rug in the great debate which will inevitably result from the administration's request.

Our major objection to the program as discussed to date is that it tends to focus public attention on only one problem among the many related problems which confront the United States in the task of forging closer unity among the industrialized nations of the free world.

The questions we have raised outline some of these problems, among which we would underscore the following for which solutions deserve higher and more urgent priorities:

1. The need for vigorous action by the United States toward formation of a new alliance of free nations outside the framework of the United Nations.

2. The need for a more equitable sharing of the burdens of the common defense against Communist imperialism.

3. The present lack of a unified free nations policy respecting trade with the Soviet Union, Communist China and the Communist satellite nations.

4. The persistent and dangerous deficit in the U.S. balance of payments.

5. Rigid protectionism by the United States and Western Europe in agriculture and energy resources.

6. The need for Western Europe to accept a greater share of the increasing industrial output of Japan and other lowest-wage countries.

7. The need for the United States and Western Europe to agree on the provision of adequate markets for the products of the developing nations of Latin America and Africa.

8. The need for improvement in the competitive position of American industry in world markets.

There are other problems, notably that of preserving industries and industrial skills which are essential to the national defense and whether, and to what extent, subsidies are necessary for this purpose, as in the case of the merchant marine. This vital question received little attention in the subcommittee's hearings.

We believe that instead of myopic concentration on the limited field of tariffs on industrial goods, the administration should broaden its vision to encompass the whole wide range of problems which must be resolved before the industrialized free nations can more effectively pool their resources to insure victory in the cold war.

Again, we urge the administration to take dynamic and vigorous action toward the formation of a new alliance of free nations in which these problems can be considered in proper perspective and steps taken toward a more equitable and widespread sharing of the burdens of the common defense against Communist imperialism. In such action, we believe, lies the ultimate triumph of freedom in the cold war.

SENATE

TUESDAY, JANUARY 23, 1962

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

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

Our Father, God, again in Thy great mercy the white scroll of a new page unfolds before us. We pray that this day our record may be kept unstained by any word or act unworthy of our best.

Once more a seat in this Chamber to which nevermore will return the one who has so faithfully occupied it reminds us with a new urgency of how short and uncertain is our stewardship of the Nation's weal. We thank Thee for public servants of the character and caliber of Andrew Schoeppel, who has served his State and his Nation with selfless dedication and unsullied integrity. We ask for the consolation of Thy sustaining strength upon the dear companion of the years, as the one is taken and the other left.

Leaving an enduring record of public devotion and the benediction of a noble character, now that for our colleague the busy world is hushed, vouchsafe to him, O Lord, light and peace and joy in the life everlasting. Amen.

THE JOURNAL

On request of Mr. MANSFIELD, and by unanimous consent, the reading of the Journal of the proceedings of Monday, January 22, 1962, was dispensed with.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States submitting nominations were communicated to the Senate by Mr. Miller, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session,

The VICE PRESIDENT laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

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

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, communicated to the Senate the resolutions of the House adopted as a tribute to the memory of Hon. Andrew F. Schoeppel, late a Senator from the State of Kansas.

COMMITTEE MEETING DURING SENATE SESSION

On request of Mr. MANSFIELD, and by unanimous consent, the Internal Security Subcommittee of the Committee on the Judiciary was authorized to sit during the session of the Senate today.

ORDER OF BUSINESS

Mr. MANSFIELD. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator from Montana will state it.

Mr. MANSFIELD. Is it the understanding of the Chair that the time limitation is in effect as of now?

The VICE PRESIDENT. That is correct.

Mr. MANSFIELD. I ask unanimous consent that without application of the time limitation, the Senator from Kansas [Mr. CARLSON] be recognized at this time.

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

EXPENSES OF COMMITTEE TO ATTEND FUNERAL OF THE LATE SENATOR SCHOEPPEL

Mr. CARLSON. Mr. President, I submit a resolution for which I request immediate consideration.

The VICE PRESIDENT. The resolution will be read.

The resolution (S. Res. 272) was read, considered, and agreed to, as follows:

Resolved, That the Secretary of the Senate is hereby authorized and directed to pay from the contingent fund of the Senate the actual and necessary expenses incurred by the committee appointed to arrange for and attend the funeral of the Honorable Andrew F. Schoeppel, late a Senator from the State of Kansas, on vouchers to be approved by the chairman of the Committee on Rules and Administration.

FORTY-FOURTH ANNIVERSARY OF THE INDEPENDENCE OF THE UKRAINE

Mr. DIRKSEN. Mr. President, notwithstanding the application of the time limitation under the unanimous-consent agreement, I ask unanimous consent that at this time I may proceed to address the Senate for 3 minutes.

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

Mr. DIRKSEN. Mr. President, January 22, 1962, marked the 44th anniversary of the proclamation issued by the National Council at Kiev, declaring the Ukraine to be a free and independent Republic. But the people of Ukraine had a very short time to rejoice in their newfound freedom, for in 1920 Communist Russia brutally subjugated the people of Ukraine, and have contained and tormented them within the Iron Curtain since that time. The Ukraine territory now under domination of the Soviet Union is a much larger territory than that of many of the free nations of the world. The people are farmers, and the territory is known as the breadbasket of the Iron Curtain. Like many other wonderful people in Europe and Asia under the domination of communism, the Ukraine people have lived under the darkest hours in the history of mankind because of the great crimes and brutalities created against them during the era of Stalin, and continuing up to now by his successors. If the crops had gone bad, untold brutalities would have been perpetrated against these people. This is only one of the many examples of the great suffering that prevails. However, the Ukraine people never gave up their

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hope of freedom. Just like the peoples in other captive nations behind the Iron Curtain—Czechoslovakia, Hungary, Yugoslavia, Albania, Lithuania, Latvia, Estonia, Poland, to name a few—the Ukraine people dream of the day when freedom will again come to them. It is these dreams of freedom that motivate these peoples behind the Iron Curtain and give them the determination to move forward toward freedom.

Mr. President, there have been initiated in the Congress numerous resolutions pertaining to the designation of a Captive Nations Week honoring those who have shown dedication to the peoples behind the Iron Curtain, that they may some day become free; and one of these resolutions became law—Public Law 86-749. It authorized a Shevchenko statue, in honor of the great hero of the Ukrainian people. The Congress of the United States also issued House Document No. 445, "Europe's Freedom Fighter," which powerfully counteracts the Communist distortions about bourgeois nationalism in Ukraine and other captive non-Russian nations in the "Union of Soviet Slave Regions."

Even in the face of the action taken by the Congress of the United States to highlight the grim determination of these captive peoples to become free, the Communist leaders have been stretching their sphere of influence into southeast Asia, into Africa, and to the island of Cuba, 90 miles away from the southern tip of the Florida shore, which also penetrates across the Gulf of Mexico; and there is always that constant threat of Communist influence reaching the countries in South America and other countries south of our borders.

Mr. President, we should be ready at every possible opportunity to show to the world the false philosophy of the Communists, who take the initiative on the colonialism issue, when mountains of evidence sustain the undisputable fact of Russian imperialism and colonialism both within and without the Soviet Union.

If the free nations throughout the world would only apprise themselves of the false designs that communism has toward their nations, then they would be less prone to listen and be taken in by the promises of communism.

Father Bohdan S. Zelechiwsky, Ukrainian Orthodox Church of the United States of America, South Bound Brook, N.J., offered the prayer in the Senate on January 22, 1962, and I join him in his plea:

> Father of all nations, we pray to Thee that the Ukrainian Nation and all other nations in captivity may soon have a new birth of freedom, that they may take their rightful place among the free nations of the world, under the spreading canopy of Thy universal love and care.

Mr. President, just as a personal observation, I believe that in the city of Chicago there probably reside between 30,000 and 40,000 Ukrainian people. Never have I encountered finer citizens, never have I seen a more redoubtable people, never have I seen a people who take better care of their educational and their religious needs with the building of schools and churches, and without resort to any public funds, than the Ukrainian people, courageous and independent; and no people has a greater devotion to the cause of freedom.

I recall that on one occasion, when I addressed their annual picnic and sought to interpret their flag—gold and yellow, like the wheatfields of the Ukraine under an azure sky—never have I seen a greater emotional response in all my life. I salute them; and I join them in the hope that one day they, too, will retrieve their freedom.

Mr. SCOTT. Mr. President, January 22 was the 44th anniversary of the independence of Ukraine. This year, more than ever before, we in the United States must proclaim our continuing hope that the Ukrainian people will again be free.

The Ukrainian people proclaimed their independence on January 22, 1918, after a long struggle that began in the mid-17th century when the Ukrainians were brought under Russian rule. But by 1920 Red army troops, in a pattern that was to be repeated time and again throughout much of Europe and Asia, crushed the new republic and brought the people under Communist rule. For more than four decades they have been held down by heartless overlords who have conducted reigns of terror and oppression that are almost without parallel in human history.

Each year people in the free world have called attention to this oppression and expressed their sympathy for the people of the Ukraine. In recent years these expressions have brought more and more violent replies from the Russians. We have good reason to believe that our constant reference to this tyranny has had its effect.

Today the monolithic Communist empire is giving every evidence of cracking. Not only are the Soviets and Red Chinese engaged in a bitter ideological debate, but national leaders within many of the Communist nations seem to be coming more restive under the rule of the Kremlin.

So we must say again that we in the United States do not recognize the oppression of once free people who are now captives. We must declare with new vigor that there may come a day when these men and women will regain their national sovereignty. And we can say that the day may be closer than anyone realizes when these people may rejoin the family of free nations.

Mr. BUSH. Mr. President, an anniversary was celebrated yesterday that should receive the attention of all men and all governments, especially those of the so-called neutrals which court the favor of the Soviet Union or the Chinese Communist Republic.

The occasion is the 44th anniversary of the proclamation by the National Council of Kiev declaring the Ukraine to be a free and independent republic. The span of freedom enjoyed by the people of the Ukraine was only 2 years and terminated tragically in 1920 with the complete domination of that nation of about 40 million persons by the ruthless Bolsheviks of Russia.

We must remember that the people of the Ukraine are different than the Russians ethnically, they have a separate and distinct social and cultural heritage, and a distinct religious adherence. They had, in 1918, all the attributes of a separate people and they had the resources and the talent to be one of the great independent nations of the world.

These facts did not stop the Bolsheviks, however. They suppressed the Ukrainian people and proceeded to force them into the Marxist mold. This was done in such a brutal manner, under the direction of Lenin and Stalin, that almost 5 million people in the Ukraine reportedly died in the forced famines and over 2,400,000 Ukrainians were forcibly removed from their homeland to other parts of the Soviet Union.

Khrushchev himself has described in part the mass murders and other crimes of Stalin. Left to be described are the crimes of Khrushchev himself in the long series of events that led to his advancement to the Premiership of the Soviet Union.

The record of the years since the Bolshevik revolution should serve first, in the context of this statement, as a tribute to the brave people of the Ukraine who have never lost hope for regaining independence, and secondly, as a reminder to those nations, especially the new nations, that in toying with the Communists and their philosophy they too may be engulfed as was the Ukraine and the other captive nations.

We join with the millions of Americans of Ukrainian descent and freedom-loving people everywhere in expressing the hope that the future will see the Ukraine once again free among the family of nations.

Mr. KEATING. Mr. President, yesterday, January 22, marked the glorious and sorrowful anniversary of Ukrainian independence. Forty-four years ago the Ukrainian National Republic came into being. The glorious anniversary of that event was made a sorrowful occasion when the Ukraine was crushed by Soviet military power.

The Ukraine and its people have a long and deep history, a history of glory and tragedy. The glory shines steadily from the aspiration and efforts for national freedom. The tragedy arises from the constant presence and pressure of an autocratic Russian neighbor. The immediate factor which permitted Ukrainians to declare their national independence in 1918 was the slackening of pressure from the Russians, disrupted and weakened by war and revolution. Unfortunately for the Ukraine and for all of us, the Communist regime of Russia soon recovered its military strength and retained the aggressive dream of empire of its czarist forebears. The Ukraine was one of the first to suffer in a process which now has become only too familiar in other parts of the world.

The cause for sorrow on this anniversary of the Ukraine is that those within the country cannot join their fellows outside in free celebration. But this sorrow need not be permanent. For if the long course of Ukraine history has brought much tragedy and sorrow, it

has also proven the enduring aspiration and will of men, and of Ukrainians in particular, to be free and to be masters of their own destiny.

Mr. YOUNG of North Dakota. Mr. President, freedom-loving people everywhere yesterday celebrated the 44th anniversary of the independence of the Ukrainian National Republic. Although these gallant people maintained their Republic for only 2 years before being overrun by Soviet Russia, the ideals represented by their struggle live on as a source of courage and inspiration to countless unfortunate individuals presently enslaved behind the Iron Curtain.

The president of the North Dakota State Branch of the Ukrainian Congress Committee of America is my longstanding friend, Dr. Anthony Zukowsky, of Steele, N. Dak. The organization he represents includes many outstanding Americans of Ukrainian descent. These citizens have always given forceful expression to the rights of national self-determination as opposed to Communist totalitarianism. As part of the observance of this anniversary, the North Dakota Branch of the Ukrainian Congress Committee of America issued a press release for use by news media in my State. Mr. President, I ask unanimous consent that this statement be printed in the RECORD as part of my remarks.

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

UKRAINIAN INDEPENDENCE DAY

On January 22, 1962, it will be 44 years since a free and independent state of the Ukrainian people was established, which was on January 22, 1918, in Kiev, the capital of the Ukraine.

On January 22, 1918, a free and democratically elected parliament and government issued a solemn act and proclamation of the reestablishment of the Ukraine as a sovereign independent nation, called the Ukrainian National Republic.

On this occasion we would like to recall that on November 25, 1961, the Honorable Adlai E. Stevenson, U.S. representative to the United Nations, addressed the U.N. General Assembly, in which he expressed the views of the U.S. delegation on the Soviet memorandum regarding colonialism and imperialism, and it was one of the finest and best U.S. presentations in the United Nations yet on Russian Communist colonialism in the U.S.S.R. Mr. Stevenson said that the Soviet Union has been waging a war on colonialism in the U.N., but only against the so-called Western colonialism, while, in fact, Mr. Stevenson contended, the U.S.S.R. today is the greatest empire in the world where millions of enslaved people are denied the right of self-determination and independence. Citing a declaration of rights issued by the Russian Bolsheviks in 1917, which proclaimed "the right of the nations of Russia to free self-determination, including the right to secede and form independent states," Mr. Stevenson stated:

"How did this right work in practice? An independent Ukrainian Republic was recognized by the Bolsheviks in 1917, but in 1917 they established a rival Republic in Kharkov. In July 1923, with the help of the Red army, a Ukrainian Soviet Socialist Republic was established and incorporated into the U.S.S.R."

We recall these pronouncements on Ukraine by the highest U.S. official at this time as this month Ukrainians in the free world will observe the 44th anniversary of the proclamation of independence of the Ukrainian National Republic.

The young and democratic Ukrainian State was recognized by a number of governments, including the Soviet Russian Government, and it endeavored to pursue its own free course in harmony and peace with other nations. But Communist Russia began a war of aggression against Ukraine, despite the fact that it officially recognized the independence of Ukraine and pledged itself to respect the sovereignty of the Ukrainian nation. For almost 4 years the Ukrainian nation gallantly defended its newly established state, but, deprived of military, economic, and diplomatic support by the Western nations, it succumbed to the superior military forces of Communist Russia. By the end of 1920, Ukraine was occupied by Russian Communist troops which helped to establish a puppet Communist regime, which eventually proclaimed itself a Ukrainian Soviet Socialist Republic and, in 1923, it was made a part of the Soviet Union.

But the Ukrainian people have never accepted the Communist yoke imposed upon them by Moscow and have continued to fight for their liberation. In the past four decades the Ukrainians have given ample proof of their love of freedom and their desire for genuine independence. Russian Communist persecution and oppression of Ukraine has evoked worldwide protests and indignation. We recall that during the 1960 session of the U.N. General Assembly a number of Western statesmen, including Hon. John G. Diefenbaker, Prime Minister of Canada, raised their voices in protest against the oppression and enslavement of the Ukrainian nation by Communist Russia. Both the U.S. Congress and the President of the United States of America have recognized the plight of the Ukrainian people by respectively enacting and signing the Captive Nations Week resolution, which listed Ukraine as one of the captive nations enslaved by the Soviet Union.

Today, the Ukrainian people everywhere are celebrating the memorable date of January 22, 1918, as their greatest national holiday. The Russian puppets who pose as a Ukrainian Soviet Government in Kiev are neither representatives of the Ukrainian people nor the Ukranian patriots. The true Ukrainian Government exists to this very day in exile, while millions of Ukrainian patriots are either in the underground resistance, exiled in Siberia or genocided en masse by the Russians.

But there is a lesson to be drawn from this Ukrainian Independence anniversary. The West has played an ignominious role by blindly rejecting all the Ukrainian pleas for help. Instead, it supported anachronistic and antidemocratic Russian generals and admirals who aimed to restore what could never be restored; czarist despotism. Instead of giving tangible assistance to the Ukrainians and other non-Russian nations, which alone were fighting the Bolsheviks, the West procrastinated.

Today, after 44 years of unrelenting struggle against Moscow, the Ukrainians have made much progress, and their cause is known in the world as never before.

The cause of Ukrainian freedom and independence is no longer a patiotic desire of the Ukrainians. It has become a political necessity for a free world, since independent Ukraine means a substantial weakening of the Soviet Communist empire, and therefore the permanent Soviet threat which hangs over an intimidated humanity.

Americans of Ukrainian descent in the State of North Dakota are planning to celebrate the forthcoming 44th anniversary of Ukraine independence on January 22, 1962 in Wilton and Belfield, in a fitting and appropriate manner. And since the United States of America remains a true citadel of freedom and a hope for oppressed peoples everywhere, the 44th anniversary of Ukrainian independence provides a proper occasion for the people of the United States to demonstrate their sympathy with and understanding of the aspirations of the Ukrainian nation to freedom and independence.

Mr. HART. Mr. President, on January 22, 1918, the Ukrainian people proclaimed the establishment of the Ukrainian Republic. This happy event was the culmination of a struggle of centuries for independence of the Ukrainian people from czarist Russian domination.

Mr. President, this marks the 44th anniversary of the birth of the Ukrainian Republic. But today we find the Ukrainian people deprived of their independence, deprived of their liberty, deprived of their legitimate nationalistic aspirations by the imperialistic domination of their country by Soviet Russia.

The Ukrainian Republic proclaimed in 1918 was short-lived. In 1920 Red Russian armies invaded the Ukrainian Republic and with fire and sword imposed a Communist tyranny upon the Ukrainian people.

But the spirit of the Ukrainian people was unbroken. It remains unbroken today. The Ukrainian people today still dream of the day when freedom and national independence will be theirs.

Americans of Ukrainian background have not forgotten their brothers behind the Iron Curtain. They have preserved the language, the music, the customs and the ancient culture of the Ukraine. And they constantly remind their fellow Americans of the plight of the Ukrainians suffering under the repression of Soviet imperialism.

It is well that we today here in this Senate announce to the world that the legitimate national aspirations of the Ukrainian people are not forgotten, that we remain concerned with the desires of all peoples to be free and to preserve their historical and cultural heritages; and that we reaffirm the principle that all peoples have a right to be free of imperialistic domination and to be masters of their own destinies.

Mr. DODD. Mr. President, yesterday was the 43d anniversary of Ukrainian independence, and I think it befits the American people to pay tribute to this proud and freedom-loving people who for centuries have suffered severe hardships under a succession of alien rulers.

The Ukrainian people have a distinct language and culture which is quite different from that of Russia; in addition, the Ukraine has a long and honorable history of democratic institutions and an understanding of individual liberty.

Yet, for more than six centuries, the Ukraine has been devastated and ruled by one invader after another, until, at the end of the 18th century, the area came under the heel of that most oppressive of all colonial powers, Russia.

During the 19th century, Russian colonial rule used the Ukraine as a breadbasket for the rest of Russia, administering the area through the cooperation of vast landowners, who progressively expropriated the peasants' holdings, oppressed tenants, and paid obeisance to the czars. Indeed, as the Ukrainian population became restive toward the middle of the 19th century,

the vast majority of them were made serfs by imperial decree, being thus bound to the estates of their landlords.

The Ukrainian secessionist movement of the 19th century, led by such men as the scholar Kostomarov and the poet Shevchenko, was brutally suppressed; prominent members of the movement were either executed, assassinated, or sent into exile in Siberia. All attempts to teach the Ukrainian language, culture, and traditions were severely punished.

The fate of the Ukrainians under Soviet rule has been no better than it was under the czars; indeed, Soviet oppressive measures against the Ukrainians are distinguished by the increasing refinement of their brutality.

The Ukraine has the unenviable distinction of being the first country invaded by the Soviets, in clear violation of previous solemn agreements to respect the area's sovereignty. The Ukraine became independent in 1918, following Lenin's sanctimonious acknowledgment of the principle of national self-determination, only to become a Soviet colony in 1923, when the Kremlin again asserted colonial powers over the area.

Since then, Soviet colonialism has taken every repressive measure imaginable. As the czars had done, the Kremlin deprived the farmers of their land, and forced them into cooperatives—a polite name for enormous estates on which the workers become serfs, bound to the land.

The enforced institution of collective farms, of course, is intended to assure that the Ukraine remains what the Russians conceive it to be—a Russian colony. And to assure the success of this colonization, hundreds of thousands of Ukrainians have been deported—or resettled, as the term goes—to Siberia, particularly as the result of the separatist movement during the Second World War, when more than 2 million Ukrainians surrendered rather than fight for their hated masters.

Religion has been increasingly suppressed in the Ukraine during the past 40 years, until now Ukrainians can only hold religious services in secret. The metropolitan, Joseph Slipij, has been imprisoned at hard labor, and there has been no sign for several years that he will be released. The monasteries of this deeply religious people are closed; the orders of the Basilian Fathers and the Sisters of St. Basil have been proscribed, and their religious property has been confiscated.

A great many Ukrainians are now in the West, and particularly in the United States. While we rejoice in the fact that they have become valuable and indeed indispensable citizens of this country, we must yet mourn with them the loss of their homeland and the fact that so many of them are separated from their families still under the oppressive colonial rule of communism.

Let us hope that the spirit of freedom and democracy will prevail unbroken in the Ukrainian people, and that the day may not be far when they finally can assume their rightful place in the family of nations, free from the shackles of colonialism which now bind them.

Mr. JAVITS. Mr. President, the independence of the Ukrainian people was proclaimed on January 22, 1918, and I am proud to join in the observance marking the 44th anniversary of that historic day. Though that independence quickly succumbed to the might of the Soviet armies, the Ukrainian people have kept bright the hope of one day regaining their liberty.

America's love of freedom and our adherence to the principle of self-determination are well known to the whole world. National self-determination is a principle of international justice; and during World War II it was restated by the leaders of the Allied cause. They proclaimed their respect for the right of all peoples to choose the form of government under which they will live; and the wish to see sovereign rights and self-government restored to those who have been forcibly deprived of them.

This principle was also included in the draft covenant prepared by the Commission on Human Rights of the United Nations, in 1952; and it applies to the Ukrainians, as well as to all other peoples who are striving to keep alive the light of liberty and the hope of independence. In the fight against Communist imperialism and to help the oppressed peoples behind the Iron Curtain, all the resources of diplomacy, morality, and our friendly relations with other peoples must be brought to bear in support of this principle and others which have served us and the free world.

The Ukrainian people have kept fresh and alive their hope for freedom from Communist enslavement and for complete independence.

That principle is included in the United Nations Charter, and it applies especially to the Ukrainian people, who have been enslaved by the Communists and have almost been decimated by the Fascists and the Nazis. The Ukrainian people understand the meaning of freedom better than most people in the world do, and I take great pride in joining in calling attention to their independence day. I deem it a privilege to be able to add by my voice in some small measure to their heroic struggle for national identity.

PUBLIC FACILITY LOAN PROGRAM

Mr. ROBERTSON. Mr. President——

The VICE PRESIDENT. For what purpose does the Senator from Virginia rise?

Mr. ROBERTSON. I wish to ask unanimous consent to have an insertion made in the RECORD.

The VICE PRESIDENT. Is there objection?

Mr. MANSFIELD. Mr. President, I have no objection, provided the time required for this matter is not taken from the 2-hour allowance under the agreement.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. ROBERTSON. Mr. President, the public facility loan program has been in existence for a number of years. It was designed to help small communities develop their water and sewer systems. Last year, the program was greatly enlarged and the funds for back-door financing were increased from $150 million to $650 million. But the previous law that no loans of that character should be made unless the financial assistance applied for is not otherwise available on reasonable terms was not changed.

I ask unanimous consent to have printed at this point in the RECORD a statement indicating how the Administrator of HHFA has ignored that limitation upon his lending powers. I also request that there be printed in the RECORD my correspondence on the subject with HHFA, a statement made by the Municipal Director of the Investment Bankers Association of America, and a memorandum containing the recommendation of the Investment Bankers Association.

There being no objection, the statements, correspondence, and memorandum were ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR ROBERTSON ON INTEREST RATES UNDER THE PUBLIC FACILITY LOAN PROGRAM

I wish to call the attention of the Senate to an interpretation by the HHFA of a provision of the Public Facility Loan Act which prohibits loans if funds are available from private sources on reasonable terms. In my judgment HHFA's interpretation of this provision is wrong, it does not carry out the intention of the Congress, and it gives the HHFA free rein to take over the financing of all public works in hundreds of small communities throughout the country. Private financing of such facilities could soon be a thing of the past, if this interpretation is permitted to continue.

The public facility loan program has been in existence for a number of years. It was designed to help small communities, which needed basic public facilities but which were too small to float public loans on reasonable terms, get money from the Federal Government at a moderate rate of interest, somewhat above the cost of funds borrowed by the Federal Government. Preference was given to very small communities with less than 10,000 inhabitants which needed such facilities as water and sewer systems, and the program was pretty much limited to loans for such purposes.

The Housing Amendments of 1961 expanded this program greatly. The method of computing the interest rate was changed. Instead of the interest rates of 4⅛ percent on general obligations bonds and 4⅜ percent on revenue bonds effective on loans entered into at the time of the 1961 amendments, under the new formula CFA is charging 3⅝ percent generally and 3⅜ percent in areas designated under the Area Redevelopment Act. Instead of being limited in practice to very small communities of less than 10,000, the new law invited applications from communities up to 50,000, or up to 150,000 in redevelopment areas designated under the Area Redevelopment Act.

In order to take care of the increased number of applications which were contemplated, the authorization for the program was increased from $150 million to $650 million.

These changes were substantial. But they were written into the law by the Congress.

However, the Housing Amendments of 1961 did not amend—on the contrary they left unchanged—the following provision in section 202(b)(1) of the act:

"No financial assistance shall be extended under this section unless the financial assistance applied for is not otherwise available on reasonable terms."

No suggestion was made in the committee reports or in the conference report, or anywhere else that I know of, that there was any

intention whatsoever to change the meaning or the effect of this provision. I question whether the other amendments to the section would have been adopted unless the section had continued to prohibit public facility loans if private financing was available on reasonable terms.

Before the 1961 amendments, the HHFA interpreted this provision as did other agencies of the Government which were subject to the same or similar restrictions—the Small Business Administration, the minerals discovery exploration loan program, the ICC loan guarantee program, the Export-Import Bank of Washington, and the business loan program of the Treasury's Office of Defense Lending. The reasonableness of the terms on which financing was available from private sources was related to general market conditions for comparable loans by comparable communities. This was, I think, what Congress intended.

HHFA, however, has not followed its earlier interpretation of the provision relating to the availability of private financing on reasonable terms. Instead, HHFA has now taken the position that private financing at interest rates higher than 3⅝ percent in areas designated under the Area Redevelopment Act or higher than 3⅞ percent in other areas is not reasonable. And these figures are for 30-year loans—each 5-year reduction in the length of the loan reduces the reasonable interest rate by one-eighth of 1 percent, down to 3⅜ percent and 3⅝ percent, respectively. Many public facility loans run for no more than 20 years, and at that maturity the interest rate must be as low as 3⅜ or 3⅝ percent to be reasonable.

These interest rates are below the recent and current markets for such maturities based on Moody's average for "Baa" municipal bonds, which on January 11, 1962, was 4.04 percent, and during this present fiscal year has not been below 3.93 percent. (A "Baa" rating is defined as "lower medium grade" and is one of the top four ratings for municipal bonds eligible for bank investment.)

In other words, HHFA has taken the position that the average yield on "Baa" municipal bonds during this current fiscal year has been unreasonable, and HHFA will attempt to undercut the market on such bonds issued by cities under 50,000, or 150,000 in redevelopment areas. In doing so, HHFA will charge 3⅜ percent and 3⅝ percent interest rates.

These interest rates should be compared with current yields on U.S. bonds. These are also unreasonable, it would seem. Moody's average for taxable U.S. bonds as of January 9, 1962, for 10-year maturities was 4.13 percent, and the new Treasury bonds offered last week are priced to yield 4.04 percent.

I realize that under the statute the interest rate to be charged by CFA has been fixed for the full fiscal year 1962. No matter how high municipal bond rates may go, no matter how high interest rates on savings may go, and no matter how high the interest rates paid by the Federal Government may go, CFA will charge 3⅜ percent and 3⅝ percent the rest of this fiscal year.

But I do not think that HHFA is compelled to go on indefinitely saying that funds are not available from private sources on reasonable terms unless they can be obtained at 3⅝ percent or 3⅞ percent for 30-year maturities. It seems to me clear that the HHFA has interpreted the statute incorrectly and should change its interpretation.

The effect of this interpretation on the private market is shown by what happened at Charleston, W. Va. Charleston needed $4 million for sewer bonds. It asked for bids and received them on July 31, 1961. Bids from seven syndicates were opened. The low bid provided an average interest rate of 3.9453 percent. The city was about to accept this bid when an HHFA employee, who was present, suggested that a public facility loan might be obtained from CFA at a lower interest rate. The city thereupon rejected the private bids and got its financing through a public facility loan from CFA on November 20, 1961. The results are shown in the Weekly Bond Buyer for November 27, 1961:

Bidder	Amount of bonds	Net interest cost
		Percent
Private	$195,000	2.93
Do	290,000	3.621
HHFA	3,515,000	3.375

The city of Charleston saved some money by borrowing from CFA. Private bidders could not match the Government's 3⅜-percent offer, though they did pick up the first small maturities.

But Charleston's gain was the Federal taxpayer's loss. On November 21, 1961, Moody's average yield on taxable U.S. bonds of 10-year maturities was 4.01 percent.

And the U.S. bond yield of 4.01 percent is above the private bid submitted to Charleston of 3.9453 percent.

In my judgment, this Charleston incident is clear proof that the HHFA interpretation of the Public Facility Loan Act is incorrect. If the HHFA interpretation is allowed to continue, it seems clear to me that the Federal Government, through HHFA and CFA, will take over the financing of a major portion of the financing of public facilities for smaller, and many medium-sized communities. To go on this way, borrowing at more than 4 percent and lending at an average of 3½ percent, in increasingly large amounts, will make it very difficult to carry out the President's pledge to balance the budget.

I also desire to insert in the RECORD at this point my correspondence with HHFA on this subject, a copy of a statement on the subject made by Mr. Gordon L. Calvert, municipal director of the Investment Bankers Association of America, and a memorandum containing the recommendations of the Investment Bankers Association on the subject:

AUGUST 4, 1961.

Hon. ROBERT C. WEAVER,
Administrator,
Housing and Home Finance Agency,
Washington, D.C.

DEAR DR. WEAVER: My attention has been brought to a situation which has arisen under the provisions for public facility loans authorized under title II of the Housing Amendments of 1955, as amended.

I have been advised that the city of Charleston, W. Va., requested bids on $4 million of sewer revenue bonds to be opened on July 31; that bids were received from seven syndicates which were opened, and it was found that the low bid provided an average interest rate of 3.9453 percent; that an employee of the Community Facilities Administration, either voluntarily or in reply to questions, advised that the Community Facilities Administration could buy these bonds at an average interest rate of 3⅝ percent; that the Philadelphia office, being consulted by Charleston officials, reported that loans could be made at 3⅜ percent interest because Charleston had been designated as a redevelopment area under the Area Redevelopment Act; and that the city of Charleston thereupon rejected all bids which were submitted on July 31 in accordance with its request.

I enclose a copy of a statement by the mayor of Charleston on this matter which has been supplied to me. I should appreciate a report on this matter from you giving a full statement of the activities of employees and representatives of the Community Facilities Administration, together with your policy with respect to participation in municipal bids and bidding procedures, particularly where municipalities have requested bids from private sources.

My review of this situation leads to a further question with respect to the Public Facility Loans Program, and its relation to private financing. Section 202(b)(1) provides in part as follows:

"1. No financial assistance shall be extended under this section unless the financial assistance applied for is not otherwise available on reasonable terms."

I should like to have a report from you as to your interpretation of this clause.

The material which has been issued concerning this public facility loans program is not, in my judgment, consistent with the statutory provision above quoted. For example, in a leaflet entitled "Facts About Public Facility Loans as Expanded by the Housing Act of 1961," dated July 1961, the following paragraph appears:

"Community Facility Administration, a part of the Housing and Home Finance Agency, has been set up to help meet the public facilities needs of small communities by providing long-term loans at reasonable interest rates. The law requires that private investors be given a chance first to provide the needed credit at a rate comparable to that paid by larger cities. When a project has been approved, after meeting all requirements, the bonds by which it is to be financed must be advertised for public sale. CFA buys them only when private investors are unable to take them on terms at least as good as CFA's."

This leaflet also states that the current interest rate, which I understand will be effective throughout fiscal year 1962, is 3⅝ percent generally and 3⅜ percent in areas designated under the Area Redevelopment Act. I understand that the form of offer made by the Community Facilities Administration (CFA–721) specifies that the municipality will offer its obligations for public sale and that the Government will not purchase the bonds if the municipality receives a bid at terms equal to or more favorable than the Government's bid. I understand that the manual applicable to this program refers in this context to financing on comparable terms and conditions, to loans at equal or more favorable terms, and to reasonable terms.

In this connection it seems appropriate to point out that the college housing program provides that loans under that program will not be available from the Community Facilities Administration where financial assistance can be obtained otherwise on terms and conditions equally as favorable as those provided under the program.

It would appear from the fact sheet of July 1961 and other materials issued in connection with the public facility loans program that the program may be proceeding on the basis that "on reasonable terms" means the same thing as "on equal or more favorable terms." This would in effect mean that the provisions with respect to obtaining financial assistance otherwise in the public facility loans program and the college housing program had the same meaning and effect.

If this is true, it would also involve, I take it, a conclusive finding that any in-

terest rate over 3⅜ percent for municipal bonds in areas designated under the Area Redevelopment Act is unreasonable and any interest rate over 3⅝ percent in other areas is also unreasonable.

Under these circumstances, I should appreciate it if you would review the provisions of the public facility loans program dealing with the availability of other financing and advise me of your interpretation of the meaning and effect of the provision relating to obtaining assistance elsewhere on reasonable terms.

Sincerely yours,

A. WILLIS ROBERTSON,
Chairman.

STATEMENT BY MAYOR JOHN A. SHANKLIN, MAYOR OF CITY OF CHARLESTON

In response to a request by the Investment Bankers Association of America for information regarding the circumstances in rejecting all bids on $4 million of city of Charleston sewer revenue bonds on July 31, Mayor John A. Shanklin, of the city of Charleston made the following statement:

"At 11 a.m. on Monday, July 31, a committee of city council together with the mayor, ex officio chairman of the sanitary board and two members of the board met in the council chamber of the city building to open bids on the sewer revenue bonds pursuant to notice of sale. Seven sealed bids were presented to the mayor who presided as chairman.

"Up to this time neither the mayor nor any member of the council or of the sanitary board had any intimation that any governmental agency was interested in buying the bonds or lending the money to the city. There had been no contact of any character with any governmental agency relative to the subject.

"At about the time the bids were being opened at approximately 11:10 a.m. word was passed on to the mayor and to a sanitary board member that a representative of some governmental agency was present in the room and that he had represented to some person or persons that the governmental agency represented by him was in a position to lend the $4 million to the city of Charleston at an average interest rate of 3⅝ percent.

"The bids were promptly opened and tabulated. A lower bid was submitted by First Boston Corp. at an average interest rate of 3.9453 percent. In order to verify the accuracy of the computations in the bids and to ascertain the identity of the Government representative present, and to learn from him the facts as to whether or not Government money was available at 3⅝ percent interest or at any rate less than the lowest bid received, the sanitary board adjourned to the mayor's office. The Government representative was invited to be present. He turned out to be Mr. Hummel, with whom the mayor was acquainted but whose governmental connection was unknown to the mayor.

