appropriated. To this end the Congress should require the executive agencies to make their requests and their supporting presentations earlier in the session to avoid dealing hastily with these programs in the hectic days at the end of a session. The congressional committees should require detailed factual information in justification of sums requested and should abolish the practice of presenting "illustrative programs."

3. That the Department of State and the International Cooperation Administration obligate aid funds to specific programs only when definite provision has been made for the timely availability in the field of sufficient competent personnel, both technical and administrative, to assure proper and efficient conduct of these programs.

4. That the Congress require detailed and meaningful reports of how local currency generated by the U.S. financed imports was actually expended within the recipient country. Reports which show merely what commodities were bought in the United States tell only half the story. Such reports should be required in sufficiently clear terms to allow congressional judgment to be exercised on the efficiency and economy of such expenditures.

5. That the Congress require unequivocal and frank reports from the Department of State and the International Cooperation Administration on the extent to which aid-receiving countries can and do help themselves. U.S. funds should not be used to finance projects which foreign governments are able to finance themselves. Where the program can be handled as a loan it should not be given as an outright grant. Grants should be pared to the minimum with the maximum portion of the program financed by the country receiving the benefit.

6. That the General Accounting Office establish and require the use of accounting systems by the International Cooperation Administration which will insure accurate end-use accounting for the expenditure of foreign economic aid funds. The General Accounting Office should also expand and strengthen its audits of economic aid expenditures to assure timely, accurate, and fully detailed reports to the Congress.

7. That the Department of State and the International Cooperation Administration identify the individuals responsible for the waste and lax administration described in this report and take prompt action to insure that they shall no longer occupy positions of trust and authority in the expenditure of U.S. aid funds.

U.S. AID OPERATIONS IN PERU

CONCLUSIONS

1. General

The principal deficiencies in the U.S. aid program in Peru, during the period 1955–58, stem from the combination of an entrenched USOM Director who did not measure up to his responsibilities, and the failure of

ICA/W to exercise supervision and control over his activities.

2. Drought relief

There is no competent evidence in the form of end-use checks, audits, or other documentary proof to support the claim of the Department of State and ICA, that a $14 million drought relief program achieved the objectives which would normally be expected of a program of this nature.

As a result of poor advance planning and inadequate U.S. supervision, much of the food that was brought in remained undistributed at the end of the drought.

(a) The USOM Director divested himself of responsibility for this program by turning over its administration almost entirely to the Peruvian Government, without the knowledge of ICA/W, and in the face of a warning by the then U.S. Ambassador (Ellis O. Briggs) that the local government lacked the experience and facilities to cope with a program of such magnitude.[1]

(b) Although Department of State and ICA files indicate that the primary purpose of this program was the feeding of hungry people it cannot be determined how much of the food provided actually reached drought victims. Less than 6 percent of the food was distributed free in the drought area (almost as much was lost or damaged from various causes).

(c) The food supplied was practically all grain, and at least one-third of this was sold to millers and distributed through normal commercial channels. Whether any of this reached drought victims cannot be determined from the testimony of State and ICA witnesses or from any documents they submitted.

(d) Almost 25 percent of the food provided remained undistributed at the time the drought was officially declared over by the Government of Peru; almost one-half of this amount still remained in the warehouses a year later.

(e) Although the United States and Peru had agreed that Peru was to bear the administrative expenses of the drought program, Director Neale, without the knowledge of ICA/W, advised the Peruvian Government to charge such expenses as though they were work relief project operating expenses. This unauthorized action precluded the United States from recovering the funds involved and substantially reduced the funds available for the key work relief feature of the drought program.

(f) Although USOM Director John R. Neale had received instructions to obtain ICA/W approval of projects proposed by the Government of Peru to be financed with the sales proceeds, he failed to do so.

(g) Sales of grain generated the local currency equivalent of $3,600,000. Such sales were authorized by the agreement between the United States and Peru, providing that such funds were to be used to pay the wages of drought victims employed on work relief projects. However, as a result of Neale's failure to carry out his duties as USOM Director, at least 60 percent of the sales proceeds were used improperly, that is, contrary to the uses contemplated when this program was inaugurated. The lack of adequate USOM and ICA/W records makes it impossible to determine what portion of the balance may also have been improperly used. An instance of improper use was the unapproved construction of eight houses at Puno and their sale, below cost and on an installment basis, to prominent persons in the town.

3. Road project

(a) Although funds for this construction were obligated with excessive haste, a period of over a year intervened between obligation and construction. This period could have been used to select a terminus suitable for the purpose intended and to plan a proper route.

(b) In fact, such planning did not occur, and the route had to be changed after the commencement of construction. Washington was not advised of this change until this fact was uncovered by an ICA/W auditor.

(c) The road finally constructed under this loan ended in the middle of nowhere—"on the side of a mountain"—at a point about halfway along the projected route, where the project ran out of funds.

4. Pampas de Noco

A $125,000 irrigation project built at Pampas de Noco does not irrigate.

(a) The significance of this particular failure lies in the stubbornness with which USOM Director Neale continued the project even after he had received competent technical advice that the project was not feasible.

(b) The reason the project was not feasible seems incredible, in any properly planned irrigation project—it was simply that there was not enough water available in the area to make use of the projected irrigation works.

5. Conflict of interest

USOM Director John R. Neale entered into a conflict-of-interest situation for personal profit when he organized and invested in the corporation, Negociacion Bazo Velarde, S.A., for the purpose of operating a farm which was receiving aid under the U.S. program. He failed to inform his superiors of his participation in this operation.

(a) Neale testified contrary to the facts in his appearance before an ICA hearing board.

(b) ICA/W had information which should have compelled the pursuit of an inquiry into possible conflict of interest on the part of Neale for some 4 years before effective action was finally taken.

(c) Even at Neale's administrative hearing, where the record clearly demonstrated that Neale was in fact in conflict of interest, both Regional Director Atwood and Ambassador Achilles persisted in impressing upon the board their beliefs that Neale was simply a victim of spite on the part of complainants.

(d) The hearing board which considered Neale's conflict of interest and recommended his separation apparently did not pursue the matter beyond the point required for this minimal decision. The investigator upon whose findings the hearing was based was not called by the board.

(e) The only witnesses heard by the board, other than Neale, were Atwood and Achilles, who testified as character witnesses for Neale. Although neither appeared to have any knowledge of the actual facts, each rendered a strong endorsement; in their positions they should have known the facts, or, at least, have informed themselves before voicing opinions.

(f) ICA/W investigative personnel, Thomas E. Naughten, Michael Ambrose, Robert L. Shortley, and Charles A. Gannon, all demonstrated a peculiar disinterest in determining the validity of charges made concerning Neale's conflict of interest. This performance, inconsistent with what appears to be adequate investigative experience in the backgrounds of these men, points to a conclusion that ICA did not require, nor did they employ their best talents.

6. Internal audits

A lack of adequate internal audit facilities contributed to the difficulties experienced with the program in Peru, since the USOM was frequently unaware of developing difficulties for substantial periods.

(a) The failure of the USOM to submit, or ICA/W to request, the submission of such internal audit reports as were made indicates a high degree of laxity at managerial levels both in Washington and in the field.

(b) There were no end-use checks made of the drought program.

(c) ICA/W, on the basis of information from various sources, could have taken action to correct this situation. The special audits issued in March 1960, however, did not come about as a result of routine administrative control procedures, but because ICA/W became aware of congressional interest in the charges leveled against the program by former USOM Deputy Director Samuel Coon.

(d) Even subsequent to the special audits, the USOM resisted for over a year the recommendation of an ICA/W auditor that a full-time American auditor be assigned to USOM/Peru.

Poor supervision

Rollin S. Atwood, Regional Director, Office of Latin American Operations, ICA/W, did not properly perform his functions as the official primarily responsible for the effective operation of the U.S. aid program in Peru.

(a) He had adequate basis for questioning the quality of the administration of the aid program in Peru, but failed to take corrective action.

(b) He had ample indications that Neale was involved in a conflict-of-interest situation but failed to pursue inquiries that could have established the facts.

(c) His conduct in office and his testimony before the subcommittee were characterized by a defensive rejection of all suggestions that Neale's performance might in any manner fall short of acceptable standards.

Unawareness of Ambassador

Ambassador Theodore C. Achilles, in his appearances before the subcommittee, demonstrated important gaps in his knowledge of the activities of his subordinates during the period when he served as Ambassador to Peru.

Investigative shortcomings

The Office of the Inspector General and Comptroller and its predecessor, the Office of Personnel Security and Integrity, ignored serious charges and delayed action in cases where prompt and adequate investigation might have proved embarrassing to ICA, the USOM, or to Neale.

(a) The act of former P.S. & I. Director Thomas E. Naughten[2] (in which there was participation by Charles A. Gannon and Robert L. Shortley) in changing the name of a file, and the focus of investigation, from Neale to that of a complainant, Dr. Raymond Gibson, demonstrates an unfortunate bias and tendency toward prejudgment.

(b) USOM/Peru Deputy Director Coon tried for over a year to get action from responsible ICA officials on his charges of Neale's maladministration in Peru, only to get rebuffs from ICA Director Smith and Regional Director Atwood. It was not until it became known that he was to appear before a congressional committee that P.S. & I. was finally directed to investigate Coon's charges.

---

[1] The food for relief programs of this nature in any country is provided by the U.S. Government under Federal statutes. The U.S. operations mission should provide such guidance as is needed by officials of the host country to assure distribution and utilization of the food in a manner best suited to achieve the purposes for which the program was established. In this connection, the jurisdictional concern of the subcommittee is solely the performance of U.S. personnel, and we neither seek nor evaluate information regarding the performance of any foreign official. In the instant case, we have not deviated from this practice; none of the criticisms in this report should be construed as relating in any manner to the conduct of the Peruvian Government or any of its officials.

[2] Present USOM director in Thailand.

(c) After failing for over a year and a half to make any substantial inquiry into charges that a USOM employee had improperly profited from the sale of some $42,000 in surplus grain sacks, OIGC finally reopened the case, 1 day after this subcommittee had expressed an interest in the matter.

RECOMMENDATIONS

It is recommended:

1. That administrative action be initiated to prevent USOM directors and other key oversea personnel from becoming entrenched, as Neale did when director in Peru. Consideration should be given to developing, publishing, and adhering to a rotation policy limiting the tours of duty of such personnel.

2. That before proceeding with any project, USOM directors be required to submit to Washington evidence of its technical and economic soundness, since roads that lead nowhere and irrigation projects that do not irrigate have a reverse impact on U.S. policy objectives, and add little or nothing to the economy of the recipient country.

3. That policies and procedures for the administration of surplus agricultural commodity programs, such as the drought relief program in Peru, be developed, published, and adhered to, including clear provisions relating to distribution, accounting, and accountability.

4. That investigative and audit functions concerned with the aid program be improved, either through administrative action or legislative requirement, to guarantee the independence of such functions from interference by administrative officials. In this connection consideration should be given to—

(a) Making the investigative and audit division chiefs directly responsible to the most senior aid officials and to no other administrative officials;

(b) Giving individual auditors and investigators the right and requirement to report immediately in writing to their division chiefs any action or communication from any administrative official tending to obstruct or restrict the investigation or audit;

(c) Requiring the division chiefs to forward such reports to the most senior aid official without delay;

(d) Requiring division chiefs to report to the senior aid official, on a periodic basis, a record of the closing or other disposition of audits and investigative cases (other than routine security clearances) together with detailed reasons for the closing or suspending of unresolved cases.

5. That the usefulness of internal mission audits and end-use audits be increased by requiring copies of them to be forwarded to the most senior aid officials, simultaneously with their submissions to mission directors.

FINDINGS AND CONCLUSIONS

1. Executive branch representations have been made to the Congress to the effect that—

(a) No advance annual allocations of DLF funds are made;

(b) No commitments of DLF funds are made prior to approval by DLF of specific projects; and

(c) DLF funds are not used to meet short-term or emergency political needs.

2. These inaccurate representations, even if inadvertently inaccurate, have had the effect of veiling the manner in which DLF funds have actually been used.

3. Dominance of the DLF by the Department of State has interfered with the independent action, in evaluating and accepting loan proposals, which this new agency was expected to exercise.

4. In many cases, DLF has not followed the congressional intent that order be brought into our efforts to assist the economic development of less-developed nations, and has failed to bring to that phase of the U.S. foreign aid program the businesslike approach which it was designed to foster.

5. DLF was established as a separate agency in order to emphasize the distinction between its purposes and those of other portions of the mutual security program concerned primarily with the promotion of foreign policy or foreign trade. The distinctiveness of the DLF has been lost through recent policy changes, and true independence for the DLF is not possible while the Under Secretary of State chairs the DLF Board. Maintaining DLF as a separate agency costs the American taxpayer currently about $2 million a year; it is difficult to justify such an expenditure merely to preserve a facade.

6. Although the statute creating DLF does not spell out with precision all of the limitations on DLF financing, it is clear from the legislative history that the DLF is to be used only for projects and programs. The specific project is the cornerstone of proper DLF activity.

(A project, in the sense in which that term has heretofore been understood in connection with the foreign aid program, refers to a specific identifiable proposal, such as the construction of a dam, of a highway, or of grain storage facilities, the eradication of disease, or the provision of specialized training; and a program is a series of specific identifiable and related projects.)

7. Concerned about the commitment of funds in the absence of specific, planned projects, the Congress last year made applicable to the Development Loan Fund section 517 of the Mutual Security Act, which precludes the obligating of funds until a project has been submitted to careful screening to determine its technical and economic feasibility. However, DLF has interpreted "obligating" in a strict, technical sense and maintains that this statutory prohibition does not preclude what is variously known as the earmarking, reserving, committing, or allocating of funds.

8. Earmarking (or its synonyms) refers to a practice of setting aside funds for a particular government, subject to the later approval by DLF of projects or programs. Because of the anticipation thus set up in the recipient government, earmarking has led in a number of instances to the approval of loans for purposes that cannot possibly be construed as "projects" in the sense in which that term is defined above.

9. Earmarking places DLF under extremely strong pressure to approve something as rapidly as possible, whether the subject of approval be properly planned or not. Once the recipient governments have been promised aid in a certain amount they have been known to take the view that DLF is merely being bureaucratic if it scrutinizes too closely the use to which that aid is to be put. The following examples indicate some of the evils that have resulted:

(a) Approximately 25 percent of all moneys available to the DLF in fiscal years 1958 and 1959 went to India—$195 million, of which $175 million was in the form of two earmarks. Not one dollar of this money was restricted to use in any identifiable, planned project. Instead, it constituted simply a "line of credit" to India, which the Government of India used, for the most part, to pay for orders already placed before the loan had been approved. Retroactive approval of orders already placed is essentially of the same character as the retirement of debt, which is prohibited by section 516 of the Mutual Security Act.

(b) Largely as a result of DLF's permitting this retroactive approval of orders already placed, there was widespread avoidance of the statutory small business and 50–50 shipping provisions, and documentation for expenditures was accepted which was not up to the standards generally required.

(c) A $37.5 million earmark to Turkey led to a situation in which the DLF found it virtually impossible to deal with the Government of Turkey on a businesslike basis concerning particular projects because of that Government's belief, apparent from the official record, that the promise of the Secretary of State had already bound DLF, and that the insistence upon project information was a purely formal requirement.

(d) A $40 million earmark to Iran placed the DLF Board in the position, as documented in its own minutes, of trying to evaluate Iranian-proposed projects in terms of whether they "fitted" the earmark, rather than whether they benefited the Iranian economy.

(e) A $50 million earmark to the Republic of the Philippines, promising "soft" DLF loans, interfered with negotiations by the Export-Import Bank to accomplish similar purposes through "hard" (dollar-repayable) loans.

10. In addition to the problems generated by earmarking, the DLF has demonstrated other administrative shortcomings and policy deviations. The provision of DLF funds for the payment of local costs, for example, is contrary to the expressed policy of DLF. The policy, however, was violated in the very first loan agreement signed by the DLF—a highway loan to Honduras in the amount of $5 million.

11. In the case of Honduras, the DLF also violated a precept of commonsense, garnered from the history of over a decade of the operation of the U.S. foreign aid programs, that the procurement authorization procedure, under which dollar-purchased goods are imported to the recipient country and there sold, is a preferable way to generate local currency when the same is required. In Honduras the loan agreement provides for the direct purchase of $5 million equivalent of local currency from the Honduras national bank. It was precisely this procedure which, in Laos (as reported last year by this committee), led to currency manipulation, inflation, and increased costs for the aid program.

12. In Israel, a loan of $15 million for simple commodity imports (not projects) was sought to be justified on the basis that the local currency proceeds would be used on various projects. The Bureau of the Budget objected to this, pointing out that the U.S. Treasury holds ample quantities of Israeli pounds, if these were needed. Israel's original request, however, was for dollars, and not for pounds. In order to meet this request, the loan was finally approved in April 1958, without reference to any project, but merely with the restriction that the Israelis must "come up with" a list of imports acceptable to DLF. The Israelis are still in the process of doing so.

13. In the foregoing and other instances, pressure for rapid disbursement is continually exerted upon DLF by the Department of State. This has seriously interfered with businesslike administration. In the case of Iran, for example, the Department of State pressed for disbursement within a single year of the entire $40 million, despite repeated assurances to the Congress by executive branch officials that the DLF was not bound by the much-criticized "annual level of aid" concept.

14. In summary, the practice of earmarking, and other departures by the DLF from stated and understood policy, have resulted in substituting for the primary purpose for which DLF was established—orderly economic development—the State Department's dollar-studded concept of international diplomatic negotiation.

PRINCIPAL RECOMMENDATIONS

1. That the Development Loan Fund carefully reappraise its lending policies and operations in order to insure that it fulfills its primary purpose of instilling order into

our efforts to assist in the economic development of the less-developed nations, that its functions truly supplement those of other lending agencies, and that its resources are used only for specific projects and programs, properly evaluated in advance.

2. That the Department of State limit its activities to foreign policy guidance and not intrude excessively into the operations of the Development Loan Fund, and that it not impress its politically motivated commitments upon the Fund, but permit the Fund that independence of operation necessary to carry out the mission assigned to it by the Congress.

3. That the Congress consider appropriate legislation to put an end to the practice of "earmarking," under whatever name.

4. Unless the DLF adopts policies and procedures to correct the deficiencies outlined in this report, it is recommended that the Committee on Foreign Affairs consider reporting legislation to require such corrections, or to abolish the Development Loan Fund and transfer its functions to other agencies which have the capability to perform them.

FOREIGN AID CONSTRUCTION PROJECT

FINDINGS AND CONCLUSIONS

The administration of major construction projects in the foreign aid program, by the International Cooperation Administration, has been inadequate, indifferent, and incompetent.

Deficiencies include—

1. Inadequate advance planning.

2. Defective standards and procedures for the award and administration of contracts.

3. Indifference to "conflicts of interest."

4. Incompetent supervision of the procurement of construction equipment.

5. Poor coordination between field missions and Washington and among divisions in Washington having responsibility with respect to construction projects.

6. Excessive reliance on political urgency to excuse deviations from sound procedures.

As a consequence, achievement of the objectives of the foreign aid program has been impeded, the cost to U.S. taxpayers has been increased, and the dignity and prestige of the U.S. Government abroad have suffered.

1. Inadequate advance planning

(a) A complete lack of sound planning, coupled with inefficient and inept procedures, has characterized the foreign aid projects carried out under construction contracts.

(b) The cost of major projects commonly exceeds original estimates to such an extent as to render such estimates of doubtful value.

(c) The inaccuracy of original estimates generally stems from a lack of sufficient planning and forethought.

(d) Lack of planning, generally explained by ICA as intended to speed projects, frequently results in extensive delays and extended completion dates, thus defeating the original purpose.

(e) Engineering and construction contracts, in the case of capital projects, are frequently let concurrently, or so close together that there is no opportunity for engineering appraisal of design, scope, and costs to precede evaluation of the construction bids.

2. Defective standards and procedures for the award and administration of contracts

(a) ICA has let nearly a billion dollars in contracts without clearly formulated standards for their award and administration.

(b) The almost exclusive use of the CPFF (cost-plus-a-fixed-fee) method of contracting by ICA is a departure from the normal Government procurement practice of soliciting lump-sum bids in construction contracts.

(c) The excessive use of the CPFF contract appears in large part attributable to the absence of preliminary plans and estimates sufficient to provide a basis for lump-sum bids by construction contractors.

(d) Present third-party contract procedures, under which ICA operates as an "agent" of the host country, are cumbersome and frequently result in costly delays.

(e) The present methods by which ICA determines which contractors will be invited to submit proposals or bids are random and haphazard in the extreme, lacking in essential fairness and equity.

(f) The bases for awarding ICA contracts are lacking in clarity and standardization. Different offices in the agency employ different, and variable criteria.

(g) Contract documents are insufficiently standardized, particularly as they relate to benefits for personnel of the contractors.

(h) ICA mission engineers exercise only a peripheral role. There is virtually no supervision by ICA of either the engineering or construction contractors. The natural community of interest between these contractors is ignored, which opens the door to possible collusion.

3. Indifference to conflicts of interest

(a) ICA Manual Order 460.3, designed to prevent conflicts of interest which might arise out of employment of ICA personnel by firms doing business with ICA, has been interpreted and applied by that agency in a manner which renders it ineffective as a safeguard of the Government's interest in the integrity of its employees.

(b) Except to provide information requested by this subcommittee, ICA has made no investigation of the following situations:

1. The former USOM/Thailand Chief of Public Works and the highway engineer acted with questionable propriety in discussing their prospective employment with the engineering contractor for the Thailand Northeast Highway while still engaged in supervising for ICA that contractor's performance.

2. The president and the project manager of the engineering firm for the Thailand Northeast Highway acted improperly in discussing future employment by their firm with USOM/Thailand personnel engaged in supervising the performance of their contract.

3. The engineering firm for the Thailand Northeast Highway knowingly accepted from USOM/Thailand personnel numerous official documents they had no right to receive. USOM/Thailand personnel acted improperly in delivering these documents and in passing on to the engineering firm official ICA information and inside tips.

(c) The USOM director in Thailand, in official correspondence with ICA/W, raised a question as to whether the employment of the former ICA public works officer in Laos by an engineering firm seeking to do business with ICA constitutes a possible conflict-of-interest case. ICA made no investigation of this matter until prompted to do so by the subcommittee.

(d) A member of the Office of Industrial Resources of ICA/W, which passes on the relative merits of engineers and other potential contractors, submitted a résumé of his experience to the principal officer of an engineering firm seeking to do business with ICA in the expectation that this would help him to obtain non-Government employment.

4. Incompetent supervision of the procurement of construction equipment

(a) ICA permitted the construction contractor on the Cambodian road to purchase about $1 million of used equipment from himself. Approval of this unusual procedure was based on the contractor's assertions that similar new equipment was not available. As ICA could have determined by prudent checking, this was not the case.

(b) Having approved such a procedure, with its considerable possibilities for dealings disadvantageous to the Government, ICA failed to exercise even normal prudence in policing the transaction, when in fact, commonsense called for extraordinary vigilance. As a result, the following matters occurred, all contrary to the Government's interest:

1. The engineering firm for the Cambodian highway project conducted a most cursory and superficial "inspection" of the used equipment. Its report to ICA—that the equipment was in good condition—relied upon the construction contractor's (seller's) oral representations. In fact, within a few months of arrival in Cambodia, 14 of the 40 pieces of used equipment were in the shops for complete rebuild.

2. The construction contractor for the Cambodian highway project sold his used equipment to ICA at a price substantially higher than that at which he had been offering it—unsuccessfully—on the world market for 6 months previously.

3. The construction contractor for the Cambodian highway project ignored ICA requirements to report commissions on the sale of his used equipment. Moreover, the persons to whom these commissions were paid had rendered no service to the Government.

4. Immediately prior to the sale of his used equipment, the construction contractor for the Cambodian highway transferred it through wholly owned corporate structures, including a newly formed Liberian corporation. As a result of this, neither he nor his corporations have paid any Federal or State income taxes on a profit which appears from his books to have approximated $500,000.

5. Poor coordination between field missions and Washington, and among divisions in Washington having responsibility with respect to construction projects

(a) Offices within ICA/W, sharing responsibility for major construction projects, are seldom fully cognizant of one another's actions.

(b) Field missions are not fully and promptly apprised of ICA/W actions, and vice versa. As a result, conflicting policy lines may be pursued for considerable periods. Field missions have also had abundant occasion to complain of slowness in arriving at decisions by ICA/W.

(c) Delay in reaching decisions seems closely related to the diffusion of responsibility which exists within ICA/W, typified by the extensive reliance upon committees for decisions.

(d) As a result of diffusion of responsibility:

1. It is seldom possible to attribute an error to any particular person(s).

2. Records are scattered throughout numerous offices.

3. Coordination of effort is frequently lacking since it is no one's particular responsibility.

6. Excessive reliance on political urgency to excuse deviations from sound procedures

(a) The alleged justification for initiating projects without adequate prior planning is almost always political urgency.

(b) The alleged justification for almost any deviation from sound procedure is political urgency, as this subcommittee and the General Accounting Office have learned on numerous occasions.

(c) The ICA Deputy Director for Technical Services and his deputy exceeded their authority and acted with impropriety when they invaded the province of the Department of State and invited the Director of USOM/Thailand to develop a political basis for justifying the award of a contract to an engineering firm of the mission director's choice, whose proposal had been eliminated in the normal contractual process on the basis of high fees and overall costs.

RECOMMENDATIONS

It is recommended:

1. That ICA undertake a major review of its policies and procedures for the award and administration of contracts to achieve the following objectives:

(a) Equitable consideration of eligible contractors.

(b) Clear, commonly accepted standards for selecting a contractor.

(c) Minimum use of the cost-plus-a-fixed-fee contract.

(d) Increased standardization of recurrent contractual language.

(e) Modification of present third-party contract procedures to minimize delays and uncertainties.

2. That ICA review its methods of procuring construction machinery for capital projects, in order to:

(a) Employ the more economical Government procurement facilities to the maximum possible extent.

(b) Apply strict supervisory safeguards, whenever Government procurement facilities are not utilized.

(c) Exercise extraordinary care in protecting the Government's interest, where the purchase of used equipment is authorized.

(d) Establish and enforce, in the field, a sound policy of equipment inspection, maintenance, and utilization.

3. That ICA refrain from proceeding with projects on its own initiative in the absence of sound, detailed advance planning. In those occasional instances where, at the express direction of the Department of State, it may be necessary to commence action on a project before planning is complete, ICA should strive to get the project back on a businesslike basis at the earliest possible moment after its inception, against the possibilities that:

(a) The scope of the project will be entirely changed from its original concept;

(b) The cost of the project will far exceed initial rough estimates;

(c) The completion time will greatly outdistance initial rough estimates; and

(d) The strong probability that as a result of one or more of the foregoing eventualities, the project undertaken on an urgent basis will actually be completed less expeditiously than if reasonable planning had preceded it.

4. That the Department of State reexamine all ICA projects or nonproject activities alleged to be based on political urgency, or other policy grounds, in order to determine that in fact the political determinations involved represent the considered views of that Department and not a usurpation by ICA. Such a reexamination should consider not only instances in which ICA may have been responsible for a unilateral policy decision, but also those in which ICA personnel may have been responsible for generating political support within the host government.

5. That ICA make certain that periodic audits are conducted in the field, by competent engineering personnel, to determine the technical competence and performance of construction and engineering contractors.

6. That ICA immediately inquire into all instances, including those brought to its attention by this subcommittee, of the unauthorized passage to private contractors of official documents, communications, and information, and take suitable action to discipline offenders and prevent recurrence.

7. That ICA strengthen its program of personnel integrity, to avoid conflicts of interest and to compel observance of its regulations relating thereto.

8. That the General Accounting Office, the Department of Justice, and the Internal Revenue Service review the facts and circumstances referred to in this report, and in the subcommittee's hearings, to determine if any action by them is required in order to protect the Government's interest.

JUNE 4, 1959.

The Honorable J. WILLIAM FULBRIGHT,
U.S. Senate, Washington, D.C.

DEAR SENATOR FULBRIGHT: Your letter of May 25, 1959, outlining proposed amendments to the Mutual Security Act of 1959 relating to the Development Loan Fund, has been carefully analyzed in the executive branch.

As my earlier recommendations and more recent public statements have indicated, I have always thought, as you do, that it is desirable to put the Development Loan Fund on a long-term basis in order to insure the best planning and utilization of economic assistance through this program. However, before commenting on your specific amendments, it seems appropriate to review the recent history of U.S. aided means of capital development.

In my mutual security message transmitted to the Congress on May 21, 1957, I requested that the Congress establish a Development Loan Fund "to finance specific projects and programs which give promise of contributing to sound development * * * of long-term benefit to the borrowing country." I noted that "such loans should not compete with or replace such existing sources of credit as private investors, the International Bank, or the Export-Import Bank." Since this request, a number of significant developments have occurred.

In 1958 the resources available to the Export-Import Bank were increased by $2 billion. This assured a continuity of activity and made available funds for a high level of operation by this important lending institution.

There is now before the Congress a proposal to provide an additional U.S. subscripton of $3.175 billion in guarantee authority to the authorized capital of the International Bank for Reconstruction and Development, as our share of a 100-percent increase in the Bank's authorized capital. If approved by the Congress this will enable the International Bank to raise through sales of its bonds to private investors, the funds required if it is to continue its operations in the field of development financing at a rate which is constantly growing, and now exceeds $700 million per year. The Bank has not called upon the U.S. Government for any cash outlay since the initial capital subscription was completed in 1947.

We have recently requested Congress to authorize U.S. membership in the Inter-American Bank which will have total resources of $1 billion, of which the United States would subscribe $450 million, with $200 million of this being in the form of guarantees. There also is pending before the Congress an increase of 50 percent in the resources available to the International Monetary Fund, which provides short-term financing for countries with temporary balance-of-payments problems and endeavor to help these countries correct the financial policies that have led to their exchange difficulties.