"He explained that he was the West Virginia representative of the Community Facilities Administration. He stated that he had learned just that day that the Community Facilities Administration was in position to purchase the $4 million revenue bonds at an average interest rate of 3⅝ percent. He advised that in order to take advantage of this it would be necessary to readvertise for bids. He suggested that the mayor telephone the Philadelphia office of the Community Facilities Administration for verification. The mayor promptly called the Philadelphia office and at approximately 1 p.m. e.s.t. the mayor talked with Mr. Doidge of that office. Mr. Doidge advised that because Charleston had been designated as a disaster area, the money would be available at 3⅜ percent. He said he would send a representative to Charleston immediately. The representative is scheduled to arrive in Charleston 11:30 a.m., Thursday, August 3. As the mayor and the sanitary board understand it, this representative will be qualified and authorized to explain all the details of the procedure by which the $4 million would be made available to the city at an interest rate of 3⅜ percent.

"In view of these representations by representatives of the Community Facilities Administration, the mayor, the council committee and the sanitary board were of the unanimous opinion that they had no choice other than to reject all of the bids submitted. Since it was uncertain, and is still uncertain, whether the requirements of the Community Facilities Administration can be complied with by the city, the council committee and the sanitary board were of the opinion to recommend rejection of all bids on the broad ground that it was hoped that readvertisement would result in an interest rate more favorable to the city. It was so recommended to the council and the latter at its meeting held at 8 p.m. on the evening of July 31 followed the recommendation and rejected all of the bids submitted at 11 a.m. on that day.

"This is the way the matter stands at this moment, 2 p.m., Wednesday, August 2. Mr. Jack Lincoln, representative of the Federal HHFA, is expected to be in the office of the mayor of the city of Charleston shortly after 11:30 a.m. on August 3."

HOUSING AND HOME FINANCE AGENCY,
Washington, D.C., September 15, 1961.

Hon. A. WILLIS ROBERTSON,
Chairman, Committee on Banking and Currency, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This is in further reply to your letter of August 4, 1961, concerning the public facility loans program authorized under title II of the Housing Amendments of 1955, as amended.

With respect to the recent rejection of bids by the city of Charleston, W. Va., on $4 million of sewer revenue bonds, I am enclosing a copy of a page of the Daily Bond Buyer of August 7, 1961, which published a statement by the Community Facilities Administration. As will be noted, the Daily Bond Buyer concluded that the confusion arising out of the rejection of bids appears to be dispelled by this statement and that "the misunderstanding was one of semantic differences and that none of the parties involved was engaged in the usurpation of the prerogatives of any other."

Section 501(d)(1) of the Housing Act of 1961 established a statutory interest rate formula for public facility loans which for the fiscal year ending June 30, 1962, produces a maximum interest rate of 3⅝ percent. In order to achieve consistency between the loan authorization provided in section 501(e) of the Housing Act of 1961 and the Area Redevelopment Act, with respect to loans for public facilities to communities situated in an area designated as a redevelopment area, I determined that all public facility loans to communities located in redevelopment areas would bear an interest rate equal to that obtainable under the loan authorization provided under section 7 of the Area Redevelopment Act. In effect, public facility loans to communities located in redevelopment areas would therefore carry an interest rate of 3⅜ percent during the present fiscal year.

Prior to enactment of the 1961 Housing Act, the interest rate on public facility loans was established on the basis of an administratively determined formula based on then current municipal market interest rates. As of June 30, 1961, the basic interest rates for public facility loans were 4⅛ percent for general obligation bonds and 4⅜ percent for revenue bonds with maturities of 30 years or more. For loans maturing under 30 years the interest rate was decreased by one-eighth percent for each full 5-year reduction of the loan. The 1961 Housing Act materially reduced the interest rates for public facility loans and set a maximum rate which may be charged, based on a statutory formula. This congressional action occasioned a reexamination of the policy for determining whether private financing is otherwise available on reasonable terms. As a result, the method for determining "reasonable terms" is being revised.

The following excerpt from instructions to the field staff of the Community Facilities Administration summarizes the revised policy:

"For a bond issue secured upon the same terms and conditions as the Government loan, an interest rate is to be deemed reasonable if it does not exceed 3⅞ percent, if the loan is repayable over 30 years or more. For shorter term loans, the 'reasonable' interest rates is to be reduced by one-eighth percent for each 5-year reduction of the length of the loan, provided such interest rate is not less than 3⅝ percent. If the borrower is located in an area designated as a redevelopment area, the benchmark for reasonable interest rates would be 3⅝ percent."

It has been the basic financial policy of the Community Facilities Administration, which administers the public facility loans program, to develop sound loans that are reasonably assured of repayment and to take such steps as are necessary to improve the marketability of such loans. These steps include requiring that the loans be evidenced in the form of bonds; that the transcript of bond proceedings be prepared by acceptable bond counsel; that the issues incorporate the various financial terms and conditions that meet the standards and conventions of the capital market; and that the bonds be offered for sale in normal marketing channels.

The Community Facilities Administration requires each borrower to advertise its bond offering in a financial newspaper of national circulation so that other investors may become acquainted with the issue and bid therefor. In this connection, most borrowers are required to prepare an Official Notice of Sale and Statement of Essential Facts for distribution to interested dealers and investors. The Government will purchase all bonds of the issue for which funds are not otherwise available on reasonable terms.

I might note that in the case of the college housing program, which has a statutory interest rate formula that results in an interest rate lower than that applicable to public facility loans, the Community Facilities Administration has been quite successful in developing a private market for college housing bond issues. During the first 6 months of 1961 some 17 bond issues for $37.7 million were sold in whole or in part to private municipal bond underwriters. Many of these bond issues involved participating arrangements, with the Federal Government financing the remainder of the project cost. Four of the issues involved private purchase of the earlier maturities, with the Housing Agency purchasing the later maturities. Perhaps the most notable achievement has been the success of the Community Facilities Administration in arranging for a bond rating service to rate college housing bonds. Enclosed is a tabulation of such ratings that have been achieved during the past 2 years.

I am hopeful that similar success can be achieved for the public facility loans program so that municipalities and other local

government units can finance their public works needs on terms and conditions that are both reasonable and moderate.

Sincerely yours,

JACK T. CONWAY,
Acting Administrator
(For Robert C. Weaver).

Ratings accorded to college housing revenue bond issues by Standard & Poor's Corp.

Issuer	Loan security	Rating
Bowling Green University	Revenues	A
University of California: Union.	Student fees	AA
University of Illinois:		
Dormitory	Revenues and fees.	A
Student union	Service charges.	A
Illinois State Normal University.	Revenues	A
Northern Illinois University	Revenues and fees.	A
Southern Illinois University	Revenues	A
Western Illinois University	do	A
University of Indiana	Fees and revenues.	A
University of Kentucky	Fees	A
Kent State University	Revenues	A
New York Dormitory Authority.	Rents and fees.	A
Ohio State University	Revenues	A
Miami University	do	A
Pennsylvania State University.	do	A
University of Washington	Fees and revenues.	A
Washington State University	Revenues	A
University of West Virginia	do	A

STATEMENT BY CFA IS MADE TO CLARIFY CHARLESTON ISSUE

WASHINGTON, August 7.—The confusion arising out of the rejection of all bids on a $4 million city of Charleston sewer revenue bonds on July 31 appeared to have been dispelled today with a statement by the Community Facilities Administration.

The CFA statement, coupled with that given to the Bond Buyer yesterday by Mayor John A. Shanklin, of Charleston, seems to indicate that the misunderstanding was one of semantic differences, and that none of the parties involved was engaged in the usurpation of the prerogatives of any other.

CFA REMARKS

The clarifying statement from the CFA, which in the main, dovetails with Mr. Shanklin's, follows:

"Community Facilities Administration sent Mr. R. S. Hummell its West Virginia field engineer, to Charleston to assist the city in coping with problems which caused major damage and led to the declaration by President Kennedy of a state of emergency.

"Prior to the opening of the bids on the bonds, Mr. Hummell was working with the city's disaster director, R. L. Stubblefield, on estimating the probable cost of replacements of the destroyed sewer lines and other public facilities. Mr. Hummell mentioned to Mr. Stubblefield that this was a type of construction that has in the past qualified for public facility loans.

"The discussion naturally turned to the rate of interest, and Mr. Hummell told Mr. Stubblefield that the rate was 3⅝ percent and that in areas designated for area redevelopment the rate was 3⅜ percent. Mr. Hummell suggested that this rate be checked with the regional office of HHFA in Philadelphia. Mr. Stubblefield promptly passed this information to Mayor Shanklin. The mayor checked by phone with the Philadelphia office and confirmed the information regarding rates that had been given to Mr. Stubblefield by Mr. Hummell. It should be noted here that the discussion here was about new replacement needs and not related to the bond issue for which bids had already been solicited.

NO URGING BY CFA

"With the information given him by Mr. Stubblefield, the mayor must have questioned the wisdom of accepting a bid of 3.94 [sic] percent when a public facility loan might be available at a lower rate. However, this was surely his own decision and was not urged upon him in any way by any spokesman of the CFA.

"It is not and never has been the policy of the CFA to solicit applications. When inquiries are made we respond promptly and advise of any aid which has been authorized and which we are in a position to supply."

SEPTEMBER 16, 1961.

Hon. ROBERT C. WEAVER,
Administrator, Housing and Home Finance Agency, Washington, D.C.

DEAR DR. WEAVER: On August 4 I wrote you requesting a report on the activities of employees and representatives of the Community Facilities Administration in connection with the opening of bids at Charleston, W. Va. In addition, I requested you to give me your interpretation of the provision in section 202(b)(1) of the Housing Amendments of 1955 that financial assistance should not be extended under that act if it is "otherwise available on reasonable terms."

* * * * *

In addition, I should like to have a list of the loans which you have made under this program since the date of my letter, together with a statement of the terms on which financial assistance was otherwise available in each case.

Sincerely yours,

A. WILLIS ROBERTSON,
Chairman.

HOUSING AND HOME FINANCE AGENCY,
Washington, D.C., October 4, 1961.

Hon. A. WILLIS ROBERTSON,
Chairman, Committee on Banking and Currency, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This is in further reply to your letter of September 16, 1961, concerning the public facility loans program authorized under title II of the Housing Amendments of 1955, as amended.

During the period of August 4 through September 16, 1961, the Housing and Home Finance Agency purchased 10 bond issues under the public facility loans program. A list of these loans is detailed in the enclosed table. In accordance with the Agency's instructions, each borrower was required to advertise its bonds for public sale in a financial newspaper of national circulation such as the Bond Buyer. However, if the total bonds to be issued for a project are less than $100,000, and the borrower is required by State law to advertise in a newspaper published within the State, this requirement may be waived, provided that the borrower advertises its bonds in a publication that has statewide circulation.

For each of these bond issues the Housing Agency submitted a bid in accordance with the terms specified in the outstanding loan agreement for the respective loan. The Government's liability to purchase these particular bond issues expired with respect to any obligations for which the borrower received a bid or bids to purchase at terms equal to or more favorable than the Government's bid. As will be noted from the attached tabulation, the loan agreements which set the interest rates at which the Government undertook to purchase these bond issues were executed during the period from March 1959 through April 1961. At that time the Agency's standard for determining availability of private financing was on the basis of "terms equal to or more favorable than the Government bid." As noted in my letter of September 15, 1961, we have since changed the method for determining "otherwise available on reasonable terms."

I might note that the Housing and Home Finance Agency was awarded the entire amounts of each of the 10 bond issues listed since there were no private bids for these bonds, even though the interest rates range from 4.25 percent for a 20-year maturity to 4.75 percent for a 40-year maturity. Even at these relatively high interest rates, there was no interest on the part of municipal bond underwriters in these 10 bond issues.

I trust that the foregoing answers the remaining point raised in your letter of September 16, 1961.

Sincerely yours,

ROBERT C. WEAVER,
Administrator.

Public facility loans program, bonds purchased by HHFA, Aug. 4 to Sept. 16, 1961

[Dollar amounts in thousands]

Public agency	Type of bonds	Bond award date	Bonds awarded	Interest rate	Date of acceptance of loan agreement	Term (years)	Purpose
			Thousands				
Water Improvement District No. 1 of Pangburn, Ark	Revenue	Aug. 11, 1961	$58	4.625	Mar. 1, 1961	30	Water.
Water Improvement District No. 1 of the City of Lamar, Ark	do	Aug. 14, 1961	53	4.375	Apr. 16, 1959	30	Do.
City of Lamar, Ark	do	do	16	4.625	Mar. 2, 1959	13	Do.
	do	do	73	4.375		34	Do.
Town of Daleville, Ala	do	Aug. 21, 1961	133	4.375	Mar. 31, 1961	30	Do.
New Waterford, Ohio	do	Sept. 5, 1961	160	4.625	Feb. 2, 1960	40	Sewer.
Town of Winifred, Mont	General operating	do	24	4.25	Aug. 2, 1960	20	Do.
	Revenue	do	47	4.75		40	Do.
Noble, Ill	do	Sept. 7, 1961	128	4.75	Oct. 3, 1960	40	Do.
Town of Petrolia, Tex	do	Sept. 15, 1961	76	4.375	Apr. 26, 1961	35	Do.

OCTOBER 7, 1961.

Hon. ROBERT C. WEAVER,
Administrator,
Housing and Home Finance Agency,
Washington, D.C.

DEAR DR. WEAVER: I now have received replies dated September 15 and October 4, 1961, in response to my letters of August 4 and September 16, 1961, concerning the Community Facilities Administration loan program for public facilities.

The letter of September 15 stated that the Housing Act of 1961 established a statutory interest rate formula for CFA public facility loans. This resulted in a lending rate of 3⅝ percent for the entire fiscal year 1962. The letter indicated that, as a matter of discretion, you established a CFA lending rate of 3⅜ percent for projects in redevelopment areas. The letter further stated that the creation of the statutory lending rate under the Housing Act of 1961 "occasioned a reexamination of the policy for determining whether private financing is otherwise available on reasonable terms." The latter phrase relates to section 202(b)(1) of the public facilities loan legislation, which reads in part as follows:

"(1) No financial assistance shall be extended under this section unless the financial assistance applied for is not otherwise available on reasonable terms."

According to your letter of October 4, until recently the Community Facilities Administration followed a policy of judging whether private financing was otherwise available on reasonable terms by determining whether or not private bids were on "terms equal to or more favorable than the Government bid." It appears that terms of the Government bid were closely related to average yields in the private market. The revised policy, as stated in the letter of September 15, was quoted as follows:

"For a bond issue secured upon the same terms and conditions as the Government loan, an interest rate is to be deemed reasonable if it does not exceed 3⅞ percent, if the loan is repayable over 30 years or more. For shorter term loans, the 'reasonable' interest rate is to be reduced by one-eighth of 1 percent for each 5-year reduction of the length of the loan, provided such interest rate is not less than 3⅝ percent. If the borrower is located in an area designated as a redevelopment area, the benchmark for reasonable interest rates would be 3⅝ percent."

The revision in the CFA policy with regard to reasonable terms raises a number of questions which I hope you will seriously consider.

1

My fundamental objection to the CFA policy on "reasonable terms" is that it appears to relate the test of reasonableness to the CFA lending rate rather than to rates of interest in the private capital market. Under the revised policy, any interest rate over 3⅞ percent for a 30-year loan would not be reasonable, regardless of the prevailing level of private market interest rates, except that if a 30-year loan were made in a redevelopment area, any interest rate of over 3⅝ percent would be judged as not reasonable. Each of these rates is one-fourth of 1 percentage point, or 25 basis points, higher than the CFA lending rate.

The CFA policy, in other words, seems to base a judgment of the reasonableness of a private bid on the extent to which the interest rate bid varies from the CFA lending rate. Conversely, under the CFA policy the reasonableness of a private bid has no relationship to interest rates prevailing in the market for similar risks and comparable projects.

2

The revised CFA policy leads to at least three results which appear questionable:

(a) One result is that the policy calls for lower rates of interest on private bids in areas with higher, rather than lower, risks. A bid of 3⅞ percent for a 30-year loan on a project located in a prosperous area with high employment would be considered to be under reasonable terms. On the other hand, an identical bid of 3⅞ percent for a 30-year loan on a project located in a redevelopment area with a high unemployment rate, where the economic situation is so bad that Federal aid is needed, would not be reasonable because CFA stands ready to lend there at an even lower rate providing even greater subsidy. Ordinarily, it is the rule in the private market that the greater the risk, the higher the interest rate. Under the CFA policy formula, however, the greater the risk involved, the lower the interest rate must be in order that a private bid may be judged as reasonable.

(b) A second result of the CFA policy is that an important share of current municipal financing, as well as all of CFA loans made in recent months, are ruled as being not on reasonable terms.

During the present fiscal year, State and local government bonds—initially issued to finance not only water and sewer facilities but many other types of projects as well—have yielded about 3.70 percent for general obligations rated "A" by Moody's Investors Service. Average yields on "Baa" bonds have not been below 3.93 percent in any week of fiscal 1962. These yields, it should be noted, exclude revenue bonds, since they relate only to general obligations, and pertain to issues whose average maturity approaches 20 years.

The CFA policy, therefore, would judge as not reasonable the average yields on all "Baa" municipal bonds during fiscal 1962. Even yields on all "A" municipal bonds during fiscal 1962 would be judged as not reasonable for projects located in redevelopment areas.

Under the former CFA policy, CFA lending rates were about in line with private market rates and, at least for the loans included in the table attached to your letter of October 4, were in a range of 4.25 to 4.75 percent. Accordingly, it is presumed that if private bids equal to or more favorable than these rates had been received, CFA would have considered them to be on reasonable terms. In this case the projects in question would not have been eligible for CFA loans.

Under the revised CFA policy, however, all private bids at interest rates exceeding 3⅞ percent on projects outside redevelopment areas would be ruled as unreasonable, not from the point of view of prevailing private market rates, but from the viewpoint of CFA's new formula. Even the rates, ranging from 4.25 percent to 4.75 percent, charged by CFA itself on bonds awarded as recently as August and September would be classified as not on reasonable terms.

(c) A third result of the CFA policy is that the CFA lending rate, on which the test of reasonableness is based, remains fixed for an entire fiscal year, whereas market rates of interest fluctuate.

The CFA lends at 3⅝ percent outside redevelopment areas, and its formula takes the position that any private bid submitted during the year with an interest rate in excess of 3⅞ percent is not reasonable for a project in this location.

Wide variations may occur in municipal bond bids and yields in private markets during the course of 12 months. The difference between the highest and lowest average monthly yield on "Aaa" municipal bonds was 22 basis points in fiscal 1961, 30 basis points in fiscal 1960, and 58 basis points in fiscal 1959. On "Baa" bonds, the difference between the highest and lowest average monthly yield was 31 basis points in fiscal 1961, 19 basis points in fiscal 1960, and 49 basis points in fiscal 1959.

If yields on municipals should go up during fiscal 1962 as much as they increased in fiscal 1959—58 basis points on "Aaa" bonds—then even "Aaa" bonds, which now yield 3.3 percent, would not be reasonable on the average. Accordingly CFA public facilities loans would supplant private capital, in a market where more than $1 billion of water and sewer bonds were sold over each of the past 4 calendar years.

3

You are no doubt aware that a number of other Federal programs operate subject to a provision which prohibits lending of public moneys unless funds are not available elsewhere on reasonable terms. For example, section 7(a)(1) of the Small Business Act of 1953, as amended, provides that "No financial assistance shall be extended pursuant to this subsection unless the financial assistance applied for is not otherwise available on reasonable terms."

The provisions of part 120.4 of the rules and regulations of the Small Business Administration, supplemented by verbal inquiries from the SBA, suggest that "reasonable terms" is interpreted principally with reference to prevailing market rates of interest, considering the nature of the business and the type of financing ordinarily available.

Besides the Small Business Administration, I understand that in the case of the loan program of the Office of Minerals Exploration of the Department of the Interior, the loan guarantee program of the Interstate Commerce Commission under the Transportation Act of 1958, the program of the Export-Import Bank of Washington, and the business loan program of the Office of Defense Lending in the Treasury Department, policies have been followed by which "reasonable terms" or comparable standards have been defined from the point of view of interest rates and other terms prevailing in the private market. I further understand that none of these agencies, in determining whether or not a private bid is "reasonable," makes primary reference to its own lending rates.

In conclusion, it seems to me that the interpretation which you have given to the terms of section 202(b)(1) is not a reasonable one. It leads to at least three questionable results, and it is inconsistent with the interpretation given to identical language in several other statutes. I should appreciate it if you would review the CFA policy carefully in the light of the points raised in this letter and let me have your comments at the earliest possible date.

Sincerely yours,

A. WILLIS ROBERTSON,
Chairman.

HOUSING AND HOME FINANCE AGENCY,
Washington, D.C., November 1, 1961.

Hon. A. WILLIS ROBERTSON,
Chairman, Committee on Banking and Currency, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This is in reply to your letter of October 7, 1961, concerning the policy followed by this Agency in administering section 202(b)(1) of the Housing Amendments of 1955, which prohibits public facility loans "unless the financial assistance applied for is not otherwise available on reasonable terms."

In substance your letter points out three results of the construction given to section

202(b)(1) by this Agency which appear to you to be undesirable. First, that public facility loans may be made in redevelopment areas unless private bids are available in these areas at rates of interest lower than those required in other areas to meet the administrative test of the availability of financial assistance on reasonable terms. Second, that the current market rate for municipal financing of public facilities is above the interest rate administratively established to determine the availability of financial assistance on reasonable terms. Third, that the lending rate established for public facility loans remains fixed for an entire year, while market rates fluctuate.

The construction given by this Agency to section 202(b)(1) is based upon our judgment of the meaning of this provision in the context of the expressed intent of the Congress in connection with the public facility loan program. As you know, the 87th Congress dealt with the public facility loan program in its consideration of the Housing Act of 1961 and in the Area Redevelopment Act. In both acts, Congress, for the first time, established a statutory interest rate formula for public facility loans. The statutory formula adopted in the Area Redevelopment Act produces a maximum interest rate of 3⅜ percent during the current fiscal year. The statutory interest rate formula adopted in the Housing Act of 1961 produces a maximum interest rate of 3⅝ percent for the present fiscal year.

As I indicated to you in my letter of September 15, 1961, it seems clear that Congress intended that the interest rate on public facility loans made in redevelopment areas should be one-fourth of 1 percent lower than the rate on loans in areas other than redevelopment areas. To further this intent, two administrative steps were taken by this Agency. First, the interest rate for public facility loans authorized by the Housing Act of 1961 to be made to communities in redevelopment areas was set at the rate authorized by section 7 of the Area Redevelopment Act for public facility loans in redevelopment areas. Second, public facility loans have been authorized in redevelopment areas unless private bids are available in those areas at rates of one-fourth of 1 percent lower than those required in other areas to meet the administrative test of the availability of financial assistance on reasonable terms. This, of course, has brought about the result indicated in your letter (i.e., bids which might be construed as providing financial assistance on reasonable terms in nonredevelopment areas are considered too high for redevelopment areas). However, it appears to me that the Congress intended this very result as a means of giving special aid to public facilities in redevelopment areas.

Prior to enactment of the Housing Act of 1961, the interest rate on public facility loans was established on the basis of an administratively determined formula based on current municipal market interest rates. However, section 501(d)(1) of the Housing Act of 1961 established a statutory interest rate formula. The intent of Congress in establishing this formula seems to us to be expressed in the House report on H.R. 6028, which, speaking of the provisions which established the statutory interest rate formula, states:

"As noted, the administration recently reduced the interest rate on public facility loans by one-quarter of 1 percent. However, the present interest charge of 4⅛ percent on general obligation bonds and 4⅜ percent on revenue bonds are still too high and discriminate against worthwhile projects undertaken by small towns compared to the rates available to larger communities. Therefore, the bill would set the interest rate on these loans through a formula which fully reflects the cost of money to the Federal Government.

"This provision establishes the rate to be charged at the average interest rate on all outstanding Federal debt, plus one-quarter of 1 percent to cover cost of administration. For the current fiscal year this produces a rate of 3½ percent. This is the same formula now employed in the college housing and housing for the elderly programs and is also the formula used for community facilities loans in the area redevelopment legislation. Thus, no subsidy is involved in this rate since it covers the actual rate paid by the Tresaury and also administrative costs, and yet, at the same time, benefits smaller communities by giving them rates lower than they would generally have to pay in the private market."

Speaking of this provision, the Conference Report on the Housing Act of 1961 notes:

"The House bill provided that the interest rate on public facility loans would be set at the average interest rate paid by the Treasury and on outstanding Federal debt, plus one-fourth of 1 percent for administrative costs (the college housing formula). There was no comparable provision in the Senate bill. The conference substitute conforms to the House bill except that one-half of 1 percent (instead of one-fourth of 1 percent) would be added for administrative costs."

In the light of congressional action in establishing a statutory interest rate formula for public facility loans and the expressed congressional attitude with respect to interest rates of 4⅛ percent on general obligation bonds and 4⅜ percent on revenue bonds which were deemed still too high, it seemed to me necessary to reexamine the policy for determining whether private financing is otherwise available on reasonable terms within the meaning of section 202(b)(1). Guided by congressional intent and studies conducted by this Agency, I concluded that a 3⅞ percent interest rate is a fair benchmark for determining the availability of private financing on reasonable terms.

Your letter refers to interpretations of other agencies with respect to provisions that condition the making of Federal loans under their programs on the nonavailability of other funds at reasonable terms. The determinations by those agencies are made in the light of statutory language and the expressed congressional intent with respect to the programs they administer. There is no indication that in the programs you cite Congress established a statutory maximum Federal lending rate or clearly expressed itself as to the reasonableness of a specific existing interest rate. These factors alone sufficiently distinguish the public facility loan program from those mentioned by you.

Let me also comment on your reference to fixing the lending rate of community facility loans for an entire fiscal year. The provisions of section 501(d)(1) of the Housing Act of 1961 require that public facility loans "bear interest at a rate determined by the Administrator which shall be not more than the higher of (A) 3 per centum per annum, or (B) the total of one-half of 1 per centum per annum added to the rate of interest paid by the Administrator on funds obtained from the Secretary of the Treasury as provided in section 203(a)." The rate of interest paid by the Administrator is fixed by section 501(d)(2) and is presently based on "the average annual interest rate on all interest-bearing obligations of the United States * * * forming a part of the public debt as computed at the end of the fiscal year * * * and adjusted to the nearest one-eighth of 1 per centum."

As you can see, the requirements of these provisions are such that it is administratively almost impossible to fix other than an annual rate.

I appreciate your interest in this area and the benefit of your thoughts with respect to the action we have taken.

Sincerely yours,

ROBERT C. WEAVER,
Administrator.

FEDERAL MUNICIPAL LOANS BASED ON FICTITIOUS PREMISE

(By Gordon L. Calvert, municipal director, Investment Bankers Association of America, Washington, D.C.)

(Investment bankers' spokesman protests the Federal Government's undermining of free enterprise in offering unreasonably low loans to municipalities. He points out that such loans undercut reasonable rates arrived at competitively in the marketplace. Mr. Calvert describes the Federal community facilities loan program and the companion area redevelopment lending, and finds that their arbitrarily arrived at reasonable rate norm fails to even distinguish between general obligation and revenue bonds. He also berates the HHFA and the ARA Administrators for not carrying out the law's intent of providing Federal loans only when financing is unavailable from other sources on reasonable terms, and notes the contradiction between the President's appeal for an economy drive and the usurpation of a private industry function which can provide advisory services and funds at reasonable rates.)

The Federal community facilities loan program as presently administered is a shocking example of the Federal Government taking over a function of private industry in substituting Federal financing for financing which is readily available from other sources at reasonable interest costs. The Federal community facilities loan program administered by the Housing and Home Finance Agency, authorized under the Housing Amendments of 1955 as a substitute program previously administered by the RFC, provides Federal loans to municipalities for community facilities if the financing is not available from other sources on reasonable terms. The 1955 act authorized an aggregate of $100 million. In 1960, an additional $50 million was authorized. The Housing Act of 1961 amended the program to authorize an additional $500 million for Federal loans for any community facilities except schools ($50 million earmarked as available only for loans for urban transportation facilities or equipment). Such loans, except urban transportation loans, may be extended only to municipalities with a population not exceeding 50,000 (or in the case of a community situated in a redevelopment area, with a population not exceeding 150,000). The loans are made at an interest rate determined annually under a formula in the law, which fixed the rate for the fiscal year beginning July 1, 1961, at 3⅝ percent (or for communities in redevelopment areas at 3⅜ percent). The law still provides that no financial assistance shall be extended under the program unless the financial assistance applied for is not otherwise available on reasonable terms.

There is a companion program under the Area Redevelopment Act of 1961 administered by the Area Redevelopment Administration in the Department of Commerce. The programs authorized under this act include (a) $75 million in Federal grants for public facilities in qualified redevelopment areas if there is little probability that the project could be undertaken without the assistance of such a grant (with a requirement that the entity requesting the grant shall contribute to the cost of the project in proportion of its ability to contribute) and (b) $100 million in Federal loans for public facilities in qualified redevelopment areas with maturities up to 40 years, if the funds are not otherwise available on reasonable

terms, at an interest rate determined annually under a formula in the bill which presently would be 3⅜ percent. At present over 1,000 counties throughout the country have been certified as qualified redevelopment areas and a list of those counties is available from the Area Redevelopment Administration.

ELIGIBILITY FOR THE PROGRAMS

Eligibility under either of these programs depends on the interest rate which is determined administratively as a reasonable rate, because municipalities are eligible for a Federal loan under the programs, only if they cannot obtain financing from other sources at that rate. If the interest rate set as reasonable by the administrative agencies is too low in relation to current market rates, a large volume of municipal financing is unable to obtain financing at that rate from other sources and is eligible under these programs.

In August the IBA submitted to the administrator of the community facilities loan program a suggested yardstick for establishing reasonable terms, which would establish the reasonable rate monthly in a realistic relationship to current market rates at a level high enough that only a small proportion of municipal financing would be eligible under the program.

However, the community facilities administrator adopted the following basis for determining whether financing is available from other sources on reasonable terms:

"For a bond issue secured upon the same terms and conditions as the Government loan, an interest rate is to be deemed reasonable if it does not exceed 3⅞ percent, if the loan is repayable over 30 years or more. For shorter term loans, the reasonable interest rate is to be reduced by one-eighth percent for each 5-year reduction of the length of the loan, provided such interest rate is not less than 3⅝ percent. If the borrower is located in an area designated as a redevelopment area, the benchmark for reasonable interest rates would be 3⅝ percent" (i.e., 3⅝ percent for 30-year or longer maturities or 3⅜ percent for 20-year or shorter maturities in a redevelopment area).

The Area Redevelopment Administration adopted as a reasonable rate under its program the same rate adopted by the CFA as a reasonable rate for redevelopment areas.

The interest rates presently established under these programs as reasonable terms are too low in relation to current market rates. This is easily proven because the rates established by the HHFA and the ARA would classify as unreasonable:

(a) The interest cost on outstanding U.S. Government bonds of comparable maturities, on the basis of current market yield on outstanding bonds (presently above 4 percent for the best credit in the world.)

(b) Over 25 percent of the number of new issues of municipal bonds sold during the first 6 months of 1961 with maturities not exceeding 20 years; over 42 percent of the number of new issues of municipal bonds sold during the first 6 months of 1961 with maturities from 21 through 25 years; over 48 percent of the number of new issues of municipal bonds sold during the first 6 months of 1961 with maturities of 26 years or longer.

The Research Department of the IBA keeps a record of the details of every reported sale of a new issue of municipal bonds and the figures above are based on a check of each of the 3,610 new issues of municipal bonds sold during the first 6 months of 1961, aggregating over $4,569 million. The breakdown into three classifications is based on the rate established by the HHFA and the ARA for the indicated maturities.

CRITICIZES FAILURE TO JUDGE BOND'S QUALITY

As a further factor demonstrating the failure to relate the reasonable rate under these programs to current market rates, it should be observed that no distinction is made between general obligation bonds and revenue bonds, although the statistics clearly indicate that a reasonable rate for revenue bonds would generally be about one-half of 1 percent higher than a reasonable rate for general obligation bonds.

It appears that the present policy of the HHFA and the ARA in determining the interest rate which constitutes reasonable terms is contrary to the intent of the law which specifically provides that the Federal loans may be provided only when the financing is not available from other sources on reasonable terms. This conclusion is supported by recent reports in the press that Senator WILLIS ROBERTSON, chairman of the Senate Committee on Banking and Currency (which has jurisdiction over housing legislation including the community facilities loan program), has stated that the rates presently established as reasonable by the HHFA are too low in relation to current market rates.

CITES RECENT CHARLESTON, W. VA., UNDERCUTTING

Particular attention focused on this program when all seven bids on $4 million Charleston, W. Va., sewer revenue bonds were rejected on July 31, although the best bid provided a reasonable net interest cost of 3.945 percent, after a representative of the HHFA present at the meeting advised that the funds might be obtained from his agency at a lower rate. The HHFA approved the $4 million loan to Charleston on October 19, with the usual requirement that the bonds be advertised again in a financial newspaper of national circulation and an agreement that the HHFA will purchase all those bonds for which bids are not received from other investors on reasonable terms.

It is the policy of HHFA to require that bonds be offered in blocks of maturities so that private investors might purchase one or more blocks of the shorter maturities at an interest rate below the reasonable rate based on the maximum maturity. This policy is constructive in making it possible for at least a portion of many issues to be purchased by other investors.

The principal effect of these programs, with the interest rate presently established as reasonable by administrative policy too low in relation to current market rates, is to substitute Federal financing for financing which is readily available from other sources at rates reasonable in relation to current market rates—with the Federal Government thereby taking over unnecessarily a function of private industry. It is doubtful that little, if any, construction of community facilities are being financed under this program which would not be financed from other sources if the programs were abandoned.

SMALL TOWNS DO BORROW AT REASONABLE TERMS

One of the assumptions on which both programs are based is that small municipalities cannot obtain financing at rates as favorable as those obtained by larger municipalities. This assumption is not well founded. A draft report by the Advisory Commission on Intergovernmental Relations on "State Constitutional and Statutory Restrictions on Local Government Debt," rebutting the premise that small governments and bond issues commonly involve somewhat higher rates of interest than the larger issues of widely known governmental units, observed that "Extensive recent studies tend to discount earlier impressions about the prevalence of any such size-related differential." Furthermore, a brief review of new issues of bonds sold by municipalities with population under 10,000 for water or sewer facilities during the first 3 months of 1961 indicates that small municipalities can obtain very favorable rates of interest. A partial list of such issues is attached for illustrative purposes. It should be observed that 22 of the 51 issues on this list, which were financed without Federal assistance, would presently be eligible for Federal loans under the program (in addition to any qualifying in redevelopment areas) because they were sold at an interest cost in excess of the presently established reasonable rate for the maturities involved.

In this connection, it is also appropriate to observe that sales of new issues of municipal bonds to finance construction of public facilities have reached record levels in recent years. Over $6.8 billion of such bonds have been sold during the first 10 months of this year and it appears probable that a new record for sales of such bonds will be established this year, close to $8 billion—without Federal assistance.

THE PRESIDENT'S ECONOMY DRIVE

The IBA vigorously opposed the expansion of this program when it was under consideration this year in Congress, through a statement submitted to members of the House Committee on Banking and Currency when the proposal was under consideration by that committee, through letters addressed to all Members of the House immediately prior to consideration of the proposal in the House, and through notice to Members regarding the proposal.

President Kennedy on October 26 ordered a Federal economy drive and asked agency heads to exercise the maximum care in tightening requirements, postponing the initiation of deferable projects, and phasing out any acceleration of spending which was instituted as an antirecession measure. On October 30, the IBA suggested to the administrator of the program that he could do much to carry out the President's order by restricting eligibility for Federal loans under the program by raising the rate of interest established as the reasonable rate under the program.

The Housing Act of 1961 also amended the community facilities loan program by adding the following provision:

"SEC. 207. The Administrator is authorized to establish technical advisory services to assist municipalities and other political subdivisions and instrumentalities in the budgeting, financing, planning, and construction of community facilities. There are hereby authorized to be appropriated such sums as may be necessary, together with any fees that may be charged, to cover the cost of such services."

This authorization also provides an unnecessary intrusion of the Federal Government in furnishing professional services which would be provided more properly and more effectively by professional financial advisers. We believe that much advice furnished by representatives of the Federal Government will be designed principally to qualify for assistance under various Federal programs, rather than for the best long-term interests of the community.

In conclusion, in this country where we speak so proudly of our free enterprise system and where so much attention is focused on demonstrating the superiority of our system over an alien system based on governmental ownership, we are compelled to protest that the Federal Government in the community facility loan program is taking over a function of private industry in substituting Federal financing for financing that is readily available from other sources at reasonable rates. Consequently:

(a) The provision authorizing Federal advisory services to municipalities in budgeting and financing should be repealed.

(b) The provisions extending the application of the community facilities loan program to communities in redevelopment areas under special terms should be repealed because they create an unnecessary and undesirable duplication with Federal loan and grant programs authorized under the Area Redevelopment Act.

(c) The interest rate determined as "reasonable" in establishing eligibility for Federal loans under the program should be fixed at a level in relation to current market rates for comparable maturities and types of securities (general obligations or revenue bonds).

(d) The acts authorizing the community facilities loan program and loans to municipalities under the area redevelopment program should be amended so that loans under those programs may be made only when the financing is not available from other sources at rates reasonable in relation to current market rates for comparable maturities and types of securities (general obligations or revenue bonds).

Partial list of new issues of bonds sold by municipalities with population under 10,000 for water or sewer facilities during the 1st 3 months of 1961 (January–March)

Issuer-purpose	Amount	Maturity range	Net interest cost
Maumee, Ohio, street and sewer	$125,000	2–10	2.760
Farmingdale, N.Y., water system	150,000	1–15	2.990
Wappingers Falls, N.Y., water	90,000	1–15	3.090
Sudbury, Mass., water district	35,000	1–15	3.130
Belleair, Fla., sewer	500,000	3–12	3.154
Golden, Colo., water	270,000	1–15	3.169
Radford, Va., water and sewer	1,100,000	1–20	3.187
Westminster, Mass., water	125,000	1–15	3.240
Britt, Iowa, sewer	96,000	1–19	3.257
Little Rock, Iowa, community school district	140,000	1–18	3.273
Spencer, Iowa, sewer	350,000	1–19	3.321
Dalton, Mass., sewer	695,000	1–29	3.350
Oak Harbor, Ohio, sewer	69,000	1–20	3.370
Morris, Minn., sewage	340,000	2–21	3.373
Greenville, Mich., sewage	300,000	1–20	3.391
North Baltimore, Ohio, sewer	100,000	1–19	3.450
Perrysburg, Ohio, sewage	295,000	1–20	3.460
Medina, N.Y., water	700,000	1–29	3.480
Buhl, Minn., sewage	112,000	2–13	3.487
Strasburg, Va., sewer	170,000	1–20	3.528
Medina, Ohio, waterworks	150,000	2–21	3.566
Medina, Ohio, sewage	650,000	2–21	3.566
Medina, Ohio, waterworks	200,000	2–21	3.566
Fairfax, Minn., water and sewer	49,000	2–16	3.570
Liberty, N.Y., water	120,000	1–27	3.630
Wells, Minn., sewage	190,000	3–20	3.645
Bedford Heights, Ohio, sewer	$398,000	1–20	3.650
West Carrollton, Ohio, sewer	175,000	2–21	3.680
New Windsor, N.Y., water	198,000	1–29	3.710
Salem Heights, Oreg., water district	486,000	1–23	3.726
Enfield, N.C., water	100,000	3–21	3.743
Bloomfield Hills, Mich., sewer	1,330,000	1–29	3.778
St. Helens, Oreg., sewer	125,000	1–20	3.778
Wesson, Miss., waterworks	60,000	2–21	3.802
St. Joseph, La., sewer	86,000	1–25	3.809
Seaside, Oreg., sewer	271,000	1–19	3.817
Belleair, Fla., sewer	750,000	2–31	3.877
Hazlehurst, Miss., sewer	395,000	4–30	3.916
Riverdale, N.J., water	175,000	1–30	3.920
Winsboro, La., Sewer District I	275,000	2–25	3.930
De Quincy, La., improvement sewer district	157,000	2–20	3.940
Somerdale, N.J., sewer	162,000	1–18	3.940
Old Town, Maine, water district	800,000	1–20	3.950
Granite Falls, N.C., sewer	50,000	1–18	3.978
Bernice, La., sewage	65,000	1–20	4.010
Cookeville, Tenn., waterworks revenue	600,000	6–24	4.088
Blaine, Minn., water	533,000	3–21	4.141
White Cloud, Mich., sewage	150,000	3–29	4.168
Arden Hills, Minn., sewer	400,000	1–20	4.220
Fuquay Springs, N.C., sewer	230,000	2–31	4.235
Hugo, Minn., waterworks improvement	160,000	2–20	4.322

On November 30, 1961, the Board of Governors of the IBA approved recommendations that:

1. The interest rate determined as reasonable in establishing eligibility for Federal loans under the program be fixed at a level in relation to current market rates for comparable maturities and types of securities (general obligations or revenue bonds), which reasonable rate would be higher than the current yield on outstanding obligations of the United States of comparable maturity.

As a yardstick for a reasonable rate, for purposes of this program only, we suggest that the rate be set monthly as the rate which is in the Bond Buyer 20-Bond Index for the last week of the preceding month, plus one-half of 1 percent for general obligation bonds or 1 percent for revenue bonds, in both cases for 20-year maximum maturities, adjusted up one-eighth of 1 percent for each full 5 years' longer maturity or down one-eighth of 1 percent for each full 5 years' shorter maturity.

2. The provisions extending the application of the community facilities loan program to communities in redevelopment areas under special terms be repealed because they create an unnecessary and undesirable duplication with Federal loan and grant programs authorized under the Area Redevelopment Act.

3. The provision authorizing Federal advisory services to municipalities in budgeting and financing be repealed.

The IBA has submitted the following tabulation which shows for a 20-year maximum maturity general obligation municipal bond the rate of interest during the last 6 months of 1961 (a) which would have been deemed reasonable under the yardstick recommended by the IBA and (b) which was established as reasonable by the Housing and Home Finance Agency for loans outside of redevelopment areas, compared with the Morgan-Guaranty Index for fully taxable U.S. Government bonds of 20-year maturity for the last week of the preceding month (note the close relationship between the IBA yardstick rate and the rate on U.S. Government bonds of the same maturity):

	IBA proposal	HHFA rate	Morgan-Guaranty Index for U.S. bonds
July 1961	4.04	3.625	3.94
August 1961	3.99	3.625	3.90
September 1961	4.04	3.625	4.03
October 1961	3.99	3.625	3.98
November 1961	3.89	3.625	3.97
December 1961	3.98	3.625	4.02

TRANSACTION OF ROUTINE BUSINESS

Mr. MANSFIELD. Mr. President, I ask unanimous consent that at this time there be a morning hour, limited to 15 minutes, and that the time required for it be charged equally to the time available to both sides under the unanimous-consent agreement—in other words, one-half of such time to be charged to each side.

The VICE PRESIDENT. Then the vote will be taken at 2 o'clock?

Mr. MANSFIELD. Yes.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

EXECUTIVE COMMUNICATIONS, ETC.

The VICE PRESIDENT laid before the Senate the following letters, which were referred as indicated:

REPORT OF ADMINISTRATOR, RURAL ELECTRIFICATION ADMINISTRATION

A letter from the Secretary of Agriculture, transmitting, pursuant to law, a report on rural electric and rural telephone programs of the Rural Electrification Administration, for the fiscal year 1961 (with an accompanying report); to the Committee on Agriculture and Forestry.

REPORT ON PUERTO RICAN HURRICANE RELIEF LOANS

A letter from the Acting Secretary of Agriculture, reporting, pursuant to law, on the Puerto Rican hurricane relief loans, as of December 31, 1961; to the Committee on Agriculture and Forestry.

AMENDMENT OF SECTION 6 OF AGRICULTURAL MARKETING ACT, RELATING TO REDUCTION OF REVOLVING FUND

A letter from the Governor, Farm Credit Administration, Washington, D.C., transmitting a draft of proposed legislation to amend section 6 of the Agricultural Marketing Act, as amended, to reduce the revolving fund available for subscriptions to the capital stock of the banks for cooperatives (with an accompanying paper); to the Committee on Agriculture and Forestry.

REPORT ON JUDGMENTS RENDERED BY U.S. COURT OF CLAIMS (S. Doc. No. 70)

A letter from the clerk, U.S. Court of Claims, transmitting, pursuant to law, a statement of all judgments rendered by that court, for the year ended September 30, 1961 (with an accompanying report); to the Committee on Appropriations, and ordered to be printed.

REPORT OF DIRECTOR OF SELECTIVE SERVICE

A letter from the Director, Selective Service System, Washington, D.C., transmitting, pursuant to law, his report, for the fiscal year ended June 30, 1961 (with an accompanying report); to the Committee on Armed Services.

REPORT ON ARMY, NAVY, AND AIR FORCE PRIME CONTRACT AWARDS TO SMALL AND OTHER BUSINESS FIRMS

A letter from the Assistant Secretary of Defense, Installations and Logistics, transmitting, pursuant to law, a report on Army, Navy, and Air Force prime contract awards to small and other business firms, for the

period July–November 1961 (with an accompanying report); to the Committee on Banking and Currency.

REPORT OF FEDERAL COMMUNICATIONS COMMISSION

A letter from the Chairman, Federal Communications Commission, Washington, D.C., transmitting, pursuant to law, a report of that Commission for the fiscal year ended June 30, 1961 (with an accompanying report); to the Committee on Commerce.

REPORT OF U.S. TARIFF COMMISSION

A letter from the Chairman, U.S. Tariff Commission, Washington, D.C., transmitting, pursuant to law, a report of that Commission, for the fiscal year ended June 30, 1961 (with an accompanying report); to the Committee on Finance.

EXTENSION OF RENEGOTIATION ACT OF 1951

A letter from the Chairman, the Renegotiation Board, Washington, D.C., transmitting a draft of proposed legislation to extend the Renegotiation Act of 1951 (with an accompanying paper); to the Committee on Finance.

AUDIT REPORT ON FARM CREDIT ADMINISTRATION

A letter from the Comptroller General of the United States, transmitting, pursuant to law, an audit report on the Farm Credit Administration, for the fiscal year 1961 (with an accompanying report); to the Committee on Government Operations.

AUDIT REPORT ON EXPORT-IMPORT BANK OF WASHINGTON

A letter from the Comptroller General of the United States, transmitting, pursuant to law, an audit report on the Export-Import Bank of Washington, fiscal year 1961 (with an accompanying report); to the Committee on Government Operations.

REPORT ON CROOKED RIVER PROJECT EXTENSION, OREGON

A letter from the Secretary of the Interior, transmitting, pursuant to law, his report on the Crooked River Project Extension, Oregon, dated November 30, 1961 (with accompanying papers); to the Committee on Interior and Insular Affairs.

REPORT ON UPPER DIVISION, BAKER PROJECT, OREGON

A letter from the Secretary of the Interior, transmitting, pursuant to law, a report on the Upper Division, Baker Project, Oregon, dated January 1961 (with an accompanying report); to the Committee on Interior and Insular Affairs.

REPORT ON AUBURN-FOLSOM SOUTH UNIT, CENTRAL VALLEY PROJECT, CALIFORNIA

A letter from the Secretary of the Interior, transmitting, pursuant to law, a report on the Auburn-Folsom south unit proposing expansion of the Central Valley project, California, dated December 1961 (with accompanying papers); to the Committee on Interior and Insular Affairs.

CERTIFICATIONS OF ADEQUATE SOIL SURVEY AND LAND CLASSIFICATION

A letter from the Secretary of the Interior, reporting, pursuant to law, that an adequate soil survey and land classification has been made of the lands to be benefited by the Dalles project, Western Division, Oregon (with an accompanying paper); to the Committee on Interior and Insular Affairs.

A letter from the Assistant Secretary of the Interior, reporting, pursuant to law, that an adequate soil survey and land classification has been made of the lands in the Emery County project, Utah (with an accompanying paper); to the Committee on Interior and Insular Affairs.

DETERMINATIONS RELATING TO 1961 CONSTRUCTION PAYMENT DUE THE UNITED STATES FROM BELLE FOURCHE IRRIGATION DISTRICT, SOUTH DAKOTA

A letter from the Assistant Secretary of the Interior, reporting, pursuant to law, his determinations relating to the 1962 construction payment due the United States from the Belle Fourche Irrigation District, Belle Fourche project, South Dakota; to the Committee on Interior and Insular Affairs.

REMOVAL OF CEILING ON APPROPRIATIONS FOR TRUST TERRITORY OF THE PACIFIC ISLANDS

A letter from the Assistant Secretary of the Interior, transmitting a draft of proposed legislation to remove the ceiling on the authorization for appropriations for the government of the Trust Territory of the Pacific Islands (with an accompanying paper); to the Committee on Interior and Insular Affairs.

EXCHANGE OF CERTAIN LANDS AT ANTIETAM NATIONAL BATTLEFIELD SITE

A letter from the Assistant Secretary of the Interior, transmitting a draft of proposed legislation to authorize the exchange of certain lands at Antietam National Battlefield Site (with an accompanying paper); to the Committee on Interior and Insular Affairs.

CHANGE OF NAME OF WHITMAN NATIONAL MONUMENT TO WHITMAN MISSION NATIONAL HISTORIC SITE

A letter from the Assistant Secretary of the Interior, transmitting a draft of proposed legislation to change the name of Whitman National Monument to Whitman Mission National Historic Site (with an accompanying paper); to the Committee on Interior and Insular Affairs.

REPORT OF HELIUM PROGRAM

A letter from the Administrative Assistant Secretary of the Interior, transmitting, pursuant to law, a report on the progress made in carrying out the helium program, dated December 31, 1961 (with an accompanying report); to the Committee on Interior and Insular Affairs.

VALIDATION OF PAYMENTS OF CERTAIN SPECIAL STATION PER DIEM ALLOWANCES AND ALLOWANCES FOR QUARTERS TO CERTAIN COMMISSIONED OFFICERS OF PUBLIC HEALTH SERVICE

A letter from the Secretary, Department of Health, Education, and Welfare, transmitting a draft of proposed legislation to validate payments of certain special station per diem allowances and certain basic allowances for quarters made in good faith to commissioned officers of the Public Health Service (with an accompanying paper); to the Committee on the Judiciary.

REPORT ON TORT CLAIMS PAID BY U.S. DEPARTMENT OF JUSTICE

A letter from the Administrative Assistant Attorney General, U.S. Department of Justice, Washington, D.C., transmitting, pursuant to law, a report on tort claims paid by that Department, during the fiscal year 1961 (with an accompanying report); to the Committee on the Judiciary.

REPORT OF NATIONAL LABOR RELATIONS BOARD

A letter from the Chairman, National Labor Relations Board, Washington, D.C., transmitting, pursuant to law, a report of that Board, for the fiscal year ended June 30, 1961 (with an accompanying report); to the Committee on Labor and Public Welfare.

REPORTS ON POSITIONS IN CERTAIN GRADES OF CLASSIFICATION ACT OF 1949

A letter from the Director of Personnel, U.S. Department of Commerce, transmitting, pursuant to law, a report on positions in that Department in grades GS–16, GS–17, and GS–18 (with an accompanying report); to the Committee on Post Office and Civil Service.

A letter from the Director, Administrative Office of the U.S. Courts, Washington, D.C., transmitting, pursuant to law, a report on positions in that Office in grades GS–16, GS–17, and GS–18 (with an accompanying report); to the Committee on Post Office and Civil Service.

APPROPRIATIONS TO ATOMIC ENERGY COMMISSION

A letter from the Chairman, U.S. Atomic Energy Commission, Washington, D.C., transmitting a draft of proposed legislation to authorize appropriations to the Atomic Energy Commission in accordance with section 261 of the Atomic Energy Act of 1954, as amended, and for other purposes (with an accompanying paper); to the Joint Committee on Atomic Energy.

APPROPRIATIONS TO ATOMIC ENERGY COMMISSION, RELATING TO ACQUISITION OF REAL PROPERTY

A letter from the Chairman, U.S. Atomic Energy Commission, Washington, D.C., transmitting a draft of proposed legislation to authorize appropriations to be made to the Atomic Energy Commission for acquisition or condemnation of any real property or any facility or for plant or facility acquisition, construction or expansion, for continuation of the cooperative power reactor demonstration program, and for the Euratom program (with an accompanying paper); to the Joint Committee on Atomic Energy.

PETITIONS AND MEMORIALS

Petitions, and so forth, were laid before the Senate, or presented, and referred as indicated:

By the VICE PRESIDENT:

A resolution adopted by the Sixth Guam Legislature; to the Committee on Interior and Insular Affairs:

"RESOLUTION 253

"Resolution relative to respectfully petitioning the Congress of the United States to enact legislation authorizing and empowering the appropriate department to reopen land condemnation cases which have been stipulated into for the taking of lands within the territory of Guam

"Whereas as a result of the establishment within the territory of Guam of military bases and military facilities, hundreds of acres of real property have been condemned by the U.S. Government for military uses, roadways, and other military facilities; and

"Whereas as a result of such takings, hundreds of landowners, without proper representation and advice, and without knowledge of their rights, particularly before the enactment of the Organic Act of Guam when such landowners were not American citizens but nationals of the United States only, executed stipulations with representatives of the U.S. Government for the taking of their lands, which stipulations call for payments to these owners of ridiculously low amounts for the taking of such lands by the military; and

"Whereas many representations have been made by the landowners to their representatives in the Guam Legislature that had they known their rights, they would not have executed such stipulations for the taking of their lands; and

"Whereas in the majority of cases, the landowners could not even read or speak the English language with the result therefor

that they did not understand the full implication of the documents they signed; and

"Whereas these landowners, Americans all, should be justly compensated for the takings of their lands in accordance with the Constitution of the United States and the Organic Act of Guam, because the moneys received by them represented but a small fraction of the true market value and just compensation for such takings: Now, therefore, be it

"*Resolved*, That the Sixth Guam Legislature does hereby respectfully petition and memorialize the Congress of the United States to enact legislation authorizing and empowering the appropriate department to reopen land condemnation cases which have been entered into by stipulations by the former landowners thereof and authorizing such appropriate department to renegotiate with such landowners the true and reasonable value of the properties so taken; and be it further

"*Resolved*, That the speaker certify to and the legislative secretary attest the adoption hereof and that copies of the same be thereafter transmitted to the President of the United States, to the Presiding Officer of the Senate, to the Speaker of the House, to the Department of Interior, and to the Governor of Guam."

CONCURRENT RESOLUTION OF SOUTH CAROLINA LEGISLATURE

Mr. JOHNSTON. Mr. President, on behalf of my colleague, the junior Senator from South Carolina [Mr. THURMOND] and myself, I present a concurrent resolution of the General Assembly of South Carolina urging the Federal Communications Commission not to cancel the license and franchise held by WIS-TV, Columbia, S.C., for television transmission over VHF channel 10. I ask unanimous consent that the concurrent resolution be printed in the RECORD, and appropriately referred.

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

S. 457

Concurrent resolution urging the Federal Communications Commission not to cancel the license and franchise held by WIS-TV, Columbia, S.C., for television transmission over VHF channel 10

Whereas the Federal Communications Commission is proposing the removal of the only wide-range television facility granted to our State capital, namely channel 10 licensed to WIS-TV at Columbia, S.C.; and

Whereas other cities about us, including Augusta, Ga.; Charlotte, N.C.; and the South Carolina cities of Charleston, Florence, Greenville, and Spartanburg all have, and will retain, one or more VHF television stations each; and

Whereas citizens of South Carolina beyond the immediate environs of Columbia are equipped to receive only VHF television transmissions; and

Whereas to delete channel 10 would impose a financial outlay of from $30 to $50, or more, upon each such home before it could receive television programs from Columbia; and

Whereas we evaluate with highest commendation the performance of WIS-TV, channel 10, particularly for its alert, fair, and comprehensive news coverage of the affairs of our State government, its initiative in bringing thought-provoking discussion to enlighten our citizens on the problems of our State; and

Whereas there is urgent and compelling public need for the continuation of this praiseworthy performance by WIS-TV and its highly trained personnel; and

Whereas Columbia, our capital and largest city, would suffer irreparable harm through being deprived of communications with vast numbers of persons residing within its normal trade area; and,

Whereas many citizens of South Carolina whose allegiance, loyalty, and civic pride naturally flow to Columbia will be compelled to form an unnatural devotion to out-of-State television stations to learn of news and events which affect Columbia and their own communities: Now, therefore, be it

Resolved by the senate (the house of representatives concurring), That the General Assembly of the State of South Carolina does hereby voice to the President of the United States, to the U.S. Congress, and to the Federal Communications Commission its objection to the proposed removal of VHF channel 10, and does most urgently ask in the name of fairness to our State, in light of the dominant interest and convenience of our citizens, and in furtherance of good government, that VHF channel 10 be retained in Columbia, S.C., to the end that our capital and largest city, and the people surrounding Columbia, will enjoy television service comparable with other cities of its size and importance; and be it further

Resolved, That a copy of this resolution be forwarded to the two U.S. Senators from South Carolina, each Member of the House of Representatives from this State, to the President of the United States, and to the Chairman of the Federal Communications Commission.

RESOLUTION OF THE NEW YORK BOARD OF TRADE

Mr. KEATING. Mr. President, I call attention to a resolution of the New York Board of Trade calling for the repeal of the 10 percent transportation excise tax. I have long believed that this emergency levy should be eliminated. I hope that this year the Congress will act. I ask unanimous consent that this resolution by the New York Board of Trade be printed in the RECORD.

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

Whereas the New York Board of Trade's transportation section is vitally interested in the preservation of all transportation systems servicing the port of New York; and

Whereas the 10-percent tax on passenger transportation in the United States imposes an excessive and unnecessary burden upon all who travel in the pursuit of business vital to the national economy and welfare; and

Whereas this levy, imposed as an emergency wartime measure nearly 20 years ago to discourage nonessential use of an overtaxed transportation system, has long since ceased to serve any part or semblance of its purpose; and

Whereas the similar wartime excise tax on the transportation of goods was repealed in 1958; and

Whereas this unnecessary and inequitable excise tax, by adding to the cost of travel and thereby discouraging use of transportation, poses an immediate and serious threat to common carrier services essential to the health and well-being of the Nation: Now, therefore, be it

Resolved, That the transportation section of the New York Board of Trade does support the railroads, the airlines, and the buslines in their earnest request for the needful elimination of the 10-percent Federal transportation excise tax immediately and in its entirety, as this is in the public interest and essential to the national economy and places the board on record as favoring that repeal; and

Whereas this immediate and complete repeal is incumbent upon the Congress of the United States; be it further

Resolved, That the position of the transportation section of the New York Board of Trade favoring the repeal of this tax be made known to the Congress, and that the Congress be urgently petitioned to take immediate corrective legislative action.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. JOHNSTON, from the Committee on Post Office and Civil Service, without amendment:

S. Res. 235. Resolution authorizing the Committee on Post Office and Civil Service to employ an additional clerical assistant (Rept. No. 1125); referred to the Committee on Rules and Administration; and

S. Res. 236. Resolution authorizing the Committee on Post Office and Civil Service to investigate the postal service and civil service systems (Rept. No. 1126); referred to the Committee on Rules and Administration.

By Mr. MAGNUSON, from the Committee on Commerce, with an amendment:

S. Res. 251. Resolution authorizing the Committee on Commerce to investigate certain matters within its jurisdiction, and providing funds therefor; referred to the Committee on Rules and Administration.

REPORT ENTITLED "11TH ANNUAL REPORT OF THE ACTIVITIES OF THE JOINT COMMITTEE ON DEFENSE PRODUCTION" (S. REPT. NO. 1124)

Mr. ROBERTSON. Mr. President, from the Joint Committee on Defense Production, I submit the 11th annual report on the activities of that committee. I ask that the report be printed, with illustrations.

The VICE PRESIDENT. Without objection, the report will be received and printed, as requested by the Senator from Virginia.

EXECUTIVE REPORTS OF COMMITTEES

As in executive session,

The following favorable reports of nominations were submitted:

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

William A. Crawford, of the District of Columbia, a Foreign Service officer of class 1, to be Envoy Extraordinary and Minister Plenipotentiary to Rumania; and

William E. Stevenson, of Colorado, to be Ambassador Extraordinary and Plenipotentiary to the Philippines.

By Mr. MAGNUSON, from the Committee on Commerce:

Clinton D. Upham, and sundry other persons, for appointment in the Coast and Geodetic Survey; and

Richard F. Eiden, and sundry other persons, for appointment in the U.S. Coast Guard.

By Mr. RUSSELL, from the Committee on Armed Services:

John A. McCone, of California, to be Director of Central Intelligence.

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

Fred Korth, of Texas, to be Secretary of the Navy.

By Mr. SALTONSTALL, from the Committee on Armed Services:

Neil E. Harlan, of Massachusetts, to be an Assistant Secretary of the Air Force.

BILLS AND JOINT RESOLUTION INTRODUCED

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

By Mr. DIRKSEN:

S. 2717. A bill to authorize certain improvement of Hurricane Creek for flood control purposes in the vicinity of Hillview, Ill.; to the Committee on Public Works.

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

By Mr. LAUSCHE:

S. 2718. A bill for the relief of Mrs. Juana Christopetrou; to the Committee on the Judiciary.

By Mr. HAYDEN:

S. 2719. A bill to authorize the Secretary of Defense to lend certain Army, Navy, and Air Force equipment and to provide transportation and other services to the Boy Scouts of America in connection with the World Jamboree of Boy Scouts to be held in Greece in 1963; and for other purposes; to the Committee on Armed Services.

By Mr. KERR (for himself, Mr. BUSH, and Mr. MONRONEY):

S. 2720. A bill to authorize reimbursement to the States or the designation of additional Interstate System mileage for certain free or toll highways now on the Interstate System, and for other purposes; to the Committee on Public Works.

By Mr. CHURCH (by request):

S. 2721. A bill to provide relief for the heirs and devisees of Fly and Her Growth, deceased Lower Brule Indian allottees; to the Committee on Interior and Insular Affairs.

By Mr. BUSH:

S. 2722. A bill for the relief of Miss Livia Sernini (Cucciatti); to the Committee on the Judiciary.

By Mr. ANDERSON:

S. 2723. A bill to provide that lands within the exterior boundaries of a national forest acquired under section 8 of the act of June 28, 1934, as amended (43 U.S.C. 315g), may be added to the national forest, and for other purposes; to the Committee on Interior and Insular Affairs.

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

By Mr. BENNETT:

S. 2724. A bill to amend section 203(j) of the Federal Property and Administrative Services Act of 1949 to permit the disposal of surplus property for use in the development, operation, and maintenance of State parks and State recreational areas; to the Committee on Government Operations.

By Mr. HARTKE:

S. 2725. A bill to provide for a special additional appropriation for the purpose of accelerating research with respect to the causes, prevention, and cure of cancer, heart disease, and mental illness; to the Committee on Labor and Public Welfare.

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

By Mr. WILEY:

S. 2726. A bill to provide for the establishment of a Citizens' Council for the Spread of Freedom; to the Committee on Foreign Relations.

S. 2727. A bill to provide for the establishment of a Permanent Commission on Governmental Operations; to the Committee on Government Operations.

(See the remarks of Mr. WILEY when he introduced the above bills, which appear under separate headings.)

By Mr. PASTORE:

S. 2728. A bill for the relief of Chan Wing Cheung, also known as Bill Woo; to the Committee on the Judiciary.

By Mr. GOLDWATER:

S. 2729. A bill for the relief of Hom Wah Yook (also known as Hom Bok Heung); to the Committee on the Judiciary.

By Mr. FULBRIGHT:

S. 2730. A bill to waive the limitations and restrictions of section 142 of title 28, United States Code, with respect to the holding of court at Fayetteville, Ark., by the U.S. District Court for the Western District of Arkansas; to the Committee on the Judiciary.

By Mr. WILLIAMS of New Jersey:

S. 2731. A bill to amend title 38, United States Code, to provide vocational rehabilitation, education and training, mustering-out and loan guaranty benefits for veterans of service after January 31, 1955, to provide that mustering-out pay shall be paid at increased rates for persons recalled to active duty since August 1, 1961, to provide loan assistance for persons so recalled who were compelled to liquidate their business, and for other purposes; to the Committee on Labor and Public Welfare.

S. 2732. A bill for the relief of Yoon So Shim; to the Committee on the Judiciary.

By Mr. MAGNUSON (by request):

S. 2733. A bill to amend section 20b of the Interstate Commerce Act, as amended; to the Committee on Commerce.

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

By Mr. RUSSELL (for himself and Mr. SALTONSTALL):

S. 2734. A bill to authorize appropriations during fiscal year 1963 for aircraft, missiles, and naval vessels for the Armed Forces, and for other purposes; to the Committee on Armed Services.

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

By Mr. BEALL:

S. 2735. A bill for the relief of John R. Devereux; to the Committee on the Judiciary.

By Mr. CAPEHART:

S. 2736. A bill for the relief of Arie Abramovich; to the Committee on the Judiciary.

By Mr. MAGNUSON (for himself, Mr. CHURCH, Mr. JACKSON, Mr. MORSE, and Mrs. NEUBERGER):

S. 2737. A bill to encourage the use of American-flag vessels by domestic industries, and for other purposes; to the Committee on Commerce.

By Mr. SCOTT:

S. 2738. A bill to deny the use of the U.S. postal service for the carriage of Communist political propaganda; to the Committee on Post Office and Civil Service.

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

By Mrs. NEUBERGER (for herself and Mr. MORSE):

S. 2739. A bill to authorize the Secretary of the Interior to construct, operate, and maintain the Merlin division, Rogue River Basin project, Oregon, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. KERR (for himself and Mr. CHAVEZ) (by request):

S.J. Res. 148. Joint resolution providing for the establishment of the National Capital Parks Memorial Board; to the Committee on Public Works.

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

RESOLUTIONS

FUNERAL EXPENSES OF THE LATE SENATOR ANDREW F. SCHOEPPEL

Mr. CARLSON submitted a resolution (S. Res. 272) relative to funeral expenses of the late Senator Andrew F. Schoeppel, which was considered and agreed to.

(See the above resolution printed in full when submitted by Mr. CARLSON, which appears under a separate heading.)

ADDITIONAL FUNDS FOR SUBCOMMITTEE ON MIGRATORY LABOR OF COMMITTEE ON LABOR AND PUBLIC WELFARE

Mr. WILLIAMS of New Jersey submitted the following resolution (S. Res. 273); which was referred to the Committee on Labor and Public Welfare:

Resolved, That the Committee on Labor and Public Welfare, or any duly authorized subcommittee thereof, is authorized under sections 134(a) and 136 of the Legislative Reorganization Act of 1946, as amended, and in accordance with its jurisdictions specified by rule XXV of the Standing Rules of the Senate, to examine, investigate, and make a complete study of any and all matters pertaining to migratory labor including, but not limited to, such problems as (a) the wages of migratory workers, their working conditions, transportation facilities, housing, health and educational opportunities for migrants and their children, (b) the nature of and the relationships between the programs of the Federal Government and the programs of State and local governments and the activities of private organizations dealing with the problems of migratory workers, and (c) the degree of additional Federal action necessary in this area.

SEC. 2. For the purposes of this resolution the committee, from February 1, 1962, to January 31, 1963, inclusive, is authorized (1) to make such expenditures as it deems advisable; (2) to employ upon a temporary basis, technical, clerical, and other assistants and consultants: *Provided*, That the minority is authorized to select one person for appointment, and the person so selected shall be appointed and his compensation shall be so fixed that his gross rate shall not be less by more than $1,400 than the highest gross rate paid to any other employee; and (3) with the prior consent of the heads of the departments or agencies concerned, and the Committee on Rules and Administration, to utilize the reimbursable services, information, facilities, and personnel of any of the departments or agencies of the Government.

SEC. 3. The committee shall report its findings, together with its recommendations for legislation as it deems advisable, to the Senate at the earliest practicable date, but not later than January 31, 1963.

SEC. 4. Expenses of the committee under this resolution, which shall not exceed $50,000, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee.

AUTHORIZATION FOR CERTAIN WORKS OF IMPROVEMENT ON HURRICANE CREEK, IN VICINITY OF HILLVIEW, ILL.

Mr. DIRKSEN. Mr. President, I introduce, for appropriate reference, a bill to authorize certain improvement of Hurricane Creek, a tributary of the Illinois River, for flood control purposes in the vicinity of Hillview, Ill.

The purpose of the bill is to provide flood protection for agricultural areas and related work in the Hartwell Drainage and Levee District and the Hillview Drainage and Levee District of Greene and Scott Counties, Ill.

The Board of Engineers for Rivers and Harbors of the Department of the Army in its report on the Illinois River and tributaries recommended the enlargement of the levees in both drainage districts to provide much needed flood protection for the village of Hillview.

It is understood that the Soil Conservation Service of the Department of the Army has been petitioned by local interests to provide construction of headwater reservoirs under the provisions of the Watershed Protection and Flood Prevention Act, Public Law 566, 83d Congress, as amended. The proposal is under consideration by the Governor of Illinois and if approved by him may lead to further action by the Soil Conservation Service.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD communications from the boards of commissioners of the Hartwell Drainage and Levee District and the Hillview Drainage and Levee District, together with one from the board of aldermen of the village of Hillview, Ill.

The VICE PRESIDENT. The bill will be received and appropriately referred; and, without objection, the communications will be printed in the RECORD.

The bill (S. 2717) to authorize certain improvement of Hurricane Creek for flood control purposes in the vicinity of Hillview, Ill., introduced by Mr. DIRKSEN, was received, read twice by its title, and referred to the Committee on Public Works.

The communications presented by Mr. DIRKSEN are as follows:

HARTWELL DRAINAGE & LEVEE DISTRICT,
Hillview, Ill., December 7, 1961.

Hon. EVERETT DIRKSEN,
U.S. Senate.

DEAR SIR: We wish to bring to your attention a problem that exists here in the village of Hillview, Ill.

Our village is located in Greene County along the banks of Hurricane Creek, which drains a large watershed reaching as far east as Roodhouse, Ill.

After the river levees were built, levees were also constructed to contain this creek. Over the years this creek bed has filled with silt and no longer furnishes adequate protection for the village. This also endangers our drainage district and the levees that protect us.

It is the thinking of the area Corps of Engineers that if this creek were properly dredged these faults could be corrected and the community once again safe from these periodic floods.

There have been four of these floods within the past few years that have caused untold property damage and suffering to the inhabitants of this area. Upon each occasion the Red Cross and other relief agencies have come to our assistance but no action has been taken to correct the cause of these floods.

We, the commissioners of the Hartwell Drainage and Levee District, representing the landowners and tenants in this district appeal to you and your office to render whatever assistance possible to help us correct this problem.

Very truly yours,

JOSEPH SHILD,
President.
JOHN D. LONG,
Secretary.
NEIL CARTER,
Member.

HILLVIEW DRAINAGE AND LEVEE DISTRICT OF GREENE AND SCOTT COUNTIES, ILL.,
Hillview, Ill., December 7, 1961.

Hon. EVERETT M. DIRKSEN,
U.S. Senate.

DEAR SENATOR: Some 25 years or so ago the Government Corps of Engineers constructed levees along the Illinois River protecting lands therein from high river stages. To complete this protection they built levees from the river up tributary creeks. In the process of this work to complete the protection for the Hillview Drainage and Levee District and the Hartwell Drainage District, respectively, the Government engineers built levees on both sides of Hurricane Creek from the Illinois River upstream to the village of Hillview, a distance of 3 miles or so. This Hurricane Creek drains a vast watershed adjacent to the towns of Roodhouse and White Hall.

At the time and for several years after the levees were built this Hurricane Creek tributary had a large and clear unimpeded channel and took care of the many floodwaters. However, during the ensuing years this creek has become clogged and choked up with sediment and debris and there simply isn't any quick passageway for the floodwaters to reach the river. Thus any abnormal rainfall in the above watersheds plunges down into the valley over tops and washes out the levees and G.M. & O. R.R. Co.'s right-of-way and pours into the village of Hillview, inundating a score or more of homes and business establishments, causing untold damage and distress and even threatening loss of life. These floods after going through the village pour down into the Hillview Drainage District destroying the crops on thousands of acres and causing an unbearable tax on our pumping facilities.

There have been four of these disastrous floods in a past number of years. The latest two coming on successive days of last August 9 and 10.

The U.S. Corps of Engineers have been alerted of these flood conditions. They are very sympathetic and cooperative in their numerous inspections and studies of the situation.

It is the universal conviction and opinion of everyone, who is in the position to know, that if the Hurricane Creek channel could be restored to its original carryoff capacity, that all future flooding conditions would be taken care of for years to come.

We would like to point out that there is precedent for Government help in such conditions. Several years ago the neighboring village of Pearl, Ill., had disastrous floods of a similar nature. Hill Creek poured down devastating floods of water and sand over the State highway into the village. The Corps of Engineers and the State of Illinois came to their assistance and by channel and levee work corrected the trouble. Also our neighboring drainage districts of Eldred and Macoupin have had relief assistance on Macoupin Creek and Main Canals.

Therefore, we, the undersigned commissioners, representing some 40 or more landowners and their tenants, owning and operating some 12,395 acres in the Hillview Drainage and Levee District, respectfully petition and ask for your good offices and assistance for relief in the above described disaster area.

We appreciate and thank you for your help in the matter and beg to remain,

Very truly yours,

WALTER W. BEAMS,
I. H. BOWMAN,
J. H. DANIELS,
Commissioners.

HILLVIEW, ILL.,
December 11, 1961.

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

DEAR SENATOR DIRKSEN: As representatives of the people of the village of Hillview, we feel that it is important for you to be aware of the true facts, and imperative that some immediate action be taken.

The village lies approximately 3 miles from the Illinois River. A tributary of that river, Hurricane Creek, flows through the town. In the 1930's the U.S. Corps of Engineers constructed levees along this tributary to protect the farmlands from river floodwaters.

All went well until, due to lack of maintenance, the creek filled with silt and debris. Due to insufficient funds, this condition has become more and more acute. With every heavy rainfall the town is flooded. Many homes and businesses are damaged, not to mention the utter distress of the entire community.