In addition, we are actively consulting with other countries looking toward the establishment of an international development association which will provide a continuing organization for development financing on a multilateral basis. In this institution the cost of financing will be shared with other industrial nations on a continuing basis.

In combination with the Development Loan Fund, these lending activities provide a formidable array of resources to assist in the development of the free world.

Your proposed amendments to the Mutual Security Act of 1959 would make available to the Development Loan Fund, commencing in fiscal 1960, not to exceed $1.5 billion per year for 5 years by a public debt transaction.

I have asked Congress for an authorization and appropriation of $700 million for the Development Loan Fund in fiscal 1960. In my opinion a sum of this general magnitude is adequate to carry forth this vital part of our international program for the next year. Establishing a figure approximately double this amount for fiscal 1960 seems unwise, and I would hope that in succeeding years the rapid advance in the economic and financial strength of other industrial countries, particularly in Europe, will lead them to conclude that it is their interest and in that of the free world to provide a growing volume of financing for the less-developed areas. I would be most reluctant to predicate our action now on an assumption that this would not occur.

In my budget message this year, because of the growing tendency to bypass the appropriations procedure, I said, "I sincerely hope that the Congress will again consider ways by which it can more effectively overcome * * * the provision of new obligational authority outside of the appropriations process * * *" This is now established administration policy, and recommendations of previous years for spending from debt receipts that were made while such policy was being formulated must yield to it. Accordingly I do not look with favor upon the provisions of your amendments which authorize the Development Loan Fund to borrow from the Treasury.

I believe our common objective can best be accomplished through a long-term authorization of appropriations in reasonable amounts, together with the concurrent enactment in one appropriation bill of appropriations for each of the years for which the program is authorized—a specified appropriation for each year, each appropriation to remain available until expended.

While this procedure would not provide the full measure of flexibility now given the Export-Import Bank and the International Bank, it must be remembered that the purpose of the Development Loan Fund as described in its basic statute is to make loans only when other sources of private and public capital are not available. Many of its loans are repayable in the currency of the borrower. As a consequence, this fund cannot "revolve" in the same manner as do those of other lending institutions. However, a multiple-year authorization and appropriation should enable the Development Loan Fund to put its operations on a satisfactory long-term basis, the goal we both are seeking.

I appreciate your sincere interest in this vital program. With a mutual objective, we should be able to develop acceptable programs to aid and develop the free nations of the world.

Sincerely,

DWIGHT D. EISENHOWER.

EISENHOWER MESSAGE ON MUTUAL SECURITY

In the light of these findings, I recommended to the Congress and it established the Development Loan Fund, an agency of the U.S. Government especially designed to advance loans on a businesslike basis for sound projects which cannot find financing from private or established governmental sources.

The Development Loan Fund in its little more than a year of active operation has established the sound and useful position that was foreseen for it. In this short time it has taken under consideration $2.8 billion in screened requests for loans. It has later determined that some $600 million were unacceptable or more appropriate for private or other public financing. Of its total capital of $700 million thus far made available by the Congress, it had by mid-February 1959, committed $684 million for loans to projects in 35 countries. For all practical purposes it is now out of funds for further loan commitments and has before it applications totaling over $1.5 billion with more being received almost daily.

In order that the Fund may continue to meet the most urgent needs of the nations depending on us, I have asked the Congress

for a supplemental appropriation of $225 million to be available in the fiscal year 1959. This appropriation is under authorizations previously made but not used.

When I made my original recommendation to the Congress in 1957 for the establishment of the Development Loan Fund I urged that it be provided with capital for 3 years of operation and stated that based on observation of its progress within that period I would ask for longer term capitalization commencing in fiscal year 1961. The Congress chose to authorize capital initially for 2 years of operation. I now ask that the Congress authorize and appropriate $700 million to become available in fiscal year 1960, the third year of the Fund. This sum will allow the Fund a level of activity no higher than it established in its first year of operation.

Consideration should continue to be given to capitalization procedures that will allow better long-range planning.

Mr. DIRKSEN. I do not quarrel with Senators as to how they will vote. I never have. I do not quarrel because there are pressures. If there is a "Yea" vote, why quarrel? Probably, in a position of high authority, I would do the same thing. I know about the office at 1025 Connecticut Avenue. Sometimes I think if all the businessmen doing business at that address were to volunteer their talents for ICA and volunteer their skills to the Government, perhaps we would not be in the fix we are in today.

It is tragic that there is not more time fully to discuss the program, but when proponents of certain proposals march up before a committee that is staffed, and that has competent direction, and when they come with their staffs and programs from 12,000 miles away, we can say, "Yes, we know something about the project. Lay all your cards on the table, and we will examine the cards." That is the way to conserve the people's taxes, and it is with them that the reckoning finally must be made.

I shall vote for the Byrd amendment because I think it is indispensable to the conservation of our economic resources, and I shall support some kind of proposal that will give us better scrutiny than we have under existing law.

I yield the floor.

Mr. FULBRIGHT. Mr. President, I yield 13 minutes to the distinguished majority leader.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD at the conclusion of my remarks an editorial from the Baltimore Evening Sun entitled "Foreign-Aid Appeal," and an editorial from the New York Times entitled "Foreign Aid: A Critical Week."

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

(See exhibit 1.)

Mr. MANSFIELD. Mr. President, as always, I was much impressed by what the distinguished minority leader had to say. I, too, am sorry that he does not have more time to speak, because I always find him intelligible and informative.

I appreciated very much his résumé of the votes over the past 8 years. I point out that he is correct when he says that over the past 8 years, the Republicans have supported by and large, the foreign aid bill presented by a Republican President, Mr. Eisenhower.

I also have wondered about the waste, inefficiency, and what not, in countries like Peru, Laos, Korea, and Bolivia. I have talked on the floor of the Senate in the past about waste in those particular countries; and I intend, even under this administration, to speak about them and to bring to the attention of the Senate difficulties which are apparent just from reading the daily press of this Nation, and, if possible, some suggestions as to how they may be rectified.

The distinguished minority leader has indicated that he will offer an amendment on Monday. I think in general there is much merit to that kind of amendment, but I hope something specific can be arrived at which will be mutually agreeable to both sides.

In what we are discussing at the present time, the Byrd amendment, we are not confronted with a clear-cut issue. We cannot assert that if we reject the Senator's amendment, all will be well with the aid program. We most certainly cannot insist that if the Byrd amendment is adopted, we will be better off.

All we can say is that if this amendment is rejected, we will have an opportunity to try a new approach to this most vexing problem, a new approach for a new administration which has been in office for less than 7 months.

All we can say is that if the amendment of the Senator from Virginia carries, at best we shall continue the aid program in the present pattern.

Is that what Senators want? That is what the distinguished minority leader has been talking about for the last 35 minutes. I do not care for it, and I feel sure the Senate as a whole does not care for a continuation of the program on that basis, either.

Is any Senator satisfied with that pattern? That pattern has not been adequate in the past. It is not adequate now. It will become more inadequate as time goes on.

The inadequacy does not lie in the aid concept; the inadequacy is one of method. To adopt the Byrd amendment would insure the continuance of this inadequacy. It would insure that we shall continue to use $2 where $1 would suffice. It would insure the continuance of the high degree of ineffectiveness in this entire undertaking. Next year or the year after, we shall be going over this same ground, trying to find some better way, exactly as we have done over the past 12 or 14 years.

That is what this debate is all about. It has little to do with congressional controls—they will be more than sufficient, regardless of the fate of this amendment. This debate has to do with whether or not we are going to give the President the administrative structure that he believes is necessary to do more than merely go on from year to year spending billions and getting nowhere; what he believes is necessary if an approach is to be developed which will help other nations to establish a sounder economic footing so that at some point they may cease to depend on us to prop them up.

The Committee on Foreign Relations has worked over this problem for years. The members have studied it from every angle, with the interests of this Nation foremost in mind. They do not beat the drums for a pet project; they are not carried away. In the provision of the bill which the amendment offered by the Senator from Virginia would nullify, the committee has presented us with a careful and dispassionate judgment. They say, simply, that if we must pursue a foreign aid program at all, then this change to a 5-year borrowing and lending base holds the best promise of ending the wasteful methods we have followed in the past. They say the change holds the best promise of tapering off the massive and continuing grants which are corroding our foreign relations in many parts of the world. They say that it holds the best promise of improving the international position of the Nation in the years ahead. And they say it, whether we call it front door, back door, or side door financing. No matter what we call it, we are making a decision here, in public, for the whole Nation to see.

Mr. President, I can see how a Senator who is opposed to the foreign aid program in its entirety would vote for the Byrd amendment. But I cannot see how this amendment can be supported by any Member who accepts the judgment of the last three Presidents of the United States, of the Congresses of the past decade or more, and of the Senate committee which is most knowledgeable in these matters—the judgment that the aid program is essential for the security and welfare of the Nation.

I cannot see how any Senator who recognizes the need for foreign aid and has called for a more prudent and effective administration of the program can support this amendment. Its adoption would undo what the chairman and members of the committee have labored with such skill and understanding to create. Its adoption will leave us where we have been in foreign aid, if, indeed, it does not leave us worse off.

I shall vote to reject this amendment. That vote will be on the merits of the question; but I wish it also to be recorded as an indication of my deep respect and admiration for the chairman of the Committee on Foreign Relations [Mr. FULBRIGHT]. His dedication to this Nation is complete and selfless. His knowledge of what makes the world tick is unexcelled in this body.

Year in and year out, he has acted as an overseer in connection with the politically onerous but essential foreign policy business of the Senate, and particularly foreign aid legislation, and he has had more than his share of abuse for his trouble. I want the Senate to know that the Senator from Montana, for one, is deeply appreciative of the highly intelligent and highly responsible fashion in which the Senator from Arkansas has acted through the years and on all matters. The Nation owes him a debt of gratitude for bringing to bear on the critical international problems of

the Nation and, in particular, on that of foreign aid, his immense intellectual capacity, his searching honesty, and his great human courage.

As I said at the beginning of my remarks, I intend to be critical of this program under a Democratic administration, as I have been critical under a Republican administration, but to the best of my ability, I intend to be critical in a constructive sense.

I shall have more to say on the aid program during the latter part of the debate now underway, but I feel we ought to approach this not in the sense of being Democrats or Republicans, but rather in a bipartisan sense, because we are being pressured on all sides at the present time. The President has said this is one of the weapons which he would like to use to strengthen his hand, and he has asked us for certain kinds of authority.

I should like to see the money spent in a reasonably effective fashion; and such, I am sorry to state, has not been the case in the past. It may not be the case in the future, but I reiterate that certainly the prospects will be better under a 5-year Treasury borrowing procedure based on loans than they are under the present year-to-year financing.

I need only recall to the Members of this body that, as is shown in the record of the Committee on Foreign Relations and as was stated on the floor of the Senate, a few years ago the distinguished senior Senator from Louisiana [Mr. ELLENDER] brought to our attention the fact that on one day, the last day of a fiscal year, between $600 and $700 million was spent, obligated, or reserved, so that the money would not be returned to the Treasury of the United States.

Under a long-term planning program I think we shall be able, to a large degree, to do away with that particular type of procedure, and that we shall get more for the moneys appropriated, while at the same time doing away to a great extent—certainly to a greater extent than has been the case up to this time—with the waste, duplication, and inefficiency which have marked this particular kind of program down through the years.

EXHIBIT 1

[From the Baltimore Evening Sun, Aug. 8, 1961]

FOREIGN AID APPEAL

The Democrats' appeal to the Republicans in Congress to act in the spirit of the bipartisanship that has characterized the foreign aid programs in the past, is timely and reasonable. These programs serve the interests of the whole Nation and while it so happens that they were initiated by a Democratic President, they were a basic part of the policy of Mr. Eisenhower's two administrations. Emphasis on different aspects of the assistance we have given other nations has shifted from time to time as world conditions have changed but the underlying justification of the assistance has remained the same, and is as compelling today as it was 14 years ago. Indeed, it is perhaps more apparent and more urgent now than it ever was.

For one thing, the efficacy of foreign aid has been demonstrated. For another, the challenge confronting the United States and the West today is made on a broader front than ever before. At the outset this country's first and almost only concern was the future of Western Europe. But in the last decade we have been forced to recognize that the needs of Asia, Africa, and Latin America are of critical and continuing importance. The necessity of helping the hundreds of millions of people of those continents overcome the distempers arising out of poverty and hopelessness is a major and pressing one.

Mr. Kennedy is seeking, as Mr. Eisenhower before him sought, to provide for longer range commitments which will enable the countries aided to make better and firmer plans, to undertake substantial projects with some assurance that they can be carried through. The purpose is not to stave off an immediate and possibly passing emergency but, as the President has said, to help other countries build their societies until they are so strong and broadly based that only an outside invasion could topple them.

Congressional resistance to yielding any of its powers of appropriation is understandable enough and, of course, a strong constitutional argument can be made to support the resistance. However, the President has to deal with a practical problem which involves the good will and confidence of other nations. Few will dispute the central thesis of the development loan scheme—that a guarantee of long-range, long-term help is essential if those other nations are to embark on their own long-range, long-term programs. Surely Congress can work out some means of reconciling its cherished authority with the need of meeting this practical problem.

The objective itself is clear of all factional and political considerations. It is essential to a world that hopes for peace and an improvement of its standards of living. Congress was quick enough to act with unanimity in providing the money and the means to prove we mean to defend freedom in West Berlin. But Berlin is not the only place where freedom will be at stake in the future. If the Berlin crisis is solved the crises latent elsewhere will still be with us. Republicans and Democrats alike should face that elementary and massive fact and act together to deal with it.

[From the New York Times, Aug. 7, 1961]

FOREIGN AID: A CRITICAL WEEK

All foreign aid bills run into some trouble in Congress because the instinct on Capitol Hill is to take the ax to almost any measure requiring the expenditure of large sums of money. The only exception, these days, is defense.

But the 1961 administration measure, which goes to the Senate floor this week, has conspicuously drawn fire because it proposes to commit us to a 5-year, $8.8 billion foreign aid loan program with no requirement for annual reauthorizations and reappropriations. The argument is that this will make for economy, as it makes for continuity. The principle works in private business. Why not in public business? It is said to operate smoothly through Treasury borrowings for commodity credits for farmers. Why not just as smoothly in the form of credits for foreign development programs among our least fortunate governmental friends?

The arguments seem sound, but the outcome may be decided, so this newspaper is informed, by one or two votes in the Senate, and a small shift, one way or the other, in the House. The Republicans in general do not much care for it, though they rolled up a respectable bloc of votes for a less workable form of the same proposal 4 years ago under Mr. Eisenhower's administration. Their present profound concern for the prerogatives of Congress has taken on a partisan hue. We must not, of course, overlook a well-known Democrat, Senator BYRD of Virginia, who is willing to authorize a 5-year aid program but suggests that the appropriations be made annually. The element of continuity in the Byrd resolution is hard to detect.

With luck, action in the Senate may be completed this week. Action in the House will of necessity follow. It would be too bad if this form of investment in the future should fail because of rivalries, suspicions, and power struggles on the Hill. The doling out of all foreign aid year by year, with no continuing guarantees, isn't good business or even sound ethics.

Mr. FULBRIGHT. Mr. President, first I express my deep appreciation to the majority leader for his kind words regarding the work of the chairman of the committee. The majority leader and other Senators have contributed greatly of their time and effort. The product, which I think is a very good bill, is the result of their cooperative efforts.

Mr. President, I yield 5 minutes to the distinguished Senator from South Dakota [Mr. MUNDT].

The PRESIDING OFFICER. The Senator from South Dakota [Mr. MUNDT] is recognized for 5 minutes.

Mr. MUNDT. Mr. President, I appreciate the Senator's yielding time to me, because, as he knows, I am on the other side of the argument from where he stands.

First of all, Mr. President, I speak as a friend of the foreign aid program who has supported it consistently over many years. I have been in the Congress since the beginning of the program. I speak as one who, in one session of Congress, was the only Member of the South Dakota congressional delegation to vote for the program. I speak as one who, in the Senate Appropriations Committee, has frequently broken tie votes to provide additional funds, when they seemed needed for this program.

But, Mr. President, I speak as one who believes Congress should continue to exercise its authority over the program if in fact the program is to have any reasonable possibility of ultimate success.

It seems to me that there is one aspect of this proposed 5-year pledge and the 5-year program that has not been adequately discussed here this afternoon, and that is the fact that the very minute Congress passes a bill committing this country to a long-term 5-year program, we shall have set up at once a vested expectancy for assistance on the part of each of the 97 recipient countries. At once they will operate under the realization that for 5 years they will be entitled to present their application and do their best to achieve for themselves as large a portion of the proposed expenditures as possible. As soon as they begin to look upon their sharing of our wealth as a vested right, we will immediately begin to diminish the effective impact of this money upon the recipient countries.

We have no farther to walk than into the Senate cloakroom to find a demonstration that the theory I have expressed is a valid one. Under what authority I know not, but we have already heard that Secretary Dillon in Uruguay has told representatives of the Latin American Republics that they can expect $20

billion of assistance from us. This afternoon the ticker tape in the cloakroom revealed that the Latin American countries are already squabbling among themselves at the conference table to determine which country is to be first in line with the biggest tin cup, and which is to get the major portion of the $20 billion.

So long as the Latin American countries and other foreign governments must make their appeal on an annual basis, so long as the administrators of the program can say to the applicant countries that they may present their justifications and they will be given consideration, but no advance promises or commitments can be made until Congress has acted, we can be sure then that the countries will look forward with anticipation and with cooperative attitudes upon the assistance which we propose to give them, instead of looking upon our assistance with disfavor because country A has received a little less than country B, and country C may have received even more. Certainly, we shall do little to earn the friendship and to win the cooperative support of the foreign countries to which we give our aid if we pledge our support 5 full years in advance. By so doing, we imperil the value of our whole foreign assistance program by permitting these countries to feel they are entitled to our support and can confidently expect it as a matter of right.

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

Mr. MUNDT. I will yield briefly, because I have only 5 minutes.

Mr. CURTIS. What authority did Secretary Dillon have to make such a commitment?

Mr. MUNDT. As I said, that is an authority which I doubt that he has and which I do not believe he should exercise, but it is in complete keeping with the concept and philosophy of this bill. It seems to me that the administration is asking Congress to follow a sort of Pontius Pilate procedure. They are asking us to wash our hands of all responsibility. They are asking us to commit the original crime by delegating away our powers and our authority for 5 years, and then saying, "We now can wash our hands of all responsibility of what occurs."

Mr. President, Senators may be able to vote away their authority to vote on these appropriation measures by adopting the back-door spending technique. But Senators cannot vote away their responsibility to face our constituents, who have a right to expect us to live in conformity with the Constitution of the United States, which vests only in Congress, and places it nowhere else, the right to appropriate away the people's money.

As I said earlier, I have voted for the foreign-aid programs over many years, but if, in fact, we are going to shift the program into a self-perpetuating administrative aid program, and Congress is to be sidetracked for the first time in this connection, I shall be compelled to vote against a program which seems to me contains within it self-defeating elements which will destroy the possibilities of our success abroad and materially weaken our economic structure at home. Indeed, Mr. President, unless we can adopt the Byrd amendment or develop some other devices for exercising our congressional responsibilities in connection with this program, I submit that a Senatorial surrender to bureaucratic domination is too high a price to pay for the doubtful privilege of voting for foreign aid.

Among the self-defeating elements in this bill I place high the fact that we would create this vested expectancy on the part of 97 foreign countries, who will then have a right for 5 years to expect their share of the American taxpayers' money to meet their local problems and to consider themselves the legalized, "permanentized" beneficiaries of our American resources. I hope the Byrd amendment is adopted.

Mr. FULBRIGHT. Mr. President, I yield 5 minutes to the distinguished Senator from Kansas.

Mr. SCHOEPPEL. Mr. President, I thank the distinguished Senator from Arkansas. I say quite frankly that I shall support the Byrd amendment. I appreciate the opportunity to present very briefly my views, and then I shall offer for the benefit of the RECORD some additional views which I have worked out with reference to this question.

Quite frankly, I wish to associate myself with the statements made by the distinguished minority leader, the Senator from Illinois [Mr. DIRKSEN] and the statements made by the distinguished Senator from Louisiana [Mr. ELLENDER]. I have read many of the House reports on these investigations, and I say frankly to Senators, as I have said to many people in my own State, that I am nauseated by what has been going on under the guise of foreign aid, which we have extracted from the taxpayers of our country and are now asked to go off on a 5-year program deeper into this proposition. It is my opinion that unless we throw around the program certain practical safeguards that have been built into our system of legislation, we will rue the day when we throw away those safeguards.

Once again the American people are being asked to undertake a long-range foreign aid program. The administration proposes that the Congress should authorize the Secretary of State to borrow funds from the Treasury without the usual annual review by the Appropriations Committees of the Congress. From my brief experience as a member of the Senate Appropriations Committee, I am deeply concerned that so large a portion of total Federal expenditures are financed in this manner.

The Legislative Reorganization Act, Public Law 601 of the 79th Congress, provided in section 138(a) that the House Committee on Ways and Means and the Senate Committee on Finance would meet jointly with the respective Appropriations Committees at the beginning of each session of the Congress and present a legislative budget for the ensuing fiscal year. This would include the estimated overall Federal receipts and expenditures. This law further directed that a report shall be submitted containing recommendations for the maximum amount to be appropriated for expenditures, which shall include amounts reserved for deficiencies. It also provided that, "If the estimated receipts exceed the estimated expenditures, such report shall contain a recommendation for a reduction in the public debt."

The practice of bypassing the Appropriations Committees makes it virtually impossible to exert any coordinated control over the financing of the U.S. Government, which is the largest financial operation in the world today. The Congress, in effect, is the board of directors for the American people, and we have an obligation to be fully informed on all expenditures and how they are to be financed. Long-term borrowing from the Treasury by a simple authorization nullifies our efforts in properly appraising appropriations and matching them with expected revenues.

Initially, foreign aid was justified in order to restore wartorn economies, but now we are proposing that 181 million Americans should raise the living standards of several billion people scattered over the globe. Mr. President, I have consistently supported measures to assist other countries in developing their own military strength so as to defend their freedom. By so doing we will then not be forced to commit our own manpower to this task. It is too often forgotten that our population represents only 6 percent of the world's total. If we can keep as many of our able youth productively employed so that our tax base is broadened, we can accomplish far more in combating communism than if we enlarge our own Armed Forces.

Furthermore, the cost of our Armed Forces is not merely the present budget of the Defense Department. It must also include all the contingent future liabilities, such as veterans' benefits, possible pensions, hospital and medical care, education and training, and a large portion of the interest charges on the public debt which was accumulated during previous mobilization periods. Thus, there is a sound and firm reason to support military assistance and the development of a reasonable economic base to support it in friendly countries. However, we are undertaking a program that is far more extensive.

On July 7, 1959, I made a statement with reference to this same subject. I quoted at length from a remarkable book by the late Prof. William E. Rappard, entitled "The Secret of American Prosperity." Professor Rappard, in turn, referred to comments by a young Frenchman, Michel Chevalier, who had the opportunity to visit our country during the early years of our Republic. Mr. President, once again I shall make one reference to Dr. Rappard's comments. He said:

> The United States are not, in Chevalier's opinion, more favored by nature than other parts of the New World. On the contrary, they are less well-off than the areas most richly endowed with minerals, for example. But they know how to turn the resources they do have to exceptionally good account,

mainly because of the care they have given to the construction and exploitation of roads, canals, steam navigation, and above all, of railways, which, he says, have become since the spring of 1834 "a perfect mania" with the American public. * * *

The spectacle of a young people, executing in the short space of 15 years, a series of works, which the most powerful states of Europe with a population of 3 or 4 times as great, would have shrunk from undertaking, is in truth a noble sight. The advantages which result from these enterprises to the public prosperity are incalculable.[1]

Mr. President, Dr. William H. Peterson, associate professor of economics at the Graduate School of Business Administration at New York University, has written a stimulating article, entitled "United States Was Once Undeveloped Too, But Received No Aid." I ask unanimous consent that this article from the Commercial & Financial Chronicle of July 6, 1961, may be printed at this point in the RECORD:

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

[From the Commercial and Financial Chronicle, July 6, 1961]

UNITED STATES WAS ONCE UNDEVELOPED TOO, BUT RECEIVED NO AID

(By Dr. William H. Peterson)

For all their talk of foreign economic growth and production miracles—the West German boom, for example, or the Soviet Union's much trumpeted but none-too-reliable 6- to 7-percent annual growth rate in gross national product—professional economists and other learned men all too often overlook the rather creditable job of growth in their own backyard: the economic development of America.

So "The Permanent Frontier: An Illustrated History of the U.S. Economy in Action" comes as a welcome reminder that soft inflation, cheap interest rates, massive public spending, permanent Government gifts and loans—to name some of the paraphernalia in the modern economic developer's kit—didn't figure constructively, if they figured at all, in the economic surge beginning several generations ago of Europe's rambunctious offspring in the New World.

Today the offspring, a geographical accident that Columbus bumped into in his search for Cathay, has grown into far and away the richest and most powerful economy on either side of the Iron Curtain, and with the highest living standards; and it behooves thinkers and politicians to keep their sights on how it was done.

For the salient point of this work originally serialized in Challenge, New York University's economics journal, is that American growth is the achievement of business. And if as Calvin Coolidge once said, the business of America is business, this business has been a highly successful one. The testy upstart that humbled mighty Britain was from colonial times a business society, a business civilization, a land of do-it-yourself inventors and do-it-yourself entrepreneurs who utilized the proprietorship, the partnership, and the corporation as devices to pool savings and launch private enterprises. Many of the fledging enterprises sputtered after a few months or a few years and then died, having failed to pass the market test—that is, win consumer acceptance. In other words, there has always been, every year, a business mortality rate in America, a symbol of consumer sovereignty; and the absence of this rate behind the Iron Curtain is a sign of consumer subservience.

But especially significant in America have been the business survival and birth rates. Enterprises by the millions, rural and commercial and industrial, have won consumer acceptance, have grown into thriving small businesses and, in a significant number of instances, into big businesses, and, big or small, have contributed greatly to American economic growth. One measure of this growth can be found in the U.S. Patent Office, authorized in article I of the Constitution. Here are the musty designs and blueprints of tinkerers and inventors of more than a century ago, the original mechanizers, automaters, mass producers, and innovators, who along with the savers and investors and entrepreneurs constantly created, accumulated, and upgraded what the accountant so dully calls fixed capital—the very sinews of industrial well-being.

Here are patents on the steel plow, the harrow, the planter, the reaper, the harvester (which not only reaped but at the same time gathered the grain in sheaves and tied a string around each sheaf and laid them down in neat rows), the steel rail for railroads, the open-hearth furnace for making steel, the sewing machine, rubber, dynamite, wire rope, the pullman car, the safety razor, the electric streetcar, refrigeration, the electric light, the typesetting machine, and so on for thousands and now millions of patents, virtually every one of them privately owned, every successful one in its own way a propellant to economic growth and a more abundant life.

But the fact that the Patent Office is an arm of government is testimony that business did not perform its act of growth alone, that in the wings was a silent, limited partner, which over the years has become increasingly less silent and less limited: the U.S. Government. A big reason for the limited partnership role: Mercantilism.

The editors of "Challenge" review the ineptitudes and countless frictions of the mercantilist economic policies of Mother England. The colonists rebelled against not so much the arrogant personality of King George III as against the tax on tea, the Molasses Act, the Stamp Act, the Sugar Act, against—to quote from the Declaration of Independence—"a multitude of new offices, and swarms of officers to harass our people, and eat out their substance" (shades of Parkinson's law). In short, colonial freedom and economic growth was all but stopped by excessive economic intervention.

Thus, as every schoolboy knows or ought to know, the Founding Fathers wove in limiting checks and balances throughout their unique design of government: A tripartite Central Government, a Federal system with coequal States, with States rights, a written Constitution, a Bill of Rights. The design—political and economic freedom—worked. Limited government served to unlimit economic growth, and the libertarian economy and society took off.

So the architects of American growth turn out to be both thinkers and doers—political thinkers like Thomas Jefferson, Alexander Hamilton, and James Madison; industrial doers like Cornelius Vanderbilt, Andrew Carnegie, and Henry Ford. In addition, there are millions of unsung and mostly unknowing doers in the American growth story—the small investors who took a chance with shares in a canal, a railroad, an oil well, an ironworks; the workers from Europe with but a bundle on their backs, or from Africa with chains on their feet who sweated in steel mills and packinghouses and road gangs; the small businessmen who plowed their savings into a country store, an agricultural implement dealership, a coastal sailing vessel, a stable, a clothing store, a filling station, and so on. Growth came in bits as well as in lumps.

But there are breaks in American growth. The upward trend line has dips along the way. In 1837, for example, a long depression climaxed Jackson's second administration, which had witnessed much wild speculation and inflation. From 1865 on defeat and Reconstruction laid the South low for decades. In the depression of the 1890's, the Populists talked up free silver, the graduated income tax, and Government ownership of the railroads. And in 1929 * * *.

The American growth story is unfinished. Up to now it's been a dramatic human interest story of architects, engineers, and workmen, of strokes of genius and strokes of foolishness, of the libertarianism of Thomas Paine, the nobility of purpose of George Washington, the homely wisdom of Abraham Lincoln, the bold experimentation of Franklin Roosevelt, the sense of balance and responsibility of Dwight Eisenhower.

One may differ with the Challenge editors here and there on some of their emphasis and interpretations, just as one may differ with such late economic historians as Frederick Jackson Turner, Charles Beard, and Garet Garrett and with such modern growth theoreticians as W. W. Rostow, Colin Clark, and John Kenneth Galbraith. Who's right and who's wrong? Who talks growth and who talks growthmanship? The future holds the answer, but one thing is certain: American economic growth has been the wonder of the world, and no foreign government's aid figured in it.