This has been going on for 15 years. We have made appeal after appeal for aid. Apparently all appeals have fallen upon deaf ears. Not one shovel of silt has been removed, and our situation becomes worse with each flood.

This entire situation has been brought to the attention of the U.S. Army Corps of Engineers. In a letter a few days ago, they reported their recommendations for correction of conditions based on discussions and field observation. They are unable, at this time, to do anything, because no funds have been made available or authorized for this work.

Whom must we contact, what must we do to open the eyes of our representatives so that they will provide assistance for us? We would appreciate it very much if you would please consider our problem, and do everything within your power to give us aid.

Respectfully,

BOARD OF ALDERMEN,
VILLAGE OF HILLVIEW.

ADDITION OF CERTAIN LANDS TO THE NATIONAL FOREST

Mr. ANDERSON. Mr. President, I introduce, for appropriate reference, a bill to provide that lands within the exterior boundaries of a national forest acquired under section 8 of the act of June 28, 1934, as amended, 43 U.S.C. 315g, may be added to the national forest, and for other purposes.

This bill was submitted as an executive communication with a recommendation that it be enacted. The communication and bill were referred to the Interior Committee.

I ask unanimous consent that the letter from the Secretary of Agriculture accompanying the bill be printed at this point in my remarks.

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

The bill (S. 2723) to provide that lands within the exterior boundaries of a national forest acquired under Section 8 of the Act of June 28, 1934, as amended, 43 U.S.C. 315g, may be added to the na-

tional forest, and for other purposes, introduced by Mr. ANDERSON, was received, read twice by its title, and referred to the Committee on Interior and Insular Affairs.

The letter presented by Mr. ANDERSON is as follows:

DEPARTMENT OF AGRICULTURE,
Washington D.C., December 28, 1961.

THE PRESIDENT,
U.S. Senate.

DEAR MR. PRESIDENT: There is enclosed for the consideration of the Congress a draft bill, "To provide that lands within the exterior boundaries of a national forest acquired under section 8 of the act of June 28, 1934, as amended (43 U.S.C. 315g), may be added to the national forest, and for other purposes."

We recommend that this draft bill be enacted.

The proposed legislation would provide that lands within the boundaries of a national forest heretofore or hereafter acquired under section 8 of the Taylor Grazing Act of June 28, 1934, as amended (43 U.S.C. 315g), may be added to the national forest by public land order, by the Secretary of the Interior. Such additions would be subject to determination by the Secretary of Agriculture that the lands are suitable for national forest administration. These lands, after being set apart and reserved by the Secretary of the Interior, would be subject to the laws, rules, and regulations applicable to lands set apart and reserved from the public domain within said national forest.

In order to promote the purposes of the grazing districts or to facilitate the administration of public lands, section 8 of the Taylor Grazing Act authorizes the Secretary of the Interior to accept donations of land or make exchange of grazing district or other public domain land for State or privately owned land inside or outside of grazing districts. Exchange authorities applicable to the national forests ordinarily do not authorize acceptance of title to lands outside national forest boundaries.

From time to time, in exchanges made under the Taylor Grazing Act, some of the State and private lands received by the Department of the Interior have been located within the boundaries of national forests. Frequently, they are lands of the same character as or similar to the national forest lands presently adjoining them within the national forest boundaries and are suitable and valuable for national forest purposes. Because they are so closely related to national forest lands, they should be retained in public ownership and managed as national forest lands under the principles of multiple-use and sustained yield.

In some States, public land may be added to and made a part of a national forest by public land order, upon agreement of the Departments of the Interior and Agriculture. However, in the States of Arizona, California, Colorado, Idaho, New Mexico, Oregon, Washington, and Wyoming additions may not be made to national forests except by act of Congress (16 U.S.C. 471, 471a). This restriction applies to lands within national-forest boundaries acquired by the Department of the Interior under the authority contained in section 8 of the Taylor Grazing Act.

Because of this restriction, it was necessary for Congress to enact special legislation to give national-forest status to some 13,600 acres of land suitable for national-forest purposes, acquired through exchanges by the Department of the Interior under the authority of the Taylor Grazing Act within the boundaries of the Lincoln National Forest in New Mexico. This special authority is contained in the act of August 9, 1955 (69 Stat. 540).

If the draft bill were enacted, national-forest status could be given to over 3,300 acres of land within national-forest boundaries in some of the above listed States, which have now been acquired by the Department of the Interior by exchanges under the Taylor Grazing Act. These lands are intermingled with and generally similar in character to adjoining national-forest lands. These Taylor Grazing Act lands within the national forests constitute small islands of public domain land which are widely scattered and isolated from other public domain lands. They consequently are difficult to administer as public domain lands. The public interest would be benefited from their addition to the national forests within which they are located. They then would be managed for multiple use, in conjunction with the adjacent national-forest lands. Consolidation of the national forests for greater efficiency and economy in administration would result, as would assured conservation of the land and resources.

The draft bill would enable similar action to be taken with respect to any lands within national-forest boundaries which might be acquired in the future through exchanges under the Taylor Grazing Act.

Under the provisions of the act of June 11, 1960 (74 Stat. 205), there were transferred from the Secretary of the Interior to the Secretary of Agriculture certain functions in connection with national-forest land exchanges. The land adjustment programs for the national forests, through the acceptance of private land within the boundaries of national forests, can be simplified by providing for the transfer to the Department of Agriculture of the base lands outside the national forests to be exchanged, and by making the exchange of such lands subject to the provisions of the act of March 20, 1922 (42 Stat. 465), as amended and supplemented.

A similar letter is being sent to the Speaker of the House.

The Bureau of the Budget advises that there is no objection to the presentation of this proposed legislation from the standpoint of the administration's program.

Sincerely yours,

ORVILLE L. FREEMAN,
Secretary.

ACCELERATION OF RESEARCH WITH RESPECT TO CAUSES, PREVENTION, AND CURE OF CANCER, HEART DISEASE, AND MENTAL ILLNESS

Mr. HARTKE. Mr. President, I introduce, for appropriate reference, a bill to provide for a special additional appropriation for the purpose of accelerating research with respect to the causes, prevention, and cure of cancer, heart disease, and mental illness.

This bill, it is hoped, will receive the immediate attention of the 87th Congress.

Today, about 45 million Americans now living will eventually have cancer; 1 in 4 persons, according to present rates. Cancer will strike over the years in about two of three American families. This year about 800,000 Americans will be under medical care for cancer.

In this year alone, 1962, there will be about 520,000 new cancer cases diagnosed for the first time with 13,000 of these coming from my home State of Indiana. It is estimated that about 87,000 cancer patients will probably die in 1962. This would be, in Indiana, the equivalent of wiping out communities like Terre Haute and Muncie.

Some other facts on cancer we should not ignore include the stark statistic that almost half of all cancer deaths in 1961 were among persons under 65 years of age.

Each year cancer costs the national economy nearly 50,000 man-years of productivity; about $215 million in services and salaries; almost $189 million in estimated spending earnings; at least $26 million in income taxes; plus loss of other tax moneys at least equal to that.

Cancer also costs American business and industry such intangibles as the loss of valuable executives at the peak of their efficiency and the loss of trained workers at the height of their productivity, plus the general loss that occurs when the disease strikes in an employee's family.

Further, cancer is no respecter of age, sex, or profession.

We in the Senate are painfully aware of the sadness and tragedy which cancer can bring. We have seen that dread disease take the lives of two men—colleagues of ours—whom we all knew and respected. A few weeks ago the Nation mourned the loss of House Speaker Sam Rayburn. Now we have lost another friend, Senator Andrew Schoeppel.

The disease has snuffed out the lives of other great leaders and well-known personalities such as the former Secretary of State, John Foster Dulles; Dr. Tom Dooley; scientist Marie Curie; sports stars Babe Ruth and Babe Zaharias; actors Gary Cooper and Humphrey Bogart, and Broadway lyricist Oscar Hammerstein 2d, and Richard Skelton, the son of Hoosier comedian Red Skelton.

It has taken the lives of other Americans, also, not as well known, who nevertheless, left loved ones who grieved their passing.

Cancer will continue to take its toll unless we quickly find the causes and cure.

Startling as these facts are about cancer, we must not forget that heart disease is the No. 1 killer in America today. More than 900,000 men, women, and children are destroyed annually by heart and circulatory diseases. They afflict more than 10 million Americans and over half are between the ages of 25 and 64.

I should like to point out that in Indiana, 853.4 men out of every 100,000 between the ages of 45 to 64, who died between 1949 and 1951, died of heart disease.

These men were killed during their prime—during their most productive years.

Although Americans realize cancer and heart disease are killers, it has just been within recent years that our citizens have accepted mental illness in its true perspective; that is: It may not kill instantly, but the disorder is just as heartbreaking as death itself.

R. S. de Ropp has made the point very clear to all of us with great literary force:

Madness severs the strongest bonds that hold human beings together. It separates

husband from wife, mother from child. It is death without death's finality and without death's dignity.

We should seek to understand and accept the mentally ill, and we should do something about their plight.

In order to do the job of placing cancer, heart disease, and mental illness in their proper places in society—that is in the pages of medical books as diseases of yesteryear, this measure I am introducing calls for an authorization to appropriate $498 million to drastically step up the amount of research being done in these fields.

My colleagues, since the ravages of cancer, heart disease, and mental illness are taking every year a heavier toll on the lives and health of the American people; since existing research programs have thus far failed to produce substantial results in discovering the causes of, or means for the prevention and cure of cancer, heart disease, and mental illness, and since it is of primordial interest to the American people that every reasonable effort should be made to eliminate, or at least to decrease, the terrible threat imposed by such dread diseases, I urge and I pray that the Senate will begin hearings on this measure at the earliest possible date.

Action is needed. It is needed now.

The VICE PRESIDENT. The bill will be received and appropriately referred.

The bill (S. 2725) to provide for a special additional appropriation for the purpose of accelerating research with respect to the causes, prevention, and cure of cancer, heart disease, and mental illness, introduced by Mr. HARTKE, was received, read twice by its title, and referred to the Committee on Labor and Public Welfare.

CITIZENS' COUNCIL FOR THE SPREAD OF FREEDOM

Mr. WILEY. Mr. President, I introduce, for appropriate reference, a bill to establish a Citizens' Council for the Spread of Freedom. The Communists have been engaged for over 40 years in a continuous offensive to extend their control over more and more people. A most important part of this offensive is the battle for men's minds.

The U.S.S.R. has set up the most gigantic machinery ever known for the purpose of enslaving world public opinion, for weakening our own resistance, and for spreading doubt and confusion in the minds of the free nations. It is to this machinery, as much as to their military might, that the Soviets owe their principal successes. The Communist propaganda, spreading falsehoods and distortions around the world, repressing the true facts about communism and intentionally blackening the image of democracy, costs them from 10 to 20 times more than what we spend to spread the word of freedom.

The purpose of this Council would be to reevaluate the adequacy of our policies and programs in the cold war of ideas against communism. The goal would be to make greater use of our free enterprise know-how in the fields of communications, radio, television, publications, and so forth, in order to present a more real picture of U.S. life and ideals to the world.

The Council would include the best minds in America and would be composed of eight experts from private life, four legislators—two from each party—and three members representing the U.S. Information Agency, the Agency for International Development, and the Central Intelligence Agency. The Council would make an extensive survey and would report to the President and the Congress in 6 months as to how our ideological battle can be made more effective, and how we should proceed to place in the minds and hearts of people all over the world a picture of the American free way of life which is not only truthful but also translatable to their needs.

The VICE PRESIDENT. The bill will be received and appropriately referred.

The bill (S. 2726) to provide for the establishment of a Citizens' Council for the Spread of Freedom, introduced by Mr. WILEY, was received, read twice by its title, and referred to the Committee on Foreign Relations.

HOOVER-TYPE WATCHDOG COMMISSION ON FEDERAL EXPENDITURES

Mr. WILEY. Mr. President, I introduce, for appropriate reference, a bill to establish a permanent Hoover-type Watchdog Commission on Federal Expenditures.

Annually, the Nation is experiencing ever-increasing costs of operating its Federal Government. For fiscal year 1962, the proposed budget was $80.9 billion. However, according to best estimates expenditures are running at a rate of about $89 billion. For 1963 the administration has recommended a budget of about $92.5.

Because of these trends, I believe the establishment of such a Commission would help to hold down Federal costs to absolute essentials and promote greater efficiency and economy in Government.

I request unanimous consent to have the following items printed at this point in the RECORD: First, a copy of the bill; and second, a statement on its purposes.

In addition, I request unanimous consent that the bill be allowed to lie on the desk for 1 week to enable the Senators, who might wish to do so, to join in cosponsoring the measure.

The VICE PRESIDENT. The bill will be received and appropriately referred; and, without objection, the bill and statement will be printed in the RECORD, and the bill will lie on the desk, as requested by the Senator from Wisconsin.

The bill (S. 2727) to provide for the establishment of a Permanent Commission on Governmental Operations, introduced by Mr. WILEY, was received, read twice by its title, referred to the Committee on Government Operations, 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,

FINDINGS AND PURPOSES

SECTION 1. The Congress finds that:

Whereas the Nation's one hundred and eighty-five million population is expanding at a rate of three million people per year; and

Whereas the operations of the Federal Government have become increasingly complex and far reaching—with Federal expenditures increasing annually; and

Whereas the U.S. national debt, now approximately $296 billion, has been growing increasingly—without successful effort to substantially reduce such debt; and

Whereas the high level of Federal expenditures places an ever-greater burden on the American taxpayer; and

Whereas there has been evidence, from time to time, of the need for more efficiency, and economy in Government operations, therefore the Government shall make a renewed effort to—

(a) avoid costly waste and duplication;

(b) eliminate unnecessary competition among Federal agencies or services;

(c) eliminate activities that are nonessential, or that can better be performed by State or local governments, or private enterprise;

(d) constantly reevaluate the operations of the Federal Government to promote more—

(1) efficiency in administration; (2) realistic policies governing extensions and limitations of governmental activities; (3) effective staffing of—but not empire building in—Federal agencies; (4) elimination of agencies or activities after need has expired; and

(e) generally to promote greater efficiency and economy to serve the public interest.

The purpose of this Act is to provide for the continuous surveillance of such operations by a permanent commission comprised of leaders from public and private life which is empowered to make recommendations in the interests of achieving maximum efficiency and economy in the conduct of operations of the Federal Government.

ESTABLISHMENT OF THE COMMISSION

SEC. 2. There is hereby established a commission to be known as the Permanent Commission on Governmental Operations (hereinafter referred to as the "Commission").

MEMBERSHIP OF THE COMMISSION

SEC. 3. (a) The Commission shall be composed of 12 members as follows:

(1) Four appointed by the President, two from the executive branch of the Government and two from private life;

(2) Four appointed by the President of the Senate, two from the Senate and two from private life; and

(3) Four appointed by the Speaker of the House of Representatives, two from the House of Representatives and two from private life.

(b) Any vacancy in the Commission shall not affect its powers, but shall be filled in the same manner in which the original appointment was made.

(c) The Commission shall elect a Chairman and a Vice Chairman from among its members.

(d) Seven members of the Commission shall constitute a quorum.

DUTIES

SEC. 4. (a) The Commission shall conduct continuing studies and investigations of governmental operations as they are carried out in the various departments, agencies, and instrumentalities of the executive branch with a view to determining ways and means for—

(1) reducing expenditures consistent with the efficient performance of functions;

(2) eliminating, by consolidation or otherwise, duplication and overlapping of services, activities, and functions;

(3) abolishing services, activities, and functions that are (A) not necessary to the efficient conduct of government, or (B) of a type which could be performed more efficiently and effectively by State or local governments or by private enterprise; and

(4) otherwise effecting increased efficiency and economy in the conduct of such operations.

(b) The Commission shall submit to the President and to the Congress an annual report on its activities under this Act. Such report shall be filed on or before January 15, of each year, and shall include such recommendations as the Commission is prepared to make as a result of its studies and investigations. The Commission may also submit additional or interim reports from time to time setting forth such recommendations, based on its studies and investigations, as it deems proper.

POWERS

SEC. 5. (a) The Commission may, in carrying out this Act, sit and act at such times and places, hold such hearings, take such testimony, administer such oaths, procure such printing and binding, and make such expenditures as the Commission deems advisable. Any member of the Commission may administer oaths or affirmations to witnesses appearing before the Commission.

(b) The Commission shall have the power to appoint and fix the compensation of such personnel as it deems advisable, in accordance with the provisions of the civil service laws and the Classification Act of 1949, as amended. The Commission may also procure, without regard to the civil service laws and the Classification Act of 1949, as amended, temporary and intermittent services to the same extent as is authorized for the departments by section 15 of the Act of August 2, 1946 (60 Stat. 810), but at rates not to exceed $50 per diem for individuals.

(c) Service of an individual as a member of the Commission or employment of an individual by the Commission as an attorney or expert, on a part-time or full-time basis, with or without compensation, shall not be considered as service or employment bringing such individual within the provisions of sections 281, 283, 284, 434, or 1914 of title 18 of the United States Code or section 190 of the Revised Statutes (5 U.S.C. 99), or of any other Federal law imposing restrictions, requirements, or penalties in relation to the employment of persons, the performance of services, or the payment or receipt of compensation in connection with any claim, proceeding, or matter involving the United States.

(d) The Commission is authorized to secure directly from any executive department, bureau, agency, board, commission, office, independent establishment, or instrumentality of the Federal Government information, suggestions, estimates, and statistics for the purposes of this Act; and each such department, bureau, agency, board, commission, office, establishment, or instrumentality is authorized and directed to furnish such information, suggestions, estimates, and statistics directly to the Commission, upon request made by the Chairman or Vice Chairman.

COMPENSATION OF MEMBERS

SEC. 6. (a) The members of the Commission who are Members of the Congress shall serve without additional compensation. The members of the Commission who are officers or employees of the United States shall serve without additional compensation, but shall continue to receive the salary of their regular position when engaged in the performance of the duties vested in the Commission. All other members of the Commission shall receive $50 per diem when engaged in the performance of the duties vested in the Commission.

(b) All members of the Commission shall be reimbursed for travel, subsistence, and other necessary expenses incurred by them in the performance of the duties vested in the Commission.

EXPENSES

SEC. 7. There are hereby authorized to be appropriated such sums as may be necessary to carry out this Act.

The statement presented by Mr. WILEY is as follows:

STATEMENT BY SENATOR WILEY

As a nation we face an ever-greater responsibility for strengthening our economic system; to meet the needs of a 185 million population—growing at the rate of 3 million per year—to successfully compete against the Communist system, now attempting to pass us by; to obtain a fair share of the free world markets; and to fulfill the ultimate potential of our free enterprise system—the greatest in the history of the world—but not now operating at full capacity.

Briefly now, let's take a look at the facts of fiscal life for the country.

Annually, we as U.S. taxpayers are experiencing ever-increasing costs of operating our Federal Government. For 1963, the reported budget, if approved, will amount to about $92½ billion.

Overall, this amount—raised from personal, corporate, excise, and other taxes—represents a terrific cut in our incomes. In 1961, for example, Wisconsin's share alone of the Federal budget amounted to over $1 billion. For next year, the cost will be higher.

For these reasons, then, I am planning to introduce legislation to establish a Permanent Watchdog Commission along the lines of the previous Hoover Commission. The Commission will be comprised of 12 members: 4 appointed by the President, 2 from the executive branch of the Government and 2 from private life; 4 appointed by the President of the Senate, 2 from the Senate and 2 from private life; and 4 appointed by the Speaker of the House of Representatives 2 from the House of Representatives and 2 from private life.

The purpose of extra governmental body will be to analyze and evaluate—as well as make recommendations for improving—the operations of Government in the following ways: hold Federal expenditures down to absolute essentials; promote greater efficiency; discourage empire building with Federal agencies; avoid costly waste and duplication;

Eliminate unnecessary competition among Federal agencies or services, as well as nonessential activities or those which could better be performed by State and local governments, or private enterprise; and

Generally promote greater efficiency and economy.

According to reports, the adoption of recommendations of previous Commissions resulted in savings of $3 to $4 billion annually.

The creation of a permanent Commission, serving as a year-in-year-out watchdog on Federal expenditures can, I believe, do much toward promoting efficiency and economy and serving the interest of the American taxpayer.

Therefore, I shall be introducing such a bill this week in the Senate.

AMENDMENT OF SECTION 20b OF INTERSTATE COMMERCE ACT

Mr. MAGNUSON. Mr. President, I introduce, for appropriate reference, a bill which would amend section 20b of the Interstate Commerce Act. This bill is introduced at the request of the American Bar Association's committee on railroad reorganizations and readjustments.

The American Bar Association believes that in the light of experience under section 20b of the Interstate Commerce Act, which was enacted in 1948, changes to increase its usefulness in affectuating the voluntary modification of railroad financial structures thereunder should be made so that—

First. Section 20b would be applicable not only to railroad corporations but to all carriers subject to paragraphs (2) to (11) of section 20a of the Interstate Commerce Act, that is, at present, motor carriers;

Second. The assent of the holders of 75 percent of the outstanding securities of each affected class now required under section 20b would be reduced to 66⅔ percent;

Third. The Commission would be authorized, as it deems appropriate, to consolidate proceedings under 20b with merger proceedings under section 5(2) of the Interstate Commerce Act.

The VICE PRESIDENT. The bill will be received and appropriately referred.

The bill (S. 2733) to amend section 20b of the Interstate Commerce Act, as amended, introduced by Mr. MAGNUSON, by request, was received, read twice by its title, and referred to the Committee on Commerce.

AUTHORIZATION FOR APPROPRIATIONS FOR AIRCRAFT, MISSILES, AND NAVAL VESSELS FOR THE ARMED FORCES, FISCAL YEAR 1963

Mr. RUSSELL. Mr. President, on behalf of myself, and the Senator from Massachusetts [Mr. SALTONSTALL], I introduce, for appropriate reference, a bill relating to the armed services. This bill is requested by the Department of Defense. I ask unanimous consent that the letter of transmittal from the Deputy Secretary of Defense, relating to the bill, be printed in the RECORD.

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

The bill (S. 2734) to authorize appropriations during fiscal year 1963 for aircraft, missiles, and naval vessels for the Armed Forces, and for other purposes, introduced by Mr. RUSSELL (for himself and Mr. SALTONSTALL), was received, read twice by its title, and referred to the Committee on Armed Services.

The letter presented by Mr. RUSSELL is as follows:

THE SECRETARY OF DEFENSE,
Washington, D.C., January 18, 1962.

Hon. LYNDON B. JOHNSON,
President of the Senate.

DEAR MR. PRESIDENT: There is forwarded herewith a draft of proposed legislation "to authorize appropriations during fiscal year 1963 for aircraft, missiles, and naval vessels for the armed forces, and for other purposes." This proposal is a part of the Department of Defense legislative program for the 87th Congress and the Bureau of the Budget has advised that its enactment would be in accord with the program of the President.

This legislation is identical in form and effect to the provisions of Public Laws 87-53, approved June 21, 1961, and 87-118, approved August 3, 1961, providing the authorizations for appropriations as required

pursuant to section 412(b) of Public Law 86-149, approved August 10, 1959 (73 Stat. 322).

As in the case of previous legislation, this proposal would provide for the authorization of appropriations in each of the categories of aircraft, missiles, and ships for each of the military departments in the amount of the new obligational authority being requested for such purposes in the President's budget for fiscal year 1963. The amounts requested for fund authorization have been developed on the same basis as, and are comparable to, those included in the amounts for which fund authorization was granted for fiscal year 1962.

The action of the Congress in providing fund authorization for major procurement programs in the Department of Defense on this basis, coupled with the agreed upon reprograming procedures, provides the device for achieving flexibility in the execution of the programs while, at the same time, retaining a firm basis for congressional control over the programs. The understanding and cooperation of the cognizant committees in expediting the necessary program changes under these procedures in the past year have been significant factors in the accomplishment of the procurement programs.

In support of the legislation, the Committee on Armed Services will be furnished, as before, detailed information with respect to each program for which fund authorization is being requested in a form identical to that being submitted in explanation and justification of the budget request. Additionally, the military departments will be prepared to submit any other data that the committee or its staff may require in connection with the review of the proposal.

It is, of course, assumed that the Armed Services Committees, as in the past, will desire that the top civilian and military officials of the Department of Defense be prepared to make presentations covering the programs and plans for the ensuing year and the request for funds necessary to support such programs.

For ready reference, there is attached hereto a table showing for fiscal year 1962: (1) the amounts for fund authorization by category and by service; (2) the amounts appropriated; and (3) the amounts requested for fund authorization for fiscal year 1963.

Sincerely yours,

ROSWELL L. GILPATRIC,
Deputy.

Fiscal year 1962 amounts authorized versus amounts appropriated

[Thousands of dollars]

	Authorized, fiscal year 1962	Appropriated, fiscal year 1962	Requested, fiscal year 1963
Aircraft:			
Army	247,700	242,700	218,500
Navy and Marine Corps	1,867,000	1,829,660	2,134,600
Air Force	4,135,300	3,601,218	3,135,000
Missiles:			
Army	584,570	572,894	558,300
Navy	868,600	851,228	930,400
Marine Corps	27,000	26,981	22,300
Air Force	2,800,800	2,744,784	2,500,000
Ships: Navy	2,998,600	2,937,860	2,982,000

DENIAL OF POSTAL SERVICE FOR CARRIAGE OF COMMUNIST POLITICAL PROPAGANDA

Mr. SCOTT. Mr. President, I introduce, for appropriate reference, a bill which would deny the use of the U.S. postal service for the carriage of Communist political propaganda.

In 1960 the total volume of known Communist propaganda coming into this country—14 million packages—was more than twice the amount of that of the 6 million packages of 1959.

The main source of this anti-American and pro-Communist material is behind the Iron Curtain. Cuba also is both a point of origin and a transfer stop for much of this literature.

The youth of this country is subjected to a barrage of propaganda originating in Communist-dominated countries. A great majority of our people who have relatives in foreign countries now under the Soviet dictatorship receive weekly, if not daily, anti-American literature.

They do not want it and understand that our postal system is unwillingly being used as a conveyor of falsehoods and lies. "We will bury you," said Khrushchev, and he is attempting to further that threat by this means.

Although open and frank intellectual study of Soviet philosophy is useful, we should not confuse our encouragement of academic freedom and study with the encouragement of a Communist propaganda barrage.

The VICE PRESIDENT. The bill will be received and appropriately referred.

The bill (S. 2738) to deny the use of the U.S. postal service for the carriage of Communist political propaganda, introduced by Mr. SCOTT, was received, read twice by its title, and referred to the Committee on Post Office and Civil Service.

NATIONAL CAPITAL PARKS MEMORIAL BOARD

Mr. KERR. Mr. President, on behalf of the chairman of the Committee on Public Works, the Senator from New Mexico [Mr. CHAVEZ], and myself, I introduce, for appropriate reference, a joint resolution providing for the establishment of a National Capital Parks Memorial Board. This joint resolution has been requested by the Secretary of the Interior, and I ask unanimous consent that a letter from the Secretary relative to the joint resolution be printed in the RECORD.

The VICE PRESIDENT. The joint resolution will be received and appropriately referred; and, without objection, the letter will be printed in the RECORD.

The joint resolution (S.J. Res. 148) providing for the establishment of the National Capital Parks Memorial Board, introduced by Mr. KERR (for himself and Mr. CHAVEZ), by request, was received, read twice by its title, and referred to the Committee on Public Works.

The letter presented by Mr. KERR is as follows:

U.S. DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
Washington, D.C., November 29, 1961.

Hon. LYNDON B. JOHNSON,
President of the Senate,
Washington, D.C.

DEAR MR. PRESIDENT: Enclosed is a draft of a proposed joint resolution, providing for the establishment of the National Capital Parks Memorial Board.

We recommend that the enclosed resolution be referred to the appropriate committee for consideration and that it be enacted. We believe that enactment at the present time is urgent.

The joint resolution creates a National Capital Parks Memorial Board which will prepare and recommend to the Secretary of the Interior Board criteria, guidelines, and policies for memorializing persons and events on Federal land in the National Capital parks system. The Board will examine proposals made for memorials and make recommendations thereon to the Secretary of the Interior.

The Board will be composed of nine members, as follows: Five appointed by the President of the United States; the Chairman of the Fine Arts Commission; the Chairman of the National Capital Planning Commission; the President of the Board of Commissioners of the District of Columbia; and the Director of the National Park Service. The members of the Board will receive no salary but may be paid expenses incidental to travel while engaged in discharging their duties as members of the Board.

Memorializations place a constant demand on park land of the Nation's Capital. There are 96 memorials of the monument or statue type already existing on land in the National Capital parks system. A number of others have been authorized but not yet constructed. In the 86th Congress alone seven public laws were enacted authorizing the construction of memorials. At least 17 bills were before the last Congress to authorize the construction of memorials on park lands in the Nation's Capital. It is evident that, if the concept of open space and dignity which contribute so much to the beauty of the Nation's Capital is to be preserved in the face of constant pressures to use the land for memorials, sound guidelines for the control of this use must be formulated, a comprehensive plan must be developed, each proposal must be carefully evaluated, and sound criteria must be steadfastly followed. In fact, such a plan offers the only assurance that sites will be available for future memorials that in all respects merit a location in the parks.

We recommend the establishment of the Memorial Board as a means of meeting the critical situation which confronts the National Capital parks system. The Board will provide an effective method for focusing attention on the problem, and will help all concerned to view the numerous proposals in proper perspective.

The Bureau of the Budget has advised us that the enactment of this proposed legislation would be consistent with the administration's objectives.

Sincerely yours,

JOHN A. CARVER, Jr.,
Assistant Secretary of the Interior.

AMENDMENT OF WELFARE AND PENSION PLANS DISCLOSURE ACT, RELATING TO METHOD OF ENFORCEMENT—AMENDMENTS

Mr. TOWER submitted amendments, intended to be proposed by him, to the bill (S. 2520) to amend the Welfare and Pension Plans Disclosure Act with respect to the method of enforcement and to provide certain additional sanctions, and for other purposes, which were ordered to lie on the table and to be printed.

Mr. McNAMARA submitted amendments, intended to be proposed by him, to Senate bill 2520, supra, which were ordered to lie on the table and to be printed.

PROPOSED AMENDMENT OF CONSTITUTION RELATING TO EQUAL RIGHTS FOR MEN AND WOMEN—ADDITIONAL COSPONSORS TO, AND REPRINTING OF, JOINT RESOLUTION

Mr. McGEE. Mr. President, late last session I introduced Senate Joint Reso-

lution 142, the so-called equal rights amendment. Because of the lateness of the session, several Senators who wanted to cosponsor the resolution missed the opportunity. I ask unanimous consent that the following names be added as cosponsors of Senate Joint Resolution 142; and since the resolution is out of print, I ask unanimous consent that it be reprinted.

Senators CHAVEZ, GRUENING, LONG of Missouri, BIBLE, HRUSKA, MOSS, CASE of South Dakota, YOUNG of North Dakota, COOPER, BUSH, BEALL, BARTLETT, MORSE, SMATHERS, TALMADGE, DWORSHAK, CARLSON.

The VICE PRESIDENT. Without objection, it is so ordered.

NOTICE OF HEARINGS ON CERTAIN NOMINATIONS BY COMMITTEE ON FOREIGN RELATIONS

Mr. FULBRIGHT. Mr. President, as chairman of the Committee on Foreign Relations, I desire to announce that today the Senate received the nominations of Adlai E. Stevenson, of Illinois, Francis T. P. Plimpton, of New York, Charles W. Yost, of New York, Philip M. Klutznick, of Illinois, and Jonathan B. Bingham, of New York, to be representatives of the United States to the 16th session of the General Assembly of the United Nations.

In accordance with the committee rule, these pending nominations may not be considered prior to the expiration of 6 days of their receipt in the Senate.

NOTICE OF HEARING ON NOMINATION OF GRIFFIN B. BELL TO BE U.S. CIRCUIT JUDGE, FIFTH CIRCUIT

Mr. JOHNSTON. Mr. President, on behalf of the Committee on the Judiciary, I desire to give notice that a public hearing has been scheduled for Tuesday, January 30, 1962, at 10:30 a.m., in room 2300, New Senate Office Building, on the nomination of Griffin B. Bell, of Georgia, to be U.S. circuit judge, fifth circuit.

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

The subcommittee consists of the Senator from Mississippi [Mr. EASTLAND], as chairman, the Senator from Nebraska [Mr. HRUSKA], and myself.

NOTICE OF HEARING ON NOMINATION OF TALBOT SMITH TO BE U.S. DISTRICT JUDGE, EASTERN DISTRICT OF MICHIGAN

Mr. HART. Mr. President, on behalf of the Committee on the Judiciary, I desire to give notice that a public hearing has been scheduled for Wednesday, January 31, 1962, at 10:30 a.m., in room 2300, New Senate Office Building, on the nomination of Talbot Smith, of Michigan, to be U.S. district judge, eastern district of Michigan.

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

The subcommittee consists of the Senator from Colorado [Mr. CARROLL], the Senator from Hawaii [Mr. FONG], and myself, as chairman.

NOTICE OF HEARINGS ON NOMINATIONS OF CHARLES G. NEESE TO BE U.S. DISTRICT JUDGE, EASTERN DISTRICT OF TENNESSEE, AND FRANK GRAY, JR., TO BE U.S. DISTRICT JUDGE, MIDDLE DISTRICT OF TENNESSEE

Mr. JOHNSTON. Mr. President, on behalf of the Committee on the Judiciary, I desire to give notice that public hearings have been scheduled for Thursday, February 1, 1962, at 10 a.m., in room 2228, New Senate Office Building, on the following nominations:

Charles G. Neese, of Tennessee, to be U.S. district judge, eastern district of Tennessee.

Frank Gray, Jr., of Tennessee, to be U.S. district judge, middle district of Tennessee.

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

The subcommittee consists of the Senator from Colorado [Mr. CARROLL], the Senator from Wisconsin [Mr. WILEY], and myself, as chairman.

NOTICE CONCERNING CERTAIN NOMINATIONS BEFORE COMMITTEE ON THE JUDICIARY

Mr. JOHNSTON. Mr. President, the following nominations have been referred to and are now pending before the Committee on the Judiciary:

Clinton N. Ashmore, of Florida, to be U.S. attorney, northern district of Florida;

John M. Imel, of Oklahoma, to be U.S. attorney, northern district of Oklahoma;

Joseph W. Keene, of Louisiana, to be U.S. marshal, western district of Louisiana; and

Richard J. Jarboe, of Indiana, to be U.S. marshal, southern district of Indiana.

On behalf of the Committee on the Judiciary, notice is hereby given to all persons interested in these nominations to file with the committee, in writing, on or before Tuesday, January 30, 1962, any representations or objections they may wish to present concerning the above nominations, with a further statement whether it is their intention to appear at any hearing 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. RANDOLPH:

Introductory remarks by Mr. RANDOLPH. Address by Senator JENNINGS RANDOLPH, Democrat, of West Virginia, at West Virginia State College, Institute, W. Va., December 8, 1961: "Federal Aid to Education and Separation of Church and State."

Introductory remarks by Mr. RANDOLPH. Remarks by Senator RANDOLPH in introduction of Dr. Yi-Seng Kiang, Plenipotentiary of the Embassy of the Republic of China. From Martinsburg, W. Va.: "Featured at U.N. Local Observance" and "Nationalist China Minister Makes Red China Ban Plea" (Martinsburg Journal newspaper).

Introductory remarks by Mr. RANDOLPH. In commemoration of the 138th anniversary of the birth of Gen. Thomas Jonathan "Stonewall" Jackson, January 21, 1824.

By Mr. KERR:

Address entitled "Oil and War," delivered by Senator MONRONEY before the annual convention of the American Petroleum Institute, at Chicago, Ill., on November 13, 1961.

By Mr. HART:

Address on "The Water Crisis in America," delivered by him before Michigan Association of Soil Conservation Districts on January 19, 1962.

By Mr. ENGLE:

Letter dated January 22, 1962, from himself to Vernon L. Talbertt, who retired at the end of last year after more than 51 years of devoted service to the Senate.

THE LATE SENATOR STYLES BRIDGES

Mr. BARTLETT. Mr. President, I certainly was not as well acquainted with Senator Styles Bridges as many of my colleagues who have spoken here to express their sorrow at his death. Even so, I should not want to leave unrecorded on this, perhaps the last opportunity there will be to speak out, a personal opinion that America is much the poorer for Styles Bridges' passing. He was a man of strong convictions. He held them resolutely, and projected them ably. He was always a strong advocate of the causes in which he believed. With him there was no trimming or hauling. No one could remain in doubt of Styles Bridges' position on any public subject in which he interested himself.

Mr. President, coupled with this there was always evident—even to a comparative newcomer in the Senate such as myself—a kindliness, a good humor, and an understanding of others that were especially distinguishing marks of Styles Bridges. In addition to everything else, he was a fine human being.

My wife and I express our deepest sympathy to his widow and the other members of his family.

IN MEMORY OF STYLES BRIDGES, A FRIEND

Mr. GOLDWATER. Mr. President, it is man's unhappy lot to experience the loss of friends. It then becomes an additional burden to live without that friendship. I believe the most difficult thing to express in words is the feeling this loss carries with it for it is a feeling of the heart and it is not responsive to the vocabulary of man. Styles was a close friend of mine and that friendship was treasured as is its memory. I often sought his advice and counsel when it was needed and he never refused me. I likewise often sought just reassurance by talking with him and he stood ever ready to offer it to me. It, therefore, is doubly difficult to find words to use today; but I came across a note given to me by a friend long ago, and this friend never told me its source but it expresses better than I can the feeling I hold for my friend, Styles:

Once I received gifts of gold and frankincense and myrrh from three very wise men

who wished to pay tribute to a Child just born. They were fine gifts and they were brought with reverence and love, and all the world will someday tell of them to show to what extent men went to pay Me honor.

Gold and frankincense I have received from three wise men. And yet the wisest of them all tied up his loyalty and faith and friendship, and brought them to Me when I needed most to know there were such gifts still left upon the earth.

There will be men always who will not recognize your gift. There will be men always who have no faith in it. But some will see and some will know, as I do, of its value. So long as these men live and bring your gift to other men, in any land or time, then there shall be no fear of death for them and I shall live, and you shall live, and we will meet again.

The gift that Styles brought to all of us was friendship, and as long as men bring that gift to other men, then there will be, in truth, no fear of death, for we will live and we will meet again.

STATE-CHARTERED SAVINGS AND LOAN ASSOCIATIONS IN ALASKA

Mr. SPARKMAN. Mr. President, I wish to correct a statement I made on the Senate floor on last Thursday, January 18, 1962, which appears in the RECORD on page 439.

At that time the junior Senator from Maryland [Mr. BEALL] and I were discussing the laws of various States as they pertain to State-chartered savings and loan associations.

I stated I had been informed by one person that the State of Alaska did not have laws covering State-chartered savings and loan associations. I now find that the State of Alaska does have such laws. In fact, the actions of the legislature of that State in this regard are hailed in certain savings and loan circles as the outstanding legislative achievement of 1961.

The measure establishing the Savings and Loan Act was signed into law by Governor Egan on April 5, 1961. In general, this act follows the provisions of the latest edition of the Model Savings Association Act, which was developed by the U.S. Savings & Loan League, with the added provision that all State-chartered associations in Alaska must have their accounts insured by the Federal Savings and Loan Insurance Corporation. I might add that the act follows the insurance pattern set in the State of Alaska for State banks, which are required to carry Federal Deposit Insurance Corporation coverage.

While it is true that there were no savings and loan laws governing State-chartered institutions when the territory became a State, it is now apparent that my informer was not cognizant of the action taken by the Legislature of Alaska in 1961.

I was willing to point a finger toward the State of Alaska on last Thursday for not having laws governing State-chartered savings and loan associations. Perhaps today I should point a finger toward that State's laws in this area as an example for others to follow.

COMPENSATION BY GERMAN FEDERAL GOVERNMENT TO VICTIMS AT GERMAN CONCENTRATION CAMP

Mr. CARLSON. Mr. President, in May of 1959 a number of Polish ladies, who were victims at the Ravensbrueck, Germany, concentration camp, visited the United States. On May 19, they visited the U.S. Senate. These women were from Poland. They were the survivors of medical and surgical experiment by Nazi doctors in World War II. For a number of years a number of private organizations and our own Government were interested in securing a just compensation from the German Federal Government for these women.

I called the Senate's attention to this problem on May 19, 1959. Other Members of the Senate joined in the discussion—including the distinguished majority leader, Mr. Mansfield; the Senator from Maine, Mr. Muskie; the Senator from New York, Mr. Javits; the late Senator from Oregon, Mr. Neuberger; the Senator from Connecticut, Mr. Dodd; the Senator from Michigan, Mr. McNamara; the Senator from Minnesota, Mr. McCarthy; and the Senator from Alabama, Mr. Hill.

I am pleased to inform the Senate that action providing compensation for these women was taken last fall by the German Federal Government. This settlement on the part of the German Federal Government is appreciated by all those who were concerned about the welfare of these women.

Much credit goes to the devoted and continued efforts in behalf of these women by Norman Cousins, editor of the Saturday Review. He worked on this problem for many years, contacting Government officials both in Germany and the United States, as well as Members of Congress and private organizations.

I ask unanimous consent that there be printed at this point in the RECORD a letter which I have addressed to the Ambassador from Germany, the Honorable Wilhelm G. Grewe, expressing our appreciation for the settlement of this problem.

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

JANUARY 22, 1961.

The Honorable WILHELM G. GREWE,
Ambassador Extraordinary and Plenipotentiary, German Embassy, Washington, D.C.

DEAR MR. AMBASSADOR: On my return to Washington for the opening of the 2d session of the 87th Congress, I learned that the German Federal Government had made compensation to a number of Polish ladies who were victims at Ravensbrueck.

This was a commendable action on the part of your Government and on behalf of myself and other Members of the Senate who have been interested in this settlement, I want to express our sincere thanks and gratitude.

This matter was discussed on the floor of the Senate on May 19, 1959, and a number of Senators took part. In view of that discussion, I am going to call the action taken by your Government to the attention of the Senate and include this letter as a part of my remarks.

With kindest regards, I am,
Sincerely yours,

FRANK CARLSON.

IMPORTANCE OF THE UNITED NATIONS

Mr. McGEE. Mr. President, this morning I received in the mail an auto bumper sticker which reads as follows:

Help get the United States out of the U.N.

The brief letter which accompanied the sticker reads as follows:

Fellow Patriot, please push this item.

The U.N. issue means life or death for America.

There can be no coexistence on the battlefield nor in the U.N.

No man can serve two masters; neither any patriot, two governments.

Every true American is a patriot, proud to display this sign.

Copies available free for patriots' use. Order now.

JOHN T. HEDRICK.

ORANGE, CALIF.

Mr. President, I only observe that no one would subscribe to that slogan and that letter more ardently than the Soviet Union; and I believe it is time that these so-called patriots take another look at what they are doing to the national interest of our Government.

Former President Eisenhower, President Kennedy, and our distinguished Vice President, have made it abundantly clear to the American people that one of the many things we must do if we are to survive is to see whether we can make the United Nations work.

I suggest that everyone who receives one of these bumper stickers or is able to obtain one by writing for it, tear it up, for it is not in the interest of the Government and the people of the United States, who seek freedom.

IMPROVEMENT OF TELEVISION

Mr. McGEE. Mr. President, I ask unanimous consent that there be included in the RECORD of today an excellent article about a set of hearings by the Federal Communications Commission beginning this afternoon on the status of our communications industry, and the networks in particular. It points out the aggressiveness and foresight of Mr. Newton Minow, FCC Chairman. I also ask unanimous consent that Mr. Minow's address to the National Press Club be included in the RECORD. It is a speech in which he says that what is needed is more television, not less.

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

[From the Washington (D.C.) Star, Jan. 21, 1962]

FCC HEARINGS A MILESTONE—BEGINNING A DRIVE TO IMPROVE TELEVISION

(By Albert Warren)

The most important suppliers of American television programs are the three networks—ABC, CBS, and NBC. About one-half of all programing comes from them.

During peak viewing hours in the evening the figures rise to some 90 percent.

Is this too much control? And do networks pick programs more for money than for merit?

On Tuesday, the Federal Communications Commission starts a hearing to learn just how the networks choose what programs and why. The top network officials will appear and describe the whole program-selection process. The hearing is probably the most important conducted by the FCC in recent years.

This inquiry is no sudden idea of the New Frontier, as epitomized by the FCC's controversial and energetic, young, new Chairman, Newton N. Minow.

Rather, it's part of an FCC study of networking which has been going on since 1955. From time to time, since then, the Commission has stopped and weighed the information it had gleaned to date and adopted new rules designed to improve competition, give non-network program producers greater opportunity to get their output on the air and give individual stations more freedom in program selection.

THE PROGRAMS THEMSELVES

Most of these hearings have involved business relationships. Last June, however, the hearings got closer to the programs themselves. The networks stewed, mostly silently, awaiting a chance to get in their lick, while the Commission gathered testimony such as this:

David Susskind, with his great talent for publicity and controversy, spoke of the "death grip of networks on programing" and a "paranoic race" for ratings.

Worthington Miner, veteran producer, said that NBC and CBS were competing "at a high intellectual level in public-affairs shows but not in entertainment."

David Davidson, chairman of the Writers Guild of America, stated: "Never in history has the writer been paid so much for writing so badly."

The networks have plenty of answers to these accusations, and they will now have the opportunity to let themselves go.

What business is it of the FCC to ask any station or network about programing? Isn't that censorship—forbidden by the Constitution and the Communications Act? It's well conceded, however, that the FCC can ask virtually any question it chooses. What it can do about programing is something else.

DIVERSITY OF VOICES

The real question is this, according to the FCC: Can the FCC produce conditions under which more program producers can have more access to the TV air? The basic assumption is that the public interest is served by the greatest diversity of voices.

Unlike radio, which has some 4,500 stations on the air, TV has only about 600. Thus, relatively few producers have access to the viewer's eye—and the networks have succeeded in offering stations the most attractive packages of programs.

But have the networks achieved this prominent program position fairly, solely on the merits of their shows? The FCC has heard a lot of bitter testimony to the effect that a program producer must play the game the networks' way or his show will never see the light of the picture tube.

Hollywood film producers, particularly, have testified that networks apply pressure to acquire ownership in their shows as the price for putting them on the air. In addition, they asserted, networks seek to share in subsidiary earnings—such as foreign sales and merchandising rights (toys, etc.).

The FCC wants to know some very basic things—such as the networks' reasons for telecasting the programs they do. In its letter to the networks, telling them what areas the upcoming hearing will explore, the Commission stated:

"As you doubtless know, there has been much testimony in our inquiry from persons engaged in television programing in various capacities that, in recent years, network television schedules have lacked the diversity and balance necessary adequately to serve the tastes and needs of substantial segments of the national television audience. For instance, as one example among several, there is testimony in the record that networks have not provided adequate programs designed to serve the needs and interests of children.

PROCUREMENT PRACTICES

"Several such persons testified that this lack of diversity in programing stems from the operation of network program procurement practices which are said to result in the selection of programs principally on the basis of their utility as advertising vehicles for those advertisers who seek the largest audience. Doubtless you will wish to address yourselves to this subject. In addition, we shall ask you to describe in detail the operational mechanics and day-to-day implementation of your policies in this regard and their results in terms of program service."

Such questions as the foregoing—according to some in the TV industry—is "censorship by the lifted eyebrow." The Commission has no right even to seek such information, they say, because it implies that the FCC considers some types of programs better than others and therefore is seeking to impose its programing preferences on networks and stations.

One of the largest targets of critics is program ratings—the assertion being that networks fight for the greatest number of viewers per program, and the quickest way of getting them is by appealing to the strongest emotions, particularly emphasizing sex and violence. Here's what the Commission says about ratings in connection with the hearing:

"While the Commission obviously cannot and should not seek to prescribe or advise the networks with regard to the details of their commercial operations, it is important for us thoroughly to understand the use made by the networks of such information in selecting their programs and the effect of such use on the ultimate composition of the schedules."

SPONSOR INFLUENCE

Sponsor influence on programs intrigues the FCC. Most sponsors have testified previously that they're in TV to sell goods—and this means they don't want to be associated with controversial or unpleasant programs, for fear that such characteristics will rub off on their products and depress sales. A few sponsors, not many, give networks a completely free hand, asserting that their sales have improved despite sponsorship of difficult themes.

Networks are not licensed or regulated directly by the FCC. However, the Commission has two quite effective controls on them. First, FCC does license the stations carrying network programs—the affiliates which are not owned by the networks. Second, networks own five stations each in the Nation's largest cities—licensed precisely the way affiliates are—and these generally produce more profits than networking itself. Networks won't unnecessarily jeopardize the stations they own.

The FCC believes that it should regulate networks directly, however, and is asking Congress to give it that power, on the grounds that the present indirect method is awkward, slow or ineffective. Congress will conduct hearings on the subject this session.

The network spokesmen are well prepared for this hearing. They've studied the testimony as it has developed over the years. Most are quite experienced at handling controversial and complex questions from FCC, Congress, and other agencies. The leading witness of each network are: ABC, Oliver Treyz, president of the ABC television network; CBS, Frank Stanton, president of CBS, Inc.; NBC, Robert W. Sarnoff, president of NBC.

POWER NOT AT ISSUE

The hearing isn't designed to explore whether FCC has the power to judge if a station is programing in the public interest. The Commission has already gone through that, in 1959 and 1960, taking 5,000 pages of testimony from 100 spokesmen from the industry, educational groups, religious organizations, etc.

FCC did conclude, as it always does, that it has certain powers and responsibilities regarding programing. Basically, it decided that it should require broadcasters to show that they've surveyed their communities and determined their broadcast needs. Second, it reasserted that it has the authority to require broadcasters to match their programing promises with performances—or produce a reasonable explanation for not doing so. The Commission cites a long list of court decisions as proof of such authority. Its opponents in the industry argue that courts would today rule otherwise, would strike down such action, labeling it "censorship." The Commission, however, is satisfied that its powers could be upheld in any new test case.

Despite the importance of the network investigation, it's most unlikely that any serious revision of network operations will finally emerge. "Frankly," as one of the most experienced FCC members put it last week, "the networks are too important to the public. They do produce the best programs. Neither the public nor Congress would stand for any FCC action which would reduce their contribution."

Some intraindustry relationships may be changed eventually, as a result of the long FCC investigation. These may be important to elements of the industry—but it's most doubtful that they'll produce major changes in what networks offer to the public.

THE PUBLIC'S TASTE

As always, it can be expected that networks will both lead and follow the public's taste—offering mostly what most of the public will watch, while gradually seeking to elevate the public's taste.

It's generally agreed, by the Government, by the critics and by the industry, that this elevation process has accelerated in the last few years and that substantial audiences exist for programs offering material other than pure entertainment.

As a matter of fact, the networks are going to televise their own FCC hearings. NBC, for example, will offer special TV programs of their hearings on three Sundays, 6:30–7 p.m., January 28 and 5–5:30 p.m. February 4 and February 11. On radio, NBC will feature coverage 9:05–9:30 p.m. on the same days. ABC and CBS may also do specials.

Who knows? The sessions may produce some entertainment, too. Commissioner Robert E. Lee doubts it. He's in charge of TV-radio coverage arrangements, wonders why so many stations are interested in carrying the proceedings. "I don't understand it," he said last week. "A lot of it is going to be plain boring."

ADDRESS BY NEWTON N. MINOW, CHAIRMAN, FEDERAL COMMUNICATIONS COMMISSION, BEFORE THE NATIONAL PRESS CLUB, WASHINGTON, D.C., JANUARY 11, 1962

With this new year we start the second decade of national, coast-to-coast television. It is stretching the facts only slightly to say we also are starting the second decade of coast-to-coast debate about television and its responsibilities. This debate has been rising in intensity, and one of the most hopeful signs for the future is that the public's voice is being heard with increasing volume. Indeed, it's becoming almost as loud as the commercials.

In this thoughtful national discussion, no one has seriously advocated that we alter the underpinnings of our television system. No one I know of has proposed governmental control or ownership of television. We are determined to preserve our own unique mixture: a television industry based on freedom of expression, privately owned, and operated for a private profit—but which, because it uses scarce channels on the public's airwaves, must also operate in the public interest.

We wind up with a quasi-public industry regulated by a quasi-judicial agency called the FCC. When we search for ways to improve our television system we often wind up with quasi-solutions.

The line between private right and public interest is often difficult to draw. But, even so, after 10 years' experience with television, and after nearly a decade of private and public discussion about its role and its future, we should be reaching some fundamental conclusions about what must be done to realize the full promise of this powerful and effective means of communications.

What I want to discuss with you today is one particular fundamental conclusion I have reached. Although the details will take some explaining, the conclusion can be stated quite simply:

What this country needs is more television, not less.

Now, on first hearing, I would not expect to get a favorable endorsement of that conclusion from anyone whose life is devoted to the printed word. And I admit there are some king-size statistics which suggest that we need more television about as much as we need more acid indigestion or "tired blood."

For example: Americans now own 55 million televisions sets. More homes have television sets than indoor plumbing. Television this day will reach an audience of 100 million people. From the time they woke you up this morning until bedtime tonight, children under 12 will spend 70 million hours in front of sets, and on January 11, 1962, the average family will consume almost 5½ hours of its time watching television.

Perhaps you think—enough already, that's plenty of television.

But all these statistics concern only the audience—and they don't tell the whole story. We can marshal another set of figures that point to serious scarcity of television. These statistics involve the industry, rather than the audience, and they are the ones I find compelling.

Since 1952 the FCC assigned enough frequencies to television to accommodate more than 1,900 commercial stations and 275 educational stations. Twelve channels (Nos. 2 to 13) were assigned in the VHF (Very High Frequency) range and 70 channels (Nos. 14 to 83) were assigned in the UHF (Ultra High Frequency) range.

The plan provides for 591 VHF and 1,362 UHF commercial stations. Yet today we have only 543 commercial stations, 458 in VHF and 85 in UHF.

In the case of the educational stations, the plan envisaged 92 VHF and 184 UHF. Yet today we have only 44 educational VHF stations and 18 educational UHF stations.

The reason for this gap is the failure of UHF broadcasting to develop alongside VHF.

And that's the heart of the problem.

We have about reached saturation on the VHF band. There are, in general, no more unused VHF channels in the populous areas.

The case with UHF is diametrically opposite. We have an abundance of UHF channels available for assignment, but in the absence of a substantial number of homes equipped to receive UHF there is little demand for these channels.

Let's be specific and take an example: Recently, in a readjustment of VHF frequencies, we did manage to open up the third VHF channel in Syracuse, Rochester, and Grand Rapids. At last count, we had 6 applicants in Grand Rapids, 10 for Syracuse, and 12 for Rochester—so we have 28 applicants going into comparative hearings for three licenses, each saying "Give the license to me."

Let's put it in more general terms. In language used by the industry, the country is divided into 272 television markets. Of the 272, 132—or almost half—are 1-station markets; 69—or about one-fourth—are 2-station markets; 54 are 3-station markets; and 17 are markets with 4 or more stations. Under these industry marketing terms, three-fourths of the television markets do not even have a choice of three stations.

The markets with the most stations are naturally in the larger population centers.

Even so, only 56 percent of the population has a choice of four or more channels.

As you all know, we now have 3 networks, and despite efforts to squeeze the 12-channel VHF system to the limit to provide room for all 3 of them, there are still sizable communities like Toledo, Ohio; Augusta, Ga.; or Jackson, Miss., where you cannot now obtain the full range of programs that the 3 networks offer, simply because one or two stations cannot broadcast 3 network schedules.

Again, let's be specific: Six weeks ago, one network put on an hour interview with President Eisenhower. It was on at the same hour as two popular entertainment shows. As it happened, President Eisenhower was then in Augusta, Ga.—a two-station market—and his program was not to be seen there. At the last minute, when it was realized that President Eisenhower was in Augusta, some special arrangements were made.

So if President Eisenhower had not happened to be in Augusta that day, the 280,000 television homes in the Augusta area would never have had a chance to see this splendid public service program.

This is one example of why we need more television in this country, more stations, more outlets, more voices.

Fortunately, this is not a hopeless case.

We have, in the UHF section of the television spectrum, 70 channels which we can use and the time has come to start using them fully. We are currently using some UHF channels in certain parts of the country with great success, success enough to show that UHF is feasible, practical and not to be put off. Fort Wayne, South Bend, and Elkhart, Ind.; Peoria, Ill.; Wilkes-Barre and Scranton, Pa.; and Youngstown, Ohio, are all cities in which the local channels are all in UHF.

We are trying to achieve the same success in other cities. Moreover, if we were not using UHF in the cities I've just named, the people living there would have no local television service because there are just no VHF channels available.

Well, why haven't those 70 UHF channels been put to use? I've brought some television sets here today to show you.

Look at the VHF television set on the stage. This is the television set most of us own—there are 45 million in American homes. See the dial? No room for anything more than 12 channels.

The next set shows a minor cure for the existing VHF set. It is called "strip conversion." One single UHF channel is routed through the set, making it capable of receiving 13 channels. It's used when a community finds a way to open up such things as educational television—or one commercial UHF broadcaster decides to take a chance. But Americans move about—and certainly Washingtonians move as much as most. And the conversion for, say, channel 20, is useless if the next town has channel 44. The set, in effect, returns to 12 channels—unless the owner has a new strip conversion done.

So we try again. We take a regular VHF set and this time we add a little black box, to achieve what is called a "converted receiver." This is the next set to the right on the stage. Here, a converter has been added, to bring in all UFH signals operating in the area and to convert each of them to an impulse suitable for VHF reception. What you see is channel 26, Washington's new educational channel. The program in progress is being watched in 8,000 schoolrooms right now and about 7,500 homes.

But to do this, it was necessary to bring about a major cure—the addition of a converter.

Why? Because almost all the television sets being manufactured today leave the factory with a part missing.

Right here in my hand is the part left out. It's the UHF tuner—a simple key to the full, rich promise of television.

Now when this key is put into the set at the factory on the assembly line, we then have the set you see on the right of the stage.

No strippers and no converters. Just 83 channels of choice. We call this the all-channel receiver, and you can buy it right now. The all-channel set is born complete to serve every station in every market.

Why should any television set leave the factory incapable of receiving 85% of American television allocations? If we could have all-channel sets, we can fulfill the promise of the FCC's 1952 plan:

A total of 2,229 television stations in the United States: 683 on VHF, 1,546 on UHF.

I've brought with me today copies of that plan, as it would be worked out for cities all over the country. This is the document attached to copies of my address.

Actually, it is all of Section 3.606 of the Commission's Rules and Regulations, and is called the "Table of Assignments". Most of your own home towns are listed there, all decked out with numbers. These are the channels assigned to them many years ago. Most of them are not in use, of course. Indeed, it may surprise some long-time Washingtonians to learn that Channels 14, 20 and 50 are waiting to be used here along with 4, 5, 7, 9 and 26.

Before I joined the FCC, the Commission reached the conclsion that we should seek legislation to help achieve this plan. This legislation would unlock UHF by requiring that future television sets be manufactured to receive all channels.

I wholeheartedly agree with this view, and our chief legislative proposal for 1962 is the All-Channel Television Receiver bill.

Best estimates are that in mass production, the all-channel set will cost about $25 more than the 12-channel set—varying with the style and size of the unit. This is a small price to pay for unlocking another 70 channels.

Last year, bills were introduced by Chairman MAGNUSON and Chairman HARRIS in the Senate and House. These bills—S. 2109 and H.R. 8031—would require that every set manufactured for interstate shipment be capable of receiving all the television spectrum and not just a part of it.

Since you entered this room about an hour and a half ago, around 3,000 television sets were sold in this country.

That will indicate why we think this is the solution. We believe that if this proposal becomes law we will in a reasonable time solve the fundamental problem of television.

We will broaden the viewer's choice—by lighting up the vacant channels.

A great deal is at stake.

First, the future of educational television is tied to UHF.

Educational television now holds 92 VHF assignments. But the educators estimate they will need a total of 158 VHF channel assignments to develop a national educational television system through a fourth network devoted to classroom instruction during the day and to adult programming during the evening hours.

We want to bring such an educational network to life, but most of the remaining channels assigned for educational use are UHF channels. We can pinch, pry, and prod the 12 channel VHF system, but we will not get educational stations into more than a fraction of the communities that want and need them.

Second, the communities now served by less than three stations have a stake in the development of UHF. It is their only chance of getting more service.

There are now some 83 areas in which one or more UHF stations were once in operation but are now silent because of lack of UHF sets to receive their signals. Twenty-five of those areas now lack any local station, and fifty-eight lack the choice of service which a second, third or fourth station once brought. If you are a candidate for local office in Allentown, or a proponent of a local school bond issue in Atlantic City, or a local advertiser in Battle Creek—you could no longer turn to a local television station.

And there are scores of other communities where capital has never been risked to build a local station because of the chilling example of the Allentowns, the Battle Creeks and the others. Communities such as these will never have a fair chance—unless UHF gets a fair chance.

Finally, the fundamental future of commercial television is at stake. The present tight 12 channel system is already too small. Yet, the country has already grown by 3½ million people since President Kennedy was elected.

We will in just a few years have a nation of 200 million people, and if we do not expand television, we will have unnecessarily few people deciding what larger and larger numbers of people will be seeing on television.

And this is just inconsistent with the way our country has grown.

A free, open, competitive system has brought us to the highest standard of living. It has given us the opportunity to achieve the highest standard of life. I think that all of us would insist that the sinews of this system be extended to every phase of our lives—and I see no reason why television should be excluded from its benefits.

Today, in television, we find a situation where we are physically able to go a lot further toward free enterprise, and I fail to understand why so many otherwise stanch defenders of our way of life resist this direction.

Surely the broadcasters who are most sensitive to what they regard as tightening regulation should welcome this growth and should be willing to accept this competition. A wider field means a rich variety of services for many tastes—and more voices to share the resistance to Government.

But to resist both competition and regulation is indeed shortsighted.

For just as surely as a commercial is wrapped around a station break—the television industry in the long run faces one result or another: more competition or more regulation.

My own vote is for more competition. And my faith is in the belief that this country needs and can support many voices of television—and the more voices we hear—the better, the richer, the freer we shall be.

TWO U.S. NURSES DEFY VIETNAM DANGERS

Mr. McGEE. Mr. President, I ask unanimous consent to have printed in the RECORD an article which appeared in the New York Times of yesterday, January 22, by Homer Bigart, applauding the courage of two American nurses in Vietnam, where daily existence is very difficult. They are braving the dangers of Communist guerrillas and serve the cause by their interest in increasing the health, and the opportunities for health, in Vietnam.

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

TWO U.S. NURSES DEFY VIETNAM DANGERS—THEY TAKE DUTIES CALMLY DESPITE RED GUERRILLAS

(By Homer Bigart)

SAIGON, VIETNAM, January 21.—Two American nurses bravely continue their roving assignments in South Vietnam despite rising activity by Communist guerrillas.

"We can't let them chase us all out," Margaret Racz, of Mercer, Pa., said as she prepared to depart today for the provinces over roads often cut by guerrillas.

Miss Racz, who is nursing service adviser of the Agency for International Development, and Tirzah M. Morgan, of San Jose, Calif., chief nurse of the Agency's public health division, probably are the most widely traveled Americans in South Vietnam. They have been in all but 3 of the 39 provinces.

Once in Camau, a plane carrying Miss Morgan was hit by Communist ground fire, but no one was hurt. Americans generally find themselves more and more cut off from the countryside. The tragedy of the U.S. nonmilitary assistance to this embattled nation is that it is reaching fewer and fewer people in the rural areas.

PROGRAMS CURTAILED

Several agricultural programs have been curtailed by the spread of Communist activity. Even the missionaries, and there are about 100 American Protestant missionaries here, have had to abandon visits to many rural churches.

"We are gradually losing contact with the country," one said. "We are pretty much restricted."

An American irrigation engineer said he could not "even get off the road without an armed patrol escort."

But Nurses Morgan and Racz said they were too busy to worry about the encroachments of the Communist Viet Cong guerrilla units.

They said that they always checked with provincial chiefs before going out into the countryside and that the chiefs always gave them an adequate military escort because of the desperate shortage of nurses.

But they have not been to some villages in more than a year. Their current chore is the setting up of surgical suites in the hospitals of 30 provincial capitals. This project has priority because of the prospect of mounting casualties once an expected government offensive gets underway.

SAME CARE FOR REDS

Miss Morgan said captured Communists got the same treatment as government troops. The other day she stopped at the bedside of a Communist guerrilla with several chest wounds.

"You are lucky," she told the youth. "You are lucky you are here when the Americans are bringing in medicine and surgical supplies and providing money for hospitals. You will recover."

The two Americans also supervise the training of Vietnamese nurses. About two-thirds of these nurses are men.

Miss Morgan explained that Vietnamese women were too interested in marriage and children. The men, she said, are good learners but a nurse shortage persists because of the long working hours and low pay of $30 to $40 a month.

Miss Morgan and Miss Racz took their masters' degree in New York—Miss Morgan at Columbia University and Miss Racz at New York University. Both are veterans of World War II and are self-reliant.

Last year, Miss Morgan was in a jeep that went over an embankment in the highlands and overturned three times. Suffering several broken ribs and severe facial injuries, she patched up her torn cheek with adhesive tape and gave first aid to another passenger before losing consciousness.

Both women are out of Saigon most of the time. A provincial chief warned Miss Morgan recently that if she persisted in riding in her black Mercedes car behind a military escort, the guerrillas might mistake her for some important official. He suggested that she ride in a jeep.

Miss Morgan declined. "If I am to be shot," she said, "I would rather be shot in comfort."

NEW YORK POINTS THE WAY TO MORE EFFECTIVE HANDLING OF NARCOTICS ADDICTION

Mr. KEATING. Mr. President, the need for a more flexible and scientific approach to the problem of narcotic addiction has been widely recognized by law-enforcement agencies, bar associations, and many other civic and public groups.

Last year Senator JAVITS and I joined in sponsoring legislation which would, first, establish a new Federal-State program for the construction and operation of narcotic hospital facilities and for the provision of technical assistance to the States; second, permit the civil commitment of narcotic addicts to the custody of the Surgeon General under specified conditions; and, third, call for a White House conference on narcotics. The impetus for most of this legislation came from the New York State District Attorneys' Association, and the bills were designed to complement similar proposals under consideration in New York.

Prior to their introduction, we discussed our proposed bills with the Attorney General, Secretary Ribicoff, and other administration officials. We were greatly encouraged by their interest and general support for our objectives and have been hopeful that early hearings and action would be forthcoming. Unfortunately, however, despite many subsequent requests, Congress has not yet received the recommendations of the executive agencies on any of our bills.

Yesterday a bill was introduced in the New York Legislature on this subject which has the full backing of Governor Rockefeller and other State leaders. We have been advised that this legislation reconciles the disagreements which prevented passage of similar legislation in the last session of the State legislature. The New York State District Attorneys'

Association will give this new bill its powerful backing, and prospects for its passage in the very near future appear to be excellent.

This development emphasizes the need for prompt action by the Federal Government to do its part in the combined Federal-State program to cope with the narcotics menace. The drug traffic has always been considered a matter of special concern to the Federal authorities. The application of new mandatory treatment concepts and the availability of suitable facilities for noncriminal addicts appears to afford the best hope of preventing the spread of this disease by those it has already cruelly victimized. We must not relax the severe penalties against the evil, sinister purveyors of these drugs, but we must certainly do all we can to prevent its innocent victims from turning to crime and spreading their misery in desperation. Such a program will not benefit just one locality or State, but the whole Nation.

Today's New York Times commends Governor Rockefeller's enlightened approach to this subject and gives its strong support to the legislation introduced in the State legislature. I ask unanimous consent that this editorial be printed at this point in the RECORD.

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

THE SICK ADDICT

Governor Rockefeller in his annual message to the legislature expressed anew his concern with the problem of narcotics addiction. His promise of new legislation on this problem has been kept with introduction of bills notable for their humane, enlightened nonpunitive approach.

The legislation would allow young persons charged with less serious narcotics crimes to choose treatment in State hospitals instead of going to jail. A new narcotics office to direct and coordinate the State's expanding programs in research, treatment, and aftercare rehabilitation would be established within the State department of mental hygiene. A State council on drug addiction, to advise on program and administration, would include private citizens as well as officials.

It is evident that the Governor sees the greatest role of State usefulness in the medical-social field, pioneering in new and better methods of dealing with a sickness (as distinguished from a crime) in which cure is difficult and relapse frequent, a fact he recognizes by requiring that aftercare be mandatory following release from commitment.

PROPOSED CONGRESSIONAL TRADE VETO

Mr. KEATING. Mr. President, I recently proposed that the administration include in its recommended 1962 extension of the Trade Agreements Act provisions for a two-thirds congressional veto of trade agreements or modifications thereof.

One of the most persuasive editorial comments on this proposal that I have seen is from the Winston-Salem Journal, Twin City Sentinel, of Winston-Salem, N.C. Their editorial is entitled "Liberal and Conservative, Too." It makes the point that expanded trade is liberal in the sense that it moves forward in developing new and broader trade contacts between the United States and our friends overseas. The editorial goes on to stress that expanded trade contacts would also have a conservative importance, because they would provide incentives to make American industry more competitive, wherever this is possible, and thereby strengthen our free enterprise system.

The Winston-Salem Journal, Twin City Sentinel supports the inclusion in new trade legislation of congressional veto provisions. They base their position on the fact that there are some industries and communities that cannot absorb too rapid or too extreme a cutback in our present tariff arrangements.

This editorial quite accurately reflects my personal feelings on this issue. I ask unanimous consent that it appear at the end of my remarks.

Mr. President, I also ask unanimous consent to include in the RECORD an excellent column by Mr. Roscoe Drummond along these same lines, in which he indicates that expanded free trade merits support from Members of the Congress who are conservative in their voting and in their general point of view.

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

[From the Winston-Salem Journal, Twin City Sentinel, Winston-Salem, N.C., Dec. 31, 1962]

LIBERAL AND CONSERVATIVE, TOO

Senator KENNETH KEATING's announcement that he will support the President's bid for a new trade policy for the United States goes another step toward clearing the ideological air around the current international trade issue.

Senator KEATING is a Republican from upstate New York. His voting record is conservative enough to have won him during the past year a citation from the rightwing Americans for Constitutional Action. Yet the Senator apparently does not feel that he will betray his record by supporting the administration's request for broader Presidential authority to cut tariffs. And by the same token some Members of Congress who call themselves liberals might think it consistent with their records to oppose broadened tariff-reducing authority for the President.

It has been said often in recent months that the President is seeking the enactment of a "liberal" trade act. The word "liberal," used in this sense, is convenient. But it has little to do with the word "liberal" when used in the description of a fight over welfare legislation or a bill having to do with Federal activity in some area such as education or civil rights. Certainly most of the Nation's liberal forces—organized labor is an example—are likely to support the President. But major conservative forces, including some industrial organizations, also will support him. The administration is arguing that the authority it is seeking will lead in the long run to sounder economic health for Americans at all levels and that in addition it will provide the basis for stronger political ties throughout the West. The argument is valid, and leaders of many political shadings recognize it as such.

It is safe to predict that many who will oppose the writing of a broadened trade policy will do so not because they fail to understand the opportunities involved, but because they are fearful of what might happen to certain industries and groups of workers if the United States moves too far toward free trade too quickly. Their fears are real. Senator KEATING, in urging that Congress retain the right to veto individual trade agreements, recognizes that reality.

The adoption of a new trade policy which would allow freer trade patterns would be liberal because it would look to the future and inspire stronger ties between the United States and groups of nations which share U.S. views and goals. It would be conservative because it would force industries to operate on a paying basis in an alliance built on the idea of rugged free enterprise.

TRADE POLICY—CONSERVATIVE SUPPORT ENLISTED

(By Roscoe Drummond)

Respected and influential conservative opinion is rallying behind a more liberalized U.S. trade policy.

The objective is to strengthen the economic ties and widen the channels of trade among the countries of the free world.

The U.S. Reciprocal Trade Act comes up for renewal at the most opportune moment, at the very time when the American Government must determine its relation with the expanding and prospering European Economic Community.

The decision which Congress will make in the next few months is whether both sides—the United States and Europe—will reduce tariffs to promote mutual competition or raise tariffs to fend off competition. The choice is whether to embark upon a healthy rivalry to take advantage of tremendous trading opportunities or to launch a trade war in an effort to wall off these trading opportunities.

It seems logical that conservative leadership in the United States should begin to aline itself behind the goal of constructive competition between the common market of the United States and the Common Market of Western Europe.

Conservative leaders who have already taken their stand in recent days include former President Eisenhower, Alf Landon, the 1936 Republican presidential nominee, Christian Herter, a former Republican Governor of Massachusetts who succeeded John Foster Dulles as Secretary of State, and the U.S. Chamber of Commerce, whose spokesmen have been testifying before the Boggs committee in favor of amending the Reciprocal Trade Act to give the President adequate powers to negotiate with the Common Market.

It is noteworthy that these conservative leaders support the competitive trade policy not only in the national interest but in the conviction that it is an essential and very possibly a decisive initiative in organizing the free world to win the cold war.

Former Governor Landon puts the issue precisely and in its largest terms when he says:

"The tremendous release of energy—raising wages, improving working conditions—generated by the European Common Market is a more explosive shock to the economic and political policies of the world than the Russian thermonuclear bomb testing.

"Legislation of sufficient scope must be enacted to give the President authority to construct a bridge to working relationships between America, the European Common Market, and other great nations where we have highly important trade and political relationships."

The question Mr. Landon raises is whether we are going to seize—or throw away—the opportunity which the European Common Market puts into our hands to create a more powerful bloc for peace than the Communist bloc which intend to bury us. His own answer is:

"Let me say to the leaders of American labor, agriculture and industry that it would be the height of folly to be more concerned about attempting to maintain the American wage scale or American profit scale than girding our loins to meet a more dangerous foreign foe than Hitler and the Nazis. Yet by pursuing Common Market policies we can

have our cake and eat it, too. The history of the Common Market of Europe gives evidence that removal of barriers to trade, commerce, and industry all over the world will open a greater market for U.S. products than we have ever known."