Mr. SCHOEPPEL. Mr. President, it is time that we reemphasize to the so-called underdeveloped countries the virtues of our system of individual liberty and a free, private enterprise society. Whatever we can now contribute to others is possible because of our adherence to these concepts since 1789 when our Government was founded. Our people stem from every country on the face of the earth. Yet, in the climate of liberty which we have evolved, they have become endowed with those attributes of industry and diligence that have placed us in a position to preserve freedom when older nations had lost their ability to do so.

I sincerely hope that before we overburden our own economy, more thought will be given to the fact that we, too, were once an underdeveloped country. As Dr. Peterson points out, there was no foreign aid from any other nation to assist us during our period of development. We have only a small portion of the world's natural resources, and while our people have been well trained in modern technology, this can be achieved by others, too, if they have the will and the desire to develop their maximum potential.

Technical assistance and similar measures to enable them to achieve more rapidly the technical advances that characterize the 20th century will never require the vast outlays that are proposed in long-range development programs where our country endeavors to construct every conceivable type of facility which will ultimately extend our commitments to the point where we will be forced to default on obligations that may be more pressing.

Mr. FULBRIGHT. Mr. President, I yield myself 15 minutes. I wish to make one or two corrections regarding the comments of the Senator from Illinois that all of the $8.8 billion could be obligated in the first year. This would not

[1] CONGRESSIONAL RECORD, vol. 105, pt. 10, p. 12844.

be so under the terms of the bill. Only $1,887 million is made available under the bill by 1962, and I see no authority and no justification for saying that $8.8 billion can be obligated the first year. The bill would make the funds available year by year. Any agreement about future use of the funds would be entirely dependent upon the availability of funds, and would be of a contingent nature. Of course, any improvident man could go out and say, "I will do so and so if I get the money." But I do not consider that a proper or reasonable interpretation of the bill.

Furthermore, the eloquent remarks of the Senator from Illinois [Mr. DIRKSEN], are the most persuasive reasons I have heard as to why the Byrd amendment should be defeated. He has outlined in detail many of the mistakes that have been made under the previous administration.

I also believe they could well be made under a Democratic administration if we forced it to follow the same procedure.

The Senator from Illinois—I will not repeat what he said—has told us about what has happened in Korea, in Peru, and in Iran. The main purpose of the committee and the main purpose of the bill is to make it possible to avoid a continuation or repetition of such instances. No one can be sure that this bill will be a panacea. It probably will not be. However it will at least make it possible, if we have an intelligent administration of the program, to break off the shackles which now hobble the activity, and enable the administrators to study and plan for development, and in a manner that will avoid or minimize the kind of mistakes the Senator from Illinois has described so eloquently. I have every confidence that they will be minimized, although perhaps not completely eliminated, any more than the mistakes that we have made in this Congress in the construction of our own facilities have been completely eliminated.

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

Mr. FULBRIGHT. I have only a few moments.

Mr. DIRKSEN. I should like to refer to the first observation the Senator has made.

Mr. FULBRIGHT. There is no time for it now. That question has come up before. I will put in the RECORD the complete answer.

Mr. President, on August 7, 1961, Representative PASSMAN inserted in the RECORD some material which he labeled "Facts About the Foreign Aid Program."

Since I had the experience of appearing on a television program recently at about the same time as Mr. PASSMAN for a discussion on the foreign aid program, I have a special interest in what Representative PASSMAN says about this subject.

I ask unanimous consent that there may be inserted in the RECORD at this point some comments which I have prepared on the assertions made by Representative PASSMAN, and other documents.

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

COMMENTS UPON STATEMENT MADE BY REPRESENTATIVE PASSMAN IN A LETTER REGARDING THE FOREIGN AID BILL AND IN THE CONGRESSIONAL RECORD OF AUGUST 7, 1961, AT PAGE 14730

1. Mr. PASSMAN begins by saying that under the proposed authorization "The Congress * * * would for all practical purposes surrender control of the purse strings."

Comment: This is, of course, not the case. The Congress would retain full authority to limit, curtail, or revoke the authority granted to the President. This could, of course, be done through authorizing legislation. Since such authorizing legislation could be in the form of a simple amendment to the annual bill authorizing essential grant aid, it would be effectively impossible for the President to veto congressional action concerning the lending program. Action to limit, curtail, or revoke could also be taken in an appropriation act. Under the Government Corporation Control Act made applicable by section 203(b) of the authorizing legislation the Congress could limit obligations or expenditures—although it is plain from the history of the Government Corporation Control Act and of this aid legislation that such limitations will not be imposed except under unusual or special circumstances.

2. Mr. PASSMAN makes seven numbered points:

"First. The executive branch would no longer have to justify funds for the development financing program. Rather, the legislative branch would have to show sufficient cause for making any reduction. It would require an act of Congress to reduce the amount of the borrowing authorization."

Comment: It is true that in this legislation as in any other legislation the Congress would make an authorization which could not be reduced without another act of the Congress. It is not true that the executive branch would "no longer have to justify funds for the development financing program." The executive branch would have to present to the Congress each year a budget program as required by the Government Corporation Control Act and as now done by more than 20 lending agencies of the Government which are financed in this way.

As to any "sufficient cause" the legislative branch would "have to show" to make a reduction—the point is, that the only showing would be to itself.

It is correct that once the Congress has established a national policy for the United States to undertake the program of economic development which the President has recommended, it would be generally understood that the program would continue until sufficient cause developed for the Congress to make any reduction in it. Otherwise there would be little meaning in the Congress making a policy decision at all.

"Second. The executive witnesses admit that once given this authority, they do not expect the Congress to attempt to take it back."

Comment: As just stated, the President is asking the Congress to make a national decision that the United States will undertake a role of leadership in developing and strengthening the newly independent nations of the free world and will provide assurance that funds for this purpose will be available over a 5-year period. Obviously, it would not be expected by the executive branch witnesses or anyone else that the Congress would renege on this decision unless valid reasons for doing so developed. Yet the bills as recommended by both the Foreign Relations and the Foreign Affairs Committees retain full authority to the Congress to change its mind either through an authorization or an appropriations bill should unusual circumstances require it.

"Third. The administration could, directly or indirectly, commit the entire $8.8 billion during the first fiscal year of the authorization, and these commitments, based upon the inaccurate estimates of cost of the program in the past, could lead to a further request of double or triple the present amount to bring the programs to completion."

"Fourth. In effect the executive could commit this country to the entire amount before the Congress knew to what countries, to what programs, or to what projects the funds would go."

Comment: This is not correct. The annual increments of funds for lending become available for obligation by the President only year by year and cannot be obligated until (1) the year in which they become available arrives, and (2) until an appropriation act is passed providing for their obligation. They cannot even be irrevocably committed. The report of the House Foreign Affairs states this plainly (p. 18):

"The committee has been assured by the Executive, and definitely understands, that no irrevocable commitments for future years will be made under this authority to any country, and Congress can always amend the authorizing legislation. Indeed, all commitments of future year funds will be specifically contingent on their continued availability from Congress."

"Fifth. The Executive prefers not to refer to the program as a loan program, but rather as a development financing program. Most of the funds would be advanced, on a 50-year-term basis, without interest, and with a 10-year grace period before any repayments are required."

Comment: The program may be called with equal correctness a "loan" program, a "development financing" program, a "development lending" program, or a "development credit" program. By whatever name our aid is called, it will be advanced only upon a finding of reasonable prospects of repayment in dollars. It is not correct that most of the funds would be advanced on a 50-year period, etc. This describes the outside limits. The range within these limits will be determined by the National Advisory Council when the aid agency commences its operations. Even at the beginning there will be loans on harder terms than these outside limits. As the economies of aided nations begin to strengthen and their debt service capacity improves more of them will be capable of handling shorter term loans. It should be borne in mind however that the basic purpose of this program is to help nations in various early stages of economic development to make substantial progress.

"Sixth. The administration refers to this as a 5-year program, but since there would be no substantial repayments on the loans for 10 years, it is possible there would be a similar request after the first 5 years. Since high officials of the administration admit that this could be a 30-year program, how far afield could we go before it crushes our own economy, already strained by excessive spending and deficit spending?"

Comment: It is certainly possible that there will be additional requests for funds after the first 5 years. President Kennedy has proposed a Decade of Development. The development problem is a great one and will not be solved in a few years. The implication that our investment in our aid program will "crush our own economy" is extreme and out of keeping with the facts. The total aid program requested by the President for fiscal year 1962 is less than 1 percent of our anticipated gross national product. The economic program is little more than half of this. The development lending program

requested for fiscal 1962 and for the additional years will be approximately one-third of 1 percent of our annual gross national production. These figures may be compared to the 4 years of the Marshall plan when our aid program averaged over 2 percent of our gross national product.

It is important to realize also that the total aid program recommended by the Foreign Relations and Foreign Affairs Committee is about 5 percent of our anticipated Federal budget receipts (and of this the development lending program is about 2 percent). During the years of the Marshall plan the aid program ran at an average of approximately 14 percent of our Federal budget receipts.

It should also be borne in mind when people talk loosely of the aid program bankrupting the country that at present our total national debt is less than 58 percent of our national production in a single year. During the years of the Marshall plan when our aid program was, as just mentioned, relatively far greater than now, our national debt averaged around 85 percent of our annual gross national product. Tables setting forth the relevant figures for 1949 through 1961 follow at the end of this statement.

"Seventh. The administration proposes back-door spending only on approximately one-third of the total annual aid cost. However, the executive witnesses are frank in stating they expect other portions of the program to be shifted to the new back-door-spending approach. As each year passes, Congress would lose control over more and more phases of the program."

Comment: It is correct that the President asks borrowing authority only for funds for the lending program which is approximately one-fourth of the request for fiscal year 1962 and for the remaining 4 years of the request would be about one-third of the fiscal year 1962 total. It is not contemplated, however, that other portions of the program would be shifted to this form of funding. What is intended and hoped for is that it will be possible to reduce, at least slightly, grants for supporting assistance. Presumably such a change toward loans would have the warm approval of all Members of the Congress.

3. Mr. PASSMAN repeats a statement made in an earlier letter that: "So unfirm have been the estimates in the past, and so uncertain the actual need, that after the Congress reduced the executive's requests in the past 6 years by $4½ billion, the Congress still appropriated so much in excess of needs that the cumulative unobligated balances for the same period exceeded $1½ billion."

Comment: This statement provides a rather remarkable manipulation of statistics to reach totally unsupported conclusions.

The executive has, of course, lived within the appropriation allowed it. This certainly does not justify the conclusion, however, that its requests were unfirm or the needs uncertain. The executive has merely cut down programs which it thought important and done the best it could within the funds allowed.

In the process some funds have been unobligated at the end of each fiscal year. These funds have remained unobligated in recent years because it has been neither possible nor sensible to obligate every penny in each of hundreds of the individual accounts into which the economic and military funds are divided during the year. The funds left over unobligated at the end of any year are normally reappropriated and become in effect a working capital carryover. What Mr. PASSMAN has done is to add up all of the unobligated balances at the end of each of 6 fiscal years, making a cumulative total of $1.5 billion, which he then points to as indicating that despite the cuts made by the Congress the aid program had more funds than it needed. Actually, however, after the reappropriation each year of by far the greater part of the funds which remained unobligated in past fiscal years, the aid program had unobligated at the end of fiscal year 1961 approximately $143 million. This figure is the only relevant figure and it is less than 10 percent of the figure used by Mr. PASSMAN. Moreover, it is fully taken into account in making the request for fiscal year 1962.

The aid program's situation is like an individual's bank account. At the end of each month there may be a little money not yet spent. This money is carried over to the next month at the end of which there may be a little not yet spent, which is carried over to the next month, etc. When the individual reaches the end of the year, what he has left from his income, above the needs of the year, is the last balance in his bank account. But what Mr. PASSMAN has done is to take the figure which is carried over at the end of each month and add them all together and then claim that it is this figure by which the individual's income exceeded his needs for the year.

4. Mr. PASSMAN says that "the executive witnesses admit that they do not anticipate better programs or better projects, but the need is for long-term financing."

Comment: This is not an accurate reflection of the testimony of executive witnesses. On the contrary, the President and the principal officers of the executive branch have repeatedly said they do anticipate that the long-term commitment authority requested will make possible better programs and better projects more economically financed and more effectively carried out.

5. Mr. PASSMAN says executive branch witnesses state: "that some nations hesitate to enter into needed self-reforms because they could not trust America to fulfill its commitments".

Comment: This is not a precise reflection of executive branch testimony. What the executive branch has said repeatedly and what the Foreign Relations and Foreign Affairs Committees have concluded is that the less developed nations cannot reasonably be expected to make the hard decisions to levy taxes and otherwise accumulate and commit their own resources for several years in the future to important development programs and to undertake difficult programs for social progress unless they can have some assurance that absolutely essential outside funds will also be available. The President of the United States cannot provide such assurances now because the Congress has given him no authority to do so and because past experience shows very plainly that even the authorizations of appropriations made by the Congress will provide no assurance of funds since the appropriations for the Development Loan Fund have over the past 4 years fallen short of authorizations by some 23 percent.

Mutual security appropriations and U.S. gross national product

Fiscal year	Mutual security appropriations (as appropriated by Congress)	U.S. gross national product (by fiscal years)	Appropriations as a percent of GNP
	Millions	*Billions*	
1949	$6,446	$261.5	2.47
1950	5,092	264.0	1.93
1951	7,485	310.4	2.41
1952	7,284	338.5	2.15
1953	6,002	359.7	1.67
1954	4,531	361.8	1.25
1955	2,781	368.5	.75
1956	2,703	409.5	.66
1957	3,767	432.9	.87
1958	2,769	439.9	.63
1959	3,448	467.3	.74
1960	3,226	493.5	.65
1961	3,831	[1] 503.0	.76

[1] Estimated.

Mutual security appropriations and budget receipts of the Federal Government

Fiscal year	Mutual security appropriations (as appropriated by Congress)	Budget receipts	Appropriations as a percent of budget receipts
	Millions	*Billions*	
1949	$6,446	$37.7	17.1
1950	5,092	36.5	14.0
1951	7,485	47.6	15.7
1952	7,284	61.4	11.9
1953	6,002	64.8	9.3
1954	4,531	64.7	7.0
1955	2,781	60.4	4.6
1956	2,703	68.2	4.0
1957	3,767	71.0	5.3
1958	2,769	69.1	4.0
1959	3,448	68.3	5.0
1960	3,226	78.5	4.1
1961	3,831	79.2	4.8

U.S. public debt (Federal Government) and U.S. gross national product

Fiscal year	Gross national product (fiscal years)	Public debt outstanding end of fiscal year	Debt as a percent of GNP
	Billions	*Billions*	
1949	$261.5	$252.8	96.7
1950	264.0	257.4	97.5
1951	310.4	255.3	82.2
1952	338.5	259.2	76.6
1953	359.7	266.1	74.0
1954	361.8	271.3	75.0
1955	368.5	274.4	74.5
1956	409.5	272.8	66.6
1957	432.9	270.6	62.5
1958	439.9	276.4	62.8
1959	467.3	284.8	60.9
1960	493.5	286.5	58.1
1961	[1] 503.0	289.2	57.5

[1] Estimated.

FACTS ABOUT THE FOREIGN AID PROGRAM

Mr. PASSMAN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and extend my remarks in the RECORD.

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

There was no objection.

Mr. PASSMAN. Mr. Speaker, I am placing in the RECORD, as an extension of my remarks, a recapitulation of the funds on hand to the credit of the mutual security program as of June 30, 1961, in the amount of $5,443 million. Most of this money is to pay for long-range programs and projects now in progress and under construction.

Foreign aid projects and programs presently are on a 5-year planning basis, or for even longer. Those are the instructions that go out to the field, and that is the basis for handling these operations.

Mr. FORD. Will the gentleman yield?

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

Mr. FORD. I want to compliment the gentleman from Louisiana on the very fine job he did yesterday.

Mr. PASSMAN. I thank the gentleman very much.

Mr. Speaker, as chairman of the Foreign Operations Subcommittee on Appropriations, I feel that I have a responsibility to provide the membership with some documented facts about the foreign aid program.

If the executive branch succeeds in getting a portion of the foreign aid program on the Treasury back-door financing basis, the Congress then would for all practical purposes surrender control of the purse strings. If the proposed legislation is approved:

First. The executive branch would no longer have to justify funds for the development financing program. Rather, the legislative branch would have to show sufficient cause for making any reduction. It would

require an act of Congress to reduce the amount of the borrowing authorization.

Second. The executive witnesses admit that once given this authority, they do not expect the Congress to attempt to take it back.

Third. The administration could, directly or indirectly, commit the entire $8.8 billion during the first fiscal year of the authorization, and these commitments, based upon the inaccurate estimates of cost of the program in the past could lead to a further request of double or triple the present amount to bring the programs to completion.

Fourth. In effect, the executive could commit this country to the entire amount before the Congress knew to what countries, to what programs, or to what projects the funds would go.

Fifth. The executive prefers not to refer to the program as a loan program, but rather as a development financing program. Most of the funds would be advanced on a 50-year-term basis, without interest, and with a 10-year grace period before any repayments are required.

Sixth. The administration refers to this as a 5-year program, but since there would be no substantial repayments on the loans for 10 years, it is possible there would be a similar request after the first 5 years. Since high officials of the administration admit that this could be a 30-year program, how far afield could we go before it crushes our own economy, already strained by excessive spending and deficit spending?

Seventh. The administration proposes back-door spending only on approximately one-third of the total annual aid cost. However, the executive witnesses are frank in stating they expect other portions of the program to be shifted to the new back-door-spending approach. As each year passes, Congress would lose control over more and more phases of the program.

So unfirm have been the estimates in the past, and so uncertain the actual need, that even after the Congress reduced the executive's requests in the past 6 years by $4½ billion, the Congress still appropriated so much in excess of needs that the cumulative unobligated balances for the same period exceeded $1½ billion.

The executive witnesses admit that they do not anticipate better programs or better projects, but the need is for long-term financing. They state that some nations hesitate to enter into needed self-reforms because they could not trust America to fulfill its commitments.

Beautiful phrases, carefully worded reports, claims and executives courtesies cannot change the facts, as above indicated. The record of the hearings thus far held by our subcommittee documents the facts I have presented.

The recapitulation sheet which I am extending in the RECORD indicates the latest estimate of unobligated and unexpended funds on hand June 30, 1961:

"Foreign Operations Subcommittee on Appropriations (foreign-aid funds, by program and amount on hand unexpended, June 30, 1961)

Military assistance	$2,519,643,000
Defense support	673,491,000
Development loan fund	1,488,758,000
Development assistance	36,632,000
Special assistance	207,171,000
President's Asian fund	50,757,000
President's contingency fund	252,106,000
Technical cooperation bilateral	155,068,000
Technical cooperation, United Nations	12,900,000
Technical cooperation, Organization of American States	1,201,000

"Foreign Operations Subcommittee on Appropriations (foreign-aid funds, by program and amount on hand unexpended, June 30, 1961)—Continued

Atoms for peace	$6,959,000
Intergovernment Commission for European Migration	5,615,000
U.N. Refugee Fund	800,000
Escapee program	4,490,000
U.N. Children's Fund	8,542,000
U.N. Relief and Works Agency	9,274,000
Ocean freight	588,000
NATO science program	----------
Administrative expense, ICA	8,494,000
Administrative expense, State	923,000
Grand total	5,443,412,000
Unexpended funds on hand June 30, 1961	5,443,412,000
Unexpended funds on hand June 30, 1960	4,713,665,000
Increase in unexpended funds during last fiscal year	729,747,000"

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

Mr. FULBRIGHT. I will yield for a brief one-half minute.

Mr. DIRKSEN. I should like to have the Senator from Arkansas read to the Senate the language on page 8 of the bill, section 203, subparagraph (a), with respect to incurring obligations.

Mr. FULBRIGHT. It provides that funds are to be available on an annual basis.

Mr. DIRKSEN. Will the Senator read all the language?

Mr. FULBRIGHT. It is on a year-by-year basis. That is the meaning of the section as the committee understands it and as the legal authority understands it, and that is the interpretation of the executive department. However I do not have the time to pursue this subject. We can pursue it on Monday, if the Senator wishes. The Senator is not correct if he means that the full authority can be obligated in the sense of being set aside. I assume he intended to leave that meaning in the minds of Senators. But I do not believe that is so. As I said, if next spring Congress wishes to rescind this authority, I do not believe the balance of the funds will be available for obligations.

However, I should like to pursue that subject at a different time.

With regard to the decision which we are about to make, which I consider to be by far the most important with respect to the whole bill, the idea of foreign aid has long been accepted. I do not believe that we have much choice about it. It is as much the established policy of the present administration as it was of the administration during the previous 8 years. The question is, How good a bill can we enact? I think that decision is the core of the whole debate and of the whole controversy and the whole discussion of the foreign aid bill.

If the decision of the Senate on this year's foreign aid legislation could rest solely on the legislative merits of the long-term borrowing authority, or on the efficacy of foreign aid as an instrument of our foreign policy, our task would be easier than in fact it is. These, of course, are questions of the utmost relevance, but there is a more fundamental question that remains unanswered—one that is implicit in all of the major issues that have come before a generation of Americans that has been cruelly overburdened with the necessity for fateful decisions.

The ultimate question is whether this Nation is prepared to accept the permanent and inescapable responsibilities of having come of age in history. The transition from youth to majority is as painful in the life of a nation as it is poignant in the life of an individual. But history, like human mortality, is an impersonal and inexorable force. It grants no reprieves and, indeed, deals harshly with those who would linger bemused and nostalgic in the afterglow of lost youth.

The character of a mature nation is not unlike that of the mature individual. Adulthood means the acceptance of permanent responsibilities, of continuing tasks, of enterprises that advance imperceptibly toward fruition with neither climax nor completion. It means ambiguity when we would prefer precision, tedious labor when we would prefer dramatic action, infinite patience when we would prefer immediate rewards. Above all, maturity requires a final accommodation between our aspirations and our limitations.

We have clung too long to our youth as a nation and it is readily understandable that we have done so. We have been a nation favored by geography, by resources, by a political tradition of liberty and law, by the rich human resources of a heterogeneous people endowed with spirit, energy, and creative genius.

In our first century and a half it seemed to us that nothing could go wrong, that we had only to set our sights on some concrete goal and we would surely attain it. And we were largely right, because with the exception of the Civil War our history was a chronicle of victory and success. From the minutemen to the Alamo, from the conquest of the West to the charge up San Juan Hill, our experience was one of exhilarating and successful adventure.

But history plays cruel tricks. It allowed us to believe that this unexampled series of triumphs was the product of our vigor and resourcefulness alone. What we failed to perceive in our past was the presence of another element—the element of an improbable run of luck—the luck of a rich and unspoiled continent far removed from the centers of world power and world conflict.

Now that luck has run out and we must face the world on its own terms. Indeed it ran out 40 or 50 years ago, but we have contrived thus far to escape a conscious confrontation with that fact.

Woodrow Wilson knew it. He perceived the ultimate fact of this century of American history—not that America must come out into the world but that the world had come in on America. Wilson conceived of a new order of international relations, not an unattainable

millennium but a system of permanent processes for the gradual improvement of the human condition on earth. "We are trying," he said, "to make a society instead of a set of barbarians out of the governments of the world." And Wilson knew that America's participation in this great task was not a matter of option. "There can be no question," he said in his address to the Senate of July 10, 1919, "of our ceasing to be a world power. The only question is whether we can refuse the moral leadership that is offered us, whether we shall accept or reject the confidence of the world."

America rejected the advice of Woodrow Wilson. We preferred to rely on a continuation of the good luck that had never failed us. It was a desperate and unsuccessful gamble for which both we and the world have already paid an incalculable price. Nonetheless, there are those among us who are still unwilling to relinquish the dazzling illusions of our lost youth.

Our prospects have narrowed greatly since the lost opportunity of 40 years ago. I do not know how long it will be before they finally fade into darkness if we do not finally reconcile ourselves to the burden of continuing an onerous responsibility in a harsh and dangerous world. Our power is inseparable from continuing trusteeship; and this trusteeship, as Wilson perceived, derives not from choice, but from inescapable compulsions—"the compulsion of honor, the compulsion of interest, and the compulsion of humanity."

Our proper objective as a nation must still be "to make a society instead of a set of barbarians out of the governments of the world." Advancement toward this objective will require persistent effort in the face of inevitable frustrations. More fundamentally it will require the cultivation of qualities that are associated with maturity rather than youth—qualities of wisdom as well as resourcefulness, quiet determination as well as righteous dedication, and, perhaps most of all, moral courage in place of adolescent bravado.

The purpose of foreign aid, and indeed of our foreign policy as a whole, is the very gradual improvement of human life on earth. Our success is not guaranteed and if our efforts are to be coherent and sustained, we must accept this fact with sobriety and serenity. Besides patient and continuous effort we must bring to the task a little of a sense of mission—and I emphasize "little." A consuming messianism will surely lead us to false hopes and frustration, while action without purpose is action without meaning or hope. But a little of a sense of mission can guide us—unencumbered by either extravagant hopes or unwarranted despair—toward worthy and attainable objectives.

Mr. President, in my opinion, a vote against the Byrd amendment is a sign that we have now accepted our responsibilities; that we recognize that this program will not finish next year, or even the next year. I do not know how long it will be with us. We have already had it for 12 years. Too many Members of this body thought each year that the program would be ended possibly the following year. Hence, we adopted the annual procedure. What this means, I believe, among other things, is that we recognize that we have a very long and difficult task and that we might as well accept it in earnest, try to plan for it, and organize our administration of it in such a way that the instances of confusion or of mistakes, which have been so prevalent and so widely discussed here today, can be stopped.

I ask unanimous consent at this point in my remarks to insert in the RECORD two short statements that are pertinent to the discussion.

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

COMMENTS ON STATEMENT BY SENATOR BYRD ON AUGUST 8, 1961 (CONGRESSIONAL RECORD, P. 15064)

Senator BYRD said to the Senate on August 8 that "the foreign aid bill (S. 1983) now pending in the Senate would capitalize the proposed new Development Loan Fund from the proceeds from the sale of bonds, or other forms of interest-bearing Federal debt * * *" and that "using the full amount of the Federal debt as it would be created for the development loan program, interest on $8.8 billion, if computed at 3 percent and compounded annually for 50 years, would total $29.7 billion."

The Senator inserts a lengthy table to sustain this point.

The Senator is apparently laboring under a fundamental misconception as to the difference in cost to the United States of financing the aid program under the borrowing authority proposal made by the President and recommended by the Foreign Relations Committee on the one hand and on the other hand the cost which would be occasioned by annual appropriations.

Two things should be pointed out. First, whatever the cost would be, it would be precisely the same under the committee's proposal and the Senator's own amendment. Second, it is farfetched, indeed fantastic, to compute the cost of any Federal program by extrapolating it on an actuarial basis for a particular period of years as the Senator has done.

As to the first point, it is correct as a technical matter that under the borrowing authority funds for the expenditures of the development lending program (not the total of each year's borrowing authority as shown in the Senator's table) would be covered by funds derived from the sale of Government securities—just as in the case of each of the existing 24 Government programs financed by borrowing authority. However, this procedure does not have any different effect on the national debt than would the procedure under Senator BYRD's own amendment. As Secretary Dillon said in his joint letter with Secretary Rusk of July 18:

"Borrowing authority would not require an increase in the public debt or borrowing from the public any more than any other form of funding. Whether such an increase may be necessary will depend at any given time on the overall receipts of the U.S. Government as compared to its overall expenditures. Thus, the effect of the aid program on the public debt would be exactly the same whether the program were funded by borrowing authority or by annual appropriations."

It should be realized that every week the Government issues some $1.7 billion in Treasury bills and a like amount of Treasury bills or other obligations is retired at a time when the budget is more or less in balance. When revenues are less than expenditures, these weekly issues will be larger or other debt obligations will also be issued. When revenues are greater than expenses, the weekly retirements of Treasury bills or other obligations may increase. In any case, the issuance of public-debt obligations needed to cover expenditures of borrowing authority programs fall well within this continuing pattern. Where appropriated funds are used, the pattern is the same. If more funds are needed for expenditures than are readily available in the Treasury, the issuance of public-debt obligations may be increased. If there is a surplus in the Treasury, the retirement of obligations may be increased.

In short, to repeat, the cost of the lending program under the Senator's amendment would be no less and no more than under the committee's proposal.

As to the second point, there is no more logic in capitalizing the cost of the aid program than any other program of the Government. If the same logic were applied, for example, to the recently voted $47 billion defense bill, it could be argued that in 50 years it would cost the United States something like $150 billion in interest for that program.

COMMENT ON BYRD AMENDMENT

The amendment would knock out of the bill the financing of development lending through borrowing authority and would substitute the appropriation method. The amount ($8.8 billion) and the time period (5 years) would remain the same.

The Committee on Foreign Relations considered several alternative ways of financing the Development Loan Fund and rejected such alternatives.

The amendment would eliminate one of the most important features of the bill: the policy of placing development lending on a long-term basis instead of on the annual appropriation basis. This feature has been regarded as having the highest priority both by the Committee on Foreign Relations and by President Kennedy. It was recommended by President Eisenhower in 1957.

Borrowing authority rather than appropriation is the usual procedure for lending operations of the U.S. Government. Some 24 lending agencies and other Government corporations are financed by borrowing authority. About $100 billion has been authorized for expenditure by the Congress in this way. S. 1983 requests borrowing authority only in the case of loans repayable in U.S. dollars. All other parts of the foreign aid program are to be financed through appropriations as usual.

Financing of lending by borrowing authority will be less costly and result in more effective programs overseas in the long run. Foreign countries will be able to develop more effective economic plans because the plans can be long range since the United States would be prepared to match country contributions with U.S. loans over a long range. Money would also be saved through the elimination of any hasty obligation of funds at the end of the fiscal year for fear of congressional failure to reappropriate.

Experience since 1957 with the appropriation method of financing development loans demonstrates that an appropriation authorization is not a reliable basis on which the executive branch can make conditional commitments to foreign countries. Appropriations have averaged 30 percent less than authorizations.

The borrowing authority method does reduce control by the Appropriations Committees over development loans but the ultimate control by the Congress as a whole is not impaired. Appropriations Committees will review the loan budget annually but will be able to impose limits if some unusual circumstance has altered basic congressional policy. At the same time, the

power of Congress to cancel the whole lending program, or to stop it at the end of any fiscal year, or to reduce it for future years, continues in effect.

There is no difference, as between borrowing authority and appropriation, in the impact which the development loan program will have on either the Government budget or on the taxpayer. The economic effect of either method of financing is the same. The money must ultimately be raised by the Treasury in the same way whether the borrowing authority or appropriation method is used; namely, by a combination of taxation and borrowing from the public.

The choice of method of financing makes no difference in the likelihood that foreign loans will be repaid. Repayment depends upon the economic conditions in the borrowing country. There has never been any default on a foreign aid loan. Repayments of principal and interest on foreign aid loans are now coming in at the rate of $800 million per year.

Borrowing authority is not new to the Senate even in the foreign aid program. The Senate in 1957 authorized the establishment of the Development Loan Fund and 3 years of financing, the first year by appropriation and the next 2 years by borrowing authority.

Some have argued that this is purely a matter of committee jurisdiction. That is only one aspect of the question, but in that connection it should be pointed out that the Byrd amendment would result in the loss of jurisdiction over development loans for 5 years by the Committee on Foreign Relations which would, incongruously, continue to have jurisdiction over the remaining portions of the foreign aid program.

Mr. FULBRIGHT. Mr. President, I hope the Senate will reject the Byrd amendment.

Mr. BYRD of Virginia. Mr. President, how much time have I remaining?

The PRESIDING OFFICER. The Senator from Virginia has 1 minute remaining.

Mr. BYRD of Virginia. I yield 1 minute to the Senator from Ohio [Mr. LAUSCHE].

Mr. LAUSCHE. Mr. President, in my opinion, the objective so eloquently described by the Senator from Arkansas can be achieved through the adoption of the Byrd amendment. The Byrd amendment contemplates a 5-year authorization involving the same amount of money as is now contained in the bill sponsored by the Senator from Arkansas. However, it requires that each year Congress shall take a look at the program to see what is being done.

In my opinion, to bypass Congress for 5 years in the expenditure of $8,787 million is not sound. It constitutes an abdication of responsibility. In my opinion, the failure of Congress to operate in a supervisory capacity for 5 years——

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

Mr. FULBRIGHT. Mr. President, I yield 2 minutes to the Senator from Missouri.

Mr. LAUSCHE. Mr. President, will the Senator from Arkansas allow me half a minute in which to finish my statement?

Mr. FULBRIGHT. Mr. President, I ask unanimous consent that the Senator from Ohio may be permitted to finish his sentence, without the time being charged to either side.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. LAUSCHE. The abdication of responsibility for 5 years and the failure of Congress to review will lead to greater abuses and greater confusion in the future than has been the case in the past 12 years.

Mr. FULBRIGHT. Mr. President, I yield 2 minutes to the distinguished Senator from Missouri.

Mr. SYMINGTON. Mr. President, there is no Member of this body for whom I have greater respect than I have for the distinguished Senator from Virginia [Mr. BYRD]. As a member of the Committee on Foreign Relations, however, I have examined this problem to the best of my ability, and I do not understand why it is that we do not give to those who are working with the taxpayers' money the same prerogatives as would be necessary for good management in private business.

The idea that there can be planning for a year and then the necessity to replan, with commitments on that basis, is, to me, unbusinesslike. Such a procedure guarantees that sort of inefficiency which so many persons use as an excuse for opposition whenever the President asks for additional foreign aid with which to preserve our position against communism.

I congratulate the chairman of the Committee on Foreign Relations for the painstaking effort he has made to secure the facts on this question of long-term borrowing authority for the Development Loan Fund. His position is entirely sound. It is up to us to help to solve, to the best of our ability, the obvious problems which confront us in the world today. Therefore, not only as a member of the committee which approved the authority by a large majority, but as an American who is increasingly apprehensive concerning the position of the United States and the rest of the free world, I intend to vote to give the President this economic weapon he has requested.

Mr. FULBRIGHT. Mr. President, I yield the remainder of my time to the distinguished Senator from Minnesota.

Mr. HUMPHREY. Mr. President, I commend the Senator from Missouri for his statement concerning the fiscal management which is provided in the bill, which is succinct and states the problem very well.

The argument has been made by those who are opposed to the Development Loan Fund borrowing authority that mistakes, waste, and mismanagement have taken place in country after country. No one denies that. However, Congress has investigated, and Congress will be able to continue to investigate those complaints under any other borrowing authority.

I would not say that all the mistakes took place in one administration, because they did not. Mistakes have occurred in both administrations. However, I say most respectfully to the distinguished Senator from Illinois [Mr. DIRKSEN], the minority leader, that the cases he cited were mistakes made under a Republican administration. I only wish there had been expressed then, with the same alacrity, the same concern as is now expressed.

We need to ask ourselves some questions: Is the Development Loan Fund borrowing authority proposal new? It is not. It was recommended by the late Secretary Dulles, by former Secretary of State Herter, and by former President Eisenhower. In fact, in 1957, when President Eisenhower and Secretary Dulles asked for long-range, back-door financing, the following Senators supported them: Dirksen, of Illinois, Mundt, of South Dakota, Schoeppel, of Kansas, Knowland, of California, and Aiken, of Vermont. In all, 30 Republicans supported the President.

In 1959, under disguised borrowing authority—because there it was a 3-year authorization for appropriation, with fixed ceilings, all in one shot—the Senator from Illinois [Mr. DIRKSEN] offered the proposal.

So far as concerns the ability of Congress to control what the executive branch does, Congress has complete authority over the administrative funds. It can close the agency if it wishes to do so. I shall not go into the many areas of controls which are possible. The annual authorization for aid requires that four times a year the Development Loan Fund shall come before the appropriate committees of Congress and report.

Every Senator who feels he knows how to operate the program better than can the Administrator can investigate and investigate; and there is plenty of staff. If there is not enough staff, we can hire more. It might not be a bad idea to do that, in light of the formidable investigation involved.

Has this program been tried before? Has similar borrowing authority been authorized? Yes, it has been tried in 24 agencies which Congress authorizes and supports. Does it work? I believe so. At least, we must think it does, because Congress permits the same 24 agencies to continue to operate under exactly the same provisions as are contemplated in the bill.

What is the main argument for the bill? Administration. We know that foreign aid is needed. I heard the argument about Bolivia. I could not agree more fully with the Senator from Illinois about the tragic situation in Bolivia. I hope we can do something to assist Bolivia. If we do not do it, what we shall do will be to present Bolivia to Castro or Khrushchev; and I am not about ready to let them have another country.

It seems to me that the argument about the need for foreign aid has long since passed. Of course foreign aid is needed. The only issue is: How can it best be administered? I do not know whether we can administer foreign aid and have the success we want. I agree that the program ought to be geared more closely to certain countries and not be spread universally. This was the point made by the chairman in one of his presentations to the Senate, namely, selective use of dollars, and selective use of the foreign aid program and the development loan program. The new ad-

ministration seeks to provide reorganization of the foreign aid program, country by country, by providing a director for a regional office and centralized control, so that there will be some way of knowing what is happening to the program.

Mr. DIRKSEN. Mr. President, will the Senator from Minnesota yield?

Mr. HUMPHREY. Mr. President, my time has been almost exhausted, but I am happy to yield.

Mr. DIRKSEN. Would the Senator be willing to exchange what we did in 1959 for what is called for in the pending bill?

Mr. HUMPHREY. I am not willing to exchange what was done in 1959 for what is provided by the pending bill, because the Senator knows that what was provided in 1959 did not work as was hoped. So the Senator has stated one of the best possible arguments against the pending amendment and in favor of the bill. In other words, after one has missed the ball game about three times, it is time to quit buying tickets. I say most respectfully to the Senator that the effectiveness of the argument he made against the amendment has been destroyed by his own words.

What we need to do is give the new administration an opportunity to do what it says it can do; and if the Congress keeps its eye on the program, as it certainly will, and also on the Development Loan Fund, we shall have a proper, fine program.

So I thank the Senator from Illinois for lending such incalculably valuable support to our opposition to the pending amendment and to our support of this program.

The PRESIDING OFFICER. All time on this question has expired.

The question is on agreeing to the amendments of the Senator from Virginia [Mr. BYRD], en bloc. [Putting the question.]

Mr. WILLIAMS of Delaware and other Senators asked for the yeas and nays, and the yeas and nays were ordered.

The PRESIDING OFFICER. The yeas and nays have been ordered; and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HAYDEN (when his name was called). I have a pair with the Senator from Texas [Mr. YARBOROUGH]. If the Senator from Texas were present and voting, he would vote "nay." If I were at liberty to vote, I would vote "yea." I withhold my vote.

Mr. WILEY (when his name was called). On this vote I have a pair with the Senator from Hawaii [Mr. FONG]. If the Senator from Hawaii were present and voting, he would vote "yea." If I were at liberty to vote, I would vote "nay." I withhold my vote.

The rollcall was concluded.

Mr. HUMPHREY. I announce that the Senator from Texas [Mr. YARBOROUGH] is absent on official business.

Mr. KUCHEL. I announce that the Senator from Maryland [Mr. BUTLER] is absent because of illness. If present and voting, he would vote "yea."

The Senator from Hawaii [Mr. FONG] is absent on official business. His pair with the Senator from Wisconsin [Mr. WILEY] has previously been announced.

The result was announced—yeas 39, nays 56, as follows:

[No. 134]

YEAS—39

Aiken	Dworshak	Miller
Allott	Eastland	Mundt
Beall	Ellender	Robertson
Bennett	Ervin	Russell
Bible	Goldwater	Schoeppel
Bridges	Hickenlooper	Smathers
Byrd, Va.	Holland	Smith, Maine
Capehart	Hruska	Stennis
Carlson	Johnston	Talmadge
Case, S. Dak.	Jordan	Thurmond
Cotton	Kuchel	Tower
Curtis	Lausche	Williams, Del.
Dirksen	McClellan	Young, N. Dak.

NAYS—56

Anderson	Hart	Monroney
Bartlett	Hartke	Morse
Boggs	Hickey	Morton
Burdick	Hill	Moss
Bush	Humphrey	Muskie
Byrd, W. Va.	Jackson	Neuberger
Cannon	Javits	Pastore
Carroll	Keating	Pell
Case, N.J.	Kefauver	Prouty
Chavez	Kerr	Proxmire
Church	Long, Mo.	Randolph
Clark	Long, Hawaii	Saltonstall
Cooper	Long, La.	Scott
Dodd	Magnuson	Smith, Mass.
Douglas	Mansfield	Sparkman
Engle	McCarthy	Symington
Fulbright	McGee	Williams, N.J.
Gore	McNamara	Young, Ohio
Gruening	Metcalf	

NOT VOTING—5

Butler	Hayden	Yarborough
Fong	Wiley	

So the amendment of Mr. BYRD of Virginia was rejected.

Mr. FULBRIGHT. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. HUMPHREY. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. MANSFIELD. Mr. President, for the information of the Senate, I announce that there will be no further voting tonight.

ORDER FOR ADJOURNMENT TO MONDAY AT 11 A.M.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that when the Senate completes its business tonight, it adjourn to meet at 11 a.m. on Monday next.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (S. 1983) to promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic and social development and internal and external security, and for other purposes.

Mr. SALTONSTALL. Mr. President, on behalf of myself, the Senator from New York [Mr. KEATING], the Senators from Connecticut [Mr. BUSH and Mr. DODD], and the Senator from Kentucky [Mr. MORTON], I call up my amendment identified as "8-4-61—D."

The PRESIDING OFFICER. The amendment offered by the Senator from Massachusetts for himself and other Senators will be stated.

The LEGISLATIVE CLERK. It is proposed, on page 10, between lines 3 and 4, to insert the following:

SEC. 206. CONGRESSIONAL OVERSIGHT OF LENDING ACTIVITIES.—(a) In any case in which the amount of a proposed loan under this title exceeds $10,000,000, such loan shall not be made and no agreement obligating the United States to make such loan shall be entered into unless (1) a full and complete report with respect to the purposes and terms of the proposed loan shall have been made to the President of the Senate and to the Speaker of the House of Representatives, and (2) neither House of Congress shall have adopted, within a period of thirty days of continuous session of the Congress following the submission of such report, a resolution stating in substance that such House does not favor the proposed loan. Delivery of a report under this section shall be made to the President of the Senate and the Speaker of the House of Representatives on the same day. For the purposes of this subsection, continuity of session shall be considered as broken only by an adjournment of the Congress sine die, but in the computation of the thirty-day period there shall be excluded the days on which either House is not in session because of an adjournment of more than three days to a day certain. A resolution under this section shall be subject to the procedures provided under sections 203 and 205, inclusive, of the Reorganization Act of 1949 (5 U.S.C. 133z-13 to 133z-15) for resolutions relating to reorganization plans under that Act.

(b) In any case in which (1) the report referred to in subsection (a) with respect to any loan is submitted to the President of the Senate and the Speaker of the House of Representatives during a period in which either House is in adjournment for more than thirty days, or (2) either House adjourns for more than thirty days before the expiration of thirty days of continuous session of the Congress following the submission of such report to the President of the Senate and the Speaker of the House of Representatives, such report shall be referred immediately to a special subcommittee of the Appropriations Committee of each House to be composed of seven members appointed by the Chairman thereof. If, prior to the expiration of thirty days following the submission of the report to the President of the Senate and the Speaker of the House of Representatives or following the adjournment of such House, as the case may be—

(A) a resolution referred to in subsection (a) has not been adopted by either House with respect to such loan, and

(B) neither of such special subcommittees shall have adopted a resolution stating in substance that it does not approve the proposed loan;

then, notwithstanding the provisions of subsection (a), the loan referred to in the report may be made. Nothing herein shall be construed to prevent the resubmission under subsection (a) at the beginning of the next regular session of the Congress of a report on a loan with respect to which a resolution of disapproval shall have been adopted by a special subcommittee in accordance with this subsection.

Mr. SALTONSTALL. Mr. President, I understand that the amendment is not to be debated or taken up tonight, but I would like to have it made the pending business.

Mr. HUMPHREY. Mr. President, I wish to inquire of the Chair, so there may be a clear understanding, what the pending question is. Is it the Saltonstall amendment?

The PRESIDING OFFICER. The pending question is the amendment offered by the Senator from Massachusetts for himself and other Senators.

Mr. HUMPHREY. Will that be the business as of Monday?

The PRESIDING OFFICER. The Senator is correct.

IMPACT OF O'CONNOR NOMINATION ON HARVARD, YALE, AND TEXAS

Mr. PROXMIRE. Mr. President, Yale University has conducted what is perhaps the most ambitious and extensive congressional intern program of any university in the Nation.

Top Yale students serve during their summer vacations in congressional and senatorial offices. I have taken full advantage of this program and have been the grateful beneficiary of some extraordinarily competent assistance from Yale students.

Phil Ritterbush, a Yale intern on my staff currently, did a very large part of the research involved in the comprehensive discussion I made earlier this week of the nomination of Lawrence O'Connor to the Federal Power Commission.

Today is Phil Ritterbush's birthday. My staff presented him with a bound copy of that debate. The note to Ritterbush progeny, to be read many years from now, may be of interest to Senators. This is it:

A NOTE TO THE RITTERBUSH PROGENY

Once upon a time, when there was a Harvard man in the White House, and when Yale men were stopped and searched on Capitol Hill, your grandfather helped set off one of the epic windstorms in the history of the U.S. Senate.

The subject of this 3-day oration (called by some irreverent people "The 3-Day Blow," after the Hemingway story of the same name) was gas, a vapor that was used for cooking and heating in a primitive era in human history before science loosed its full inventiveness upon man.

Living as you do in caves, all this furor over gas must seem a little trivial. But it wasn't. It was great fun, despite the fact that the gas company shut off service to both Senator PROXMIRE and your grandfather. And the State of Texas declared your grandfather an international criminal, and dispatched the Lone Ranger and Tonto to bring him to justice.

After the speech, the Senate confirmed Mr. O'Connor, but he retired after 1 day on the Federal Power Commission in favor of Mr. Michael Mantle, of New York. The President, in appointing Mr. Mantle, was reacting to a rising tide of national concern lest a longstanding record in the national pastime be shattered. It all turned out well in the end, with Mr. O'Connor joining the Senator's staff as a research expert in oil and gas, and your grandfather returning to New Haven under a diplomatic exchange with the United States. (New Haven withdrew from the Union shortly after the election of a Harvard man.)

As for the Senator, he submitted the speech as a dissertation, and was granted a Ph. D. by the University of Texas.

PROJECT AIDS CHILDREN WITH LANGUAGE HANDICAPS

Mr. HARTKE. Mr. President, the current hearings on the juvenile court and juvenile delinquency in the District of Columbia by the Judiciary Subcommittee of the District Committee have shown that many delinquents come from "multiproblem" families. They constitute the "hard core" cases which are receiving services from all of our social agencies, but they do not show appreciable signs of rehabilitation. Their offspring often turn up in our juvenile court and correctional institutions

The public schools of Washington, D.C., are familiar with this type of family, and the slums they live in, simply because the schools must educate them. One of the more interesting attempts by the schools to reach the products of slum living before they are beyond our help is reported in this morning's Washington Post.

The schools have launched a language arts program for kindergarten children. These children, though they live in a city with buslines, do not know the word for "bus." They do not know the words for different colors. They cannot even identify different foods by name. To me and my colleagues, who use thousands of words each day to express an infinite variety of thoughts, it seems incomprehensible that even these common words are unknown to any of our children. It seems impossible that some of our children literally are unable to carry on a conversation.

There is, of course, no established relation between inarticulateness and delinquency, but I wish to point out that the inability of these slum children "to use their own English language to express their thoughts" is but one of the consequences of the impoverished lives lead by these families. Not only are they economically destitute, but they live in a social and cultural desert. This desert is located in the heart of our Nation's Capital. Juvenile delinquency breeds here. I am glad to see this pioneering effort by our public school system to come to grips with one of the many problems which afflict these people in the slum desert of our city.

Mr. President, I ask unanimous consent that the article "Project Aids Children With Language Handicaps," be printed in the RECORD at this point.

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

PROJECT AIDS CHILDREN WITH LANGUAGE HANDICAPS

(By Carole Bowie)

A dozen 6-year-olds filed out of a special summer school class at the District's Langston School last week clutching drawings of "Harry the Dirty Dog"—the canine hero of a popular children's story.

At the doorway stood their teacher, Mary Elizabeth Jones, exchanging well-enunciated goodbys with each child. Before she dismissed the class, Mrs. Jones had asked each youngster to take his picture home and tell Harry's story to anyone who would listen.

The story, the picture, and even the goodby were all part of a carefully drawn plan to help the youngsters overcome their common problem—an inability to use their own English language to express their thoughts.

The student's problem, District educators think, stems from life in impoverished downtown neighborhoods where conversation is limited largely to communicating daily needs and adults seldom have the time or inclination to read or talk to children.

As a result, they point out, youngsters come to school not knowing words used in even beginning lessons dealing with such things as foods, animals, bus rides, or picnics. Nor are they prepared to listen to long explanations by teachers.

To overcome this language handicap, which School Superintendent Carl F. Hansen feels cripples the education of many slum children from the outset, the District last winter launched a program providing special language arts training for 1,900 students in 7 downtown schools.

The project called the intensive language arts program, is part of a million-dollar effort sponsored by the Ford Foundation to develop better educational techniques for children in areas where poverty, high school dropout rates, failures, and low achievement are common.

Unlike foundation-backed projects in other large cities which concentrate on remedial work at higher levels, the District project is aimed at training students to use language in kindergarten and the first three grades where Hansen believes success or failure begins.

Schools involved in the District effort—Cleveland, J. F. Cook, Scott-Montgomery-Morse, Seaton-Perry, Simmons, Slater-Langston, and Walker-Jones—are all in the blighted area bounded by T Street and Florida Avenue, North Capitol Street, Massachusetts Avenue, and Ninth Street NW.

The 3-year project, which began in kindergarten and first grades and will reach the second grade this year, calls for extra language instruction in the classroom, in-service training of teachers, field trips, and work with parents to extend the children's experience and improve language in the home.

During the 4 months Benjamin Henley, director of the project reports, all of the 1,900 students made a minimum of 7 field trips—including jaunts to the market, the University of Maryland farm—and some took their first bus ride.

Parents at Scott-Montgomery-Morse took their own field trip to Washington sites such as the Nature Center and the White House—aimed at giving them ideas of what they can do with their children. Others participated in special sessions explaining the project.

An extra teacher, including Mrs. Jones, was assigned to each of the schools to help train teachers in language arts techniques and to give youngsters special training in conversation, pronunciation, and vocabulary.

SOME IN SUMMER CLASS

But even with the extra instruction, many of the kindergarten students had not conquered their problems by May when they were judged "not ready" to enter the first grade this fall. About 100 of the youngsters were enrolled in 7 summer classes, Henley said, "to see if 6 more weeks of school would help."

The problems Mrs. Jones encountered in "readying" her youngsters are not unusual for children 5 and 6 years old—but progress is slowed because of their lack of experience. Many, she pointed out, "don't know blue from red or that you move your eyes across a page from left to right."

"Most of the children," Mrs. Jones said, "are shy and withdrawn. They don't talk because they don't know what to talk about." Many of the words used in school also have different meanings and pronunciations in the children's homes, she said.

During the winter program, teachers use field trips to teach the youngsters new words and to give them something to talk about. In her summer class, Mrs. Jones reads a book a day to the students, listens as they retell the story in class, and urges them to retell it later at home.

To be ready for more complicated language training, the youngsters also must be taught to grasp concepts such as big and little, ap-

preciate numbers greater than one, recognize differences among shapes and sounds and associate ideas.

For these lessons, Mrs. Jones relies heavily on visual aids and tape recordings—many of them teachermade—to depict sights and sounds she thinks the children will know from home experience.

"I might show the children a cutout of two brooms and an umbrella and ask them 'which one is different' for a lesson in visual discrimination," she said. Students learn colors by fitting large red, blue, green, and yellow cutouts into slots by the appropriate word and numbers by counting circle.

The students also practice saying words distinctly, speaking in sentences and hearing the difference among sounds with the help of phonovisual charts.

Although it is too early to predict success of the District effort, Henley and Mrs. Jones can point to hopeful signs. Among them are classes where half the students will be ready for first grade in September.

And there is the youngster who used to jerk his head to keep from speaking who now bids a polite "goodby Mrs. Jones."

Henley also sees "beginnings" in a group of fathers from Cleveland School who met at school and planned to take their sons to a baseball game and in parents who ask teachers to recommend children's books.

But most encouraging is a letter on Henley's desk from a mother, thanking the principal for the language arts program. Her son, the letter says, is not so quiet at home now and likes to tell her what he did at school.

INTERNATIONAL AIR CADET EXCHANGE PROGRAM

Mr. HUMPHREY. Mr. President, yesterday it was my privilege to address a luncheon meeting sponsored by Pan American Airways honoring the participants in the Civil Air Patrol international air cadet exchange program.

A fine and public-spirited citizen of the Capital City, Mr. Barnee Breeskin, whom we all know very well, was the general chairman. He is a colonel in the air cadet program and one of its chief sponsors. He, along with a number of members of the Military Establishment, were present in order to honor the international air cadet exchange program.

This was a most satisfying experience. More than 160 young men from 19 nations were at this luncheon in Washington as a part of their tour in the United States. I talked with many of these cadets yesterday and was pleased to note that they have learned much about the character and strength of America during their stay here.

At the same time these young men have been in the United States, almost 200 American air cadets have been overseas, learning about other nations of the world which in the past they have been able to study only from afar.

I am convinced that this type of program builds deep understanding between the peoples of the world's free nations. Some may say that it is a small program; that its effects are limited. My view is that any program which exchanges individual citizens for personal direct visits is significant. Each will return to his home country to tell his family, his neighbors, and his friends of what he saw and learned.

In my address, I noted that these young men were able to see the tangible symbols of America's freedom and character—our homes, our neighborhoods, our cities and farmlands, and recreational areas. They have met and made friends with hundreds of individual Americans. I am sure those friendships will endure.

I ask unanimous consent that the text of my remarks at yesterday's Civil Air Patrol luncheon be printed in the RECORD at this point, along with a list of the participants in the international air cadet exchange program.

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

EXCERPTS OF REMARKS BY SENATOR HUBERT H. HUMPHREY, OF MINNESOTA, CIVIL AIR PATROL INTERNATIONAL AIR CADET EXCHANGE PROGRAM, WASHINGTON, D.C., AUGUST 10, 1961

I am honored to salute the Civil Air Patrol today for its international air cadet exchange program. The participants in this program represent many nations; you come from all parts of the world. But through this program, through your contacts with this Nation and your fellow cadets of other nations, you now share a new understanding of the bonds which unite us. We are united not by controls or domination or centralized power, but by basic, human values of the dignity of man and his rights to freedom.

My text today was suggested by a broadcast I heard a few nights ago. The commentator paid tribute to the recent Soviet achievement of placing a man in orbit around the earth for 24 hours. He mentioned the tremendous cost paid by the Soviet Union since 1945 to pursue its space program. And he noted that 1945 was the same year in which the United States launched a massive program of foreign aid.

Perhaps some of us felt a bit let down or a bit embarrassed at word of the Soviet Union's achievement. Perhaps most of us were concerned about being second-best to the Soviets in space. But let us put things in proper focus. While the Soviet Government since 1945 put top priority upon science, space development, rockets and satellites, the United States has placed its emphasis on improving life here on earth. We have channeled our resources and funds into helping the helpless, feeding the hungry, healing the sick, clothing the naked, aiding the underdeveloped nations, and attempting to bring about greater order, stability, and progress for the peoples of this world.

Since 1945, the United States has spent more than $97 billion on foreign aid, funds which could have placed many men in orbit many years ago. The first Soviet foreign aid was extended in 1954—9 years after our program started—and since then the Soviets have extended less than $5 billion in foreign aid.

The cost figures are not as important as the relative values they represent. Perhaps we speak too much about catching up with the Russians in outer space. Let's challenge them to catch up with us in service to mankind.

Achievements in science and successful space exploration are important, and we will reach them. I have no doubt about that. But the real test of a people and a nation is not scientific excellence, but rather a sense of justice and humanity. The real test of a nation is not the penetration of outer space, but the fulfillment of freedom here on earth.

Our important contribution to the world is not the penetration of outer space, but the constant practice of spiritual truths—truths not formed with a slide rule, but with the Golden Rule. The oppressed people of the world—the downtrodden, the helpless—do not aspire to a trip to the moon. They seek a safer and better journey through life.

There is a great conference underway now in Latin America, in the country of Uruguay. This is possibly the most important conference since the establishment of the Organization of American States. Its purpose is to develop plans, programs, policies, and projects that will lift the standard of living of the peoples of Latin America.

The headlines of the American press tell us that our Latin American program would involve a $20 billion investment in the next 10 years. I regret to see a price tag placed upon our good-neighbor policy. The important issue is not the amount of money that will be required. What people want to know and what they must know is the sincerity of our desire to be a working partner, a good neighbor, a friend in a time of need. Our neighbors in Latin America want to hear of and know real hope for progress. They want to hear of land reform, of hospitals and medical care, of jobs with a living wage, of books and schools, of happy communities where opportunity exists for young and old. I think we miss the mark when we constantly interpret the American foreign-aid program in terms of dollars. That program should be understood in terms of human values, of goods and services; of opportunities and responsibilities. We are not just cost accountants and budgeteers. We are people; we are families; we are communities; we are nations. We are God's children.

A foreign policy for this day and age must be based upon something more than the power of the Pentagon or the gold reserves of Fort Knox, or the loans and grants of a rich and powerful United States. Our foreign policy must express the spirit of our people, and that spirit is to be found in such tangible symbols as you have seen—a house in which to live warmly and safely, a neighborhood that provides wholesome environment for the young, a hospital for the sick, decent care for the elderly, jobs for those who seek work, education for those who hunger for knowledge, and recreation and culture for those who understand the true meaning of the good life.

Our 20-year plan is not one based upon free rent, free food, free bus rides. Our 20-year plan is based upon man's freedom—his freedom to work, his freedom to speak, his freedom to worship, his freedom to move.

Let me conclude with this thought. Our freedom is not free. It is priceless. It was won at great cost of effort and sacrifice by great men and enlightened peoples who lived before us. And our freedom requires eternal vigilance and dedication to sustain it.

That is your duty as citizens of free nations. Each of you and all of us must serve the cause of freedom—with warm hearts, with understanding minds, with dedicated will, and with hard work and strength of purpose.

INTERNATIONAL AIR CADET EXCHANGE OF 1961

Participating cadets and escorts from:

BELGIUM

Capt. Willem van Meldert, escort; 1st Lt. Jean Loyens, escort. Cadets: Clement J. Coenen, Alain Leclair, Guy Robin, Hubert L. V. Rossel, Rudi Schollaert.

BRAZIL

Capt. Bernardo De Costa Aguiar, escort. Cadets: Alcindo Rogerio Amarante De Olivra, Plinio Afonso Junqueira, Paulo Sergio De Moraes, Jose Mar Augusto Barbosa, Jose Alvarg Cardoso Feio, Julio Rodrigues Magalhaes Alves.

CANADA

S/LD. Halcrow, RCAF, escort. Cadets: Paul Gray, Gary Romas, Robert Fell, Walter K. Wilkinson, Derek Younge, Clarke W. Lynn, Patrick D. Hovorka, Edward K. Truman, Ronald E. Scriven, Alexander D. McQuarrie, Paul

I. Komarnicky, David L. Edgeworth, Jaques Carpentier.

Pierre Aumonier, ACLC, escort. Cadets: William C. Gour, Georges Ferland, Jean-Rock Vachon, Serge Charest, Derek Ashton, Laurent Vaillancourt, Raymond G. Gallant, Yves Daigle, Gerald C. Murray, Ralph E. Rivenbark, John D. Macisaac, Richard J. Wiseman.