What impresses me about General Eisenhower, Mr. Landon, Mr. Herter, the U.S. Chamber of Commerce spokesmen and others likeminded, is that here are conservatives who are not content merely to complain about the West's being on the defensive in the cold war. When they see a momentous opportunity to take the initiative, they seize it rather than run away from it as too adventurous.

The reason that associating the common market of the United States with the Common Market of Western Europe is conservative is that it rests on the principles of competitive enterprise. It is, at the same time, a bold and progressive initiative capable of reversing the adverse trend of the cold war, an initiative which ought to galvanize the support of Americans who have so loudly been saying that we have too long been on the defensive.

STATEMENT BY SENATOR ANDERSON ON MEDICAL CARE FOR AGED

Mr. LONG of Hawaii. Mr. President, I am privileged to be a cosponsor with the junior Senator from New Mexico [Mr. ANDERSON] of the administration's medical care for the aged bill, S. 909. Senator ANDERSON, in his efforts on behalf of this important legislation, is displaying the high qualities of leadership so characteristic of him. This morning, at the Economic and Legislative Conference of the AFL–CIO, Senator ANDERSON made some very timely and cogent remarks about the status of the medical care for the aged bill. I should like to call his remarks to the attention of all of our colleagues in the Senate, and I therefore ask unanimous consent that his address be printed at this point in the RECORD.

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

REMARKS OF SENATOR CLINTON P. ANDERSON BEFORE ECONOMIC AND LEGISLATIVE CONFERENCE, AFL–CIO, SHOREHAM HOTEL, WASHINGTON, D.C., JANUARY 23, 1962

This morning I start on the assumption that those people who are covered under social security and railroad retirement should have deductions made from their paychecks and matched by equal contributions from their employers to guarantee that, once they have passed the age of 65, they shall have adequate health care, have it as a matter of right not as an item of charity, and have it without the indignity of a means test.

Perhaps the first question we should ask this morning is: What need is there for any sort of legislation in this field? President Kennedy expressed it well in his state of the Union message to the Congress. I found an adequate answer in a statement prepared by my good friend, Wilbur Cohen, Assistant Secretary in the Department of Health, Education, and Welfare. Here is his summary:

Paying for health services by older people is complicated by four factors:

1. Older persons have more days of illness. They go to the hospital more frequently and stay longer.

2. Older persons have less income.

3. Stays in the hospital are expensive and are becoming more costly.

4. The proportion of hospital bill covered by private insurance is much less for older persons. It also decreases as the length of stay increases.

But in any legislative consideration of the King-Anderson bill this year, we no longer have to prove that there is an aged health-care problem. We need only point to the fact that the American Medical Association and the National Association of Blue Shield Plans have come forth with a program of their own to provide surgical and medical care benefits for persons 65 years of age and older. This is an admission on their part that all the time we have been right as to the need, and that now the only debate is on the method by which it shall be attained.

That forward step is welcome. Only a year ago, some people claimed that the health needs of the aged were being met. Others pointed to retirement plans which, they asserted, provided the aged with sufficient money to pay their doctor and hospital bills. We were told that the aged had children who are happy to help their parents even if it meant great deprivation for their own families. We were advised to proceed in accordance with "the free enterprise system which made America great," which was another way of saying: "Don't look at this problem, and, like the little man on the stairs, it may go away."

Now this is changed. AMA and Blue Shield—realizing that without any health-care hearings in the House or Senate the vote in the Senate a year and a half ago was reasonably close—have now come forward with their own plan, as if to admit that a well-developed national program of health care for the aged is now necessary and they would like to have a part in it.

I have no exact knowledge of what benefits there may be under the Blue Shield plan. The announcement states, in general terms, that Blue Shield will offer to cover surgery costs and some medical care in a hospital or a licensed nursing home for a premium of about $3 a month per person or about $36 a year. Of course, I recognize that the coverage need not exactly duplicate those services we contemplate under the King-Anderson bill. What interests me more is that AMA and Blue Shield still want to hold on to a means test. It is not as obvious as the medical indigency required by the Kerr-Mills bill, but the Blue Shield benefits are to be available only to those single individuals who have income of less than $2,500 a year and those married persons who have income of less than $4,000 a year.

I hope that this fine body of organized labor, representing a great segment of our population, will meet the challenge head on and will insist: not that new bottles be found for old medicines, not that new nostrums be hastily mixed, not that new cures be advanced by the very large and well-financed propaganda machine of the AMA, but that the Congress decide once and for all whether working people can be permitted to take care of their old-age health needs as a matter of right. They should not be forced to produce, prior to their admission to a hospital or their care by a physician, their most intimate papers. They should not be required to discuss before some actuary whether the savings they have been able to make through their lifetime, plus the amount they receive in retirement through social security, plus any additional amounts they receive from pension plans, do or do not total as much as $2,500 if single, and $4,000 if married. On this we should stand fast.

To me the supreme indignity is to say to a worker who has contributed a lifetime of service to a firm or a trade that, once he or she reaches 65, his or her business is no longer private but must be subject to constant, exhaustive and revived scrutiny every time a visit to the hospital appears to be necessary.

I have been in the insurance business nearly 40 years. If I live to August of this year, I shall have been president of an insurance company for 25 years, meaning, in fact, from the very first day that it was organized. I know that insurance people depend upon statistics and actuarial calculations. I know that fire insurance rates on a dwelling are low because statistically a house is not expected to burn down except about once in 400 years. Therefore, by spreading the hazard and dividing up the risk, your insurance agent can charge you a modest premium to guard against the fire hazard on your home.

Likewise, I understand the reason for the means test which AMA and Blue Shield have proposed.

If their policy reduces the possibility that the buyer will claim its benefits and that only a few will avail themselves of the surgical and medical care provisions made possible by the payment of $36 a year, then the rate will be lower than it might be if every person received needed health care regardless of private means. The means test is put in to weed out a large share of the claims. It represents the hope that a man who thinks he needs only modest hospital care would prefer to pay for it himself rather than go through the humiliating experience of parading his bank accounts, his social security checks, his pension plans, and any interest he may get from E-bonds and other savings, before he can phone the doctor or enter the door of a hospital.

I stand firmly behind the guarantee in the King-Anderson bill that health care shall be available to those people who are under social security and over 65 as a matter of right; that they shall have the privilege of contributing to the fund in their working years and shall enjoy its benefits in their retirement. Our whole 25 years of experience under the social security system attests to the fact that no other program works as well or costs as little to administer. Best of all in these days of deficit spending, it costs the Federal Treasury nothing.

To be sure, there are ways of providing retirement income other than by payroll deductions of employees plus contributions of employers. This is a system of enforced saving; but it has worked well. To be sure, old-age retirement checks are going to some people who today do not need the money; but, through the years, they made the contributions and their employers matched them, and now they are entitled to the rewards of their savings—whether the AMA likes it or not.

I say, "whether the AMA likes it or not" because when social security was started, many professional groups stayed out of it. Engineers, architects, accountants, lawyers, dentists, doctors, funeral directors, and a host of self-employed, remained out. With the passage of time, the lawyers, the dentists, the funeral directors, the engineers, the architects, the accountants, and other professional groups, have come in—all but the doctors. Apparently, only doctors think it is bad to have a system of enforced saving through social security.

And yet the doctors—at least the spokesmen for organized medicine—are very vocal in their support of another item of legislation now on the Senate Calendar. This bill, H.R. 10, the Keogh bill, would allow physicians and other professionals to set aside 10 percent of their annual income for retirement purposes. This would involve a deduction from current income taxes. In reality it would be a degree of tax forgiveness because when after retirement these people finally pay taxes on this income, their taxes on it could be expected to be less because their income would be less.

Now I find it ironic that these physicians could speak so favorably before the Senate Finance Committee and the Ways and Means

Committee about the virtues of setting income aside for their own retirement needs when before these same committees they condemn the principle of workers setting income aside for their health-care needs after retirement.

What is that old statement about—"What is sauce for the goose * * *"?

Secretary Ribicoff made a good point in commenting on the Blue Shield offer. He said:

"The Blue Shield plan would do nothing whatever to meet the staggering problem of high cost of hospital care in a serious illness which faces all the aged—and which swiftly wipes out the savings of a lifetime."

As one who has spent many years in business, I agree with him.

I have been reading in the Washington newspapers about the peculiar financial antics of some officials of savings and loan associations in an area very near at hand. These stories tell how second, third, and even fourth mortgages, were placed on properties where the first mortgage was barely justified. All these bad investments were made with savers' funds. Many workers whose money might have been involved in these transactions will not have quite as carefree an old age as they would have had if their money had been in Government bonds or other gilt-edge securities. The same thing can happen to the savings of any person in this audience.

What happens to the working man who loses his life savings? He can still live with the aid of social security if he is past 65, but what does he have left to guarantee the payment of his medical bills? When you answer that question, you see the necessity for fighting this year to pass, in this session of Congress, the King-Anderson bill.

Many people think that pressures being put on Members of Congress by the AMA and the American Farm Bureau Federation against this bill might make it dangerous politically, but I have news for them: Supporting health care for the aged is not politically dangerous.

One of the hardest working legislators in behalf of aged Americans is the senior Senator from Michigan, PAT MCNAMARA, who came out of the ranks of this organization.

In 1960—after he had voted for passage of the Anderson-Kennedy amendment—PAT won reelection by a majority of over 120,000 votes. That was more than 81,000 votes over his majority in 1954. And he had the opposition in 1960 of an archconservative radio commentator who would go on the air every night about 6 o'clock and rap PAT for wanting to help the elderly through social security. I think PAT owes that commentator a note of thanks for keeping the public informed of who its friends are.

There was a campaign by doctors against me in New Mexico in 1960 because I had introduced the Anderson-Kennedy amendment in the Senate and pressed for its passage, and had announced my continuous support of a program for health care for the aged through social security. The election results were confusing. The Democratic candidate for Governor was defeated; the Democratic candidate for President carried our State by a handful of votes; but the Senator, who sponsored health care for the aged, won by the greatest majority any candidate ever had in the history of our State, and three times the majority which he got in 1948 and 1954. Tell your friends in Congress that supporting health care for the aged is not politically dangerous.

There are additional cases I can give you, but let me use one more. Senator CLIFFORD CASE, of New Jersey, was the only Republican Senator to vote in August 1960 for the Anderson-Kennedy amendment carrying provisions almost identical to the King-Anderson bill. The Republicans had a caucus and agreed almost unanimously to support the Nixon program for medical care. Everyone lined up but CLIFFORD CASE. He wouldn't and he didn't. His was the only Republican vote we got.

How did he then come out in the 1960 election? He had won in 1954 by 3,370 votes; in 1960, while President Kennedy was carrying his State, Senator CASE won by a margin of 332,447 votes, a record for the State and almost exactly 100 times as much as his previous majority. To be sure, he won because of the kind of man he is and the way in which he votes, but he did not suffer at the hands of the voters because he had the courage to stand up for health care for the aged. I think he profited—profited greatly—by the fact that he was the only Republican in the Senate who voted for the Anderson-Kennedy amendment. I saluted him then; I salute him now.

So I say to you in organized labor that you have a real chance to make 1962 a year of decision in health care. I believe we have the votes to pass the King-Anderson bill in the Senate—and I am not afraid to try. If the measure does not come up in the usual orderly fashion, surely some opportunity will arise to give Senators a chance to vote on this issue this year.

If it passes the Senate, the hurdles in the House of Representatives can be high and difficult, but I doubt if they are impossible. Much depends on your ability to tell your friends in Congress that the opponents of this bill are not more numerous than its friends, that supporting it is not politically dangerous, that half measures will not suffice, and that you are unwilling to accept any denatured substitutes. I truly believe that this fight can be won this year. May we go forward together in a worthy cause.

ADDRESS BY HON. ELVIS J. STAHR, JR., SECRETARY OF THE ARMY, ON SUBJECT "UNITY THROUGH DIFFERENCE"

Mr. LONG of Hawaii. Mr. President, on Wednesday evening, January 17, it was my good fortune to be among those who attended the congressional dinner given at the National City Christian Church in honor of Members of Congress who are associated with that religious organization. It was a most enjoyable gathering. The speaker for the occasion was the Honorable Elvis J. Stahr, Jr., Secretary of the Army. His address was inspiring and imparted to his great audience something of his confidence in the Nation and the hope which he bears in relation to the future of our way of life.

Because his remarks deal with those considerations that are fundamental to America, I am pleased to share his statement with Members of Congress. I therefore ask unanimous consent that his address, entitled "Unity Through Difference," appear at this point in the RECORD.

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

UNITY THROUGH DIFFERENCE

(Remarks by Hon. Elvis J. Stahr, Jr., Secretary of the Army)

I am grateful to the National City Christian Church for the opportunity to meet once again on such a pleasant occasion with fellow members of the Disciples of Christ. I had the great pleasure of addressing the International Convention of Christian Churches last September, and I assure you that I look forward to each new opportunity to join in Christian fellowship with old and new friends.

Since becoming Secretary of the Army, I have had many occasions to think about a striking similarity that exists between one of the fundamental principles of the Christian Church and a concept which has had and is having a controlling influence in the lives and government of freemen everywhere. I am thinking of our right to form our own opinions and of the miraculous way it has of drawing us closer together.

When those two immigrants from northern Ireland, Thomas Campbell and his son Alexander, together with Barton W. Stone, began to plead and plan in the early part of the 19th century for the unification of Christian denominations, they were fully aware that there could be no true unity without the freedom to differ. In a conviction that led eventually to the establishment of the Disciples of Christ, they preached that an enduring basis for Christian fellowship could not be established through complete agreement on a fixed system of religious doctrine, but must rather be built around those essential principles of gospel teaching which all Christians recognize. An earlier writer had expressed it in these now familiar words: "In essentials, unity; in nonessentials, liberty; in all things, charity."

Whether consciously or not, Thomas and Alexander Campbell were applying a principle that has proved to be essential to unity in every field of human endeavor—the right to differ. History has shown that, although there must be a main body of belief and agreement if anarchy is to be avoided, there must be also be freedom of thought, expression, and action or tyranny will take over.

How appropriate it is for us to remember this principle as we face the challenge of our time. With the forces of a godless tyranny once again on the march, strengthened by the absolute authority to concentrate the natural and human resources within its grasp on the maintenance of a powerful fighting force, the free nations of the world are faced with the alternatives of being defeated in detail by the Soviet colossus or of standing in unity against it. It is a pretty well accepted fact that the Soviet bloc has the military power to defeat and the potential economic ability to bury any other single nation, with the exception of the United States. It cannot hope, however, to match either the military strength or economic power of free world nations working together. It might be worth our while, therefore, to examine how this matter of unity through difference works by analyzing the part it plays in some of our current affairs.

No finer example of the strong unity that freedom to differ can create could be found than the Government of the United States. With its Constitution and Bill of Rights as the central core of agreement, this Nation has grown strong in unity by encouraging the voices of dissent through free speech, an untrammeled press, and open debate. As many of you gentlemen know well of your own experience, no more violently divergent opinions have ever existed than those which are freely expressed on the floors of the Senate and the House of Representatives. Those Chambers have echoed to everything from the finest orations in history to the most vicious philippics ever hurled at a near-captive audience. Men have dared to speak there against parties in power, out of power, and on the ascendancy—yet not one of them has ever been shot, hanged, beheaded or posthumously banished to historical oblivion because of it. Through difference—though some may have been wrong—and the right to express it—though some may have done it badly—they brought strength to the Union.

The unity which has made us strong—the kind that is based on a hard core of essential principles and a recognition of the right to differ on details of execution—must be carried over with the highest degree of tolerance and understanding into the various alliances between nations. To hear the fears and doubts that are expressed when member nations of an alliance happen to bump heads on some matter, one would conclude that there is no hope for a workable agreement of any kind between nations. We sometimes seem to expect nations to eliminate all causes for conflict and disagreement and live together like the fabled one big happy family. This, of course, is a ridiculous and unrealistic expectation. Nations—even those most closely allied—will have conflicting needs and aspirations as long as they have people in them, so what we really need to work on is the strengthening of the fundamental bond that unites and makes free nations willing to stand shoulder to shoulder—in battle, if need be—when the chips are down.

Although the charters, pacts, and agreements that formalize our alliances are the work of professional statesmen and diplomats, the real foundation on which they rest is that bedrock of international morality to which each of us adds or detracts by the way we live as members of the human family.

Like individual integrity, international morality is a blending of many fine qualities—such as honesty, loyalty, tolerance, faith, and good will. It is a canon of unwritten world law—an unspoken code of ethics that exists in some form in every reputable creed and belief, and makes it possible for a member of one to work in harmony with the members of another. Woodrow Wilson, architect of the first working plan for cooperation among all the peoples of the world, put the same thought in these words:

"What we seek is the reign of law, based on the consent of the governed and sustained by the organized opinion of mankind."

We contribute to international morality—and hence to the bond that ties the free world together—when we adhere to high standards of moral integrity in our own country, beginning with our individual lives and extending through our schools, social institutions, and all levels of government. We detract from it each time we adopt the "So what?" attitude toward foul business practices, low professional ethics, and the compromise of principle for convenience.

A striking example of strength and unity achieved through exercise of the right to differ can be found throughout our Armed Forces. Many drastic differences of opinion are aired and vigorously defended during the process of hammering out the defense recommendations that end up on the desk of the Commander in Chief, President Kennedy—differences of opinion that arise, you may be sure, out of the firm convictions of professional military men and are inspired by a common determination that this Nation shall have the most effective means for its defense.

Once a decision has been taken and a policy adopted, it is executed the more willingly and enthusiastically because all differences of opinion were thoroughly considered in its formulation, rather than suppressed—because the realities were fully explored in frank discussion. Our present unified defense policy, by which we seek to attain a measured and balanced degree of military power capable of coping with any form of aggression, any place on earth, evolved from quite divergent views, in many cases, among individuals and services, but it is a more broadly acceptable as well as a more effective policy than could have been created by any one person alone, or any one group with identical views, since it represents a synthesis of the outspoken wisdom of many trained minds.

An illustration of the fact that honest differences of opinion lead in the long run to the most realistic defense is Admiral Rickover's powerful and constant advocacy of the nuclear submarine despite strong opposition—a difference of opinion that led to the creation of our Polaris submarine striking force, now a major element of our vital strategic nuclear deterrent.

Another case in point is the recognition, reflected in our present defense policy, of the Army's long-term and consistently argued belief, which also encountered strong and insistent objections, that lesser forms of aggression than all-out thermonuclear attack would require a response by more limited means; that we must be armed in such a manner that we are not limited to a single course of action—forced to choose between waging all-out thermonuclear war or allowing an aggressor to achieve his purpose by piecemeal conquest.

Because able and dedicated men exercised the right to differ, not only among themselves but with time-honored concepts, we have also broken away from the tradition of peacetime unpreparedness which in the past tied the hands of the military services until hostilities were practically underway. We have raised our military forces over the past several months to a level of balanced strength and readiness unprecedented except in time of actual war. Furthermore, we have adopted for the first time in our history a policy of strength maintained over the long term. In short, we have put ourselves in a better position than ever before to fulfill our national purpose to deter war or win a decisive victory should war be thrust upon us.

If we succeed in our determination to preserve freedom without war, it will be because those who threaten freedom can see that our intention to stand firm is backed by the military ability to do so. For the Communists respect strength—and little else. And their determination to dominate the world is something they don't even try to hide.

Right here, because of my particular responsibilities as Secretary of the Army, I would like to add a special word or two in passing about the necessity for constancy in our national attitude toward defense—the new dimension of our security. It has at last become obvious to most Americans, I hope and believe, that we must forgo the dangerous practice of setting our sails according to the volume and direction of the latest hostile wind and steer our course instead by the constant stars.

Although our present buildup was sparked by the Berlin crisis, and one of the simplest facts of today's complicated world is that we must be prepared to respond to that problem militarily if that should become necessary, even if some solution there were possible this very hour, we must be prepared to cope with other and new crises which the Communists have created and are capable of creating. At any moment they could quickly build up pressure in parts of the world where we have no forces, or only token forces, stationed at present, and where indigenous forces are inadequate to contain or defeat a Communist military sortie without our help. Moreover, we cannot, in any case, hope to attain our long-term goal by utilizing our strength merely to meet recurrent crises as they arise. We must, rather, prevent crises by making it perfectly obvious in advance that we have the strength in being, and the unflinching determination, to take whatever positive action may be required.

To allow our military strength to deteriorate in response to lessened tension at one point or at one moment would, in effect, make it possible for our adversaries to call the signals and manipulate our defenses to suit their own aims. It would make us vulnerable to being hit hardest when our defenses were weakest and the warning shortest. It would whipsaw us economically because of the tremendous waste involved in alternate increases and decreases in the force levels we maintain. It would also be extremely and unnecessarily disruptive to the lives of great numbers of our people.

A genuinely farsighted view of preparedness is imperative. Both our resolution and our ability to defend ourselves must be both evident and permanent. While adjusting quickly to new situations and developments, our capability must also clearly reflect underlying constancy of purpose—for it is underlying constancy of purpose that faces us across the Iron and Bamboo Curtains.

In closing, let me say that it should be the constant determination of all Americans to remain united and steadfast in support of our Nation and its highest interests in these critical times, and to insure the survival of the freedom to differ, which is a foundation stone of true unity and strength. I am confident we shall work together to this end, and doubly sure that the Christian community, concerned as it has always been with mankind's loftiest aspirations, will continue to lead the crusade for human understanding, mutual good will, and the liberty of mind and spirit on which our ultimate hopes for a just and lasting peace are based.

A RECOGNITION OF THE MEN'S WEAR INDUSTRY

Mr. LONG of Hawaii. Mr. President, most men take the clothes they wear for granted. Yet we know the American male is the best dressed in all the world. The standard of American apparel habits is far ahead of any other nation, and yet I am told the American male spends less on clothing than the male in any other of the modern nations. Behind this achievement credit should go to the manufacturers and retailers of men's apparel.

My attention to this economic phenomenon has been called by the fact that the men's wear industry of America will hold its annual convention for the first time in Washington from February 11 through 14, 1962. This is the 44th Annual Convention of the National Association of Retail Clothiers and Furnishers which for nearly 50 years has been serving the merchants who sell men's wear and working with the manufacturers and their associations in the advancement of the important, although often overlooked, industry.

Naturally, I have a keen interest in this particular event because the president of the association, who will be presiding at the events in Washington, is Lawson H. Riley of Honolulu. Fondly and familiarly known as "Jack" Riley, he is president of McInerny's, one of the oldest and finest retail establishments in Hawaii; operates seven stores, the oldest of which was established 112 years ago. Jack is not only a successful merchant; he is also an outstanding citizen who has contributed much to civic and philanthropic movements in our community. He is a past president of the Honolulu Rotary Club and Chamber of Commerce and now is serving in the highest position a merchant can achieve in the men's wear industry, that of president of the National Retailers Trade Association. This association has nearly 3,000 members, numbering among them the finest

of the men's wear merchants in all States of the Union.

This industry is an important one, numerically and economically. According to the 1958 Census of Business there are over 24,000 men's wear stores in America doing an annual volume in excess of $2,596,639,000, and employing 111,353 people. American men's and boys' tailored clothing manufacturers total 1,286 and have a value of production of $1,295,362,000, and employ 122,205 people. The other and even bigger segment of the industry which produces all men's and boys' apparel other than tailored suits and coats includes 2,789 manufacturers, employing 369,380 people, with an annual volume of production totaling $3,703,083,000. Thus, we have a substantial, important industry.

Obviously, from these figures, by comparison with other great industries, this is typical American small business manufacturing and retailing. Here is one great example of the American free enterprise system, successfully working at the grassroots level, in all of the States of our country. Here is an industry in which competition is keen, yet the standards of business morality are high. This trade is not constantly appealing for Government aid, but rather is in the forefront among contributors to patriotic and philanthropic programs. For instance, in the last year under President Riley's leadership, members of the national association solicited over half a million fellow Americans for contributions to Radio Free Europe.

I am impressed with the comradeship of the typical men's wear retailer. Back in the old days the gathering place of the citizens was the corner drugstore, the country store, or in some metropolitan communities the pool hall. These have now substantially passed from the scene being replaced by the chainstore, the self-service establishment, and the supermarket. The men's wear store is now, in many instances, the poor man's club where a bit of respite can often be obtained from the busy world. There exists a great loyalty between the individual customer and his men's wear merchant, and in this industry the same situation exists between the merchant and the manufacturer with whom he deals. It is a stable and constructive trade.

This reflects itself in the resistance the trade itself has placed upon the inflationary trends. While the cost of living, according to Labor Department recent statistics, has gone up 28 percent, the cost of men's apparel has lagged way behind and has only gone up 11 percent. As a matter of fact many items, among them men's shirts, are selling at the same if not lower prices than they were 10 years ago. And all of this is despite the fact that manufacturing processes have been improved resulting in better fitting, longer wearing, and more comfortable garments.

Some figures compiled several years ago from Government statistics gave this interesting picture. The American male works 24 hours to obtain enough money to buy a suit of clothes. In Russia, he works 112 hours. In England he works 50 hours, and in Italy 57 hours. This, obviously, contributes to the original statement that American men are the best dressed in the world.

With this background, I think it only proper to recognize in this fashion the fact that this important convention is coming to Washington for the first time. The event will be held at the Shoreham and Sheraton Park Hotels from Sunday, February 11, through Wednesday, February 14, and in excess of 5,000 members of the industry are expected to gather. For the industry this is going to be an exciting 4 days with many business meetings and social events and with important Government and trade speakers. A highlight, of course, is the exhibits, which, incidentally, are the largest number of exhibits ever to be housed in the Shoreham Hotel. On display here will be over 400 lines of the finest and newest in men's wear fashions, fabrics, and services.

To President Riley and his National Association of Retail Clothiers and Furnishers goes my congratulations on an industry job well done and best wishes for an outstanding and successful gathering.

INTERNATIONAL TRADE

Mr. CURTIS. Mr. President, in his recent state of the Union message, President Kennedy gave considerable attention to the balance-of-payments problem and the need for increased international trade. In his presentation he just could not refrain from indulging in the political profligacies which sometimes crop out when salesmen overdo their pitch and fear that the merits of their product need embellishing. He began the trade section of his message by stating:

> Above all, if we are to pay for our commitments abroad we must expand our exports.

He then proceeded to call for authority to be vested in a single person, himself, to reduce tariffs by 50 percent, in the same breath indicating the necessity of this if we were to expand our exports. Then he said:

> If we move decisively, our factories and farms can increase their sales to their richest, fastest growing market. Our exports will increase. Our balance-of-payments position will improve.

I cannot help calling attention, as his advisers should have done and apparently did not do, to the fact that if we reduce tariffs in a reciprocal arrangement, our imports will increase, perhaps even more than our exports, and the balance-of-payments will remain static at best and possibly deteriorate. I might ask the question here and now, "If the Common Market, the United States and the rest of the world suddenly wiped out import restrictions, would our balance-of-payments problem be solved, or would it be radically accentuated?" I suggest that restrictions in the rest of the world are far above those of the United States—including those of the Common Market—and we ought to get to a common negotiating level before we start on the question of reciprocal concessions.

With all the advantages of increased foreign trade—and I have always been in favor of the largest volume of foreign trade compatible with the welfare of our economy—I simply must point out to the President that equal increases in imports and exports would leave the dollar balance exactly where it was, without an iota of change; and he slipped rather badly when he indicated that cutting tariffs was the way to correct our dollar shortage.

Another statement which the President apparently made without thinking about is this:

> If, on the other hand, we hang back in deference to local economic pressures, we will find ourselves cut off from our major allies. Our farm surpluses will pile up. Our balance-of-payments position will worsen.

The prestige of the United States abroad cannot help but suffer under such careless handling of the facts. There is not the slightest evidence that, if the President does not get what he asks for, the dictatorial power to wipe out domestic industries and domestic jobs, our major allies will cut us off. We are far from cut off now, with trade at an alltime high; and to tell the American public that our friends abroad no longer need us and our trade and will cut us off if we do not embark on a free-trade binge sounds more like a second-rate State Department freshman than the leader of our country. It just is not so.

Now I am not even hinting that we can relax or fail to move forward in the field of competition and progress; I am merely pointing out that the Members of Congress are not neophytes in this matter; and telling only half the story in the hopes that it will slip by and no one will notice is not the way to get things done—certainly not with this Congress.

The President indicated that unless he assumes the congressional function of regulating tariffs "millions of American workers in your home States and mine will see their interests sacrificed." Even the most gullible will know that this is farfetched and incapable of proof and only very few will be taken in by it. Certainly, the astute farmers and industrial workers of the progressive State of Nebraska are not going to whip themselves into a frenzy over this kind of oversalesmanship. It smacks of some of the doom-and-gloom type of diplomacy that overenthusiastic proponents of the old and defunct International Trade Organization used in forecasting that if we did not approve it, cataclysmic and horrifying disaster would overtake us.

The Common Market countries need and want our trade as badly as we need and want theirs. They are even now in the process of planning their external tariffs, quotas, embargoes, import restrictions of all kinds, and have been most forthright in indicating that it is their purpose, regardless of commitments under the General Agreement on Tariffs and Trade, to set their trade regulations sufficiently high so that we will have to pay the price to get them down to where they should be and would be if we acted diplomatically in the matter. I would say to President Kennedy: "Your trade plan may not be entirely without merit, and my colleagues and I will study it when you have it in studi-

able form, and give it the benefit of every doubt, but oversalesmanship serves only to jeopardize it and make us suspicious about it."

Honesty would compel us to admit that if we cut tariffs on some items to encourage imports, these industries are going to suffer increased competition so that other industries can prosper through increased exports. There just is not any other answer. In the year 1961 we imported approximately 550 million pounds of fresh or frozen beef and veal valued at about $190 million. After 20 years of reducing tariffs, our exports deteriorated, in 1960, to about 10 million pounds valued at under $6 million.

In 1961 imports of canned beef amounted to almost 100 million pounds valued at $35 million. During the same period, exports probably did not exceed those of 1960 when they amounted to 2 million pounds, valued at less than a million dollars.

Mr. President, how can I sell more of this reciprocity to the thousands in the State of Nebraska who see their markets traded away so that others may enrich their coffers?

Experience teaches a lesson most difficult to forget even in the face of threats on one hand or oversalesmanship on the other.

The request of the President for a delegation of power to further lower tariffs should be carefully viewed and examined. There are some basic questions to be answered. If the wage level in the United States in any particular industry is substantially higher than it is in foreign countries, shall that business be handed over to the foreign producer? Is the State Department capable of determining the future of any particular business or industry in the United States? Does a reasonable amount of protection create the ill will of foreign nations against the United States? Should we not respect the right of foreign nations to impose reasonable tariffs to protect their own industry as well as provide revenue for them?

Mr. President, the New Frontier is playing the same old record started by the New Deal. It is a continued request for a delegation of power to the President as a solution to all ills, foreign and domestic. We shall examine every request carefully.

THE RECURRENT PHENOMENON OF EXTREMISM—ADDRESS BY SENATOR CASE OF NEW JERSEY

Mr. KUCHEL. Mr. President, I have read the text of a splendid, thought-provoking address delivered Saturday, January 13, by the distinguished senior Senator from New Jersey [Mr. CASE].

"Extremism, of the right or left, is a threat to our free institutions, our whole way of life, and we are rightly concerned," says the Senator. Indeed, all of us are concerned, and most of us agree with him and his conclusions. He develops that theme in a very logical and persuasive fashion.

I ask unanimous consent that the entire text of the Senator's address be printed in the RECORD at this point.

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

REMARKS BY SENATOR CLIFFORD P. CASE AT THE ANNUAL MEETING OF THE ANTI-DEFAMATION LEAGUE OF B'NAI B'RITH, HOTEL SAVOY HILTON, NEW YORK CITY, SATURDAY, JANUARY 13, 1962

A Senator's mailbag always provides an interesting slice of American thought. If it is a rare day that someone somewhere is not moved to consign one to a place of uncomfortable warmth, the same mail may also produce a heartening note from an enlightened citizen who happens to share one's views. Whether Congress is in or out of session, there is a constant flow of correspondence and an unending stream of printed material, of books and pamphlets, of bulletins and releases, of exhortation and solicitation. Much of this is informative and sound, a little of it hysterical, even mad.

Over the years a pattern emerges that remains pretty much the same, barring variations in volume and topic according to the times. Of late, however, there has been a noticeable change. Increasingly my mailbag, and I am sure others' too, has been filled with printed matter of one sort or another which asserts that the United States is in peril, indeed, its very existence is threatened by communism. Few would argue with this; indeed, most of us have so held for a long time.

But there is a new note of insistence that the real danger comes, not from external communism, but from communism here at home. The writers pound unceasingly on the theme that operating from the top, Communist conspirators or sympathizers are taking over in every important area of our society, in education, in the communications media, in our churches, and most particularly in Government.

In the words of a well-known worker in the extremist vineyard, "The thousands of Americans who write me (and who are typical of other thousands who never heard of me) are not primarily interested in fighting Communists in Laos or Berlin. They are primarily interested in resisting, and reversing, the policies of their own Government. This distrust of Government means that American individuals are regaining confidence in their own judgment." As he summed it up, "The only real threat to American survival is from within." This is the basic and strident theme, whether the particular literature deals with the United Nations, the abolition of the income tax, or fluoridation of water.

One's first inclination is to laugh at the patent absurdity of charges that President Eisenhower, like Roosevelt and Truman before him, has all his life been a dedicated and conscious agent of the Communist conspiracy, or that the AMA and the U.S. Chamber of Commerce are soft on socialism and unreliable allies in the struggle against it.

It is easy, too, to explain the recurrent phenomenon of extremism, whether of left or right, in terms of the appeal of the conspiratorial or devil theory to account for the manifold difficulties of our times. When things are not going well, it must be because of sinister plots or treason in high places.

Further, it has been demonstrated many times that whenever there are problems which society at the time is not meeting, whether because of indifference or because of their enormous difficulty, a sense of frustration leads many to the search for drastic and simple solutions. After all, the 19th century had its Know-Nothings. Thus, too, the attraction of the far left for many persons in the face of the social injustices and economic distress of the thirties.

Similarly, since World War II, the growing menace of Communist power and the enormous difficulties, complicated by the development of nuclear weapons and the possibility of world destruction, of coping with it, have fed a yearning for all-embracing solutions of the sort that the extremists purport to offer.

Then, too, the very sweep of the "reforms" advocated by today's extremists of the right makes it hard to take their programs seriously. You and I know that Congress is not going to repeal, for example, the Social Security Act nor abolish the income tax. Nor is there really any doubt in our minds that the Federal Reserve System as well as Federal assistance in such fields as housing and urban renewal are here to stay.

Despite the insistence of some people that social progress is synonymous with socialism and socialism with communism, most Americans, to use Lincoln's phrase, are still able to distinguish between a horse chestnut and a chestnut horse.

Finally, at a time when Khrushchev has flatly predicted that he "will bury us," when the leader of Red China openly proclaims support of war and revolution as the "most noble obligation" of Communist countries, when we confront Communist arms in Laos and Berlin, it seems incredible that any considerable number of people could find the chief, indeed, the only threat to America a domestic one.

If all this is so, as I believe it is, why then all the fuss over the utterances of a relatively few self-appointed leaders of the ultraright?

Are we in danger, as one of the Nation's leading newspapers has suggested, of "being extreme about extremists"?

For one thing, real students of Communist infiltration—people like J. Edgar Hoover and the Reverend John F. Cronin, S.S., of the National Catholic Welfare Conference—have warned against the danger of exclusive preoccupation with anticommunism at the expense of constructive thought or action. As Mr. Hoover stated succinctly in a recent report to the Internal Security Subcommittee:

"Because communism thrives on turmoil, the party is continuously attempting to exploit all grievances—real or imagined—for its own tactical purposes. It is, therefore, almost inevitable that, on many issues, the party line will coincide with the position of many non-Communists. The danger of indiscriminately alleging that someone is a Communist merely because his views on a particular issue happen to parallel the official party position is obvious. The confusion which is thereby created helps the Communists by diffusing the forces of their opponents.

"Unfortunately, there are those who make the very mistake the Communists are so careful to avoid. These individuals concentrate on the negative rather than on the positive. They are merely against communism without being for any positive measures to eliminate the social, political, and economic frictions which the Communists are so adroit at exploiting.

"These persons would do well to recall a recent lesson from history. Both Hitler and Mussolini were against communism. However, it was by what they stood for, not against, that history has judged them."

Of course, there is still room for dissent in this free land. Of course, national unity does not preclude a broad spectrum of opinion from left to right.

If the editorial warning were directed against abridgement of the rights of free speech, association and the like, all of us would agree, I am sure, that resort to such suppression would be not only wrong but self-defeating. But if we are being admonished not to be so concerned over the activities of the so-called "superpatriotic" groups, that is something else again.

For extremism, of the right or left, is a threat to our free institutions, our whole way of life, and we are rightly concerned.

It is not in itself the fact of criticism of our political leaders, of our foundations, of our schools and universities, of our corporations and our churches that concerns us. Rather it is the nature of the assault and the techniques which are employed as well as the underlying refusal of the extremist to accept the basic premise of our social and political structure.

It is axiomatic that the extremist believes that the end justifies the means. Thus he does not shrink from lies, character assassination, the anonymous phone call, the secret organization which seeks to infiltrate and manipulate other groups, calculated disruption of meetings and "dirty tricks" of every sort—all of them deeply offensive to the American sense of justice and fairplay and utterly antithetical to the respect for the rights of the individual which animates the whole of the Constitution.

In his article in the August Commentary, "The John Birch Society, Fundamentalism on the Right," Alan Westin has pointed out a number of characteristics that distinguish the extremist from both liberal and conservative. I have already indicated several—the assumption that all major problems could be readily resolved were it not for an evil conspiracy, the refusal to believe in the integrity and patriotism of our leaders in virtually every field, the slavelike adherence to a dogma that does not permit the application of orderly tests of truth regarding any flaws or inadequacies either in philosophy or its application as expounded by an absolute leadership. The organization and tactics of the ultraright brings to mind George Orwell's telling line describing the leftwingers of the thirties who wanted to be anti-Fascist without being antitotalitarian.

Finally, as Westin demonstrates, the extremist, unlike American liberals and conservatives—who accept the political system, acknowledge the loyalty of their opponents and employ the orderly political techniques—rejects the very basis of our political system and the mutual trust on which it rests. He finds abhorrent the whole concept of consensus; he not only denies any need for compromise and mutual accommodation, he positively denounces it.

It is, I believe, the American genius for adjustment, the give and take characteristic of our political life, that has made possible a degree of domestic order and peace which is little short of a miracle in a country as large as ours, with so great multiplicity of conflicting interests and with a people so diverse in racial, religious and cultural background.

Success in composing differences is due in great part to the fact that the process takes place within each of our two great parties and not in conflict between them. But to the extremist, the very absence of any fundamental division between the major parties is a betrayal. To him the strength of our two-party system—the fact that one party can and does succeed the other without disruption or drastic revision of our national course—is a weakness, and hence the avowed attempt of the extremist to take over, in whole or part, one or both of our parties.

To many of them the Republican Party is a tempting target. And there are a few Republicans who may be tempted. But I am certain that most Republicans are agreed that to permit the party to be intimidated or seduced by the ultraright would be a grievous mistake. It would threaten the usefulness, if not the very existence, of the Republican Party as an effective member of the two-party system.

As for the Democratic side, there may be some who watch with a certain glee the attempt to make over the Republican Party in the image of the Birch Society. But surely they cannot contemplate with equanimity the possibility of any degree of success by the extremist, nor can they be pleased by the prospect of any alliance between the segregationists and the political-economic extremists in their own heartland of the South. It is the avoidance of a drastic either/or choice that has been the great safeguard of our way of life. Neither Republican nor Democrat can afford to forget that, if history teaches any lesson here, it is that any gain by extremism of whatever ilk is made at the expense not of other extremists but of the middle.

The extremists will not, I am sure, succeed in taking over either of our majority parties. But this does not dispose of the problem. Far more to be feared, because more possible, is the rise of the extremist to a position of any substantial influence in the body politic, an influence unrealized by those who respond to it, which will inevitably be negative in nature.

Already there have been disturbing suggestions that racists, for example, could make common cause with the ultrarightists. It is true that these suggestions have been coldly received by some extremist spokesmen. The founder of the Birch Society, for example, has taken some pains to disassociate himself from this thinking. Alan Westin reports that the society's founder, Robert Welch, "seems to be personally without bias toward Jews and he wants the society to reflect this position." Professor Westin concludes that "it is a testimony to American maturity and the activities of Jewish defense agencies that open anti-Semitism is seen as a dead end today for any 'middle-of-the-road rightwing organization'." No finer, or as I believe, more justified, tribute could be paid to the effectiveness of the Anti-Defamation League of B'nai B'rith.

But in other areas, notably the international sphere, the outcome is perhaps less certain. Certainly it cannot be taken for granted.

We live in a world in which it is no longer possible for us as a nation to be a bystander. Whether we like it or not, the United States is today a participant, with all that term implies. Neither can we, by ourselves, direct and control the course of the world.

To the extremists this presents an intolerable dilemma. They insist that we should withdraw and at the same time unilaterally control the tide of world events. Our failure to accomplish this impossible task is in their minds clear proof of Communist infiltration and subversion in high places. The remedy to them is simple—root out communism from American leadership.

The patent absurdity of this approach may not always protect us from it. As tensions heighten and frustrations continue we may weary of the struggle to keep the free world together and moving forward in a common defense against its enemies and in a common attack upon its economic and social problems. We may tire of our efforts to help the emerging nations achieve their legitimate goals in independence.

Then the constant reiteration of the extremists' theme that the struggle is not necessary—even that it is irrelevant—may by slow degrees erode, at first our understanding of the problems which we face, and then our will to meet them in rational ways. The result could be disastrous for America and for mankind.

The struggle for freedom is a never-ending one. Freedom can never be finally achieved. Each generation must contend for it anew, must nurture and defend it. Each of us, as an individual, as a member of a community, as a citizen of the Nation, has a responsibility here, a responsibility which we cannot shift and must not shirk.

It is a responsibility to reject the deceptively easy solution, the simple big answer, to any of our problems, whether on the world scene or at home, a responsibility to reject the methods which extremists employ to compel others to accept their views of the problems we face. Above all, it is a responsibility to reject the absolutism which lies at the heart of their thinking. Man is, at best, a fallible creature, but of all the errors of which he is capable, none could be greater, since it is less reversible, than that of absolutism.

I am confident we will meet our responsibility. As a people, Americans have shown relatively little affinity for ideological argument. But we do have a deep-rooted blend of commonsense and basic decency that while it tolerates extremism, also assures its repudiation.

TRIBUTE TO SENATOR MANSFIELD

Mr. METCALF. Mr. President, in a recent issue, the Lewistown (Mont.) Daily News paid well-deserved tribute to our distinguished majority leader, the senior Senator from Montana [Mr. MANSFIELD].

Under the heading, "A Man Among Men," the editorial writer noted the burden of the chief participants in the often cruel and relentless crucible of debate and decision. Despite these burdens, he said:

> Senator MANSFIELD remains a man of our people, from whom he derives inspiration and strength even as he himself reflects the steadfastness and grandeur of our shining mountains.

Despite the national recognition accorded Senator MANSFIELD he continues to watch vigilantly every need for Montana. And no junior Senator ever had a more sympathetic and understanding senior colleague than I.

I ask unanimous consent to include in the RECORD at this point as a part of my remarks an editorial from the January 17 issue of the Lewistown Daily News.

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

A MAN AMONG MEN

As the second session of the 87th Congress convenes, the eyes of the Nation and the world focus, among other top American governmental leaders, upon Montana's senior Senator MIKE MANSFIELD, majority leader of the U.S. Senate.

But while the rest of the world dispassionately views the chief participants in the often cruel and relentless crucible of debate and decision, Montanans observe with heart as well as hope. For Senator MANSFIELD, while he belongs to the whole country, is our Senator.

We want him to know that we are very proud of him.

We want him to know that we are with him.

We want him to know that he can count on us to understand that there are human limitations and that no one can do everything.

No one envied Senator MANSFIELD last January when his colleagues elected him to succeed the able, astute and colorful, not to mention powerful, LYNDON JOHNSON as majority leader. Senator MANSFIELD didn't ask for the job and this fact armed him to be independent and effective during the first session.

Even some of the most hard-bitten and cynical commentators have conceded after the first year that Senator MANSFIELD more than filled the big shoes left behind by Vice President JOHNSON.

No one can participate as a leader in an arena such as the U.S. Senate without controversy and criticism. There are times when Senator MANSFIELD, good soldier that he is, must be committed to administration programs as his party's leader in the Senate, which he would not support perhaps were he just another Senator. There are times when the administration finds it excellent to have the majority leader send up a trial balloon, which viewpoint may or may not be that of Senator MANSFIELD. Therefore, Montanans should understand these facts as they read about their Senator on the national and international scene.

Last year, by all accounts, Senator MANSFIELD achieved outstanding success in his first year as majority leader.

This year, we can expect even more accomplishment, even more recognition and stature for him.

Senator MANSFIELD is already being classed as the peer of any Senator ever sent from this great State, which is noted for sending great men to Washington. He is writing a record as majority leader which will rank among the very best in American history.

But despite the burdens of responsibility he carries during these crisis-filled and terrible times, he remains untouched by them. He remains a man of our people, from whom he derives inspiration and strength even as he himself reflects the steadfastness and grandeur of our shining mountains.

So, we hope our readers will occasionally take time out and drop the Senator a word of encouragement. And, busy as he is, this will be most welcomed and do him as much good as anything.

MUZZLING THE MILITARY

Mr. TOWER. Mr. President, the Senator from South Carolina [Mr. THURMOND] recently prepared a series of eight articles on the subject of "Muzzling the Military," and these articles are being printed in a number of newspapers across the country. These articles were written for the purpose of giving the American people background information on the investigation which the Special Preparedness Subcommittee of the Senate Armed Services Committee began today. In view of the timely nature of the information contained in these articles and the fact that they relate to a Senate investigation, I ask unanimous consent that they be printed in the body of the RECORD.

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

MUZZLING THE MILITARY—WHAT'S BEHIND THE GAG—I

(By U.S. Senator STROM THURMOND)

On January 23, the Special Preparedness Subcommittee of the Senate Armed Services Committee will begin one of the most vital investigations undertaken on Capitol Hill in some time. The subcommittee is authorized to study and appraise the use of military personnel and facilities to inform military personnel and the public of the total menace which the forces of world communism pose to the free world.

The investigation will cover three areas: censorship of speeches and periodicals, troop information and education programs (including films), and cold war seminars. It is possible that the investigation could run for most of the congressional session.

The purpose of the investigation is not to promote sensationalism, spotlight Communists, or persecute individuals. Rather, it is to go to the source of the policy which authorizes or is responsible for (1) soft-pedaling statements on communism in speeches and articles, (2) shelving or de-emphasizing troop training programs designed to acquaint military personnel with our insidious cold war enemy and his brainwashing techniques which worked so well in the Korean war because our troops were ill-prepared, and (3) discouragement of utilization of military personnel and facilities in cold war seminars designed to give the public a better appreciation of the enemy, as authorized in a 1958 National Security Council directive.

Americans should have a full examination of these policies so they can decide whether they want present policies continued or modified. The study I have made thus far of these policies convinces me that they have a deep underlying purpose which has not been readily apparent to the American public. This purpose is to combat the enemy in the cold war with a strategy which can be best defined as a no-win policy. We don't propose to win the cold war because we abhor only the aggressive, totalitarian aspects of communism.

In fact, we seem to be determined to join their professed revolution by adopting for ourselves and many of our allies the same social and economic measures which the Communists use as bait to attain their goal of world domination.

Mr. Arthur Schlesinger, Jr., administrative assistant to the President, has described experimentation in these social and economic proposals as democratic socialism.

If the American people desire a no-win foreign policy and a domestic policy of democratic socialism, then they should have full information on such policies. Above all, they should have complete information on the enemy we face in the cold war so they can determine, as they have a right to do, whether these policies best fit the most effective prescription for maintaining our constitutional Republic and the many blessings of liberty it has been able to preserve for us through the years.

If, however, our military leaders are suppressed in their anti-Communist statements and seminars and everyone who speaks up against communism or the hidden policy changes in this country is to be labeled a fanatic, extremist, or superpatriot, then the American people will be robbed of their right to make the choice with full facts necessary to make such an important determination.

In the next article in this series, I shall discuss the lack of adequate knowledge of communism and the importance of increasing rather than decreasing dissemination of information on Communist tactics and goals.

MUZZLING THE MILITARY—KNOWLEDGE OF COMMUNISM IS SPARSE—II

(By U.S. Senator STROM THURMOND)

The right to know our enemy is not new. It is a right held and exercised by our forebears, from the time they identified King George III as the enemy of their day and discussed and criticized his aggressive acts.

Today, however, the right to know our enemy has assumed new proportions of importance. The present enemy poses not only a military threat, but also engages in psychological, political, economic, social, diplomatic, and subversive attacks against us and other free peoples. The war communism wages against us is total in nature. Its form at a given time and place has for the most part been chosen by the enemy for his advantage and convenience.

In such a war, our unfamiliarity with the nature of the enemy and the tactics utilized by him, constitutes our primary vulnerability. Military power, although essential, cannot alone meet the Communist assault. Mr. J. Edgar Hoover, FBI Director and author of "Masters of Deceit," has stated: "We cannot hope to successfully meet the Communist menace unless there is a wide knowledge and understanding of its aims and designs."

Implicit in Mr. Hoover's statement is the realization that there is no wide knowledge and understanding of Communist aims and designs.

The events of recent years provide unimpeachable proof that we do not understand the nature or methods of Communists and communism. Had we understood and appreciated the menace of communism, we would not today be suffering from the losses of our blind negotiations at Yalta and Potsdam. We would never have been bamboozled into characterizing the Red Chinese as "agrarian reformers." Castro, now a self-admitted Communist of some years and a sympathizer since school days, would not have had our support in establishing a Communist dictatorship over the Cuban people 90 miles from our shores.

If we as a people had understood communism we would never have fallen prey to subversion at the hands of Alger Hiss, the Rosenbergs, Greenglass, Fuchs, or Harry Dexter White, and the many other Communist agents who were caught—not to mention those who remain undetected and unapprehended. The postwar years in America prove beyond doubt that Americans, by and large, do not fully understand communism and its tactics in trying to achieve world domination.

Knowledge of the enemy, if possessed and turned on the enemy, is a weapon of equal or superior potential to a nuclear-tipped ICBM. Such knowledge constitutes an impregnable defense against enemy propaganda and brainwashing efforts in the type mind warfare attacks directed against free peoples by the Communist conspiracy. It can blunt the enemy's political, economic and diplomatic offenses and impair the effectiveness of his subversive efforts. Most important, knowledge of communism reveals its fallacies and weaknesses, thereby bolstering the self-confidence of free peoples and their will to emerge victorious from the struggle against communism.

The National Security Council directive of 1958 authorizing military participation in cold war seminars was designed to help meet the need of public information on communism and its tactics. This directive has in the past year been modified by a series of Defense Department actions which give the appearance of stifling rather than advancing public information on the enemy.

In the next article in this series, I shall explain the background facts leading up to the increased emphasis during 1961 on censorship of anti-Communist actions and statements.

MUZZLING THE MILITARY—THE ROOTS GO WAY BACK—EVEN TO MOSCOW—III

(By U.S. Senator STROM THURMOND)

The Communists themselves are aware of the immense potentiality of widespread knowledge of the wiles of communism as a weapon to be effectively used against them in the cold war. Unfortunately, the Communists have had relatively little to fear from America in this regard until recent years.

Largely as a result of a National Security Council directive issued in 1958, organized efforts were undertaken to establish a defense based on knowledge against communism and its propaganda. This directive authorized use of military personnel and facilities to conduct seminars on the cold war, particularly for Reserve officers. These seminars, such as those supported by the Richardson Foundation and the Institute for American Strategy, have proved to be very responsible and successful. They have met with enthusiastic public reception, filling in

part the vast public hunger for information on communism and the cold war.

In December 1960, representatives of Communist parties of 81 countries, meeting in Moscow, issued a manifesto which not only acknowledged the existence of efforts to inform the American public about communism, but directed the implementation of immediate countermeasures. Here is one quote from the manifesto: "To effectively defend the interests of the working people, maintain peace and realize the socialist ideals of the working class, it is indispensable to wage a resolute struggle against anticommunism—that poisoned weapon which the bourgeoisie uses to fence off the masses from socialism."

The nature of the countermeasures was subsequently revealed in the writings of Gus Hall, secretary general of the Communist Party, U.S.A. Since the military services were, by virtue of the 1958 National Security Council directive, supporting the anti-Communist educational movements, the focus of the attack was to be on our military establishments. Indeed, Hall stated that the primary target is the military and its anti-Communist statements and seminars.

This attack was camouflaged behind a fabricated controversy over civilian versus military control of policy. Simultaneously, all groups emerging in anti-Communist educational activities, of whatever shade of responsibility, along with the military, were to be smeared as "ultraright," "neo-Fascists," or "Birchites." The attack was launched.

In fact, articles in the Worker, official publication of the Communist Party, U.S.A., have stated that an alliance, into which even the Kennedy administration must be brought, must be forged against anti-Communists. An editorial in the December 1961 issue of Political Affairs, another party publication, refers back to Gus Hall's suggested alliance and gloats over the success attained in pressuring the administration into the attack on the "ultrarightists." Here is one quote from Political Affairs:

"The President's speeches were occasioned by the widespread concern in the country over the growing menace of the war-bent ultraright forces. Many leaders, organizations, and periodicals—reflecting opinion in broad public and religious circles—expressed real concern over the Fascist menace."

The same publications in this country which picked up the Worker-originated line against anti-Communists last summer have continued to blast away with innuendos and invectives which imply—some state directly—that anti-Communists constitute a graver threat to our country than do Communists. Some of the publications following this line have been the New York Times, the Washington Post (and lately its subsidiary, Newsweek), the Nation, the Reporter, and the Bulletin of Atomic Scientists. Even Norman Thomas, the long-time Socialist leader in this country, has published two attacks on anticommunism.

All of these events, from the Moscow meeting in December, through the original articles in the Worker and on to the use of the line in non-Communist publications, have been carefully and expertly documented in sworn testimony of Edward Hunter unanimously released by the Senate Internal Security Subcommittee on August 27, 1961.

In the next article in this series, the so-called Fulbright memorandum, which recommended increased censorship of the military and kicked off a series of 17 speeches in the Senate by me, will be discussed.

MUZZLING THE MILITARY—UNVEILING OF FULBRIGHT MEMORANDUM KICKS OFF COUNTEROFFENSE—IV

(By U.S. Senator STROM THURMOND)

On the morning of July 21, 1961, I read articles in the Washington Post and the New York Times which reported that a secret memorandum had been sent from the Senate Foreign Relations Committee to the President and the Secretary of Defense on the subject of military anti-Communist statements and seminars. I was shocked to read some of the quoted excerpts from this memorandum and was even more amazed that such a communication on the armed services would be secretly sent from the Foreign Relations Committee. Immediately I tried to obtain a copy of the memorandum. I was informed that it was not a committee document but was prepared by the chairman of the committee as an expression of his own views.

Being unable to obtain a copy of this document, especially as a member of the Armed Services Committee, I began a series of speeches in the Senate on the basis of the information which had been made available to the reporters.

Subsequently, I obtained a copy of a document which I described as conforming in minute detail to the excerpts from the Post and Times articles. I inserted this document into the CONGRESSIONAL RECORD. Late in the day the Senator from Arkansas placed his full memorandum in the RECORD. When this had been done, the press and the public began awakening to the intensity of the campaign to quiet anti-Communists. A flood of mail protesting the memorandum and other actions then began descending on Capitol Hill.

The mail continued to come by the thousands. In fact, in a 2-month period a few hundred thousand communications—mine running almost 1,000 to 1 for an investigation were received on the Hill. The tenor of the communications indicated without question that the vast majority of these people were writing spontaneously and out of a deep sense of concern. These communications from so many Americans in every State and from every segment of society constituted an effective expression of American grassroots sentiment and played an important part in finally winning approval on September 21, 1961, of the investigation into muzzling the military.

The Fulbright memorandum was lengthy and contained many inaccuracies (even spelling and typing mistakes) and made many sweeping allegations.

It expressed the alarming view that rather than needing to be alerted to the cold war menace, the American people needed to be restrained in their desire "to hit the Communists with everything we've got, particularly if there are more Cubas and Laoses." The memorandum gave the general impression that the people could not be trusted to determine properly their country's course in the cold war.

In the memorandum were several far-reaching recommendations which in essence were: (1) Consider repeal or modification of the directive authorizing cold war seminars; (2) increase censorship through general directives under the broad principle of civilian control which was viewed as being difficult to disagree with; (3) study the idea of increased civilian control over the National War College; (4) reexamine the relationships between private foundations supporting seminars and the National War College for elimination of aggressive views; (5) study the possibility of graduate studies at universities as a condition to high military ranks; and (6) study the possibility of bringing unit level troop education activities under civilian control and operation.

This memorandum should be studied by every American, particularly any who still have the misapprehension that this fight is merely one of civilian control over the military. Military leaders are subject to civilian control. In fact, a recent check shows that civilians outnumber the military almost 3 to 1 in the Pentagon and related control agencies in Washington. There has never been an attempt by an officer or group of officers to seize control of this Government. I know of no officer even remotely interested in such a fantastic idea. In fact, the only place I have seen mention of this has been in the Worker and publications parroting the line against anticommunism.

In the next article of this series, I will discuss actions of the Defense Department to suppress anti-Communist statements and seminars.

MUZZLING THE MILITARY—ANTI-RED FILMS BANNED, SEMINARS CANCELED—V

(By U.S. Senator STROM THURMOND)

Many indications of determination to muzzle military personnel and encumber their effectiveness against communism have been manifested in Department of Defense actions during 1961.

As far back as March 10, 1961, a Defense Department memorandum prohibited the use of the film "Operation Abolition" by the services in training military personnel, restricting it to an "on call" basis. This film is a documentary of actual Communist-led rioting against the House Un-American Activities Committee in San Francisco in May 1960.

I witnessed this despicable rioting by Communist-duped students and teachers. I saw a known Communist, Archie Brown, inciting students into irrational actions. J. Edgar Hoover has vouched for the fact that the riots were Communist-inspired and led. The House Un-American Activities Committee has recently published a document entitled "The Truth About the Film 'Operation Abolition'" in answer to attacks by the Worker and by many leftist groups and publications.

The March 10 directive countermanded an Army directive of October 11, 1960, prescribing that "Operation Abolition" be utilized in the troop information program to the maximum extent possible. A subsequent order issued on May 19, 1961, further restricted the film to an on-call basis for internal use only.

Some officers did not realize that the technical language used to ban the film was really a way of saying that the film was strictly taboo. On June 14, 1961, two officers in Seattle were reprimanded and relieved of duty for allowing the film to be shown. The film was requested to be shown by Reserve officers attending a collateral training drill period.

In addition to "Operation Abolition," other effective anti-Communist films have been banned or shelved. In place of these anti-Communist films, the Department of Defense substituted what I have described as a namby-pamby, gutless film, "Challenge of Ideas."

This film conveys the false impression that military aggression is the only threat posed by communism and that we don't oppose communism itself.

More evidence of success of the campaign to gag anticommunism can be found in directives dated July 10, 1961, and October 5, 1961. The former is pregnant with censorship powers for Arthur Sylvester, Assistant Secretary of Defense for Public Affairs. The other puts military officers on notice that they speak on the subject of communism at risk of grave peril to their military careers. In effect, it has all but ruled out military participation in anti-Communist seminars and has even scared off some retired officers who have caught the true import of the directive.

Actions taken either directly or indirectly by the Defense Department resulted in the canceling or postponement in Louisiana, Indiana, Illinois, Virginia, and the Canal

Zone of several planned seminars and discouragement of others in the embryonic stage.

The sum total of all actions taken against anti-Communist statements and seminars, more of which will be discussed in subsequent articles, strikes at the very heart of what should be our principal strength in the war against the godless ideology of communism. This strength is the morale of both the armed services personnel and the civilian American public. Without good morale, the will to win, and the belief in our ability to win, the protracted conflict with communism cannot be resolved in our favor.

In the next article I shall discuss inadequate troop information and education programs to teach the troops about the enemy and his brainwashing techniques which worked so effectively in Korea because our men were ill prepared.

MUZZLING THE MILITARY—RED BRAINWASHING IGNORED IN TEACHING TROOPS—VI

(By U.S. Senator STROM THURMOND)

No one gets any pleasure out of recalling the successes scored by the Communists in Korea by brainwashing POW's and promoting "bugouts" by GI's who had not been sufficiently impressed with the nature of the enemy, American ideals, or why it was necessary to fight in that far-off, rough and cold terrain. We realize that we cannot, and must not, recriminate against those individuals who were so unfortunate as to succumb to the skillful techniques employed against them while they were prisoners in Korea. The fault lies not just with these individuals, but with our system of training, and, indeed, with our society's relaxed emphasis on absolute values over a period of many years.

When in 1955 the studies of our Korean war experiences were completed and the serviceman's code of conduct was promulgated, it was assumed that our Defense Establishment would follow through and insure the maintenance of a program of information and education which would remedy the glaring deficiencies of the Korean war. It is now clear that no such comprehensive and effective program has been maintained. Indeed, there are indications from numerous sources that those weaknesses still prevail and, in many cases, are even more pronounced than they were 8 to 11 years ago.

An Air Force officer who served on the Advisory Committee on Prisoners of War for the Secretary of Defense has expressed this concern over inaction on the committee's recommendations: "Once the documents were signed and proclaimed, they were filed away, then that was the end of them. I never thought it possible. The program that was to restore American stamina and teach our forces to understand the wiles of communism has been sabotaged."

There is no indication that any serious effort has been made to impress commanders at all levels with either the necessity for maintaining T.I. & E. programs, with the needs of service personnel for training in our system of government and the nature of the Communist menace. There has been little, if any, emphasis on the most imperative need, a strong sense of individual responsibility.

My studies have revealed only slight efforts to acquaint troop commanders with the materials and devices available for use in conducting T.I. & E. programs. From a review of T.I. & E. materials made available, one cannot escape the conclusion that the Defense Department has been reticent in facing up to the problem of brainwashing techniques. In fact, it is easy to conclude that the word "brainwashing" is consciously avoided.

In a recent speech, Vice Adm. Robert B. Pirie gave good evidence on the job that needs to be done on T.I. & E. programs with these remarks: "Here are some statistics about the present day enlisted recruits revealed by a recent Marine Corps survey, a survey of the highly motivated type of young American who volunteers for the rigors of Marine Corps recruit training. Only half of the boys recruited can make a rational explanation of the meaning of the Fourth of July. Only a pitiful small number of them can make an intelligent discrimination among the Constitution, the Bill of Rights, the Declaration of Independence. In fact, only one out of three knows which came first, the Declaration of Independence or the Constitution. Only 1 in 10 can give a reasonable comparison between the basic characteristics of communism and the opposite concepts of our free system of government."

With Defense Department leadership giving the impression of discouraging efforts to alert the American public and troops on the many facets of the Communist threat it is easy to understand why our T.I. & E. programs are mostly impotent and are rarely pursued by commanders with vigor and effectiveness. After all, the T.I. & E. programs are diluted by such actions of censorship and suppression and by the official reluctance to face up squarely to our proven vulnerability to brainwashing techniques and gullibility to Communist propaganda.

MUZZLING THE MILITARY—CENSORSHIP OF SPEECHES REVEALS LACK OF SAVVY ABOUT REDS—VII

(By U.S. Senator STROM THURMOND)

Censorship is a serious matter which is antagonistic to the American concept of society. Even in the area where security requirements make some of it essential, the greatest care must be taken that the censorship not be capricious or excessive. It is also necessary for military personnel to refrain from speaking in official statements contrary to foreign policy, against national policy, and engaging in partisan political matters.

It is essential that foreign policy not be so broadly interpreted in applying censorship as to prevent statements being made on any subject which, regardless of by whom made, might conceivably influence a person in his thinking on foreign peoples or nations or our relations with them. Such an interpretation leads to a complete gag.

Certainly our military leaders should not be prohibited from speaking on the subject of communism. J. Edgar Hoover says that communism should not be a controversial subject. In fact, he has repeatedly warned that we need to know more about communism. Our military people should know the enemy better than any other group, for it is most essential to their profession.

During the past year there has developed an increasingly strict pattern of censorship of all statements of military personnel. The following are examples of the type statements deleted from proposed speeches:

1. Communist conspiracy directed toward absolute domination of the world.
2. Soviet infiltration menacing this Nation and extending throughout far corners of the globe.
3. The steady advance of communism.
4. The Communist challenge.
5. Insidious ideology of world communism.
6. Nothing has happened to indicate that the goals of international communism have changed.

This pattern of censoring out penetrating phrases on communism is relatively consistent wherever such material is submitted and is performed usually by State Department personnel. There appears to be complete consistency in the deletion of any use of the words "victory" or "war."

Indeed, these are carried to rather ridiculous extremes. In a speech of a technical nature, an officer proposed to use the following sentence: "The X-15 is the 'Man of War' of the stable of research aircraft today." The phrase was deleted, and the censor wrote in the margin: "Let's use another steed—Zev, Gallant Fox, etc., but not this one."

These are a few indications of our secret no-win strategy for fighting the cold war.

Mr. Khrushchev comes in for special "kid-glove" treatment by the State Department. A mention of Mr. Khrushchev banging his shoe on the table in the U.N. was blue-penciled. Also censored was his oft-quoted remark that "we will bury you." The censor wrote in: "He has denied that he meant this literally."

In appearances before Congress, military personnel must be permitted to speak without restrictions. I have found, however, that a high-ranking officer's remarks were heavily censored in giving testimony to the House Foreign Affairs Committee.

Similar censorship has taken place in service journals which disclaim any connection with national policy and which require free exchange of ideas to promote professional proficiency. Even articles by civilians outside the Defense Establishment who contribute articles are censored.

The Defense Department's answer to criticism of such censorship is that extra care is needed during periods of "sensitive negotiations." In a speech on September 18, I analyzed censored items and dates and refuted this contention by showing that such items were deleted fairly consistently during the year, particularly when we were not negotiating with the Communists.

Such a policy should be exposed and changed. It reflects an abysmal ignorance of communism and Communist methods. Communist tactics do not change or react according to the words spoken by our own people or leaders. If it suits the Communist purpose to negotiate—and they have been much more successful in this area than we have—they will negotiate even if we spit in their faces. If they do not intend to negotiate, no sweet words from Western officialdom will induce them to negotiate. The Communists react only to raw power, never to words.

MUZZLING THE MILITARY—IN CONCLUSION: WHY NOT GIVE THE PEOPLE THE FACTS ABOUT COMMUNISM?—VIII

(By U.S. Senator STROM THURMOND)

The instances of censorship of speeches and service journals, inadequacies of troop information and education programs, and discouragements of cold war seminars, if examined in the context of the single, specific instance, might in many cases appear to have no far-reaching consequences. The sum total of all these, however, builds up to a definite pattern. When considered in its entirety, this matter goes to the heart of our ability to survive as a nation against the threat of international communism.

Make no mistake, it is communism which is our enemy. Its threat has many facets—military, political, economic, psychological, diplomatic, subversive. Its aim is domination of the world under a totalitarian rule which will seek to reduce all people to one level, pegged to the lowest common denominator. Communism recognizes no god except materialism and the worship of man. Even man, however, has been relegated to the status of an animal. To the dedicated Communist, everything was formed by accident, not by divine design of a Supreme Being.

In less than half a century a small band of dedicated Communists has extended its control from Petrograd to many parts of the world. They now control 26 percent of the world's land mass and 36 percent of the

world's population. Since World War II, 15 countries and 900 million people have gone behind the Iron Curtain. This enemy is in dead earnest. How much more proof do we need?

If Mr. Khrushchev were asked what has helped the Communists most in their thus far successful drive to communize the world, no doubt he would answer: American apathy, lack of knowledge of our operations and goals, and—above all—refusal to believe that we mean what we have said and written for years.

World communism has made its biggest gains through use of the powerful art of psychological warfare and propaganda. Unfortunately, many Americans have bought the Soviet line that since we can't beat them we should join their world revolution. Too many times we have fallen for the Red line and later translated it into our own national policies.

In a recent appearance on "Meet the Press," former CIA Director Allen Dulles warned that too often the Soviet line had been picked up and parroted by various of the news media in this country. Mr. Dulles, by the way, is no conservative, no extreme rightwinger or fanatic.

The Communist line against anticommunism in America specifically had its origin in Moscow in the Communist manifesto of December 5, 1960. In part this manifesto stated: "To effectively defend the interests of the working people, maintain peace and realize the Socialist ideals of the working class, it is indispensable to wage a resolute struggle against anticommunism—that poisoned weapon which the bourgeoisie uses to fence off the masses from socialism."

Gus Hall, secretary general of the Communist Party, U.S.A., took his cue from this meeting. He laid down the line of attack against military anti-Communist statements and seminars in a policy statement in the Worker. In a subsequent interpretative article, a Communist writer said Hall meant that an alliance must be formed against the anti-Communists, into which even the Kennedy administration must be brought.

Another Communist publication, Political Affairs, in its December issue, gloats that the party has pressured the administration into attacks on the ultrarightists, in which description they include the military-industrial complex.

These are facts—facts that the American people must have, regardless of where the chips may fall. Censorship and suppression shield behind a smokescreen of civilian control policies on which the American people have too few facts. If these policies—among them the no-win strategy and democratic socialism—cannot stand the spotlight of public attention and discussion, then they should be rejected.

The investigation into muzzling our military leaders will be a good one which will serve the best interests of the American people. As the assigned advocate on the subcommittee in this investigation, I shall be fair, factual, but unrelenting. I hope every American will follow these hearings with interest and objectivity.

HENRY FORD II ON TRADE—A BUSINESS LEADER SPEAKS IN THE PUBLIC INTEREST

Mr. JAVITS. Mr. President, the long expected, great debate on U.S. trade policy has begun. In Congress and its committees, in the Nation, and in lands overseas the debate is rising. The central issue of the debate is sometimes obscured by the data presented and by the interests represented. The central issue is the survival of freedom in our time.

A most remarkable contribution to the debate has been made by one of the Nation's leading businessmen, Henry Ford II. In an address before the Advertising Council, at the Waldorf, in New York, on January 17, 1962, Mr. Ford made what I think is, for American business leaders, a historic speech with respect to business in the public interest and what ought to be the attitude of business leaders toward the expansion of the trade of the United States. Mr. Ford's address is replete with statements so significant about the enormously constructive role that the business community can take in the struggle for freedom through its position in the trade debate.

Pointing to what is at stake in this great debate, Mr. Ford said:

I am profoundly convinced that this is our national destiny: to engage in friendly and mutually beneficial commerce with the outer world; to help other countries toward their economic goals; to share in their progress, not as capitalist or colonial exploiters, but as working partners who respect and understand their needs.

He said further:

The dream and the reality of America's role in an expanding free world economy is perhaps the brighest dream on our horizon. We must not dim it now by a fearful, careless, or cynical response to our short-range difficulties. We must embrace this great challenge to our strength and our imagination and give it everything we've got.

What do we have to work with? To start, we have the industrialized nations of the Atlantic Community, with an annual product approaching $1 trillion.

Together, we can, if we will, easily outperform communism on the economic front. To the extent that the United States and the European markets are brought together, and later linked with the coming markets of the emerging nations, the whole free world will benefit—with accelerated economic growth, greater productive efficiency, higher employment and faster-rising living standards.

What are some of the hard realities with which we must deal?

I, for one, would like to see us get back from Europe some of the one-sided concessions that we made at a time when they were in desperate need. We should realize that liberalizing trade alone will not automatically produce a whopping export surplus and magically solve all our problems. If we are to get the maximum national benefit from expanded trade, we must keep our costs competitive.

Labor and management action and cooperation are vitally needed in this field.

Further, Mr. Ford said:

On the subject of commercial relations, I want to point out that tariffs are only one of many means of limiting competition. Some people seem to feel that you can be liberal on tariff policy and protectionist on other matters. I mention this because there has been some evidence that a new protectionism is rearing its ugly head along the New Frontier.

This new protectionism would artifically restrict and direct the outflow of dollars by discouraging private investment abroad.

Mr. Ford points out that:

America's export surpluses have been greatest where our investment is greatest, and that America's annual income from investment has regularly exceeded its outflow.

Mr. President, I ask unanimous consent that the entire text of Mr. Ford's address may be printed at this point in the RECORD.

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

TEXT OF REMARKS BY HENRY FORD II, CHAIRMAN OF THE BOARD, FORD MOTOR CO., AT THE 20TH ANNIVERSARY DINNER OF THE ADVERTISING COUNCIL, WALDORF-ASTORIA HOTEL, NEW YORK CITY, WEDNESDAY, JANUARY 17, 1962

I want to thank Mr. McElroy for his much-too-generous comments, and the members of the Advertising Council for the equally undeserved honor they have bestowed upon me this evening.

When Mr. Bristol suggested I might like to discuss our trade relations with the European economic community, I had a sneaking suspicion he was thinking of the administration's new tariff proposals. While I was trying to dream up a graceful way around this one, I recalled a recent event at Ford of Germany—one that reminded me, most emphatically, that there are few things of deeper concern to American business today than this whole European unification movement.

What happened at Cologne was nothing spectacular in itself. Some Italian employees at the plant wanted to get home to Italy for Christmas. A quick count revealed that there were not 100 or 500, but more than 2,700 Italians employed there, and special trains had to be scheduled to handle the load.