CHILE

Eduardo Sanfurgo Gomez, escort; Eric Morgan Norton, escort. Cadets: Juan Segundo Perucchi Ramirez, Enrique Gillet Bebin, Hector Hermosilla Escobar, Ernesto Zieleniewicz Jaenicke, Emilio Arnaldo Alvarez Morales.

DENMARK

Maj. Fritz Werncke Von Linstow, escort; Flight/Lt. Palle Krag, escort. Cadets: Finn Thierry Andersen, Bo Werner Larsen, Tom Nygaard Kristensen, Ove Bennike Hillersborg, Henrik Wiehe.

EL SALVADOR

Lt. Victor Prudencio Alraro, escort. Cadets: Rafael Antonio Villamariona, Galieleo Conde Vasquez, Jose Roberto Gutierrez, Jose Maleady, Rogelio Muyshondt, Vincente Barraza.

FRANCE

Gilbert Salomon, chief escort; Jean Gourbeyre, assistant escort. Cadets: Paul Bon Serge, Michel Jean Daubagna, Albert Louis Eon, Jean Lucien Rochet, Pierre Michel Watteau.

WEST GERMANY

1st Lt. Wolfgang Czycholl, escort; Rolf Wenders, escort. Cadets: Jorg Bader, Detlef Deunert, Michael Holzbaur, Bodo Panitzki, Andreas von Schoenebeck.

GREECE

Lt. Col. Constantin Spiliopoulos, escort; Mr. Anthony Panagopoulos, escort. Cadets: Spyridon Papageorgiou, Alexander Papageorgiou, Konstantinos Sidiropoulos, John Vermikos, Marmaras Christos.

GREAT BRITAIN

S/L D. Smyth, RAF, escort. Cadets: Mervyn H. Astle, Brian K. V. G. Abernethy Clark, Robert Garratt, John W. M. Head, Jeffrey M. Horner, Edward A. Jones, Richard F. Lea, Colston E. Nichols, Henry B. J. Parmley, Graham Phillips, David A. Pontefract, Michael J. Sayer, Edward Donald Warren.

Assistant S/L R. Brown, RAF, escort. Cadets: Robert M. Clarke, David C. Douglas, Kieth E. Godfrey, Julian N. Herbert, John Hughes, James V. Lawton, David C. Longden, Charles R. Page, Michael James Peachey, Christopher H. Pocock, Gordon Preston, Terrance C. Swinney, Richard Pike.

ISRAEL

Maj. Amnon Halivni, escort; Capt. Raphael Harlev, escort. Cadets: Yiftapah Ramot, Dan Livneh, Ran Eshel, Reuben Israeli, Itamar Noy.

ITALY

Capt. Claudio Venturini, escort. Cadets: Gianfranco d'Antonio, Enrico Pinto, Roberto Casana, Edoardo Barbera, Lamberto Boranga, Fabio Lino.

NETHERLANDS

Maj. Derk H. Hinlopen, RNAF, escort; Jos. R. M. Nyssen, escort. Cadets: P. M. Th. de Bakker, Steven J. Blom, Engel L. A. Gomes, Paul C. Hermes, Feddo C. Hillein.

NORWAY

Per Hoff, escort; Thor Moelbach, escort. Cadets: Dag Mathiesen, Tor A. Sivertsen, Nicolai M. Christiansen, Odd S. Mobaek, Arnulv Straume.

PORTUGAL

Maj. Anonio D. de Oliveira Belo, F.A.P., escort. Cadets: Antonio M. Antunes, Luis M. C. L. Santos, Henrique S. F. Cabral, Luis F.P.S. Goncalves, Carlos F. de Mesquita Da Chunha. Vital F. Afonso, escort.

SPAIN

Jose A. Salazar Cutoli, escort. Cadets: Agustin Alvarez Lopez, Lorenzo Hernandez Nevado, Victor Navajo Lazaro, Alfonso G. Sanchez-Vizcaino, Antonio Tellez Cobos.

SWEDEN

Capt. Gunnar H. Bjorck, escort; Lt. Gunnar Jonsson, escort. Cadets: Kenneth Anker, Ivar Modigh, Goran A. Lars, Rolf G. Edstrom, Morgan Wilhelmsson.

SWITZERLAND

Walter Klinger, first escort; Fred Bitterlin, second escort. Cadets: Alfred Dettwiler, Willy Kampfer, Rolf Lobsiger, Claude Mollet, Hernan Posnansky.

TURKEY

Lt. Col. Tacettin Tezer, escort; 1st Lt. Erol Baykara. Cadets: Ismail Duran, Hancer Senkon, Omer Sarakol, Yavus Rona, Ahmet Ozgunes.

PEACE CORPS—SPONSORSHIP OF S. 2000 BY SENATOR RANDOLPH, OF WEST VIRGINIA

Mr. HUMPHREY. Mr. President, I wish to note for the RECORD that the distinguished Senator from West Virginia [Mr. RANDOLPH] was to have been included as a sponsor of the measure to establish a Peace Corps. The bill has been before the Committee on Foreign Relations. The number of the bill is S. 2000. The report on the bill is at the desk.

I regret that, inadvertently, the name of the Senator from West Virginia was not included. It was a clerical mistake, and I am hopeful the Senator from West Virginia will forgive us. I thank the Senator from West Virginia for his sponsorship of it, and I hope he will not be too unhappy with our failure to take care of his sponsorship on the bill.

Mr. RANDOLPH. Mr. President, will my friend yield?

Mr. HUMPHREY. I yield.

Mr. RANDOLPH. Frankly, to be singled out in this way is very gracious. I am grateful to my colleague from Minnesota. This is a measure in which I have an intense interest. I am delighted to be able to join the Senator from Minnesota in forwarding the purposes of the proposed legislation.

Mr. HUMPHREY. I thank the Senator.

OUTER SPACE OR PEOPLE ON EARTH

Mr. HUMPHREY. Mr. President, one of the most revealing, dramatic, and striking news commentaries that I have listened to for a long time was given by Mr. Joseph McCaffrey on August 7, over station WMAL-TV, Washington, D.C.

Mr. McCaffrey commented upon the remarkable achievement of Soviet scientists in outer space research and development. He paid particular tribute to the recent Soviet man in orbit, Maj. Gherman Titov, who orbited the earth 17 times and then safely landed his spaceship. This remarkable achievement deserves the respect and admiration and commendation of everyone. However, Mr. McCaffrey also tells of another remarkable achievement on the part of the United States—namely, the generous outpouring of economic assistance, foreign aid—that has come from this country since 1945.

Russia's rocketry and missile efforts started to move ahead under centralized direction and mobilization of Russian resources about 1945. Of course, there was considerable experimental work in earlier years, but the main effort, that has now resulted in the Russian man in the sky project, got underway immediately after World War II. The Soviet Government has poured billions of dollars into this program. The development of powerful rockets, along with an emphasis upon outer space research, has been a priority Soviet project for the past 16 years. The Russian people have been denied consumer goods, housing, and other services in order that the Soviet Government could fulfill its commitments to science and technology. The captive nations of Eastern Europe were drained of their factories and raw materials and their skilled manpower. All of this resulted in the spectacular developments of recent months—first sputnik, then Maj. Yuri Gagarin, the first man to orbit the earth and now the past week Major Titov, the second man to orbit the earch. No one would want to deny the Russian scientists and these brave men the honor which is due to them.

But let us put things in proper focus. While the Soviet Government put top priority upon Soviet science, Soviet space development, Soviet rockets, the United States of America placed its emphasis upon helping the helpless, feeding the hungry, healing the sick, clothing the naked, aiding the underdeveloped nations, attempting to bring about greater political order, stability, and progress. All of this has been done through our many contributions to the United Nations, the World Bank, the several international financial institutions such as IDA, the Export-Import Bank, the Inter-American Development Bank, the International Monetary Fund, the U.N. agencies, and above all, our own foreign-aid program of grants and loans.

Since 1945 the United States has spent more than $97 billion on foreign aid, not including the proposal which is now before us.

The first Soviet foreign aid was extended in 1954, 9 years after American aid had been generously contributed in billions of dollars to relieve and rehabilitate the war-torn and stricken countries. From January 1954 to December 31, 1960, the total Sino-Soviet foreign aid has been $4,800 million. The United States starting in 1945 has made available over $97 billion and with this year's program it will be well over $100 billion.

Mr. McCaffrey has told this story in crystal clear, concise, and pointed language. How true it is that had we spent our $97 billion on research and science and technology related to the exploration of outer space and the development of rockets, missiles, and the other intricate and complicated mechanisms required in exploring outer space we—the United States of America—might well have had the first man to orbit the earth and as Mr. McCaffrey says he would have done so "in a red, white, and blue spaceship."

Instead, we as a free people dedicated to social justice, life, liberty, and the pursuit of happiness, selected another course. We directed the use of our resources to the saving of lives, to improving inner space—the space on this earth—to helping other people achieve needed independence and to sustain free institutions. I believe that the judgment of history will stand us well. We made the right decision. "Peace on earth, good will toward men," now as 2,000 years ago, is the promise of a divine providence and the responsibility of men who believe in God and respect human dignity.

I ask unanimous consent that the transcript of Mr. McCaffrey's broadcast be printed at this point in the RECORD.

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

COMMENTARY OF JOSEPH MCCAFFREY, AUGUST 7, 1961, STATION WMAL-TV

There is an interesting link between foreign aid and the Russian man in the sky project.

And it is more than appropriate that on the same day the Russian became the first man to return from orbiting the earth, the U.S. Senate still had before it the latest in a long series of foreign-aid bills. Bills which go back, actually, to 1945 and this country's $700 million appropriation to the U.N. relief and rehabilitation project.

Because while Russia was spending money, energy, and manpower on some day putting a man around the earth, and some day putting a man on the moon, this country was spending money on something else.

It was spending money on helping more unfortunate men, women, and children around the world.

Russia's rocketry efforts date back to about 1945 with the importation of captured German scientists.

The same year, interestingly enough, that we began a massive program of aid.

Since that year the United States has spent more than $87 billion on foreign aid, according to figures compiled by the Budget Division of the ICA.

This $97 billion total does not include the money which will be voted by Congress for the 1962 fiscal year.

And in this time what was the great, allegedly humanitarian country of Russia doing to help the world's less fortunate?

For years it did nothing.

A table inserted in the hearings of the House Foreign Affairs Committee outlining the Sino-Soviet bloc credits and grants to less-developed countries, shows that such help did not begin until 1954.

This was 9 years after the United States began supplying aid.

During the period from January 1, 1954, to December 31, 1960, the total Sino-Soviet aid was $4.8 billion—compared with this country's $97 billion.

Had the United States spent the $97 billion it used for foreign aid on a mad dash to space, the first man to orbit the world would have done so in a red, white, and blue spaceship.

But, as troubled as the world may be today, it is still a better place because that $97 billion was spent in helping others.

AWARD TO MORRIS FORGASH

Mr. BRIDGES. Mr. President, I ask unanimous consent to have printed in the RECORD a news item which appeared in the New York Times on Friday, August 11, 1961, entitled "Freight Company Head To Get Defense Award."

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

FREIGHT COMPANY HEAD TO GET DEFENSE AWARD

The National Defense Transportation Association announced yesterday that Morris Forgash, chairman of the board and president of the U.S. Freight Co., would receive the group's 12th annual national transportation award.

The selection was made by the Joint Chiefs of Staff on the basis of achievements that "contributed to the effectiveness of the transportation industry in support of national security." The award will be presented Mr. Forgash at the association's 16th annual transportation and logistics forum in Denver September 17 to 20.

Mr. BRIDGES. Mr. President, this news story reports the fact that Mr. Morris Forgash, chairman of the board and president of the U.S. Freight Co., will receive the 12th Annual National Transportation Award, given by the National Defense Transportation Association, for his contributions to the effective participation by the transportation industry in support of our national security.

I know of no person more deserving of this fine recognition. Mr. Forgash is known personally to me as a distinguished leader in his field of endeavor. He has gained national renown as an authority in the difficult and complex field of transportation. It is worthy of attention also that Mr. Forgash has given freely of his time and energies to assist, in an advisory capacity, those agencies of Government concerned with this vital problem.

I am very pleased to invite the attention of my colleagues and the American public to the announcement of this distinguished award which will be made in Denver during a meeting of the association to be held September 17 to 20.

FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (S. 1983) to promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic and social development and internal and external security, and for other purposes.

Mr. DWORSHAK. Mr. President, I commiserate with the American people in this tragic hour of our history, when there has been a complete surrender and abdication of its constitutional powers by the legislative branch to the executive department.

Mr. President, I share the concern of members of the Committee on Appropriations who this afternoon expressed apprehension that the powers of the Appropriations Committee were being diluted, if not destroyed, in an effort to placate the executive department and obey its mandates and dictates.

Over the past several years, as a member of the Appropriations Committee, I have listened in hearings to testimony given by representatives of the department which has administered our foreign-aid program. The same personnel at the top levels under the Truman administration, the Eisenhower administration and the Kennedy administration have appealed for powers to bankrupt the U.S. Government.

Local currencies will continue to pile up abroad. Revolutions will occur. Political dynasties will change. But there will be no effective change in the administration of our foreign-aid program, in which, admittedly, there are waste, extravagance, and inefficiency, as well as maladministration, which have caused a tragic loss of billions of dollars to the American people.

The long-range back-door financing will aggravate, not remove, the deficiencies which are widely acknowledged as having been typical of our foreign-aid program during the past decade.

I am sure, today, that the callous contempt displayed by this administration for the rights of the American taxpayers will become a political issue in 1962 and in 1964. Public sentiment throughout the United States is revolting against the cowardice displayed by the legislative branch of the Government, as it abjectly surrenders its constitutional rights and prerogatives, which will destroy our Government at a time when we should have unity, courage, determination, and strength to resist the Communist threat of aggression.

THE FULBRIGHT MEMORANDUM

Mr. BURDICK. Mr. President, I feel that it is my clear duty to add my support to the statements made in the memorandum of the Senator from Arkansas [Mr. FULBRIGHT] to Secretary of Defense McNamara concerning policymaking and educational and other activities by military officers. I endorse also the steps he proposes to take in reaching a solution to the problems posed by such activities. It is imperative that this country maintain its traditional stand of civilian authority over the Military Establishment and its members. Too many countries have yielded to temporary intrusion of the military into civil functions only to find that such an expedient led to the establishment of a country in which civilian control could not be reestablished. Democracy is thereby thwarted, and government by the consent of those governed becomes rule by force.

I realize that this is extremely unlikely in our country, but it is extremely unlikely only because we have zealously guarded at all times against any encroachment on the authority of the civilian Commander in Chief and his representatives in the Military Establishment.

It is my purpose in submitting these remarks to concur without qualification in the principle of civilian control of the military as expressed by the Senator from Arkansas [Mr. FULBRIGHT] in this manner:

> Military officers are not elected by the people and they have no responsibility for the formulation of policies other than those of a military nature. Their function is to carry out policies formulated by officials who are directly responsible to the people.

Also, I ask unanimous consent to include as a part of my remarks an excerpt

from President Kennedy's press conference of August 10 as reported in the Washington Post and Times Herald relative to the Senator's viewpoint.

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

ROLE OF MILITARY

Question. Mr. President, there has been considerable argument in Congress in recent weeks about the proper role of military officers in educating the public on the dangers of communism.

Senator FULBRIGHT wrote a memorandum on it. There have been some orders issued in the Defense Department on the subject of proper conduct of military officers in this matter. I wonder if you could give us your views on this subject?

Answer. Well, Senator FULBRIGHT sent a memorandum to the Secretary of Defense at the request of the Secretary of Defense and expressed his views about a matter which is, of course, of concern to the Department of Defense.

The U.S. military, due to one of the wisest actions of our constitutional founders, have been kept out of politics, and they continue their responsibilities, regardless of changes of administration.

I have no idea what the politics are of the members of the Joint Chiefs of Staff, and I have appointed two of them since I have been President. And I have no idea what their views on politics are.

This is a most important protection for our country, and it is an equally important protection for the military. It prevents them from being exploited or discriminated against by political people in either body.

So, therefore, the problem always is how can the military remain removed from political life and how can civilian control of the military be effectively maintained and at the same time the military have the right and the necessity to express their educated views on some of the great problems that face us around the world.

So I think this is a continuing matter which the Secretary of Defense is giving attention to, and there is no desire to restrain or prevent any military man from speaking, but what we are concerned about, however, always is that they not be exploited for any partisan purpose.

I think basically it is for their own protection as well as the protection of the country. So in answer to your question, some of this arose because of an NSC decision in 1958, which placed special responsibilities on them. I think it is, therefore, an obligation upon those who placed those responsibilities upon them to clarify it in such a way that the common interest is protected.

So, in my judgment, Senator FULBRIGHT performed a service in sending his viewpoint to the Department of Defense and I am hopeful that every Member of the Senate on this and every other matter will continue to give the administration the benefit of their judgment. That is why we are all up here.

HANFORD, WASH., ATOMIC PLANT

Mr. METCALF. Mr. President, many of us are deeply concerned by the recent vote to waste 700,000 or 800,000 kilowatts of energy at the Hanford, Wash., atomic plant.

It is disturbing that, the day after the Russian cosmonaut circled the earth 17 times and landed safely in his homeland, directing world attention to his nation's accomplishments in the new space sciences, an alinement of vested interests would even seek to prevent the construction of the world's biggest atomic generating plant in this Nation.

The Hanford issue is more than a question of whether the Government shall build the world's biggest atomic generating station; it raises the question whether this Nation is going to be allowed, by those who have vested interests in the status quo, even to compete, in the technological fields, in the race for men's minds and loyalties.

Development of peacetime applications of atomic energy has been held to a snail's pace by private interests, which have blocked Government experimentation and construction of full-scale atomic generating units for nearly a decade.

One almost wonders how soon the lobbyists are going to insist that the Government cease and desist from experimenting with space travel, lest we interfere with conventional modes of transportation, and leave the development of a moonship up to private interests to undertake after sufficient traffic has developed to make it profitable.

If the Government is going to be stopped short every time a new science approaches practical application, then perhaps we had better start looking at opportunities to undergird our security by recapturing some of the old-fashioned means of production, including the generation of energy.

Along this line, I have had compiled a list of hydroelectric projects in the United States on which licenses will expire in the next 10 years.

Federal licensing of hydroprojects started shortly after the turn of the century. Fifty-year licenses which were granted in the decade between 1910 and 1920 will expire in the coming 10-year period.

According to information I have been supplied by the Federal Power Commission, licenses for 46 hydroelectric projects with a total capacity over 1 million kilowatts, producing more than 10 billion kilowatt hours of energy annually, will run out between 1962 and 1971.

The Federal Power Act limits the licenses to 50 years. Section 14 of the act provides that the U.S. Government may take over and operate the projects. The act alternatively authorizes issuance of a new license with preference to States and municipalities, or the issuance of a new license to the original licensee under appropriate terms and conditions.

Under the Federal Power Act, takeover of a project by the United States at the expiration of a license must be preceded by at least 2 years' notice. Because of the planning, financing, and construction periods necessary to assure orderly utility operations, it may be desirable to give even longer notice of Government intent.

Under all the circumstances that prevail today, I think it is timely for the Nation to start considering policy in relation to these expiring licenses at once.

I therefore ask unanimous consent, Mr. President, to place in the RECORD at this point in my remarks lists of hydroelectric power project licenses which are expiring through 1971, and a list of major licenses which expired, or were surrendered and new licenses issued in the period between 1951 and 1961.

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

Major licenses expiring on or before June 30, 1971

Project No.	Plant name	Licensee	Location		Installed capacity (kilowatts)	Average annual energy (1,000 kilowatt-hours)	Date license expires
			State	River			
13	Green Island	Ford Motor Co	New York	Hudson	3,280	34,000	Mar 2, 1971
16	Adams-Schoellkopf	Niagara Mohawk Power Corp	do	Niagara	169,500	1,470,000	Mar. 1, 1971
67	Big Creek Nos. 2-A and 8	Southern California Edison Co	California	Big Creek	138,500	705,000	Mar. 2, 1971
82	Mitchell	Alabama Power Co	Alabama	Coosa	72,500	390,000	June 26, 1971
120	Big Creek No. 3	Southern California Edison Co	California	San Joaquin	110,000	744,000	Mar. 3, 1971
372	Lower Tule	do	do	Tule	2,000	19,000	June 15, 1970
400	Tacoma-Ilium-New Ames	The Western Colorado Power Co	Colorado	Las Animos and Lake Fork.	12,800	42,600	June 30, 1970
420	Ketchikan Public Utilities	City of Ketchikan, Alaska	Alaska	Ketchikan Creek and lakes.	4,200	(1)	Do.
472	Oneida	Utah Power & Light Co	Idaho	Bear	30,000	53,000	Do.
486	Logan	do	Utah	Logan	2,000	12,000	Do.
503	Swan Falls	Idaho Power Co	Idaho	Snake	10,625	97,000	Do.
568		Hall Interstate Mining Co	do	Stratton Creek	150	(1)	Feb. 11, 1966
597	Stairs	Utah Power & Light Co	Utah	Big Cottonwood	1,000	5,000	June 30, 1970
619	Bucks Creek	Pacific Gas & Electric Co	California	North Fork Feather	40,000	200,000	Dec. 31, 1968
665	Santaquin	Utah Power & Light Co	Utah	Summit Creek	880	2,800	June 30, 1970
671	Alpine	do	do	Dry Creek	1,750	4,000	Do.
696	Upper American	do	do	American Fork	950	5,000	Do.
703	Paris	do	Idaho	Paris Creek	650	2,900	Do.
713	Upper Mill Creek	do	Utah	Mill Creek	300	1,400	Do.
1393	Metaline Falls	Pend Oreille Mines & Metals Co	Washington	Pend Oreille	3,600	6,800	July 15, 1962

See footnotes at end of table.

Major licenses expiring on or before June 30, 1971—Continued

Project No.	Plant name	Licensee	Location		Installed capacity (kilowatts)	Average annual energy (1,000 kilowatt-hours)	Date license expires
			State	River			
1521	Pelican City	Pelican Utility Co.	Alaska	Stream on North Shore of Lisianski Inlet.	500	(1)	July 21, 1966
1533	Salyer	Swanson Mining Corp.	California	Trinity	1,600	170	Sept. 30, 1965
1663	(1)	Lambda Chemical Products Co.	Washington	S. F. Stillaguamish	350	(1)	Dec. 31, 1967
1740	Cokeville	California-Pacific Utilities Co.	Wyoming	Pine Creek	350	1,000	Do.
1744	Weber	Utah Power & Light Co.	Utah	Weber	2,500	24,000	June 30, 1970
1746	(1)	E. L. Cord	Nevada	Leidy Creek	100	(1)	Sept. 30, 1961
1759	Twin Falls-Peavy Falls-Way Dam.	Wisconsin Michigan Power Co.	Michigan	Menominee and Michigamme.	22,540	108,000	June 30, 1970
1855	Bellows Falls	New England Power Co.	Vermont	Connecticut	43,100	220,000	Do.
1878		Jardine Mining Co.	Montana	Bear Creek	880	(1)	Dec. 31, 1968
1880		Calvert Corp.	Alaska	Hanley Creek and lake	280	(1)	Sept. 30, 1968
1881	Holtwood	Pennsylvania Power & Light Co.	Pennsylvania	Susquehanna	108,800	600,000	June 30, 1970
1888	York Haven	Metropolitan Edison Co.	do	do	19,620	120,000	Do.
1889	Cabot-Turners Falls	Western Massachusetts Electric Co.	Massachusetts	Connecticut Canal	55,840	248,700	Do.
1890		Margaret P. Dawson	California	Milner Creek	250	(1)	Dec. 31, 1969
1892	Wilder	New England Power Co.	New Hampshire and Vermont.	Connecticut	32,400	140,000	June 30, 1970
1893	Amoskeag	Public Service Co. of New Hampshire.	New Hampshire	Merrimack	16,000	79,000	Do.
1894	Parr Shoals	South Carolina Electric & Gas Co.	South Carolina	Broad	14,880	75,000	Do.
1895	Columbia Canal	do	do	do	10,600	50,000	Do.
1899	Oakland	Pennsylvania Electric Co.	Pennsylvania	Susquehanna	600	1,900	Do.
1903	Sewalls Falls	Concord Electric Co.	New Hampshire	Merrimack	2,000	13,000	Do.
1904	Vernon	New England Power Co.	New Hampshire and Vermont.	Connecticut	31,700	135,000	Do.
1913	Hooksett	Public Service Co. of New Hampshire.	New Hampshire	Merrimack	1,600	11,000	Do.
1946		Mrs. O. B. Day	Alaska	Allison Creek	200	(1)	Sept. 29, 1967
1957	Otter Rapids	Wisconsin Public Service Corp.	Wisconsin	Wisconsin	750	2,100	June 30, 1970
1967	Stevens Point	Whiting-Plover Paper Co.	do	do	600	900	Do.
1968	Hat Rapids	Wisconsin Public Service Corp.	do	do	1,760	6,500	Do.
1970		Harvey F. Stelling	Alaska	Solomon Gulch	150	(1)	Apr. 30, 1967
1989	Merrill	Wisconsin Public Service Corp.	Wisconsin	Wisconsin	840	6,100	June 30, 1970
1998		Edible Herring Products, Inc.	Alaska	Big Port Walter Falls Creek.	69	(1)	May 17, 1968
1999	Wausau West	Wisconsin Public Service Corp.	Wisconsin	Wisconsin	5,400	33,000	June 30, 1970
2026		Intercoastal Packing Co.	Alaska	Crater and Ash Creeks	30	(1)	Dec. 31, 1969
2053	Fall River	Fall River Power Co.	Colorado	Fall	600	(1)	Nov. 23, 1969
2095	York Haven	International Paper Co.	Pennsylvania	Susquehanna	2,500	16,000	June 30, 1970
2110	Stevens Point	Consolidated Water Power Co.	Wisconsin	Wisconsin	3,840	25,000	Do.
2161	Rhinelander	Rhinelander Paper Co.	do	do	2,120	10,000	Do.
2192	Biron No. 2	Consolidated Water Power Co.	do	do	3,300	20,000	Do.
2221	Ozark Beach	Empire District Electric Co.	Missouri	White	16,000	110,000	Aug. 31, 1968
733	Ouray	The Western Colorado Power Co.	Colorado		432		Apr. 12, 1970

[1] Not available.

Major licenses expired or surrendered and new licenses issued July 1, 1951, to June 30, 1961

Project No.	Licensee	Location		Installed capacity (kilowatts)	New license issued		Remarks
		State	River		Effective date	Period (years)	
1413	Ponds Lodge, Inc.	Idaho	Buffalo	200	July 1, 1951	(1)	Original license expired.
675	Utah Power & Light Co.	Utah	Battle Creek	2,400	June 1, 1952	25	Do.
1393	Pend Oreille Mines & Metals Co.	Washington	Pend Oreille	3,600	July 16, 1952	5	Do.
1393	do	do	do	3,600	July 16, 1957	5	Do.
1097	Leonard Lundgren	Oregon	Jack Creek	80	Jan. 1, 1952	20	Do.
719	Jesse I. Smith	Washington	Phelps and James Creeks	320	Nov. 1, 1952	20	Do.
1426	Buchan Packing Co., Inc.	Alaska	Unnamed stream	14	Aug. 15, 1955	20	Do.
2105	Pacific Gas & Electric Co.	California	North Fork Feather and Butt and Yellow Creeks.	344,600	Nov. 1, 1954	50	Includes former major projects Nos. 616 and 1352. Licenses surrendered.
2130	do	do	Stanislaus and its Middle and South Forks.	112,950	Jan. 1, 1955	50	Includes former minor-part project No. 708 and major project No. 1318. Licenses surrendered.
733	The Western Colorado Power Co.	Colorado	Uncompahgre	430	Apr. 13, 1960	10	Formerly minor-part license. Issued as major license.
2150	Puget Sound Power & Light Co.	Washington	Baker	182,110	May 1, 1956	50	Comprised of upper and lower Baker developments. Lower Baker was under minor-part license, project No. 777.

[1] To Oct. 31, 1959.

Mr. METCALF. Mr. President, we are at a point in history of power development when these expirations will be increasing, and when policy about renewals should be set.

Utility companies, because of the nature of their business, are agents of Government. They operate under franchises granted by Government, to perform a public function.

We need to review how well the private utility industry has done its job as the agent of the Government, whether it has provided the Nation with most modern facilities and an abundance of electric power at low rates, or if it has acted as a brake on development, retarded extensions of service—as in the case of rural areas—and facilitated or retarded our economic growth.

Certainly the industry's conduct in the Hanford plant situation needs to be reviewed.

To what extent has this agent of Government used its economic means, gained through public franchises, to thwart policies and projects in the public interest? Has it dared to jeopardize the Nation's security for selfish ends? Is it a good influence in our national affairs, or is it a dangerous one?

Should the Nation continue to entrust public resources to these agents, or is it time to exercise the Federal rights under the Federal Power Act, and strengthen its own yardstick power operations both to assure our citizens abundant energy at reasonable rates and to undergird the national security?

I am not now offering answers to these questions.

I am submitting for the RECORD some of the basic facts involved in a policy decision we must make at an early date.

WORLD'S ONLY CORN PALACE IN SOUTH DAKOTA

Mr. MUNDT. Mr. President. A good deal of national attention has been focused upon my home State in recent

weeks because of the drought which has afflicted a large section of the upper Midwest including portions of South Dakota.

Unfortunately, the impression may have been created that all that awaits the visitor's eyes in South Dakota are parched lands, scraggly thistles bounced along the landscape by clouds of dust, and ghost towns snuggling into the sand dunes of a barren country.

No description of my home State could be further from the truth than what I have said in the preceding paragraph.

First of all, Mr. President, to those who may have obtained a false impression of South Dakota, I want to say that we have trees, thousands of trees, lending themselves beautifully to an ever-changing landscape in my part of the country which we call "The Land of Infinite Variety."

Second, Mr. President, we have water in South Dakota, enough, in fact, to provide our State with the largest chain of inland lakes of any State in the Union—this is the Missouri River, now contained behind a series of huge dams providing our State with an abundance of recreational pleasures. This man-made lake—once a river—is not the sole possession of South Dakota, for it stretches up into our sister State of North Dakota.

Third, Mr. President, we have thousands of scenic attractions, not only refreshing to the eye, but physically enjoyable as well, such as our dozens of hidden lakes in the northeast part of the State, or the forest reserves and mountain trails of our beautiful Black Hills.

One such scenic attraction is located in Mitchell, S. Dak., called the Corn Palace. The Corn Palace is the subject of a recent article in the Portland (Maine) Sunday Telegram, and I am delighted to call it to the attention of my colleagues.

Mr. President, I ask unanimous consent that the article be printed in the RECORD.

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

[From the Portland (Maine) Sunday Telegram, July 30, 1961]

SOUTH DAKOTA'S CORN PALACE RECALLS FLAMBOYANT TIMES

The homestead era on the vast prairie reaches of South Dakota left one lasting flamboyant monument to itself—the world's only Corn Palace at Mitchell.

It has been rebuilt twice since 1892, when two imaginative Mitchell pioneers put their mustached heads together and decided what the bustling prairie town needed was a little festivity during the harvest season. A corn palace would be a natural, they agreed, and the festival itself would draw the sodbusters and "honyocks" from every homestead within horseriding or railroading distance.

The basic idea of the Corn Palace is much the same today as in past years. The flavor is distinctly Byzantine structure of turrets, towers, and minarets topped with pennants. Nearly every square inch is embellished with mosaics of multicolored corn. Native grasses complete the colorful effect.

Brass bands were especially popular entertainment at early Corn Palace festivals. Apparently the best was none too good and John Philip Sousa, then the most famous bandmaster in America, was among those who played for the festival during its early years.

The railroad had to run special trains for the estimated 40,000 Dakotans who swarmed to the Corn Palace to hear the most popular band in America. So delighted was Sousa with the near-royal welcome he received he scheduled extra concerts so that none would be turned away.

Among the big names who have appeared there since are Patti Page, Jimmy Dorsey, Blackstone the Magician, Guy Lombardo, Harry James, the Variety Girls, the Dinning Sisters and, of course, Lawrence Welk.

Welk is a special favorite since he as well as many members of his orchestra are former Dakotans.

The corn mosaics which decorate the colorful Corn Palace are probably one of the most unusual community do-it-yourself projects devised.

The first mosaics were intricate geometric designs. At the present time, pictorical themes showing scenes from South Dakota history or Indian lore are favored. The process is simple but painstaking: ears of red, yellow, brown, white, blue, and calico corn are sawed lengthwise, then nailed to wooden panels which are fastened to the walls.

Many of the unusual corn colors are specially grown in the Mitchell area for just that one purpose. As many as 2,000 or 3,000 bushels are used in good years. When drought, depression, or world war limited the corn supply, Mitchell tightened its belt along with the rest of the Nation and resourcefully made do with what was available—colored cloth, painted panels, paper, and grasses.

The total decorating job costs the city about $15,000 each year.

Since 1948, the mosaics have been designed by South Dakota's artist laureate, Oscar Howe. A fullblood Dakota Sioux Indian, Howe ranks as one of the Nation's most outstanding Indian artists.

Each summer he returns to Mitchell with scale designs, painted in bold corn colors, for new mosaics to decorate the Corn Palace.

Transferring the original scale designs to enlarged full-size patterns for the Corn Palace decorating crew is much like creating huge, color-coded canvases for do-it-yourself paintings.

After the designs are chalked on black, gridded roofing paper by the familiar craftsman method of transferring the squares, each color section is marked for the color to fill it. Then the huge patterns are attached to their assigned panels and the actual mosaic work in corn begins.

Small powersaws are used to saw the cobs lengthwise. Workmen on scaffolds nail the halves to wooden panels on the brick walls of the Corn Palace.

Ordinary yellow field corn is used as the background color and is nailed in place first. Later the vari-colored details of the "corn painting" are added. Finishing one big 12- by 30-foot panel usually takes a crew about a week.

The result is one of the most colorful and unusual buildings in the Midwest. Thousands of sightseers visit the palace annually and thousands more attend the annual fall festival in the last week in September.

However, the palace is much more to the people of Mitchell than a home for the festival and an architectural curiosity for tourists. It's a practical structure which seats over 5,000 and which is in constant use throughout the year for dances, conventions, basketball games, and a variety of civic activities.

For proud Mitchellites who trace its history from the days of homesteading, drought, and grasshopper plagues, the Corn Palace is a venerable prairie institution.

I DO NOT CHOOSE TO BE A COMMON MAN

Mr. MUNDT. Mr. President the trend toward centralized Government and the welfare state philosophy is of deep concern to many citizens throughout our Nation who view this—rightly in my opinion—as a constant encroachment upon the freedom of the individual.

Only recently I have had called to my attention a comment on this trend by a high school student in South Dakota, Paul Larsen.

Writing in an open letter to his hometown paper, the Aberdeen American-News, Paul Larsen expresses concern over the concept of the welfare state to solve every problem with the taxpayer's dollar, stating:

This materialistic approach to our American system of free enterprise will, if unchecked, eventually destroy us.

Mr. President, Paul Larsen not only speaks out against those things which he believes are harmful to our great Nation, but also outlines what he terms a creed to follow in dedicating himself to the cause of liberty and individual freedom.

I ask unanimous consent that Paul Larsen's letter be printed in the RECORD.

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

[From the Aberdeen American-News, July 28, 1961]

NEW GENERATION

As a student and a citizen, I have, therefore, accepted the following creed: "I do not choose to be a common man. I have the right to be uncommon if I can. I seek opportunity not security. I do not wish to be a kept citizen humbled and dulled by having the State look after me. I prefer to take the calculated risk to dream and to build, to fail and to succeed. I prefer the challenges of life to the guaranteed existence of a centralized government directing my life from Washington, D.C.; the thrill of fulfillment to the stale calm of the so-called socialistic and governmental utopia. I will not trade my freedom for benefice nor my dignity for a handout. I will not bow before any master nor bend to any threat. I have a proud heritage to stand erect, proud, and unafraid. To think and act for myself and to share the benefits of my own creation, and to face the world boldly and say, 'This I have done.' This is what it means to me to be a Republican and an American."

PAUL LARSEN.

ABERDEEN, S. DAK.

FEDERAL ASSISTANCE IN THE CONSTRUCTION AND OPERATION OF SCHOOLS IN FEDERALLY IMPACTED AREAS—S. 2393

Mr. MORSE. Mr. President, I ask unanimous consent that I may yield to my friend, the distinguished Senator from New York [Mr. JAVITS], with the understanding that his statement will precede my remarks on foreign aid.

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

Mr. JAVITS. I thank my colleague for yielding. What I am about to say I think will interest him. I shall be very brief and I am grateful to him. I intend to

say a word about the bill S. 2393, to extend for 1 year the so-called Federal assistance to impacted school areas, which was reported out of the Committee on Labor and Public Welfare this morning. Mine was the only "no" vote. I voted "no" to emphasize clearly for all to understand that I think the administration's leadership on the Federal aid to education has collapsed, and is yielding its whole position at this session of Congress by accepting a separate bill for impacted school areas. That is the only thing that the opponents of Federal aid really must have, because the bill expired on June 30, 1961, and it is their only reason for doing anything about Federal aid to education at this session.

It is amazing to me that this extension did not even include a 1-year extension of the National Defense Education Act as it stands now, for the student loan and fellowship provisions of that act need to be implemented early next year, and it should have, at least, the certainty that the program will continue at least for another year, even if we do not take up the amended National Defense Education Act, as to which the Senator from Oregon [Mr. MORSE] is, in my eyes, a great hero in the way he handled the proposal in committee and brought it to the Senate.

I am not given to partisan debate, but I feel deeply about one thing with respect to education. I hazard the guess that the men who sadly—and I know it is sad—felt that this was the only thing they could do, had in their hearts agreement with me. I am not trying to rub it in. But I feel deeply that somehow the country must be made to understand that this kind of aid to education is not a boondoggle of those who are liberals, but is as fundamental to the texture and muscle of the country as is military and economic preparation of the kind in which we are now engaged in the face of all these crises.

Though others may, for reasons with which they are only too familiar, be unable to do anything about alerting the country to this problem at this moment—and I understand very deeply these issues, and I do not challenge the continuing and indefatigable sincerity of every strong advocate of these bills, which were reported from the Committee on Labor and Public Welfare after so much hard labor—I still feel that someone must sound this alarm, and I felt that I should do so.

I shall offer an amendment at least to extend the National Defense Education Act for 1 year.

Mr. MORSE. Mr. President, I am delighted that my friend from New York has raised this issue, because it gives me an opportunity to make a brief comment on it. He and I undoubtedly will have an opportunity to speak at some length next week or whenever the education legislation reaches the floor of the Senate again. However, I would have the RECORD close today with at least this comment coming from this side of the aisle.

I assure my friend from New York that administration leadership on education has not collapsed. The administration is as much concerned now about the subject of education as it has always been. The administration definitely has assumed its responsibility in this field. In my judgment it is most unfortunate that the House is apparently willing, at this time, to avail itself of an escape route through use of its Rules Committee. This procedure, in effect, denies to the majority of the House an opportunity to vote upon a comprehensive Federal aid-to-education program.

I never speak disparagingly of the House. Anything I say now which might sound as though it were a criticism, is based really upon a major premise of respect and compliment to the House and to the Members, both men and women, who, on the other side of the Capitol, comprise it. I was skeptical about the manner in which the Rules Committee issue, at the beginning of this session, was met. I had reservations about the procedure followed, and I believe that experience has shown the correctness of that view. At that time I said it was most unfortunate that the Democratic leadership in the House of Representatives should follow the course of action it took upon the Rules Committee issue. The real problem facing the House on this issue is the question of the power which it vests in the Rules Committee. The fact and the existence of such power is not changed by juggling the number of members who sit upon the Rules Committee. In effect, the power is not changed by changing the membership of the Rules Committee. The difficulty is rather, to be found in the fact that the Rules Committee is given the power to deny majority rule in the House of Representatives.

I am as much opposed to minority rule in the House as I am to minority rule in the Senate. We have it now in the Senate. We will have it until the Senate lives up to its own responsibility by changing rule XXII. Only by so doing can majority rule prevail in the Senate. Why fool ourselves?

We must come to grips in Congress with some of the shibboleths and bewhiskered entrenchments of minority power. We have not yet won the fight on Cannonism in either the House or the Senate.

I make this comment, I may say to my good friend from New York, because I think it is basic to the problem which he has raised. I will come to the substance of it in a moment.

So far as the senior Senator from Oregon is concerned, the present plight of the Federal aid-to-education legislation is caused by the power exerted by the Rules Committee in the House of Representatives. The responsibility for not taking corrective action, at this session of Congress, rests squarely on the shoulders of the Democratic leadership of the House of Representatives.

Any time the Senator from Oregon, as a Democrat, is not willing to point out the shortcomings of his own party as he perceives them, he does not deserve to sit in the Senate. The Democratic leadership in the House has much to answer for on the plight of Federal aid-to-education legislation.

In our democracy, the American people ought to be assured that a majority has the right to express itself without having to go through all the maneuvers it must now go through. The Senator from New York and I both know that it is almost an impossibility to bring legislation before the House under present procedures if the Rules Committee does not want the legislation to come before the House. Any procedure which permits such a degree of parliamentary power to be vested in a small handful of men ought to be banished from Congress by the people of the United States.

Once the people of the United States understand the direct relationship between this procedural matter and their substantive legislative rights, they are going to demand a change. It may take us some time. It is extremely difficult to persuade people to think in these abstract terms.

This situation however, illustrates again that the American people cannot obtain their legislative rights in the House of Representatives and in the Senate until there are proper procedures established by which these rights can be achieved. That is what determines their legislative rights. That is why we are in the situation we are in now on Federal aid-to-education legislation.

This is one Democrat who holds no brief for the parliamentary procedure followed by the Democrats in the House of Representatives. I say good naturedly and respectfully and most kindly that I do not expect anything from the Republicans.

My party has the power of majority responsibility. My party cannot excuse the record which is being made in the House on Federal aid to education. The House leaders know I for one want none of their compromises. The compromises which have been presented to me cannot be reconciled with the best interests of the American people. I made that very clear to them, in understandable and polite and gentle language, as my friend from Montana knows very well, because he was there when I made my position clear.

I say to my good friend from New York that I become a little lost in the procedure that he is proposing. I would much prefer to have no legislation at all until the American people, during the recess period, have an opportunity to review the situation, or, to put it more bluntly, until Members of the Senate and Members of the House get back to the precincts to answer at the precinct level questions as to why a comprehensive legislative program in the field of education was not passed.

I feel that this is the course which ought to be followed, and I have told my leadership so. My position is that the majority in the Senate ought to proceed to pass a complete package of needed legislation in the field of education. Let the House do whatever it wishes, but let us do our duty. Let us take the issue home, to let the people react to it.

But the Senator from New York [Mr. JAVITS] and I know that this is not what will happen. I will tell him quite frankly why it will not happen. It is why we find ourselves in the situation typified by the Hill-Morse bill on impacted areas legislation which was reported by the Committee on Labor and Public Welfare this morning.

I repeat: I think it would be much better if the Senate were to pass the National Defense Education Act amendment, and then pass a higher education act, leaving it to the House to answer for itself why it is following a procedural course of parliamentary action which makes it almost impossible to get proposed legislation to the floor of the Senate and ultimately to conference. I will tell the Senator why I think that is not likely to happen.

I am satisfied that the majority of the House of Representatives would pass a pretty good, comprehensive series of education bills in all these fields—in the fields of secondary and elementary public school education, higher education, in national defense education, and impacted area legislation. The impacted area legislation was included in S. 1021, which the Senate has already passed. That bill, if acted upon, could get us into conference. We could there work out a good conference report. We could then go home, as we ought to be going home, after passing a good education bill.

The only reason why this will not happen is that the House in conference would seek to blackjack us with House rules and House parliamentary procedure, and thus deny to the American people the exercise of majority rule in the House of Representatives. I think it is too bad, because I do not believe it is good government.

There is now a terrific drive for continuation of the federally impacted areas legislation, on which the taxpayers have spent, in round numbers, some $2 billion since 1950. If it were not so tragic, it would be funny, for this program answers completely the sad, unfortunate, prejudiced, fear-stirring argument that if the Federal Government assists local schools financially then the Federal Government will take over the schools. The answer is that since 1950 the Federal Government has spent in the neighborhood of $2 billion on elementary and secondary schools under Public Laws 874 and 815 the federally impacted areas legislation and the schools have not been taken over.

Throughout the hearings held by the subcommittee—and the Senator from New York knows whereof I speak, because I am deeply indebted to him for the cooperation he gave me as a member of the subcommittee throughout the hearings—not a scintilla of evidence was offered, nor can it be offered, to show that there has been the slightest tendency toward Federal control of any of the school districts which have been the recipient of many millions of dollars spent throughout the country in this area of legislation.

So the fact is, as the Senator from New York heard me say—and I repeat it, because in the matter of politically educating the American people it is necessary to use the technique of repetition over and over again—Congress has been providing Federal aid for many years to school districts which educate one-third of the school children of America. All the evils of Federal domination have never arisen, will not arise, and cannot arise because of the built-in protection of the school districts of the Nation. What is that built-in protection? It is that the money is spent by the local authorities in accordance with local education policies. That is guaranteed under the statutes, as the Senator from New York well knows.

I wish to speak now about the delicate problem of impacted areas. I should prefer that Congress pass a comprehensive school program. However, I do not have to give the Senator from New York an education in practical politics. I assure him that I am facing the realistic fact. He and I cannot do anything about it, I am sorry to say. I wish we could. The Senator from New York knows, as well as I do, that a large number of Senators appeared before the Senate Committee on Labor and Public Welfare to protest even a mild reduction in the coverage for federally impacted areas. Many more Senators filed memorandums with the committee, to protest any reduction, to say nothing about any elimination of coverage. It is not necessary for us to be students of higher mathematics to know what that political nose count means.

I hope the Senator from New York will not think me too partisan—although I confess to a little partisanship—when I say that, to the best of my mathematical ability, which is not too great, but is good enough for nose counts in the Senate, I do not believe there could be produced on the Republican side of the aisle more than 6 or 7 votes in support of any attempt on our part to hold the line against any legislation on federally impacted areas.

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

Mr. MORSE. In a moment.

I could produce many more votes than that on the Democratic side of the aisle, but I would lose enough so that in combination with the number on the Republican side of the aisle the Senator from New York and I, as members of the committee, would take a terrible shellacking on the floor of the Senate if we tried to stop the passage of any proposed legislation to benefit federally impacted areas.

What is the test? Why not a legislative policy on the part of those of us who have been charged with the responsibility of trying to carry through the Senate at this session proposed education legislation? What is the test for me, when I have had this responsibility placed on me, not only by the majority leader, but specifically placed on me by the President of the United States? It was the President who specifically requested me at the beginning of the session to assume the responsibility of trying to secure the passage in the Senate of the administration's program for Federal aid to education. As the Senator from New York knows, I soon found myself in a position where I had to notify the President and the Secretary of Health, Education, and Welfare that I did not believe they had made their case with respect to an intrenchment in federally impacted areas legislation; that I, as chairman of the committee, thought they were wrong, and I owed it to the President to tell him I thought he was wrong, and I told him so. I said we ought to continue the legislation for federally impacted areas. I told the President I believed the federally impacted areas legislation ought to be retained intact in S. 1021, and provide that at the end of 18 months his administration would submit to Congress a report setting forth its findings in regard to the claims that a tapering off could be justified, and a report of recommendations for any future proposal the administration might wish to make concerning federally impacted areas legislation.

After I took that position I spoke to the President about it. The President, too, is a realist. He reluctantly faced up to the fact that the bill ought to contain the recommendation which the Senator from New York and I, and the overwhelming majority of the members of our committee, said it ought to contain.

I now pause for the Senator's interruption, because I know I am keeping him from a very important engagement. However, I wished to make the point about the realistic situation which confronts us. Then I shall draw my own conclusion and state my own position in regard to it and also concerning the proposal the Senator from New York says he will seek to add, to the Hill-Morse proposal. I shall oppose the Senator's proposal.

I want the RECORD to show—and the Senator from New York can read it on Monday—why I shall oppose it.

I now yield.

Mr. JAVITS. Mr. President, I am very grateful to the Senator from Oregon; and I think he knows me well enough to know that I am not trying to create myself into a champion of Federal aid to education, in lieu of himself or some other member of the committee. I would be the first to affirm his sincerity and his skill in this field—which continues this evening, as this morning; and it will always be so.

I only point out that in such a situation, the exigencies which affect others do not affect me. Therefore, I shall try to serve a useful purpose, and I shall serve it with dignity, probity, and clarity, in trying from this rostrum to alert the country to what is happening at this session to Federal aid to education.

Mr. MORSE. I commend the Senator from New York for the course he is following in speaking out concerning the proposal to enact less than what we set out to enact. I think he is serving a good purpose. I only wish to say that since we do not have the votes, I think we should restrict the extension of the Federal impacted area legislation to 1 year; and that is the Hill-Morse proposal.

I say most respectfully that several Republican proposals on this subject would extend it for 3 years.

Mr. JAVITS. I know that.

Mr. MORSE. In our committee meeting this morning, in the Senator's absence, there was a Republican proposal to extend it for 3 years; but we defeated that.

What is my responsibility if I am to keep faith with my leadership in regard to this issue? Knowing that the program is to be extended, I shall seek to limit its extension to 1 year. I shall seek to limit the amendment to just that, and no more—which leads me to comment on the announcement of the Senator from New York as to the amendment he is to offer.

I am delighted to have him state his position; and in his absence I shall not say anything that I would feel he would wish to be present to hear, in order to reply to it. Instead, I shall wait until Monday.

Mr. JAVITS. I know that.

Mr. MORSE. But I state now that I shall oppose the Senator's amendment, because my position is that if, unfortunately, we have to retreat in regard to Federal impacted area legislation, we do not help that situation by accepting the Senator's amendment on national defense education, and thus retreating further. After all, what are we in favor of? I shall state now what I am in favor of. I am in favor of the enactment of as much of the administration's bill, at this session of Congress, as it is possible to have the Senate pass. In the interim let the people of the country react, in the hope that they will make clear to Members of the House of Representatives that when they return to Congress in January, they had jolly well better get busy and pass a comprehensive aid-to-education bill.

But the Senator from New York and I have been here long enough to know that if a good legislative program is cut into tatters by means of the passage of few segments of it, that decreases the chance of ever having the original comprehensive program enacted into law. That is what I am afraid of, and that is what I am afraid the Senator from New York is going to help accomplish. I know he does not intend that; he does not mean to do that. He takes the position that if a retreat from it is to start, and if we are going to do this, why not do more? In other words, he states that quite a case can be made for National Defense Education Act amendments. That is true.

Because I know he must leave the Chamber in just a moment, I now pause, to enable him to comment on that.

Mr. JAVITS. I thank the Senator, I must leave.

I shall think over what the Senator from Oregon has said. I take his words very seriously. And we shall make our arguments in due course.

Mr. MORSE. I thank the Senator very much. Later, I shall be glad to comment further on this subject. But now that the Senator from New York has announced that he intends to offer a National Defense Education Act amendment, I do not think I should leave the record as it now is, without a reply by the chairman of the subcommittee.

This morning a very interesting delegation waited on me. The group had had its letterhead printed, and it included a very interesting list of names—not the names of Members of Congress, but the names of outstanding Republican laity. Apparently they smelled a political issue; their nostrils seemed to be extended. Apparently they were already in hot pursuit of what they think will be a vote-catching issue. When they were in my office, they stated, with great emphasis and with ill-concealed political innuendos, that I had better go along. But, of course, when people talk that way to me, they are my meat. I made it very clear that I had no intention of going along with any such proposal; that, in my judgment, much of the National Defense Education Act program will not come to an end, although some of it will; but that they can wait for 4 months; and that so far as the chairman of the subcommittee is concerned, I would do my best to get them to wait for 4 months. I indicated that I thought it would be most unfortunate if only certain parts of the National Defense Education Act program were to be extended for 1 year, because I think it important for the American people to understand what happens when the House of Representatives does not fulfill what I consider to be its full responsibilities in regard to a comprehensive aid to education program. I said I could well understand how that might be considered good Republican strategy; but I said that, as a Democrat, I was going to do the best I could to get my fellow Democrats in the Congress to keep faith with the President's campaign promises across the Nation, in campaign speech after campaign speech in the historic presidential election campaign of 1960.

Let the record show once again that, in my opinion, Democratic Members of Congress have a great obligation, which they owe to the American people who voted for John F. Kennedy to be President of the United States, to enact a comprehensive Federal-aid-to-education bill in line with what the President of the United States, when a candidate, promised time and time again across the country. The President has not let down the people of the Nation on this pledge, but many Democrats in the Congress have.

Let me make very clear that the President did not limit his pledges to school construction; and when Democrats want to limit the legislation to school construction, of necessity they must go on record as not supporting the President's program—which, of course, is their right, and also their duty, if they think that is really in the public interest.

Yet there is something about that position which bothers me, because we can take judicial notice of the fact that many thousands of votes went to candidate Kennedy in preference to candidate Nixon because candidate Nixon did limit himself to school construction. I say to Democrats in the Congress that I am not voting to enact the Republican program in the field of education. I want to enact a Democratic program.

To my good friend from Montana [Mr. METCALF], whom I consider to be one of the greatest authorities on education in the Senate, and who has stood shoulder to shoulder with me throughout the session in this whole field of education, I say that I want to enact the program we promised. I just do not think it is cricket for Democrats to walk out on that program.

As I said to the Democratic leaders the day before yesterday, and as I say on the floor of the Senate; Members of Congress are mistaken if they think the voters have a short memory. So I say tonight, before I go back to the subject matter I was discussing before the very interesting announcement the Senator from New York [Mr. JAVITS] made, I am not going to support a watered down, politically motivated, legislative horse-trading program on education legislation to be enacted in the dying days of this session of Congress.

I hope, after due reflection, that enough Democrats in the Congress will make clear to those responsible for the legislative program of the Democratic Party in the Congress that they want the Democratic Party to return to its pledges and keep them.

If there are those who think there has been a change of opinion among Democrats as to what the legislative program on education should be, all I ask is that they be given a chance to vote on it. That is pretty reasonable, is it not? One would have a pretty hard time trying to explain the democratic process in any of the so-called underdeveloped areas of the world if, after the elementary lecture we gave them on the right of the ballot, the right to select one's representatives, the right to have the majority view prevail in regard to legislative policy, he then undertook to explain a procedural setup in the parliamentary body of this country designed to prevent the majority view from prevailing. It is hard enough to explain it to citizens of the United States, but it cannot be explained to people who must make the decision as to whether they are going to join the side of the free way of life, where the basic precious rights of self-government are supposed to exist, or join the side of the totalitarian way of life.

As for me, I will face the reality that there is a need, and a very serious need, to see to it that a federally impacted area program does not die upon adjournment, somewhere between the 15th of September and the 1st of October.

I also will face up to the reality that the majority view on the merits of the question is for an extension of that program. Although I would rather keep it as a part of the comprehensive program, I am willing to extend that program, separate and distinct from any other legislation. But I am not willing to do it as a part of the so-called National Defense Education Act, because it would be a misnomer, as will be shown when we get into the debate on it next week. It is not as vital as lobbying groups and others are trying to make the American people believe. It is not vital, from the standpoint of national defense, that it be extended. But what is vital to the security of the country is that an education program, so sorely needed, not alone for one-third of the school boys and girls

of America, but for all of them, be enacted into law before adjournment.

I had not the slightest idea that I would make this speech on education until I heard the Senator from New York. I did not want the RECORD to close with his announcement and no answer to it. This is my answer to it, and I shall continue to answer it as the debate on the education starts after we complete action on the foreign aid bill.

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

Mr. MORSE. I yield to the Senator from Montana.

Mr. METCALF. At some future time I hope to comment on the remarks of the distinguished Senator from Oregon, and to discuss further, before we consider the measure for extension of the impacted areas law, some of the matters the Senator has briefly touched on tonight.

FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (S. 1983) to promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic and social development and internal and external security, and for other purposes.

Mr. MORSE. Mr. President, in my judgment the best interests of American foreign policy have been advanced by the historic vote by which the Senate defeated what I think would have been a most unfortunate amendment to the foreign aid bill had it been agreed to. Our victory in the defeat of this amendment does not mean that the foreign aid bill as brought to the Senate is assured of final passage in the Senate. Therefore, as we close the session today I should like to read into the RECORD, so that my colleagues can consider it as we proceed with our deliberations next Monday, a telegram I received from Secretary of the Treasury Douglas Dillon, who is chairman of the American delegation at the Montevideo Conference in Uruguay which is seeking to work out a hemispheric agreement in respect to the implementation of the Alliance for Progress program which President Kennedy has recommended to all the people of the hemisphere.

I was concerned about the Byrd amendment and what I considered to be the almost certain detrimental effect it would have had at the Montevideo Conference had it been agreed to, because I think it would have been greatly misunderstood and would have made the success of the American delegation very doubtful.

I speak about this briefly tonight in my capacity as chairman of the subcommittee of the Senate dealing with Latin American affairs and as one of the two Senate delegates the President has asked to represent the Senate at the Montevideo Conference, subject to our going there after the Senate disposes of the foreign aid bill. I am following the Conference very closely, being briefed in regard to what is going on there each day as a member of the delegation.

I am very happy that the Byrd amendment was defeated because in my judgment its defeat greatly strengthens the position of the American delegation at Montevideo. But we have other hurdles to get over next week in connection with this bill.

I have great confidence that we shall succeed. But I think it is particularly fitting that we keep in mind the suggestion that the chairman of our delegation at Montevideo set forth in his cable to me, which I shall read:

URUGUAY, *August 8, 1961.*

Senator WAYNE MORSE,
U.S. Senate,
Washington, D.C.

DEAR WAYNE: Three days here have heavily underlined overriding importance of our having authority make long-term commitments to match major effort which Latin American countries now prepared to make on their own behalf. Lack of this authority will seriously prejudice our ability to carry out concepts of Alliance for Progress which have now become basic to our relations throughout the hemisphere. Hope these considerations will be borne in mind during Senate consideration foreign aid legislation as well as serious effect which rejection of request for authority to make long-term commitments would have on present conference.

Best wishes,

DOUGLAS DILLON.

Although the cable was personal, in a sense, it was also official. It was sent by the chairman of the delegation to me as a member of the delegation, and I think that it is particularly helpful, because of the surrounding facts and circumstances and because it is a message direct from the chairman of the American delegation at what I consider to be the most important and most significant historic conference in which the United States has ever participated, so far as Latin American relations are concerned.

I was a little disturbed this morning when I read in the New York Times a story which indicates that because the Latin American countries are not coming forward at Montevideo with specific reform plans, some votes may be lost on the foreign aid bill in Congress. This is not to say that the United States should not try to make reform a prerequisite of American aid, because I think we should. The Senator from Iowa [Mr. HICKENLOOPER] and I, representing the Congress at the Bogotá conference in Bogotá, Colombia, last September, made that point the major thesis of our representations at that conference.

The chairman of our delegation at that conference was Douglas Dillon. He represented the United States at that conference in his capacity as Under Secretary of State, and the record shows that when I got back to the Senate I reported that he had performed a magnificent job of statesmanship and leadership in behalf of our country at Bogotá, as I am convinced he is again doing as the chairman of our delegation at Montevideo.

At Bogotá Secretary Dillon stressed the fact that the Latin American countries must face up to the reality that some basic economic and fiscal reforms, including tax and land reforms—basic reforms in respect to needed programs of social justice, and needed reforms in respect to the housing of the multitudes of unhoused people, must be adopted by the Latin American governments themselves if they hope to expect the American people to contribute the vast sums of money which we all recognize must be made available by the United States to Latin America, to help Latin America help itself.

At the Montevideo Conference, the Secretary of the Treasury, Mr. Dillon, has made perfectly clear that if he can get a cooperative program, a truly mutual aid program, implemented by the wholehearted cooperation of our Latin American neighbors, the United States will give consideration over a term of years to a possible total aid program of some $20 billion.

But Senators will note in the reports of the speeches and statements that Secretary Dillon has made at Montevideo—and I can assure Senators that these press references have been accurate as to what the Secretary actually said at the Conference—Secretary Dillon has made very clear that there must be a cooperative self-help program agreed to by any Latin American country which hopes to work out a loan or grant program with the United States in connection with any of the projects that we all know are sorely needed, if the standard of living of the masses of the people in many Latin American countries is to be raised.

I wish to stress that, it seems to me, the New York Times story misses this point. This does not mean that we have taken any position that we will dictate the terms and conditions of such reforms but, rather, we will point out that the program is a two-party program, and we must necessarily fulfill our responsibilities to the taxpayers of the United States to make certain that the money will be in no way wasted, but will be spent in a program in which the Latin American countries themselves participate and do their share.

It should be pointed out that that reform, however, is not a prerequisite for aid in those countries which are the biggest recipients, in the sense that the reform must meet certain standards and conditions which we lay down.

Mr. President, I return to the subject matter of the terms, conditions, and policies which ought to prevail in respect to American aid, military and economic, to Latin America and elsewhere in the world. I stress the fact that that policy is negotiable. That policy is bound to be the subject of diplomatic exchanges and conferences and understandings and agreements. It involves a subject which we cannot straightjacket. It involves a subject which we cannot set out in so-called contracts, as we set out terms and conditions in a contract which contracting parties enter into with respect to leases, agreements to purchase and sell, arrangements for loans in the use of property, and so on, because we are dealing—and let us be frank about it—with basic questions of sovereignty.

The newspaper stories which have appeared with regard to one aspect of the Montevideo Conference, I think, have made a mistaken interpretation that some of the proposed modifications and amendments which have been offered by

some of the Latin American delegates at the Montevideo Conference indicate they are going to insist upon grants and loans with no understandings whatsoever in regard to the course of action they may have to follow in their countries as conditions relative to the loans and grants. It does not mean that at all. What has happened in Montevideo in respect to this matter is that Latin American countries have, very rightly—exactly as we would if we were in a similar position—made clear that they are not going to contract away in any respect whatsoever any rights of national sovereignty.

Therefore, they have made certain suggestions for modification in both the format of and the procedures relative to various proposed international commissions or committees which are to be set up for the implementing of and the administering of the program.

I have no doubt, Mr. President, that we shall have some problems in connection with some of our loan and grant aid programs in some Latin American countries with some of the oligarchies which control so much of the wealth of some of those countries. They may still have some reservations and doubts about the fact that it cannot be expected they will continue to exercise economic dictatorship over the masses of the people of Latin America and survive. This will take a few years, I think. The great, wealthy families and powerful economic interests in same of the Latin American countries who have been exploiting their own people for generations and taking the cream of that economic exploitation out of Latin America and investing it in New York and Swiss banks, not returning it for the benefit of the masses of the people or for the development of the economy of the country as a whole, are waking up. They are beginning to realize that unless they change their economic polices great revolutionary forces—in some instances Communist but in more instances non-Communist—will simply remove them from positions of economic dictatorship. We see it. Many enlightened leaders in Latin America see it.

We made a great first advance in regard to this in the Act of Bogotá. It is my prediction that the second great advance will be the Act of Montevideo which will finally result from the negotiations and discussions, and the agreements which will be reached at the great conference in Montevideo presided over by Douglas Dillon.

Mr. President, there is one phase of this Latin American problem about which I should like to warn the Congress.

We certainly shall run into trouble in Latin America, and we shall lose out in Latin America, if we take the position we are going to follow one policy in Latin America and quite a different policy in other parts of the world in regard to insisting upon the adoption of a self-help program in the recipient country.

As chairman of the Senate subcommittee which deals with Latin American affairs, I have done my best during my years of service on the subcommittee to get our Latin American friends to see the importance of their supporting needed reforms in Latin America, as I say, in fiscal policy through taxation. As I have said, in many places in Latin America, because I talk the same way there as I do in the Senate of the United States or elsewhere in our country, "You have to do something about your great national pastime, which is tax evasion. If you wish to create understanding in the United States—and it is as important that there be better understanding in the United States of Latin American policy as it is that there be better understanding of U.S. policy in Latin America—and if you wish to create a hemispheric atmosphere of good will and understanding as between the people of the United States and the people of Latin America, then you must do something about tax evasion in Latin America. You must adopt tax reforms based upon ability to pay, so that your great, wealthy families will pay at least a fair tax contribution toward the support of your country. Similarly, there is a need with regard to land reform and health and education reform."

Mr. President, this involves the whole gamut of housing, employment, and the economic and social lives of the people of Latin America. I am in favor of the same reforms in other countries we support and help. I have not heard a word spoken in the Congress about any proposal for Spain, Portugal, Thailand, Formosa, or a whole host of other countries into which we are pouring and have poured for years huge sums of money. It ought to be expected. These countries ought to be asked to do these things. Loans ought to be negotiated or grants made on the basis of certain agreements concerning some reforms in those countries.

We will build up a very unfortunate misunderstanding and antagonism in Latin America if we take the position that we will make loans and grant-aid programs on terms and conditions in Latin America that we do not insist upon in other parts of the world.

It is the old story of where we can lose a lot of friends by following a policy of unfair discrimination. We are not in a very good position to follow a policy of economic discrimination, any more than we are in a very good position to follow a policy of race discrimination. If we have not learned yet, if we have not faced up to the fact that our policy of race discrimination in the United States is one of the most costly mistakes that we make in respect to American foreign policy, then I do not know what it will take to get the American people to face up to that ugly fact. But it is an ugly fact. The United States must stop following a policy of double, triple, or quadruple standards. The United States must follow, in the field of foreign policy, a consistent, uniform policy in which we apply our policy uniformly and equally in our relations with all countries.

So the New York Times story causes me to point out that it is always said by the alibiers and rationalizers of the discriminatory foreign policy that we must keep supporting feudal governments in places like Iran and Thailand, because they are on the borders of communism, and even keeping corrupt governments in power in those countries is better than having the Communists take over.

I wish to say to those rationalizers that I do not yield to them in my hatred of communism, but I wish they were equally concerned with the loss of human life in feudal countries and Fascist countries as they are with the loss of human life in Communist countries.

Lost human rights are lost, no matter what the form of the police state is, and the individual who is denied human rights in a Fascist country is no better off than an individual who is denied human rights in a Communist country. The only difference happens to be the difference in procedures and techniques for denying the human rights.

Thailand was adjudged, for example, by the International Bank for Reconstruction and Development in 1959 to have one of the worst tax-evasion problems in Asia. Moreover, what tax laws it does have are extremely regressive. The Bank reported that direct taxes on individual and corporation incomes combined in Thailand produced only 7 percent of the Government revenue, with indirect taxes providing over 90 percent. Some taxes. Well, it is the kind of tax system that the rich like. It is the kind of tax system that families of the oligarchy like. It is the kind of tax system that the exploiters of the masses like. But it is not just or right.

So when we hear the great concern expressed about the need for tax reform in Latin America—and I share that concern—I would like to have those in Congress who express that great concern also to express a little concern about the need for tax reform in Thailand, Formosa, Iran, Spain, Portugal, and every other totalitarian government that we support.

I may be hoping for too much, but I never give up hoping.

Their silence on the subject matter does not make their position right.

I do not know that anyone is proposing that tax and land reform in Thailand be made a condition of American aid. To the contrary, we are proposing more aid to Thailand now than ever before.

Mr. President, I am not overlooking Pakistan, or the demand for more money for Pakistan, even clearly suggested by the President of Pakistan as he used the rostrum of the joint session of Congress to indicate that we had better give it to him. I did not buy his bill of goods. We would not make a democrat out of one who used democratically phrased verbal patterns. I recognize that Pakistan is not a democracy. I do not buy the argument that it is all right to urge reforms in Latin America, but, of course, we should not suggest such reforms to Thailand, Pakistan, Formosa, Portugal, Spain, or Iran. In Iran we have supplied more than $1 billion in aid. Yet tax and land reform are being resisted there as much if not more than in Latin America.

There has been plenty of evidence in the last week of how upset and jittery Members of Congress are about having one Communist-oriented government in our hemisphere. How would they feel about having a half dozen? Obviously it is as important to us to have non-Communist governments in the Western

Hemisphere as it is to have non-Communist governments in Taiwan, Thailand, and Iran. We have given the latter countries plenty of time to embark on reform or not to, depending upon their own choice.

It seems to me that we should be willing to give the Latin American countries some time, too. Better yet, some real strings might very well be attached to all American aid. If we are going to insist on getting tough in Latin America, we should get tough in the Middle East and in Asia, too. At least those countries are not so close to us as Latin America is.

I ask unanimous consent to have printed in the RECORD at this point excerpts from an article entitled "International Bank for Reconstruction and Development," dealing with some of the tax problems and other problems of Thailand.

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

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT, 1959

ADDITIONAL TAXATION

Allowing 300 million baht a year for tolerable Central Bank borrowing by the Government, the financial gap remaining to be met in mobilizing financial resources for prospective Government requirements including those of the proposed development program, is likely to be in the order of 300 million baht in 1959 with an annual increase to about 900 million in 1961–63. It should be possible to meet this prospective gap through additional taxation and improvements in tax administration.

Thailand's present tax burden is lower than that of many countries at the same stage of development. Recent Government revenues have been around 14 percent of the gross national product, which is not a particularly high figure and less than that of many other Far Eastern countries. Furthermore, Thailand is behind most other countries of the Far East in imposing and collecting direct taxes on individual and company incomes. Such taxes provide only about 7 percent of total Government revenue while more than 90 percent comes from indirect taxes. This makes the system more regressive than necessary because of the relatively light burden of actual tax collections from individual and company incomes.

In part, it is the rate structure and the nature of legal exemptions that cause direct taxation to make such a poor showing. But a major part of the problem is one of tax administration and tax enforcement. Evasion of income taxes is commonplace. The mission recognizes that it is especially difficult to enforce an income tax in Thailand. But similar difficulties exist in other countries of southeast Asia, where direct taxation is a much more important part of the revenue system. One cannot escape the conclusion that the poor yield from income taxes is largely attributable to inefficiency and understaffing of the tax administration.

It will probably be some time before the income tax can be adequately enforced, but unless a start is made, its enforcement will always remain weak. Many changes are needed. At present, tax returns are examined only for arithmetical correctness—no attempt is made to see if the dependents claimed are alive, let alone to verify if the income reported even approximates actuality. Nor is there any effort to insure that returns are actually made, although this would be an easy matter at least for taxpayers who are registered members of a professional body (doctors, lawyers, engineers) or of a business association.

These illustrations point to the need for a regular and thorough auditing program. A sizable but changing sample of returns should be carefully examined each year. Even this could not be undertaken with the present staff, which is too small and untrained to do the job. At least 10 to 20 tax officials should be sent abroad to receive training in modern methods of assessment and auditing. With them as a nucleus, sufficient additional officers should be assigned to the task of auditing to insure its effective performance.

In addition, the income tax laws themselves need to be changed. The use of simple methods, such as a flat percentage tax on gross business receipts less standard deductions, is made necessary by the large proportion of small industrial and commercial firms. But the minimum tax actually applied to business profits, (0.3 percent of gross receipts) is very low, while the deductions applied to business profits and professional incomes are inordinately high.

Improving the law and strengthening the enforcement of income taxes is only one way in which revenues can be increased and the revenue system made sounder and more equitable. There are many taxes, common to most modern tax systems, that are not levied at all in Thailand or, if levied, are much less productive than they should be. Thus there is a general land tax, but it is only nominal, rates and assessments being so low that outside urban areas the yield averages little more than 1 baht a rai (about 12 cents an acre). Unlike many other countries, Thailand does not impose any charge for the improvement of land irrigated through state works. As stated in chapter II, we strongly recommend the introduction of such a charge.

Another anomaly in the Thai revenue system is that there is no tax on owner-occupied housing and other real estate improvements, but only on rented premises. In most countries, such property taxes provide the major part of local revenues. Institution of such a tax would permit the Central Government gradually to reduce the present subsidies to municipalities, and would encourage the latter in adopting a more vigorous and independent attitude toward their problems.

Thailand has no inheritance or gift tax. And although turnover and sales taxes are levied in the form of the so-called business and purchase taxes, their enforcement, like that of income taxes, is lax. Many luxury goods could well bear much heavier excise or customs duties than at present. And the import duty schedule needs to be thoroughly examined and revised, not only to raise more revenue, but also to eliminate inconsistencies and disincentives to industrial development.

Using this analysis as a base, the following additions to revenue, beyond that to be expected from normal growth, should be realizable without serious difficulty or undue burden on the economy:

(1) Revision of the personal income tax schedules and steady improvement in income tax enforcement which should yield an additional 50 million baht in the first year, and should make it possible within a period of 5 years to double present personal income tax revenue;

(2) Increases in company income taxes and revisions of deductions to add annually about 50 million baht of additional revenue;

(3) Additional customs and excise duties, mainly on petroleum and luxury products, to produce at the outset an increase in revenue of about 200 million baht;

(4) Doubling of the present nominal land tax rates which should add 50 million baht a year to revenues of provincial governments;

(5) Imposition of the charges recommended in chapter II on lands improved by state irrigation works. Because of the time required for classification of irrigated lands and for completion of irrigation works now under construction it is doubtful that the full potential of this tax could be realized in the next 5 years. It should be possible, however, to begin collections in 1960 and to bring them up to 50 or 60 million baht a year by 1963. After 1963, with the completion of the major irrigation works now in progress, revenue from this tax should increase to 150 million baht or more;

6. Development of substantially larger independent revenues of municipalities. The most important possibility for this is through taxation of owner-occupied housing and other real estate improvements. It is difficult to estimate the practicable revenue possibilities for such sources but at least 30 million baht a year should be a reasonable expectation within a year or two and eventually 120 million or more; and,

(7) Adoption of an estate duty, the possible revenues from which are again difficult to estimate but which should rise to around 50 million baht as administrative and enforcement procedures are worked out.

These are moderate tax proposals which could be imposed without involving really heavy tax burdens. Yet the proposals, with allowance for the growth in revenue they would produce over time, should be quite adequate to fill the remaining gap between the estimated financial requirements of the Government and the other prospective resources for meeting these requirements during 1959-63.

Mr. MORSE. I ask unanimous consent to have printed in the RECORD at this point an article from Newsweek of June 26, 1961, entitled "The Shah of Iran—Will His Land Have a Revolution From Above?" No one can read that article without recognizing that there is need for land reform in Iran.

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

THE SHAH OF IRAN—WILL HIS LAND HAVE A REVOLUTION FROM ABOVE?

A plume of dust feathered up behind the wheels of the L-20 reconnaissance plane as it skidded down the town's dirt-strip runway and came to a halt in front of an honor guard. From the cockpit window, an arm reached out and jabbed the imperial standard of Iran into a socket. For the tall man in blue air force uniform who climbed down from the plane one day last week was Mohammed Reza Pahlevi Shahinshah (king of kings) of the 2,500-year-old kingdom of Iran.

As the Shah saluted the waiting guard, less admiring soldiers watched his moves from across Iran's northern frontier. Only a few hundred feet away, on the northern banks of the Aras River, a group of Soviet soldiers inspected the ceremonial with amused curiosity. But the Shah ignored the nearby Russians and drove to an open field just west of the tiny town of Julfa (population: 500), high in the northwestern tip of Azerbaijan Province. There he brought a gift for Julfa's peasants.

Under a hot June sun, the perspiring Shah presented 94 of the town's share-cropping peasants with a white scroll making each sole owner of 21 acres of Iranian soil. Of one, whose dirt-stained hand reached out eagerly from a frayed cuff, the Shah inquired: "Are you happy?" But the peasant could not understand his monarch; nor could the Shah understand the peasant's answer—for the Shah speaks Farsi, the peasant a local dialect called Turki.

In that scene was all of Iran today—the sincere effort to correct the abuses of centuries, the King and peasant unable to understand each other, the Soviets watching, nearby.

It is the Russians, long hopeful of gaining access to the warm-water ports of the Persian Gulf, who present the most open threat to the Shah's Peacock Throne. The Red army which actually occupied Azerbaijan after World War II, until United States and United Nations pressure forced it out in 1946, is still poised along the 1,000-mile Soviet-Iranian border. And every day, Soviet broadcasts call on the Iranians to revolt. "The Red army," Nikita S. Khrushchev once boasted to the Shah, "can destroy Iran with a minimum of trouble, and there's nothing you can do about it." To Columnist Walter Lippmann, he recently added: "Iran will be the next."

Ally of the West: To block that constant danger, the Shah has joined the Western alliance. Iran is not only a member of the Central Treaty Organization (with Britain, Turkey, and Pakistan) but enjoys a separate mutual-security treaty with the United States. The United States is helping Iran build dams and highways; it has shipped the Shah more than $500 million in military aid, including F-86 jet fighters and Patton tanks.

But the far greater threat to Iran today is not of Soviet invasion. It is the threat of subversion and revolt. There are 1,000 Soviet Government agents attached to the Soviet Embassy in Teheran. One of them—the Tass man—recently persuaded a group of bakers to go out on strike by sitting in at one of their meetings and asking provocative questions. Yet the Communists are not alone—hundreds of thousands of patriotic Iranians are also clamoring for a change. Their discontent arises out of Iran's own poverty and backwardness.

To the Iranian peasants of Azerbaijan, Russia is not just a military power, but a land of modern factories, vast collective farms—and high living standards. By contrast, Iran's peasants know little but squalor. In Teheran, a few rich families live in marble palaces, drive Mercedes sports cars, and dress in Dior gowns. But brickworkers sleep in the open, wrapped in blankets, and their wives wash their rags in jubes, the open gutters that sluice down from the mountains above the city.

The danger to Iran—even if there were no Communists—is the danger of the revolution of the poor and hungry. Last month, for a few precarious days that revolution seemed on the way. Four thousand schoolteachers paraded to Parliament to demand a pay increase. A policeman opened fire and one teacher was shot dead. Next day, 30,000 teachers and students mobbed the streets shouting "butchers" and "savages." In the slums of south Teheran, the hungry brickyard workers caught the echo and began to talk of strikes of their own.

From the top: The Shah's answer to the threat of revolt in the past had always been repressive. His secret police, the dread SAVAK, were 50,000 strong, and their officers liked to boast: "We are strong enough to keep order." But the Shah, a keen observer of international events, had learned an important lesson. After watching student revolts tear down the governments of Adnan Menderes in Turkey and Syngman Rhee in Korea, he combated the revolt from below by a revolt from above. There would have to be major changes—but the Shah would do the changing himself.

The man the Shah chose to carry out his revolution from above was an unlikely revolutionary—Ali Amini, 54, a Sorbonne-educated landowner and millionaire. A silver-haired man with a puckish smile and protruding eyes, Amini had served as Minister of Finance and Ambassador to Washington. He is a technician rather than a crowd-pleaser, and has also been an outspoken critic of the Shah himself. He is descended from the dynasty that the Shah's father overthrew in 1921 and he had served in the Cabinet of weepy old Mohammed Mossadegh, who nationalized Iran's oil fields and nearly deposed the Shah in 1953.

Anticorruption: Amini made it a condition of his taking over the Premiership that the Shah should dissolve Parliament (most of whose members owed their seats to gerrymandering and ballot-box stuffing). The Shah also promised to stay out of active government himself and gave Amini a free hand to stamp out corruption. The Shah, however, kept personal control of the army.

The day Amini took office, he frankly told the people of Iran that the nation was in desperate straits. Its financial reserves, he announced, were "on their last breath" because of "traitorous and incompetent officials who have built up their personal fortunes." According to government evidence still being sifted last week, one general, named Ahmed Ajodani, formerly in charge of Teheran's erratic electrical system, had formed a phony consulting firm to supervise the wiring of a $2 million powerplant. But when the Shah arrived to pull the inaugural switch, the current somehow flowed down into a nearby reservoir and electrocuted two swans. Then there was Gen. Haj Ali Kia, formerly chief of army intelligence, who ran a Government organization known only by the initials K.O.K. Its budget was $1.5 million a month, and its sole job was to compile confidential reports on the Shah's popularity. Its sole member was General Kia, who fabricated the reports himself.

The tragedy of such extravagance, as the Shah himself has frequently recognized in speeches from the throne, is that Iran is potentially capable of being by far the strongest and most prosperous nation in the Middle East. It is a big country—only slightly smaller in area than the United States east of the Mississippi. From the forested slopes of the Elbruz Range that slopes down 18,000 feet to the sub-sea-level shores of the Caspian Sea, Iran stretches 1,000 miles to the Gulf of Oman. It is the land link between the Middle East and Asia, the cultural highway between the Arab and the Indian civilizations, the "northern tier" as John Foster Dulles once described it, that protects the Middle East from the mighty mass of Russia.

Proud people: Iran is also a rich country—at least in potential. Most of it is arid and its central provinces (one-third of the total area) are a vast salty desert—but in the mountains, there are rivers waiting to be dammed, copper, and coal waiting to be mined. Above all, near the Persian Gulf, Iran has one of the world's great oilfields, pumping up 1,050,000 barrels a day, much of it bound for the British-built Abadan refinery, which Mohammed Mossadegh nationalized in 1951. Yet Iran's preeminent industry remains primitive and unproductive. Short of water and short of tools, its peasants must work from dawn to dusk to raise thin crops of cereals, and thinner flocks of sheep and goats, that leave their masters half starved.

For all their poverty, however, the Iranians are a proud people—with much to be proud about. A subtle mixture of Arab, Mongol, Turk, and Afghan, they trace their ancestry to Cyrus the Great (who unified the Medes and the Persians in 550 B.C.); to Darius the Great, whose laws ruled an empire that stretched from the Nile to the Indus; to Xerxes, the warrior, whose armies battered at the gates of Athens and were finally defeated at the Battle of Salamis.

Because of this historical continuity, Iran has a distinct personality, an authentic national identity that is lacking in such neighbors as Iraq and Pakistan. It has its own culture—the poetry of Omar Khayyam, the sculpted friezes of Persepolis, the glazed mosques of Isfahan and Shiraz. It has its own language (Farsi), its own unique religion (the Shiite branch of Islam), above all, its 2,500-year-old tradition of monarchy.

The man who now sits on the Peacock Throne of Iran is a lean athletic 41-year-old with a carefully barbered shock of graying hair, brown eyes, and a hawk-eyed face whose melancholy aspect rarely breaks into a smile, except when the Shah picks up his 7-month-old son, Reza. Still slim and straight, the Shah is a splendid skier (he can slam through the slalom seconds behind Iran's best), a hard-driving tennis player (he is said to have the best serve in the country), and a keen sports-car driver, who races his personal coffee-brown Italian sports car.

Papa Reza: The Shah was not born to luxury. His father, Reza Pahlevi, was an illiterate 6-foot 4-inch officer in the Iranian Army who organized an army putsch in 1921, and set himself up successively as Minister of War, Premier, and finally in 1925 as King. As short on temper as he was on education, Reza Shah wasn't above kicking a mullah in the stomach or lashing a minister with a riding crop to get his way. But he got results—hacking out the trans-Iranian railway with its 4,100 bridges and 54 miles of tunnel, ordering Iran's women to give up their purdah veils, quelling the Kashgai and Bakhtari tribes. At the end of his reign Reza Shah lost himself in the distractions of amassing a personal fortune. But by the time the British exiled him in 1941 for dalliance with the Nazis, he had thrust his reluctant nation into the 20th century.

His son, Mohammed, the present Shah, has done his best to keep it there. Iran's railroad's have been extended by 900 miles, school enrollment has tripled, and under the Shah's 7-year development plan, $1.2 billion (mainly derived from oil revenues) is being spent on irrigation dams and 1,500 miles of road. Yet the Shah spends more on his army—200,000 strong—than he does on national development. And though land reform laws have been on the books for a decade, when the Shah went to Julfa last week, he was still the personal owner of almost half his 700 crown villages (an area totaling 600,000 acres).

There is no doubt of the Shah's good intentions. Talking to a Newsweek editor in his study, he leaned forward over his teacup and said with burning intensity: "Everything I do is for my country. It is a great country which I am proud of. We must make it grow, provide the people with a better life." In pursuance of these good intentions, the Shah works harder than any other monarch. Promptly at 8:30 every morning last week, he swung down the maroon- and purple-carpeted corridor of his summer palace at Saadabad above Teheran, whistled to his dogs, a white bulldog and Haraz, a pony-size black and brown German shepherd, and marched into his ground-floor office.

While gardeners scissored the crimson and pink rose bushes outside, he went over a list of callers with his sparrowlike little Minister of Court, Hussein Ala. Then one by one he received them, waving each to a leather armchair, relaxed and casual in one of his favorite two-button Savile Row suits. Occasionally puffing shah-size Persian cigarettes in an ebony holder tilted roofwards at an F.D.R. angle, he chatted easily, sipped tea with his guests from delicate gold-trimmed glasses.

Poker player: Before lunch he thrashed through a fast game of volleyball with officers of his Imperial Guard. Then after lunch, while his aids dozed, he pulled up a chaise longue in the garden and leafed through a stack of state papers. After a second, less-formal round of evening conferences, he went to his private quarters for a romp with his son, and dinner with his lissome Queen Farah. Evenings, his favorite

relaxation is still bridge or poker, and in both games the Shah bids or bets with happy abandon.

Since Premier Amini took over, the Shah has had more time for playing cards. For as Amini sees it, the Shah's job is to reign—not rule. Amini has nevertheless relied on the Shah's authority in pushing through his "revolution from the top." In 5 short weeks, he has decreed an austerity program to save $50 million by prohibiting imports of 210 items (examples—cigarettes, washing machines, whisky), forbidding junketing by Iran's wealthy, ordering one-course, liquorless meals for all official functions.

The reformer: Interviewed in his spacious green-carpeted office, Amini (dressed in a tan summer suit, gray and maroon tie, and black Italian-style loafers), defined his overall goal as "reform and good health—in every field of national life."

How well is his program going?

"We haven't done badly in a month. The fight against corruption has made a great impression in the country."

What about inflation?

"There we have had the least success so far. We must cut the budget and reduce government construction. But unemployment is a grave danger. And we must find some way of giving satisfaction to the workers. The oilworkers, for instance, have not had a pay increase in 5 years."

Who are your main opponents?

"I understand that Newsweek recently published an article entitled 'Nobody Loves Amini.' Perhaps that analysis is correct. When you cut the budget and take action as we are doing, you can't please everybody. The lower class strongly supports the Shah. So does a greater part of the middle class. The main problem is the intellectuals. We hope in the next few months to make an impression on them."

Old Man Mossy: The "intellectuals" in Iran—a term that extends all the way from oil mechanics to university professors—support, enthusiastically, the hazy but fervent nationalism of Mohammed Mossadegh. Last month, when Amini removed the restrictions on public political rallies, 80,000 of them—the biggest gathering in Iran in more than 7 years—jammed Teheran's Jalalieh polo grounds to cheer for the ancient hero. Now 79, Mossadegh represents one of the main obstacles to Amini's hopeful reform program. Under house arrest in his green-shuttered yellow brick villa at Ahmadabad, 62 miles from Iran, he is cut off from Iran's political life by 80 soldiers who pitch their pup tents (stamped "U.S. Army") in his driveway. But he is still the unchallenged head of the National Front, a coalition of four leftist parties run by a bulky 50-man directorate that spends as much time quarreling with itself as with the Government.

Most observers agree the front would win the largest bloc of seats in any free election to the Iranian Parliament. In office, their program would be extreme. "We'd hang Amini," said one party executive, "and make the Shah a limited monarch like Queen Elizabeth."

Mossadegh and his backers attack Amini as more of the same old thing. His reforms, they say, are little more than window dressing: Only 14 people have actually been jailed for graft, and of the 300 officers Amini promised to retire for corruption in the army, everyone is still in uniform. Iran's big landlords also oppose Amini. They regard him as a traitor to their class.

Iran's Communists, too, charge Amini with being a "phony"—a stooge for the Shah, whose reforms amount to no more than a smokescreen of high-sounding words, behind which the court and its corrupt hangers-on still exert all real power. Such arguments are readily accepted by thousands of Iranians who as yet can see little change in the drudgery of their day-to-day lives.

Faster, faster: The United States is advising the Shah not only to press through his reforms, but to make sure they take effect where it counts—at the grassroots level. Washington is encouraged by Amini's progress but wishes it could be faster—a course which the new U.S. Ambassador, Julius C. Holmes, who presented his credentials last week, undoubtedly will urge. Amini, in return, would like to see a U.S. speedup (the $40 million he asked for last month to help meet Iran's foreign-exchange obligation, still hasn't arrived). "I understand there is a U.S. expression, 'Americans help those who help themselves'," Amini said last week. "So I am sure they will help us. And I hope, eventually, that we will be able to do without outside help."

Having invested more than $1 billion to save Iran for the West, the United States is willing—even anxious—to aid the most promising new Government Iran has had in years. But President Kennedy has made it clear that the United States will no longer finance corrupt and repressive regimes, solely on the ground that they are threatened by communism.

If the Shah and Amini can quickly enlist the support of the people of Iran in their revolution from the top, the United States can be counted on to back it all the way. But if the Shah and his Premier cannot carry their people with them, nothing the United States can do will stave off a revolt from below.

Mr. MORSE. What is the burden of my argument, as I close? The burden of my argument is to recognize that we are making progress in Latin America through the act of Bogotá, as I think we will also through the act of Montevideo. Are we making some progress elsewhere in the world, really, in regard to using our influence and persuasion to get countries, into which we are pouring millions of dollars themselves to do something about raising the standard of living of the masses of their people? I wish I could say, as a member of the Committee on Foreign Relations, that the evidence is overwhelming that we are. However, in my judgment, the evidence does not support that conclusion.

I do not want us to lose out in Latin America. So I would have the Senate keep in mind that the aid program the President is talking about today in the Alliance for Progress involves many steps before ultimate consummation. It requires, first, the granting of congressional authority. That is what this historic debate in Congress on the foreign aid bill is all about. It requires the authorization and appropriation of sums of money which can be used in implementing the program. If our committee has not made this clear—and I am satisfied that we have made it clear, and Senator FULBRIGHT has made a notable contribution in this respect—it should be understood that we have sought to make it clear that this program is going to be primarily a program which will be implemented through and administered by banking institutions and financial institutions, such as the Inter-American Bank and the Export-Import Bank, and that individual projects will be subjected to negotiations between representatives of the Banks and the seeking recipients of the loan. It is at that point of negotiation that terms and conditions and requirements and agreements in regard to changes in internal policy of a given country can be worked out.

Furthermore, some of the funds will be used in the grant-aid program, for schools, clinics, health programs, road improvements and road building and, yes, land reforms and in some instances housing. It is at the point of negotiating for specific amounts for specific programs that again, through diplomatic channels, this subject matter of terms and conditions and reforms and cooperative effort on the part of the recipient country can be worked out by agreement in diplomatic channels.

Therefore the committee cannot—and it should not be asked to or expected to—give to the Senate in this debate any firm commitment as to what any specific condition is going to be before any amount or loan is going to be made.

The President has made it very clear, and eloquently clear, in his last great announcement, and even in his press conference yesterday, as he made it at the time of his major address on the subject, when he announced to the world the Alliance for Progress program, that we expect this program to be worked out at the negotiation level, where the recipient countries are going to agree to bring about some reforms in their countries in respect of these specific projects, to wit, for example, the matter of housing.

We all know the great debate we had in the Senate some weeks ago over interest rates. We know that in the course of that debate it was made clear that it is the plan of the administration in negotiating loans for housing programs in Latin America, for example, to try to work out an understanding in regard to reasonable interest rates. It will be remembered that the attempt was made on the floor of the Senate to freeze the interest rate at 8 percent. Some of us pointed out that in that case we would not be able to build any houses, because that does not happen to be the interest structure of many Latin American countries. We also recognize, of course, that the interest structure of many Latin American countries is usurious. It must be modified downward. But that is negotiable.

So what we are getting from the administration is a firm commitment that it is going to insist that at the negotiating level conditions are going to be agreed to which will give the American people the assurance that their money is going to be put to good work and that the government receiving the money is going to cooperate in such matters as interest rate reform, tax reform and land law reform, as well as the other various reform programs which are really part and parcel of the whole philosophy of the Alliance for Progress program.

At the Montevideo Conference there is bound to be a great deal of discussion, on and off the record, in regard to the position of Cuba, and the future of Cuban relations within the Organization of American States and in the Latin American community. I shall discuss this matter at another time. I have received several telephone calls today in regard to just exactly what I meant by

some of the statements I made on the floor of the Senate yesterday in my colloquy with the Senator from Oklahoma [Mr. KERR] in respect to the Cuban planes which have been brought to the United States.

I hope that at a very early date the State Department will make available to the Foreign Relations Committee a memorandum which will give us all available facts and information concerning the number of Cuban planes, and the types of Cuban planes, as well as the boats, and the ownership of those planes and boats, which have been brought from Cuba to the United States, either by defectors from the Cuban military or defectors in general—escapees or refugees—from Cuba.

That memorandum should specifically answer the Communist propaganda, which is rife in many parts of Latin America, that many of those planes—and the number that appears in the press has varied from 9 to 11; and as to the boats, no one seems to be certain as to how many there were, but in my opinion, not very many; few of them of any particular consequence—were brought to the United States, in some instances, with the assistance of the United States. The charge is that U.S. espionage work, CIA activities, and other U.S. activities in Cuba were of no small assistance in getting the planes and boats to the United States.

I believe the American people are entitled to the facts. I think the facts will simply reveal that to be a kind of Communist propaganda. It does not do us any good to hide our heads over it. I said yesterday, and I repeat tonight, that when I was the U.S. representative at the ninth anniversary of the Puerto Rican Commonwealth a few days ago, a considerable number of Latin American officials talked quite frankly to me. They asked if I were aware that a considerable amount of progress had been made by Castroites in many parts of Latin America by statements to the effect that the United States was making a great deal of noise, as one of the diplomats said, in its protests about U.S. planes being taken to Havana, but that nothing was being said by the United States about its involvement in the taking of Cuban planes to Miami and elsewhere in the United States.

Do not worry about what my position was in those arguments. I, of course, came to the defense of my country. I stated that even if we took their premise, which I did not think was true, there was quite a difference between the taking of a commercial airliner, with free American citizens aboard, and, in effect, kidnaping them by taking them to Havana, with all the danger that was involved, and the violation, in my judgment, of their international law rights, and the defection of some Cuban military personnel from the Cuban military establishment and running away with a Cuban plane and landing it in Miami or elsewhere. I said I thought it was perfectly obvious that the differences were so great that it should not take any argument on my part or on the part of anyone else to show that even if the premises of the Latin Americans were correct, the course of action taken by Cuba could not be justified, to whatever extent the Cuban Government might be involved in assisting in the hijacking of any U.S. planes.

But then the argument was made—and I think the State Department should cover this in the memorandum for which I am asking—that the United States could not justify not impounding these planes and waiting for international procedure to act upon them, rather than to let the planes come under the jurisdiction of the judicial process in the United States and be attached in an ex parte hearing, in settlement for debts which private American citizens and economic interests claim are due them by the Cuban Government. I believe the memorandum ought to clarify that situation, because not only should the American people know, but the people of Latin America are entitled to know—and we had better see to it that they do know—the reasons for the U.S. Government not exercising such powers as it may have—and as some contend it does have—to impound those planes and to hold them, not subject to any court attachment, until the Organization of American States or some other international tribunal could at least attempt to negotiate some settlement between the United States and Cuba in respect to the property rights, property interests, and claims which the two governments have against each other.

That is what I meant in my reply to those who called me today concerning what I said yesterday. I stand on what I said yesterday. I still think that the wise thing for us to do is to make very clear our official position and our official reasons for the position we have taken concerning our handling of the Cuban planes and boats which have been brought to the Unitd States by those who have escaped from Cuba in them. There is no doubt that those who brought them here did not own them. There is doubt that the planes and boats were the property of the Cubans who brought them here. Therefore, we had better be careful that we do not create a false impression in Latin America that we think it is perfectly all right to take advantage of and accept material gained from those who hijack boats and planes out of Cuba.

On the other hand, there is no justification for anyone hijacking planes out of the United States to Cuba. I believe there is no justification. I believe that the two types of cases are not in the same class at all. But I also know that we are having a hard time making that distinction understood in Latin America. I am of the opinion that in some quarters, in connection with the Montevideo Conference, also, we are having a hard time making it clear. That is why I hope that at a very early hour the State Department will issue a memorandum, at least to the Committee on Foreign Relations, although I should like to have a memorandum, so far as possible, which could be made public, too, and which would clear up what I believe is a growing misunderstanding on the part of many persons in Latin America of the U.S. policy concerning planes and boats which have been taken, illegally, no doubt, from Cuba and brought to the United States.

I am sorry, I say to the staff, for keeping them this long. But I have made this speech for the record because I know it is important in some quarters that the record be made.

TRANSACTION OF ADDITIONAL ROUTINE BUSINESS

By unanimous consent, the following additional routine business was transacted:

INDIVIDUAL VIEWS IN OPPOSITION TO CONFIRMATION OF MAJ. GENE HAL WILLIAMS TO THE GRADE OF BRIGADIER GENERAL IN THE ARMY RESERVE (EX. REPT. NO. 8)

Mrs. SMITH of Maine. Mr. President, on behalf of myself, the Senator from New Hampshire [Mr. BRIDGES], the Senator from Nevada [Mr. CANNON], the Senator from South Dakota [Mr. CASE], the Senator from South Carolina [Mr. THURMOND], the Senator from Connecticut [Mr. BUSH], and the Senator from Massachusetts [Mr. SALTONSTALL], I ask unanimous consent to file individual views opposing the nomination of Maj. Gene Hal Williams.

The PRESIDING OFFICER. Without objection, the views will be received and printed.

Mrs. SMITH of Maine. I also ask unanimous consent to have the views printed in the RECORD at this point.

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

The views are as follows:

VIEWS OF SENATORS SMITH OF MAINE, THURMOND, CANNON, BRIDGES, SALTONSTALL, CASE OF SOUTH DAKOTA, AND BUSH IN OPPOSITION TO THE CONFIRMATION OF THE NOMINATION OF MAJ. GENE HAL WILLIAMS TO THE GRADE OF BRIGADIER GENERAL IN THE ARMY RESERVE

The undersigned members of the Senate Committee on Armed Services, without reflecting on the character or integrity of the nominee, are convinced that Maj. Gene Hal Williams does not possess the military qualifications required for the rank of brigadier general in the Army Reserve. Accordingly, we recommend that the nominee not be confirmed by the Senate to this rank.

BACKGROUND INFORMATION

As of January 16, 1961, Major Williams was named State adjutant general of the State of West Virginia, Army National Guard. By virtue of his office of State adjutant general he holds under State law the State rank of brigadier general. His nomination was submitted to the Senate because of the specific provision of law (sec. 3392, title 10, United States Code) which provides in effect that the adjutant general or assistant adjutant general of a State or territory may, upon being extended Federal recognition, be appointed as a Reserve officer of the Army as of the date he is federally recognized.

The matter of Federal recognition of adjutants general is controlled by Army regulations and until July 18, 1961, these rules

can be characterized by the almost complete absence of any qualitative standards for recognition.

Until July 18, 1961, an adjutant general, in order to be federally recognized, was required to have only three qualifications: (1) be under age 64; (2) be physically qualified to hold a Reserve commission; and (3) have been at some time a member of some component of one of the Armed Forces.

REASONS FOR OPPOSING THE NOMINATION

The undersigned have one purpose in opposing this nomination. It is to raise, for this category of personnel, the standards for promotion in the Army Reserve. Because of his very limited background and experience, it is our view that under no reasonable standard could Major Williams be considered qualified for a three-grade promotion to the rank of brigadier general in the Army Reserve. These are the significant facts as of May 1, 1961, when his nomination was received in the Senate:

(a) He had a military status of only 10 years, beginning in January 1951.

(b) His total active military service was only 2 years 8 months 21 days. This service was performed during 1951–53, all in various units located in the United States. A little less than one-half of this active service was in an enlisted status as distinguished from commissioned officer status. At the time of his appointment as State adjutant general he had had no command experience above the company grade of captain.

(c) He had been promoted to major in the Army Reserve only in June of 1960.

(d) With respect to his civilian background he had completed his education only 5 years ago in 1956. Since that time it is our understanding that his civilian positions consisted solely of a clerk to a Federal judge and service as an assistant attorney general for the State of West Virginia.

(e) Major Williams was only 32 years of age. While age alone should not normally be a controlling factor, it is significant in the case of Major Williams, because of his limited background and experience.

No significant changes have occurred in the record of Major Williams since May 1, 1961.

It should be emphasized that this promotion would be a three-grade promotion from major to brigadier general.

NO INTERFERENCE WITH STATE RANK

It should be emphasized that the undersigned oppose only Major Williams' nomination in the Army Reserve, which should be determined solely by Federal standards. No attempt is being made to infringe in any way on the prerogatives of the Governors, who should continue to have the right to accord, under State law, whatever State rank they wish to confer on their adjutants general as officers of the Governor. In most States the State rank of major general is authorized. In at least one State, however, it is understood that upon retirement the adjutant general is accorded the honorary rank of lieutenant general in a State status. The States, under their own State laws, can provide such a State rank as they choose to authorize, even to the extent of a 4- or 5-star rank for their State adjutants general.

At the same time, in establishing standards for appointment in the Army Reserve, which is strictly a Federal component, there should be minimum Federal standards consistent with the requirements which apply to other Reserve and National Guard officers. It is realized that the adjutant general upon leaving office reverts to the rank held immediately prior to his appointment. At the same time, while in office he is eligible for Federal training duty pay based upon the Federal rank he holds as adjutant general. Moreover, if he becomes qualified for retirement pay, such pay is based upon the Federal rank he held as adjutant general.

DEPARTMENT OF DEFENSE POSITION

On July 18, 1961, the Department of Defense wrote to the chairman of the Senate Armed Services Committee advising that the standards for recognizing adjutants general would be raised considerably. In the future, with one exception, an adjutant general, in order to receive a Reserve appointment, must meet the same standards as other National Guard officers and members of the Reserve. They would have to be fully qualified to hold the grade in terms of education and background, total service, and other requirements applicable to Reserve officers. The one exception would be that if an officer were in the grade of colonel he could be advanced two grades to major general, if he was appointed to major general under State law; otherwise, promotions could be only one grade at a time.

The departmental letter was in response to a communication from Senator SMITH requesting Department of Defense comment on the nomination of Major Williams and the desirability of reexamining the present policy of almost automatically appointing adjutants general to the same rank in the Army Reserve as they hold under State law.

The departmental letter further recommends, however, that the new standards not be applied to the pending list of National Guard nominations. We welcome the new rules which the Army and Air Force will apply in the future to National Guard nominees. At the same time we certainly oppose the departmental position that the Senate is precluded from examining the qualifications of any of the nominees on the pending list.

The test should be whether any nominee under any reasonable standard possesses the qualifications to hold the Reserve rank to which he is nominated. The Senate could use such a standard whether or not the Department of Defense changed its rules for the future.

Application of this qualification standard to Nominee Williams would not set any new precedent, for, as a matter of fact, in recent years the Senate Committee on Armed Services has used such a standard in withholding approval of 12 nominations, including 1 in the National Guard.

For the reasons we have already cited, we do not believe that Major Williams by any test could be found qualified to hold the rank of brigadier general in the Army Reserve.

Distinction of two other names on the list

We realize that there are two names on the list as reported who under the new rules would not be eligible for promotion. Those are Lieutenant Colonel Anderson and Lieutenant Colonel Moeglein, both nominated to be brigadier general. They would be precluded because of the rule against more than one-grade promotions except for colonels.

We would like to point out, however, that both of these nominees are in a different category from Major Williams in terms of background and experience. Lieutenant Colonel Moeglein, who is 48 years old, has possessed a military status for over 23 years and has had extensive active service both during World War II and Korea. He was promoted to the rank of major in 1942 and to lieutenant colonel in 1953.

Lieutenant Colonel Anderson, who is 41 years old, has had a military status for 19 years and had extensive active duty during World War II. He became a major in 1943 and a lieutenant colonel in 1957.

While we do not like a two-grade promotion for these officers, their background and experience places them in a completely different category from that of Major Williams. We think the Senate would be justified in view of these factors to approve of their nominations, and at the same time reject that of Major Williams.

Different rule for assistant adjutants general

We would like to observe that for some years the Army in its regulations has required assistant adjutants general to be fully qualified and, therefore, meet the same promotion standards for Federal recognition that are applied to other guardsmen and reservists. This rule existed upon the premise that if the adjutant general did not have to qualify under the normal rules, the assistant adjutant general should at least meet all of the Reserve qualifications. We might also add that with respect to the new rules, it is our understanding that for a number of years efforts to upgrade the standards for Federal recognition had been unsuccessful. Until Senator SMITH's letter raised this issue, there was no success in overcoming the general opposition.

PREMISE FOR OPPOSITION

It is our deep conviction that the security of our country demands the highest qualification requirements in the selection of military leaders of all components, particularly those chosen for general officer rank. It is on this premise that we oppose this nomination.

STYLES BRIDGES.
HOWARD W. CANNON.
FRANCIS CASE.
STROM THURMOND.
MARGARET CHASE SMITH.
PRESCOTT BUSH.
LEVERETT SALTONSTALL.

ACT FOR INTERNATIONAL DEVELOPMENT OF 1961—AMENDMENTS

Mr. ELLENDER submitted amendments, intended to be proposed by him, to the bill (S. 1983) to promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic and social development and internal and external security, and for other purposes, which were ordered to lie on the table and to be printed.

Mr. BRIDGES submitted amendments, intended to be proposed by him, to Senate bill 1983, supra, which were ordered to lie on the table and to be printed.

Mr. SALTONSTALL (for himself, Mr. KEATING, Mr. BUSH, Mr. DODD, and Mr. SCOTT) proposed an amendment to Senate bill 1983, supra, which was ordered to be printed.

USE OF MANPOWER RESOURCES—AMENDMENT

Mr. JAVITS. Mr. President, I submit an amendment to the Manpower Development and Training Act of 1961 (S. 1991), to authorize the National Advisory Committee which would be established under this act to encourage and assist in the organization on a plant, community, regional or industry basis of labor-management-public committees. Such local committees would provide the local initiative which is essential for the success of the manpower development and training program and also for achieving an increase in the rate of productivity growth in the United States.

The problem of manpower utilization in an age of rapid technological change is a vital part of the economic and social challenge our Nation faces. This challenge must be met through a mobilization of all our resources in a national productivity drive which will enable us to maintain our competitiveness in in-

ternational markets and increase our economic power in the face of the growing threat of Soviet imperialism. This challenge must be met in the American way which calls upon the voluntary cooperation of individuals to work out solutions to problems with which they are directly concerned. Labor and management and the public must be drawn together on the local level where there are the roots of the national strength. Indeed, a National Advisory Committee can serve a useful function by providing broad guidelines for action, by stating national needs, and by supplying coordination and information. A National Advisory Committee cannot adequately come to grips with the local variations of national problems and it cannot act for those whose everyday involvement in production determines the actual shape of the national economy.

For this reason I have introduced bills in the last Congress and this year for the encouragement of grassroots productivity councils. Such local groups, of which there were some 5,000 during the Second World War, now exist in certain industries or in some individual firms and communities. But they work in isolation and more often than not their work is swallowed up by the unemployment problem and by the sweeping effects of technological changes.

Mr. President, I believe that the substantive aims of the Manpower Development and Training Act give us a unique opportunity to plant the seeds of local cooperation throughout the country. The work of plant, community, regional, and industry councils in implementing the purposes of this act is bound to reach over into the other aspects of the larger productivity issue. The important thing is to get these people started on a common working relationship built around a substantive issue of common interest. I believe that my amendment will serve toward this end.

Mr. President, I submit the amendment, and ask that it be printed and lie on the table, and that it be printed in the RECORD.

The PRESIDING OFFICER. The amendment will be received, printed, and will lie on the table; and, without objection, the amendment will be printed in the RECORD.

The amendment was ordered to lie on the table, as follows:

On page 29, line 2, after "SEC. 205.", insert "(a)".

On page 29, after line 12, insert the following:

"(b) The National Advisory Committee shall encourage and assist in the organization on a plant, community, regional, or industry basis of labor-management-public committees and similar groups designed to further the purposes of this Act and may provide assistance to such groups, as well as existing groups organized for similar purposes, in effectuating such purposes.

"(c) The National Advisory Committee may accept gifts or bequests, either for carrying out specific programs which it deems desirable or for its general activities."

ADJOURNMENT TO MONDAY, AT 11 A.M.

Mr. MORSE. Mr. President, unless the Senator from Nebraska [Mr. HRUSKA] has some item to submit at this time, I now move, in accordance with the order previously entered, that the Senate adjourn until Monday, at 11 a.m.

The motion was agreed to; and (at 9 o'clock and 1 minute p.m.) the Senate adjourned, under the order previously entered, until Monday, August 14, 1961, at 11 a.m.

NOMINATIONS

Executive nominations received by the Senate August 11, 1961:

DEPARTMENT OF LABOR

Mrs. Esther Peterson, of Virginia, to be an Assistant Secretary of Labor. (New position.)

U.S. MARSHAL

William H. Terrill, of Colorado, to be U.S. marshal for the district of Colorado for the term of 4 years, vice Tom O. Kimball.

IN THE NAVY

Capt. Levering Smith, O71497/1450, U.S. Navy, for temporary promotion to the rank of rear admiral while serving as Technical Director, Special Projects Office, Department of the Navy.

CONFIRMATIONS

Executive nominations confirmed by the Senate August 11, 1961:

U.S. MARSHAL

George A. Bukovatz, of Montana, to be U.S. marshal for the district of Montana for the term of 4 years.

DEPARTMENT OF THE ARMY

Finn J. Larsen, of Minnesota, to be Assistant Secretary of the Army.

ARMY NATIONAL GUARD

To be major general

Brig. Gen. Thomas Patrick Carroll, O1321152, Army National Guard of the United States, for promotion to the grade indicated as a Reserve commissioned officer of the Army, under the provisions of title 10, United States Code, section 3392.

The officers named herein for appointment as Reserve commissioned officers of the Army, in the Adjutant General's Corps, Army National Guard of the United States, under the provisions of title 10, United States Code, section 3392:

To be major generals

Col. Thomas Joseph Donnelly, O384942.
Col. Roderic Lee Hill, O416963.
Col. Leonard Holland, O1289581.
Col. Van Daley Nunally, Jr., O1167144.

To be brigadier generals

Lt. Col. John Samuel Anderson, O1283632.
Lt. Col. Chester James Moeglein, O384958.

IN THE AIR FORCE

The officers named herein for appointment as Reserve commissioned officers in the U.S. Air Force under the provisions of section 8392, title 10, United States Code:

To be brigadier generals

Col. Roy E. Cooper, AO2065909, Wyoming Air National Guard.

Col. William J. Payne, AO362656, North Carolina Air National Guard.

Col. Richard B. Spear, AO795661, Vermont Air National Guard.

Col. Robert J. Martell, AO11168357, California Air National Guard.

The nominations beginning Ben M. Adams, to be colonel in the Regular Air Force, and ending Albert L. Cutress, to be colonel in the Regular Air Force, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD on July 31, 1961.

EXTENSIONS OF REMARKS

Youth Conservation Corps

EXTENSION OF REMARKS

OF

HON. LEE METCALF

OF MONTANA

IN THE SENATE OF THE UNITED STATES

Friday, August 11, 1961

Mr. METCALF. Mr. President, some of the most telling arguments for S. 404, the Youth Conservation Corps bill reported from the Labor and Public Welfare Committee, come from men who served in the old Civilian Conservation Corps.

The August 1961 issue of the American Legion magazine carries my article in favor of the bill. Its publication prompted the chairman of the Veterans Advisory Commission in Philadelphia, Mr. William J. Lederer, who serves also as secretary of the board of directors of the Crime Prevention Association of Philadelphia, to write me concerning his experience in the CCC's in Montana.

Mr. Lederer concludes, from his background of military, veteran, and civic experience, that "reestablishment of the Civilian Conservation Corps is one of the most important programs needed to safeguard the internal strength of the United States."

And I was proud to read his statement that "the people at Malta, Mont., invited most of the members of my camp into their homes and treated us like their own sons."

Mr. President, I ask unanimous consent to insert in the CONGRESSIONAL RECORD the article and letter.

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

SHOULD CONGRESS REVIVE THE CIVILIAN CONSERVATION CORPS?

(By Senator METCALF, Democrat, of Montana)

Twenty-eight years ago, President Franklin D. Roosevelt started what was to become one of the most successful projects of the New Deal. That was the Civilian Conservation Corps, the CCC.

The theory was simple: We had a lot of young men out of work, outdoor work was good for them, there was a lot of outdoor work to be done, so let's get these boys into the woods.

I recall the concern in my native Bitterroot Valley in western Montana when these young men, many of them from city slums, arrived. The fears were quickly laid to rest. They developed character and confidence

as they planted trees and grass, built recreation facilities, bridges and fire towers, strung telephone lines, cut trails and fire lanes.

Last year the Western News in Hamilton checked on the present whereabouts of those CCC boys who came to this Montana camp. Several have responsible positions with the Forest Service. One is a senior editor of Time, one a bank president, another our State prison warden. Many of the rest have made their mark in law, teaching and in the community they came to love and adopted as their own. Another CCC camp alumnus is Congressman JOHN BLATNIK, of Minnesota, who deserves the Nation's thanks for his brilliant, continuing leadership in water pollution abatement.

The proposed Youth Conservation Corps, like the CCC, has the twofold purpose of providing healthful training and employment for young men and accelerating needed conservation programs. There would be a corps of eventually 150,000 young men, supervised by conservationists. Pay would be modest, the period of enrollment 6 months. The bill (S. 404) as introduced by Senator HUMPHREY is identical to the bill approved by the Senate last year. It is before the Senate Labor and Public Welfare Committee.

Our Nation now has, similar to the time when the CCC was established, much work to be done in fields and forests, and young men in need of jobs. I say let us get on with the unfinished business of conservation of our natural resources and, in so doing, develop and conserve the greatest resource of all, our youngsters.

VETERANS ADVISORY COMMISSION,
Philadelphia, Pa., August 8, 1961.

Hon. LEE METCALF,
U.S. Senator from Montana,
Washington, D.C.

DEAR SENATOR: After reading your comments in the August 1961 American Legion magazine, I decided to write this letter.

During 1941 I served as a member of a CCC camp located at Malta, Mont., and I can tell you that my military and veteran's experience leads me to conclude that the reestablishment of the Civilian Conservation Corps is one of the most important programs needed to safeguard the internal strength of the United States.

As secretary of the board of directors of the Crime Prevention Association of Philadelphia, I review hundreds of cases annually concerning teenagers whose acts of delinquency and crime have destroyed their lives and caused untold damage to the welfare of citizens along with great destruction to property.

I know that a CCC program would not only provide an opportunity for most of these young men to receive an opportunity for a constructive life but would also provide for them discipline and the spiritual values which are absent to most of their environmental backgrounds.

There are many former members of the Civilian Conservation Corps who are willing to volunteer our time and resources to assist in the establishment of this program. I also know that some of our finest fighters during World War II owe their training to their tenure in the CCC camp.

Incidentally, the people at Malta, Mont., invited most of the members of my camp into their homes and treated us like their own sons.

I believe your views express the thoughts of most of the former members of the CCC program.

Wishing you continued success, I am,
Respectfully,

WILLIAM J. LEDERER,
Chairman, Veterans Advisory Commission.

SENATE

MONDAY, AUGUST 14, 1961

The Senate met at 11 o'clock a.m., and was called to order by the Vice President.

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

God of all grace and glory, whose mercy is like the wideness of the sea, Thou hast set us in a world of unfolding wonder and beauty. May the cares of this world never hide from our hearts the joy to be found in the loveliness of nature, in the strength of friendship, the conquest of difficulty, and in the compensations of selfless service.

In all our dealings with those who walk and toil by our side and who are tempted even as we, may we say to them, and of them to others, the generous things which would be upon our lips if they were here no more. Preserve us from false judgment. Help us to judge others as we would be judged, to serve as we would be served, to understand as we would be understood.

When the shadows fall and evening comes, give us the supreme satisfaction that we have given our best to every task and that we have faced every duty without bitterness, with charity for all and malice toward none.

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 Friday, August 11, 1961, was dispensed with.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Miller, one of his secretaries.

REPORT ON ACTIVITIES UNDER PUBLIC LAW 480, 83D CONGRESS—MESSAGE FROM THE PRESIDENT (H. DOC. NO. 223)

The VICE PRESIDENT laid before the Senate the following message from the President of the United States, which, with the accompanying report, was referred to the Committee on Agriculture and Forestry:

To the Congress of the United States:

I am transmitting herewith the 14th semiannual report on activities carried on under Public Law 480, 83d Congress, as amended, outlining operations under the act during the period January 1 through June 30, 1961.

JOHN F. KENNEDY.

THE WHITE HOUSE, *August 14, 1961.*

EXECUTIVE MESSAGE REFERRED

As in executive session, the Vice President laid before the Senate a message from the President of the United States submitting the nomination of James E. Luckie, of Georgia, to be U.S. marshal for the southern district of Georgia, which was referred to the Committee on the Judiciary.

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 VICE PRESIDENT. Without objection, it is so ordered.

COMMITTEE MEETINGS DURING SENATE SESSION

On request of Mr. MANSFIELD, and by unanimous consent, the Committee on Interior and Insular Affairs, the Subcommittee on Internal Security of the Committee on the Judiciary, and the Subcommittee on the Judiciary of the Committee on the District of Columbia were authorized to meet during the session of the Senate today.

EXECUTIVE COMMUNICATIONS, ETC.

The VICE PRESIDENT laid before the Senate the following letters, which were referred as indicated:

PUBLICATION OF NOTICE OF PROPOSED DISPOSITION OF CERTAIN MAGNESIUM OXIDES AND CARBONATES

A letter from the Administrator, General Services Administration, Washington, D.C., transmitting, pursuant to law, a copy of a notice to be published in the Federal Register of a proposed disposition of approximately 20,000 pounds of magnesium oxides and carbonates now held in the national stockpile (with an accompanying paper); to the Committee on Armed Services.

REPORT ON ACTIVITIES UNDER MERCHANT SHIP SALES ACT OF 1946

A letter from the Secretary of Commerce, transmitting, pursuant to law, a report of the Maritime Administration on the activities and transactions under the Merchant Ship Sales Act of 1946, from April 1, 1961, through June 30, 1961 (with an accompanying report); to the Committee on Commerce.

REPORT ON TORT CLAIMS PAID BY OFFICE OF CIVIL AND DEFENSE MOBILIZATION

A letter from the Director, Office of Civil and Defense Mobilization, Executive Office of the President, reporting, pursuant to law, on tort claims by that Office, during the fiscal year 1961; to the Committee on the Judiciary.

ACCEPTANCE OF GIFT MADE TO THE UNITED STATES BY WILL OF ESTHER CATTELL SCHMITT

A letter from the Acting Attorney General, transmitting a draft of proposed legislation to authorize acceptance of the gift made to the United States by the will of Esther Cattell Schmitt (with accompanying papers); to the Committee on the Judiciary.

TEMPORARY ADMISSION INTO THE UNITED STATES OF CERTAIN ALIENS

A letter from the Commissioner, Immigration and Naturalization Service, Department