It was a small thing, but significant—one of thousands of events occurring daily in Europe that add up to something incredible—the beginning of the fulfillment of the utopian vision of Jean Monnet and others: the unification of Europe.

Who could have believed, 10 or 15 years ago, that Europe would ever move so far toward economic and political unity; that good will and sanity could so triumph over nationalism and ancient rivalries; that economic commonsense could win out over Europe's traditional protectionism?

With England's decision to join the European Common Market, an economically unified Europe becomes a strong probability. Many serious problems remain to be solved. But the unification movement now has a force and logic of its own that is almost unstoppable.

Through much of Western Europe there is already a quickening flow of capital, goods, and labor. Employment shortages and surpluses are easing. Standards of living are rising as productivity increases. Prosperity is on the march. This is the beginning of what, in a decade or two, could be the world's greatest single market, surpassing even the United States.

European integration means a radical alteration in the world economic power balance—and a major gain for our side in the economic cold war. Unified Europe and the United States together account for a major share of the world's production of goods and services. Together, we can, if we will, easily outperform communism on the economic front.

Equally important, Europe's integration promises to boost the flow of trade and commerce throughout the world. To the extent that the U.S. and the European markets are brought together, and later linked with the coming markets of the emerging nations, the whole free world will benefit—with accelerated economic growth, greater productive efficiency, higher employment, and faster rising living standards.

This peaceful European revolution has immediate meaning for all of us. It is not remote. It already affects the lives of all Americans—the kinds of jobs they have and

the prices they pay for most things they buy. It will affect them more and more in the future. It presents us with immediate opportunities and with problems demanding action now.

Basically, we must now decide whether we move aggressively to strengthen our commercial relationships with Europe, or sit back on our status quo and watch the rest of the world go by.

We have little real choice.

Europe united is a far more formidable force in every respect than Europe divided. Its power in dealing with other great powers—ourselves included—is growing fast. If the United States is to be influential in the economic, political, and military decisions of Europe, it must become a near partner in European affairs, not a distant cousin. Our relations with Europe are changing from day to day, and this change commands attention.

If we want to assure the best use of American and European resources in the economic development of Asia, Latin America, and Africa; if we want to be in a position to influence the external tariff and other commercial policies of a united Europe, we must be closely engaged with Europe and Europe's affairs. We can't do it at arms length.

Furthermore, if we want to share in this great and fastest growing of all markets, we are going to have to work and fight for our share.

Trade patterns are being set that will affect our mutual commercial and political relationships perhaps for years to come. Our influence in Europe will be directly increased or diminished by the course we now take in our commercial policy.

We will not achieve closer commercial ties with Europe by speeches or pious protests. We can achieve it only by hard, practical day-to-day negotiation of tariffs and of other elements affecting our trade with Europe.

Basically, the administration must have from the Congress a mandate to go all out to minimize Europe's external trade barriers, and it must be empowered to bargain effectively. It must have far greater freedom than the present law provides—freedom to wheel and deal, to offer concessions to get concessions.

Existing authority to trade in this manner was just about exhausted by the tariff negotiations just completed with the six-member European Common Market. These negotiations, as far as they went, appear to offer promise of some gain—and more to come—for U.S. industry. It is in our interest to pursue such negotiations on an even bigger and broader scale.

If our decision is to seek a closer relationship, and I think it must be, then we come to the specific and practical question: What kind of commercial policy is required for the job?

As a matter both of justice and of political realism, I think a liberalized trade program must contain an effective, clean and simple mechanism that will rationally protest American institutions against cruel punishment by imports, but will not be so broad or loose as to undermine the larger purpose of the program or to insulate the American economy from the disciplines of competition.

I, for one, would like to see us get back from Europe some of the one-sided concessions that we made at a time when they were in desperate need.

I have suggested in the past that the U.S. tariff on imported automobiles be eliminated. Today, I would ask for the elimination of the much higher tariffs, quotas, use taxes, license fees, and other devices that virtually exclude U.S. automobiles from many European countries. They are unjustifiable and inconsistent with the whole new direction in European trade.

It is high time, too, that similar barriers to other American consumer and industrial products be lifted. As the world's most efficient producer, by far, of agricultural products, we should strongly encourage our friends in Europe and elsewhere to share in our abundance.

Let's also make sure that our textile and chemical products are not excluded by tariffs from countries whose like products have relatively free access to our own market. And at the same time, let us not, as in the past, burden the competitive position of our textile industry by charging domestic producers 8½ cents more per pound for U.S. cotton than we charge their foreign competitors.

Almost 10 years ago I made a speech beamed to American business in which I said: "The free world can't trade on a one-way street." I say today, this time not alone to businessmen, but to our Government negotiators and to our friends and competitors abroad, "America can't trade on a one-way street. Let's make it really reciprocal."

We should realize, however, that liberalizing trade alone will not automatically produce a whopping export surplus and magically solve all our problems. If we are to get the maximum national benefit from expanded trade, we must keep our costs competitive. An effective commercial program therefore requires action by industry and labor to get costs more in line with those of Europe.

In the present circumstances, we may not be able to do this in all commodities. If we earnestly try, however, I have no doubt that we will do well enough, on balance, at least to hold our own.

On this subject of commercial relations, I want to point out that tariffs are only one of many means of limiting competition. Some people seem to think you can be liberal on tariff policy and protectionist in other matters. I mention this because there has been some evidence that a new protectionism is rearing its urgly head along the New Frontier.

This new protectionism would artificially restrict and direct the outflow of dollars by discouraging private investment abroad.

The new protectionist says that foreign investment, particularly in industrially mature areas, means exporting jobs—a phrase borrowed from protectionist union circles. Such talk gives comfort only to the enemies of liberal trade. It will be hard, I fear, to rally eager support for a program that appears to be half protectionist, half free.

Any effort to liberalize trade presents dilemmas to the Government, as well as to industries facing important competition. We now have, for example, areas of chronic unemployment, some of them in industrial areas affected by imports. We have rising wage costs at home and competition from increasingly efficient producers abroad. Further confusing the issue is the recurrent payment problem that now and then threatens a run on our gold reserve, and a possible monetary crisis.

In such circumstances it is natural to seek a villain, on whom to blame all the country's troubles. A politically tempting target is offered by American investments abroad. They have been rather broadly pictured to the public as tax havens—a term that properly applies only to a small percentage of such private investment. Blocking off capital investment—particularly in Europe—might temporarily ease the payments problem, but in the long run, it would make it worse.

Ford Motor Co. earnings would be affected by some of the measures proposed, and possibly that fact affects my objectivity. But I am certain that restricting the free flow of productive capital investment is bad economic policy, directly opposed to our deepest national interests. This is not the way to solve recurrent balance of payments or chronic unemployment problems.

I particularly question a recent legislative proposal to tax foreign income at the source. Such a move would immediately put many American investments abroad at a serious competitive disadvantage vis-a-vis other foreign investors. It would establish a revolutionary tax principle of unpredictable consequences. It involves a far-ranging change in law to achieve a short-term result. In short, it is a tortuous means of achieving a bad end.

It is bad economics because, among other reasons, it ignores the fact that, historically, America's export surpluses have been greatest where our investment is greatest, and that America's annual income from investment has regularly exceeded its outflow.

To give an example, since the start of 1950 Ford Motor Co.'s transactions alone have brought a net plus contribution to the U.S. balance of payments of about $2 billion.

It is not my purpose to defend Ford Motor Co., but to point out that those who would impede the natural flow of foreign investment seem to miss completely the nature of the opportunity that lies before us. I believe that our foreign investments will add to—not subtract from—the jobs we can offer to American workers.

It is no secret that America is a great consumer of goods, and an even greater producer of goods. Europe is a great producer of goods, but potentially an even greater consumer of goods. Bring these two equations together in an intimate trading relationship, and what do they add up to?

In my book, they add up to a very advantageous situation for the United States, its industry, its agriculture, its employment, as well as for the broader interests of the free world. They do, that is, if we can increase our foreign investment as well as our two-way trade.

Of what does an intimate trading relationship consist? It is not just an exchange of finished goods, but a constant two-way flow of raw or semifinished goods, parts and components. It consists also of the freest exchange possible not merely of goods and agricultures, but also of capital, technology and people.

Those who say that investing capital abroad is the same thing as exporting jobs assume that the capital would otherwise have been invested at home. This is not a tenable assumption. Domestic or foreign investment is limited not only by availability of capital, but also by the attractiveness of incentives to invest. Foreign investment is a necessary and desirable factor in a solid international trading relationship.

The same can be said of international sourcing.

To give just one example, Ford of Germany recently placed a substantial order for shock absorbers made by an American firm—Monroe Auto Equipment Co. If there were no Ford of Germany, it is probable that there would have been no sale of these American-made shock absorbers in Germany.

American industry and European industry must, and I am certain will, increasingly source abroad and shop the world for the most economical values not only in finished products but, just as importantly, in parts, materials and accessories. Today, for almost the first time, U.S. automotive suppliers are intensively studying the export markets to see if they can't sell parts, bits or pieces, subassemblies or components to Japanese or European or Latin American auto manufacturers.

If we keep ourselves competitive in world markets, we have everything to gain from selective international sourcing. The powerful demands of growth markets abroad can and should mean net added sales, added jobs and added profits for American business for many years to come.

By the same token, what U.S. industry buys abroad may also be helpful to the American

economy. In many instances, importing a low-cost part or component may make it possible to manufacture in our country a complete product that otherwise would have to be produced abroad, or not at all. In such cases, imports actually create jobs.

I have thus far emphasized the rewards to be achieved from a growing exchange of capital, goods, services, and technology with Europe's fast-growing market. This market is dwarfed, however, by the potentials of Latin America, Asia, and Africa.

America has a tremendous mission to perform in this second half of the 20th century. It is to join with Western Europe in exporting to these areas a new, richer, more productive and more secure way of life. Together we could not begin to produce the goods, the tools, the foodstuffs that would quench the desires of these vast markets, even if they had the means to buy all they needed.

Our role is to help them build as quickly as possible a base from which they can begin to supply their own needs. Our great opportunity is to so assist in this process that we shall benefit both from the political stability that will emerge and from the tremendous capacity to consume that must inevitably be generated. It is another example of that happy process known as "doing well by doing good."

As these nations prosper, if we have earned our welcome there by solid contributions to local progress, America can be kept busy for years to come just meeting their demands for the things they want to buy from us.

I am profoundly convinced that this is our national economic destiny: to engage in friendly and mutually beneficial commerce with the outer world; to help other countries toward their economic goals; to share in their progress, not as capitalist or colonial exploiters, but as working partners who respect and understand their needs.

We will do these things best and quickest if private capital is left free to pursue its natural course in seeking the most advantageous investment opportunities. We will do them best by encouraging the unification rather than compartmentalization of world markets.

The dream and the reality of America's role in an expanding free world economy is perhaps the brightest dream on our horizon. We must not dim it now by a fearful, careless, or cynical response to our short-range difficulties. We must embrace this great challenge to our strength and our imagination and give it everything we've got.

ADDRESS BY SENATOR GOLDWATER BEFORE REPUBLICAN NATIONAL COMMITTEE

Mr. GOLDWATER. Mr. President, I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks an address delivered by me before the Republican National Committee meeting at Oklahoma City, Okla., on January 13, 1962.

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

ADDRESS BY SENATOR GOLDWATER

I didn't ask for a head count when I entered this room—besides most of the statisticians are working for the New Frontier. Their assignment is to make 2 and 2 equal 6—so I don't know precisely how many members of the Republican National Committee are assembled here today.

At most, including State chairmen who are also members of the national committee, I suspect the figure would not exceed 135. To you, who are Republican national committeemen and national committeewomen and Republican State chairmen, I acknowledge my indebtedness.

The future of the Republic hangs in the balance for freedom is in danger. And if freedom is to be preserved and the Republic continued, the Republican Party is, in my opinion, the only political instrument which can accomplish that objective.

You who are assembled here in this opening month of the 1962 election year are challenged by an awesome responsibility. We who are your elected representatives in Congress share that burden, but you are the field commanders on the firing line. Your decisions, your dedication, your efforts, will in this year of decision give this Nation new hope if you succeed—if you fail, men of good conscience across this land will read in your failure a lessening of liberty, a diminution of freedom.

President Kennedy and the spokesmen of the New Frontier have, in recent weeks, suggested that this Nation has lost its purpose, that we are unsure of our national goal, that we are torn with disunity and internal strife, that we are no longer the spiritual descendants and the sons of liberty who brought forth upon this continent a new nation.

Now, to my mind, it is not at all remarkable that the New Frontier chorus should be chanting this dirge of defeat. For I must reluctantly confess that in the past 12 months little has been done to lead this Nation forward, to emphasize the national goal. Confusion and indecision and expediency have, to this date, become the identifying characteristics of the Kennedy administration.

The brave, bold rhetoric of the New Frontier—the magnificent phrases—stand naked and shivering. The young men who promised to lead us forward on a dead run have been running in circles. The transfusion just didn't take. The tired old panaceas of the depression thirties, despite their chrome ornaments, aren't working any better today than when they were first tried.

Deficit spending, governmental aids to this and that, have not cured the patient. The new look in foreign policy, the bold new look, resulted first in the loss of Laos, and this has been followed by the tragic act of indecision which doomed the uprising in Cuba to failure, the President's first attempt at personal diplomacy with Khrushchev, the tragic intervention in Katanga, and the revelation that the United Nations was totally inadequate to halt the takeover of Goa by the armies of that great pacifist neutralist, Mr. Nehru.

The Berlin crisis is over. Khrushchev presented the world with a fait accompli when he was allowed to build the solid wall. And anything which now may be negotiated will be meaningless.

Russia resumed its nuclear testing and revealed what some of us had believed all along—that Russia had never, in fact, stopped nuclear experimentation, and never intended to do so.

These are not pleasant memories I have recalled. Yet I suggest it is necessary to review our failures if we are to adopt a policy which will reverse the flow of world events and lead ultimately to a victory for freedom.

If it is true that our Nation has lost its national purpose—is no longer sure of its national goals—then you and I share a part of the blame for this dismal truth. As architects of the policy of the Republican Party we should face the past without bitterness and without any attempt to point our finger in denunciation at the party which now controls the administration of the United States.

Jack Kennedy was elected President by a popular margin of less than 200,000 votes, and this Nation through its representative form of government still must reflect the thinking and the aspirations of a majority of the American people.

There is little profit to be made from name calling or from attempting to cast the blame for all past mistakes on the present administration or on those presently in control of the Demorcatic Party.

We have not come together as a corps of medical examiners assembled in the morgue to determine why the patient has died.

We are, I suggest, required to offer to the people of this Nation, Republican and Democrat alike, a philosophy and a program which will successfully correct the errors of the past and provide a valid basis for new hope and ultimately satisfy the aspirations of mankind to be free.

Let us then turn to an examination of the Republican Party—of ourselves—of our own failures—and of the opportunities now available to us for redressing the errors of the past.

I, for one, am sick and tired of hearing this party described in hyphenated language. We are the Javits-Republicans, and the Rockefeller-Republicans, and the Midwest-Republicans, and the Modern-Republicans. And when our detractors are in a particularly vengeful mood they describe some of us as Goldwater-Republicans.

My friends, if it is fair to claim that the Democratic Party is schizoid, torn by internal dissension, struggling to find a middle way between the extremes of HUBERT H. HUMPHREY and HARRY FLOOD BYRD, it is also fair to say the Republican Party has failed to present to this Nation a solid political organization unequivocally committed to an easily definable political philosophy.

Small wonder the Nation is confused. Small wonder people ask themselves What should we do? Where should we turn? How do we find the answer?

I am not so naive as to believe that any words of mine will be so compelling as to cause any of you to alter the particular viewpoint you brought to this conference. Yet I am bold enough to suggest that if the Republican Party is to serve the Nation, if constitutional government is to survive, if free enterprise is to continue to provide us with adequate goods and services, it is first required that this political instrument in whose service we have enlisted, accept and then articulate with boldness and vigor a political philosophy so easily understood, so crystal clear in all its manifestations as to permit the American people to recognize us for what we truly are.

You don't like the term "conservative" because, you say, it carries with it the deliberatively fostered connotation of pinch-fist moneybags fighting selfishly to maintain a position of privilege and power?

You don't like the term "liberal" because it suggests reckless experimentation and utter disregard of the lessons of the past?

My friends, it is not necessary for the Republican Party to qualify its basic philosophy with either of these descriptive limiting terms. The Republican Party always has been and I pray always will be a group of men and women who are determined to preserve all that is good in the past, reject all that has been proven of little value, moving forward with strength and determination to create a better world tomorrow.

Republicans are opposed to socialism and so, indeed, are the majority of the people of the United States.

Republicans have reverence for the Constitution and so, indeed, does the majority of the people of the United States.

Republicans recognize that as governments increase in size and cost the sovereignty of the individual is diminished and there develops a dangerous concentration of power in the hands of government. And so, indeed, does the majority of the people of the United States.

Republicans believe the Federal Government was created to "form a more perfect union, establish justice, insure domestic tranquility, provide for the common defense, promote the general welfare, and secure the blessings of liberty to ourselves and posterity." And I would suggest the majority of the people of the United States accept this language from the preamble to the Constitution as an adequate description of what they desire in the Federal Government.

If qualifying descriptive terms are required, then I would suggest the Republican Party has been, and will, I hope, continue to be, a conservative political instrument.

Abraham Lincoln chose to be called a conservative.

Reactionary? Clinging to the status quo? Incapable of forward movement? Unresponsive to the needs of the people, you say?

Abraham Lincoln held the Nation together during that period of great agony when we, as a people, moved to redress the moral wrong of human slavery. But more than this, Congress in Lincoln's first term established the Department of Agriculture, adopted the Homestead Act, passed the Morrill Act, donating land for agricultural and mechanical arts colleges, and voted aid for a transcontinental railroad.

Insensitive to civil rights? Unwilling to practice the equality we preach? Is that what they say? Under the administration of Andrew Johnson the Republican Congress submitted to States the 14th amendment for the protection of Negro rights and the 15th.

President Grant resisted the inflationists of his day and reestablished the integrity of the currency. By 1882 Republican administration had paid off the war debt, created in the Treasury a surplus of more than $145 million, and cut the postage rate on letters from 3 to 2 cents.

It was under a Republican President and a Republican administration that the Sherman Antitrust Act became law—interested in only preserving economic privilege, are we?

Under Republican President McKinley we successfully prosecuted the open-door policy for China and added immeasurably to world trade.

Under Theodore Roosevelt there were prosecutions of big-business monopolies under the Sherman Anti-Trust Act. Some of the corporate giants were forced to dissolve. The Department of Commerce and Labor was established. The Food and Drug Administration was created. Meat inspection became a Federal function and the Bureau of Reclamation and the Forest Service were brought into being. Backward are we? Mossbacks? Afraid of change? Unwilling to move forward?

Under Theodore Roosevelt we built the Panama Canal and successfully negotiated a peaceful settlement of the Russo-Japanese War.

Under Republican President Taft the amendment was passed authorizing direct election of Senators and a separate Department of Labor was created. I might remind you that in the area of international affairs it was a Republican, Calvin Coolidge, who, when the negotiations over limitations of naval armaments deadlocked, gave the order for increased naval building, functioning as a President properly should to provide for the common defense.

It was under Coolidge that the Railway Labor Act was passed. Antilabor, are we? Always wanting to go back to the prior century?

Herbert Hoover became the victim of the great depression and the special victim of an opposition party which would not support any of his well-grounded proposals for reform. The Hoover proposals to reform banking, the issue of new securities, the regulation of power companies, and the revision of railway regulations were all blocked by the unreasoning opposition of Democrats in the House of Representatives.

We do not need to be ashamed of the Eisenhower administration. Taxes were cut, business improved, disastrous war in Korea was ended and a sort of fitful uneasy peace was maintained throughout the world.

In the 101 years since Abraham Lincoln was elected, Republican Presidents have occupied the White House 64 years; and Democrat Presidents only a total of 37 years.

And I suggest to you that those 64 years of Republican leadership saw this Nation in every area where men desire progress outstrip all the other peoples of this earth until today we have become the greatest military and industrial power in the world, enjoying a standard of living which exceeds that of the people of any other nation on earth. With the exception of our armed intervention to free the Cuban people, these 64 years of Republican leadership were years of peace.

If we as a people have lost sight of our national goal, if we are confused, if we are floundering and groping, might we not find an explanation for this confusion in the two-faced images both national parties have presented at the polls in recent years?

Is it not possible that we can recognize in the defeat of 1960 that we failed not because we were Republicans, but because we were not Republican enough?

You men and women who live and work with this party in the precincts and polling places where political decisions are made must remember the great glow of confidence shared by almost every one in this land when President Eisenhower was elected in 1952.

And what of 1954? Had the Republican enthusiasm lessened? Is that why we lost in the congressional bielections? And did you hear the voices I heard in 1956 when we again lost seats in the Congress? Voices saying, "You can't tell much difference. We thought there would be some great changes made in 1952."

Did you hear those voices? I heard them and I have felt the frustration over our failure to merit the continued confidence of those voters who rejected the Truman administration because they were tired of experimentation and tinkering and excessive spending and growing bureaucracy

Some 25 years ago in Phoenix, Ariz., an enterprising Dutchman opened a French restaurant at a downtown hotel. The cooking was delightful, the salads were magnificent, and printed across the top of every menu in bold letters were these words:

"There is no such thing as a little garlic."

My friends, in the action of the Federal Government there is no such thing as a little socialization; no such thing as a little subsidy; no such thing as a little control; no such thing as a little direction. For these things feed on themselves and grow without nourishment and produce $90 billion budgets, Federal farm programs that don't work, and all sorts of well-motivated innovations which provide special advantage to selected beneficiaries.

Let's reject the hyphenated definitions and unite as Republicans in the tradition of the party which has brought to this Nation its greatest achievements.

You ask me what is the difference between the Republican Party, as I see it, and the group presently in control of the administration and the Congress? Let me spell it out for you. We divide on our understanding of the nature of man and the possibility of his perfectability.

We Republicans believe that men and women should be given an unlimited opportunity to be responsible for the development and utilization of their own abilities. We believe that as men and women become more responsible and more competent, they must perforce become more sensitive to the needs of their fellows and thus a better society is produced.

It is my opinion those currently in control of the administration and the Congress confidently believe that it is possible to perfect man in the mass by employing statute law, subsidy, controls, and artificial stimulation. Theirs is a from-the-top-down philosophy; ours is from the individual up. For they see man in groups and classes and component parts of a highly organized skillfully directed productive industrial complex; while we see man as a unique, important, significant, individual personality—a child of God who is not to be treated as a member of a class, or described as a group, responsible to his fellow man on a personal, individual basis.

The existing imperfections of man are responsible for all the misery in our world today. And if the purpose of government is to serve man, then it is surely first required that government achieve an adequate understanding of the nature of man.

The Congress can enact a thousand laws, but these laws will not make men just or peaceful or wise or good or kind or productive. The government can confiscate all the treasures of the rich and distribute them equally to the poor, but this will not wipe out poverty or misery.

History is filled with examples of from-the-top-down social experimentation, and I suggest these pages are written in failure. Yet there has been progress and this progress has come as a result of the individual's instinctive outreach for that which is noble and good.

And I say to you it is the responsibility of government to create and maintain a climate where individual responsibility is demanded, where the rights of others are respected, and the needs of others recognized not by exercising the compulsive power of the omnipotent state, but by fulfilling our personal obligations.

Liberty and freedom are indivisible. I have approved on numerous public occasions the President's statement in South America where he insisted that the people enjoy the ownership of private property. Man cannot be free unless their property rights are protected, and the three essentials for freedom are life, liberty and property.

And if by this time some voice is raised in this audience to challenge me and to say—"What you have been expressing here, BARRY, what you've been talking about is nothing more than the basic philosophical premises of the conservative political thinker."

And to that charge I must say yes. Yes, that's what I've been talking about. If a label is necessary, use a label. For all that I've been truly voicing is my understanding of the performance record of the Republican Party.

Are we not ready now to again fly that banner? Should we not in this year once again raise that flag and march proudly forward trusting in the truth of our faith, proud in the achievements it has brought to this society, confident that the people of America in their good judgment will recognize that this is truly freedom's flag? That this is the goal—one nation under God, with liberty and justice for all.

For freedom's sake I urge you to search your conscience, to review the events of the past 50 years, to examine your own concept of the nature of man, to resolve that this Republican Party of yours shall, in the year 1962, become a political instrument clearly recognizable as something apart and different from that collection of promises and panaceas which parades across the scene behind the Democrat donkey.

Preserving and zealously protecting all that is good in the past, rejecting all that which has been proved to be of no lasting

value, moving forward with courage and charity to provide for the people of this Nation a government determined to deliver an equality of opportunity at the same time equally determined not to penalize initiative and ability.

A nation whose goal is not security or prosperity or peace at any price, but a nation determined to provide for each citizen a maximum of freedom of choice and to require from each citizen the acceptance of the proud obligations of freedom. A nation not afraid of victory, a nation strong in its moral belief, equal to any sacrifice required for maintenance of freedom.

In those dark days when there was doubt the gentlemen at Philadelphia could ever agree on the form our national government was to take, George Washington spoke these words: "If to please the people we offer what we ourselves disapprove, how can we afterward defend our work? Let us raise a standard to which the wise and honest can repair. The event is in the hands of God."

I thank you.

LACK OF PLANNING AND OVERALL PURPOSE IN GOVERNMENT FISCAL AND MONETARY POLICY

Mr. GOLDWATER. Mr. President, I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks excerpts from an address delivered by me before the National Retail Merchants Association in New York City on January 11, 1962.

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

Among the foremost problems faced by American business interests today is the lack of planning and overall purpose in Government fiscal and monetary policy. At a time when our continued world leadership may well be at stake, we are following a makeshift course which seeks to remedy one economic ill without regard to others which it compounds. On the one hand, the Government professes great concern for expansion of the economic system to provide a growth rate which will take up unemployment slack and provide greater tax revenues; on the other hand, it ignores the need for fundamental reforms and indulges in piecemeal monetary expediencies which will result in a contraction of business.

On one hand, it pushes through an increase in the minimum wage structure; on the other, it urges business to hold down prices to prevent further inflationary pressures. On one hand, it proposes balancing the national budget; on the other hand, it proposes a vast schedule of new Government spending projects which would make such a balance impossible to maintain.

Now there is nothing particularly new about the administration attempting to be all things to all economic groups. But there is a new motivation discernible in recent months, and that is the necessity for the Government to assume a certain economic posture for the benefit of foreign nations. This, more than anything else, is responsible for the present lipservice being accorded by the administration to such items of fiscal responsibility as a balanced budget. Certainly, even the mention of a balanced budget signifies some kind of a change in thinking. Let me remind you that during the last session of Congress, Budget Director David Bell told the Joint Economic Committee that a consistent effort to balance the national budget would not only be difficult but positively harmful. He said that budget deficits for 2 years are clearly essential to economic recovery and that it would be a serious error to reject public spending programs simply because we cannot afford them.

But that was before the concern of foreign governments over the continued soundness of the American dollar was adequately felt. Now, interestingly enough, this oversea concern is beginning to have an effect on Government thinking that all the warnings voiced on the domestic front failed to produce. In other words, the administration's casual attitude toward inflation is not shared by other countries whose monetary systems are tied to ours. They are deeply worried and they aren't at all timid about letting us know it. For example, it is now an open secret that Treasury Secretary Dillon had to promise England and France that the administration would submit a balanced budget in 1963 if the United States was to receive help from abroad on its balance-of-payments problem.

Now from present indications it appears likely that the administration will offer a balanced budget of some $93 billion for the fiscal year 1963. But, it is also apparent that this will be a reluctant gesture predicated on continued economic gains and greatly increased Government revenues.

In other words, it will not be the determined, austerity-type budget balancing that is sorely needed to get this country back on a sound fiscal footing and attack the fundamental weaknesses in our economic system. Administration backers already are explaining that the President is not committed to a balanced budget at all costs; that any number of circumstances could arise to warrant further deficit financing, etc. In fact, I have no hesitancy at predicting that the Kennedy administration will wind up with a deficit in 1963 regardless of what kind of a tally sheet it presents in budgetary form to the Congress. To balance the national budget at approximately $93 billion would require undiminished economic expansion and increased tax revenues of some $10 billion. Any kind of an interruption in the present pace of our economic system—such as, say, a prolonged steel strike next summer—would throw all administration estimates into a cocked hat. Even without such an interruption, it is safe to assume that the New Frontier's penchant for reckless spending will present the Nation with another Federal deficit for fiscal 1963.

Now, as I have pointed out, the international concern over the stability of the dollar is forcing the administration into some uncharacteristic fiscal and monetary moves. One of these was the recent Government order permitting 13,100 commercial banks to boost interest payments to 3½ percent on all savings and time deposits of 6 months or more and to 4 percent on all such deposits left in the banks for a year or more. This was required to help our big city commercial banks hold some $17 billion in short-term foreign deposits and, consequently, buy some time on the gold outflow problem. And the administration had to do it, even though the action runs counter to the inflationary, easy money policies with which it has been attempting to promote economic growth.

I'm sure I don't have to tell this audience what this disciplinary action dictated by the international monetary situation will mean to commercial banks which do not specialize in foreign deposits and to businessmen who depend upon such institutions for loans. The action will benefit the thrifty, but will also increase bank operating costs and boost the interest rates on business loans and home mortgages. It will also put a damper on retail sales and slow down economic activity generally throughout the United States. This is part of the price we are now beginning to pay for the fiscal irresponsibility and extravagance of the past three decades.

The plain fact of the matter is this: We are now the world's foremost banker and the dollar is the world's principal reserve currency. And because of this, we cannot afford even a little additional inflation without further loss of gold and without further weakening of our international position. This is the stark fact of economic life which the administration is just beginning to grasp. The situation throughout the world, where competitive conditions have changed radically in the past 10 years, is now such that we can no longer fool ourselves into thinking that the only money we owe, we owe to ourselves and, consequently, we can go on piling up one national deficit on another.

Inflation is now a worldwide threat. And it is fully evident in our international balance of payments, in the increased competition from foreign goods, in the fear of other nations over the continued soundness of our currency.

But even so, we perhaps have never been so little disposed to do something fundamental and lasting about the condition. Here is a threat which, if allowed to go untended, could hand international communism a final victory over the Western Powers without a single shot being fired. Here is a threat which goes to the very roots of our strength, to the economic foundations of our social, political and military systems. But here also is a threat about which our Government temporizes in deference to economic political promises.

If we are to meet the threat of inflation adequately, the administration must adopt a well-rounded program of fiscal and monetary reform which takes into consideration not only the problem of our international position but also the problem of sustained domestic growth. In this, fiscal and monetary policies must be coordinated and not allowed to work at cross-purposes as they are right now. It stands to reason that a tight-money policy can be nullified by budget deficits. And, by the same token, it is clear that a firm fiscal policy looking to balanced budgets and surpluses can do no good if steps are accompanied by irresponsible money measures.

Now there is no question that proper monetary and fiscal policies are essential to the maintenance of price stability. But these, by themselves, will not be enough to meet the situation unless the Government does something about the continuing demands for higher and higher wages. This wage drive is a prime factor in the inflationary problem, just as it is in the problem of competition from foreign producers. It stands to reason that if the labor unions continue their reckless pressure, this Nation is in for another wage-price spiral and the trouble we encounter in competing with foreign countries will deepen. We hear a great deal these days from administration forces about the challenge presented by the rise of the Common Market in Western Europe. Well, I suggest that a huge part of that challenge stems from the fact that the countries of the Common Market, as well as all other countries with whom we do business, have wage scales far below those which American producers must meet. This is a problem which must be faced realistically or it will do absolutely no good to talk of bargaining with the Common Market on a traffic-reducing basis.

Ironically enough, the latest warning against the inflationary threat comes from Harvard, an institution which we usually associate with such inflationary policies as continuous credit expansion, increased Government spending, unbalanced budgets and cheap money. This warning was voiced by Gottfried Haberler, a Harvard professor, past president of the International Economic Association and incoming president of the American Economic Association. In a booklet entitled "Inflation: Its Causes and

Cures," Professor Haberler warns of the consequences of continued wage-push inflation. Here is what he has to say:

"Unions have acquired over the year numerous immunities and exceptions which go far beyond anything accorded to business and other private associations. It is difficult to believe that legal reforms restoring a more balanced power equilibrium between the parties in wage bargains, and eliminating violence and other abuses, would not have some effect in relieving inflationary wage pressure.

"Secondly, and probably more basic and important than legal reform, is a change in the attitude of public opinion and of all branches of the Government. It should be possible to arouse public opinion to the dangers of wage inflation and to bring its weight to bear on unions which by force of crippling strike and intimidation impose inflationary wage increases on the economy. Then the aroused public opinion could force the Government, in its executive branch, to pick up some courage."

But despite this warning from Harvard, we see little indication today that official Washington is picking up the kind of courage which will have a bearing on the problem. President Kennedy has gently suggested that it might be a good thing for unions to exercise some restraint in their future wage demands, but this has been forgotten already and we find unions striking to obtain a 20-hour workweek.

I suggest that a great many things need to be done if we are to hold our own and prosper under the present economic conditions. These are not easy things that can be done through a quick overnight order from one government department. They require planning and coordination and a rigid adherence to sound economic and fiscal tenets.

And the big question is: Will the administration face up to the problem and follow the course of responsibility demanded by the economic requirements at home as well as conditions throughout the free world? Or will it attempt something else by which it hopes to continue its policy of heavy Government spending and stave off the threat of a depleted gold supply at the same time?

As I have already shown, a collision is now taking place between internal policies of inflation and external requirements for stability. It is fair to say that the administration is faced with the rapidly growing dilemma which will test its best efforts and set the future economic course both of the United States and the entire free world.

I can't emphasize too strongly the gravity of this situation. For, if the administration takes the easy way out and continues its national policy of inflation, it will be forced to go in for a massive program of controls. It will be required to push for wage and price controls at home and exchange controls abroad. It will have to go in for economic regimentation on a scale never before attempted in the United States.

DANGER ON THE LEFT

Mr. GOLDWATER. Mr. President, I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks an article entitled "Danger on the Left," written by myself and published in the current edition of the Saturday Evening Post.

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

DANGER ON THE LEFT

(By Senator BARRY GOLDWATER)

The real danger to our country in these days of crisis does not come from the right side of the political spectrum, but from a direction more closely alined with Communist objectives. It does not come from military commanders, like Maj. Gen. Edwin A. Walker, who want to make sure their troops and the American people are informed of the true nature of our enemy, but from forces which would deny such instruction. It does not come from patriotic Americans who wish to remain vigilant to the threat of internal communism and to Socialist trends, but from people who would blunt that vigilance.

Today a great many military officers, organizations and individuals have been alerted by events. They have been taught by shocking experience. They have been goaded by official indifference to the true dangers which face us in a particularly perilous time.

To argue that our troops do not need ideological information is a waste of time when such an argument is presented to military commanders who remember the disgraceful spectacle of American soldiers embracing communism in Korea. It is pointless to insist that there is no threat from domestic Communists when the audience is made up of people who remember the damage done by the atomic spy rings—the Alger Hisses, the Harry Dexter Whites, the Rosenbergs, the Fuchs, the Sobels, and the Greenglasses. It goes against the American grain to be told that there is no internal threat from communism while FBI Chief J. Edgar Hoover and others in positions to know tell us otherwise.

No; I believe the great threat, the real danger to our Nation, to our way of life and to the cause of freedom throughout the world comes from the leftists in our midst who even today counsel a soft attitude toward communism, both at home and abroad.

I believe it comes from the muddleheaded do-gooders, from the intellectual theorists, from the appeasers and the accommodators, from the professional collaborationists and pacifists. It comes from organizations like the Americans for Democratic Action, whose 1961 policy statement reads like a brief for Red China and Castro's Cuba, and the American Civil Liberties Union, which would like Americans to think that the Senate Internal Security Committee and the House Un-American Activities Committee are more dangerous than Soviet espionage agents.

I feel we have here both a right and a duty to question the influence wielded by the radical leftists ADA in the councils of the U.S. Government. According to newspaper accounts, this strange organization has no less than 37 members in key policymaking positions of the New Frontier—despite the fact that its nationwide membership is less than 50,000. As Robert T. Hartmann, writing in the Los Angeles Times, puts it:

"When any 14-year-old organization numbering no more than 50,000 citizens, with a budget of less than $200,000 a year, regarded as an albatross by many Democrats and as anathema by most Republicans, holding no I O U from the presidential winner for his nomination—when such an organization can staff a new administration with 3 White House aids, 3 Cabinet officers, and 31 key administrators in vital areas of finance, labor, civil rights, public works, power, housing, and foreign policy, it is worth looking into."

And looking into this organization, we find that in 1961 it called for total disarmament under United Nations controls, the inclusion of Red China in nuclear talks, an immediate start on negotiations for U.S. recognition of Red China and the latter country's admission to the United Nations as China with a Security Council veto, and a plebiscite on Formosan independence or reunion with Red China. We also find that ADA advocates removal of all U.S. trade and passport barriers with Red China, wants less stress on military aid for free Asia, urges a neutral Laos as part of a buffer zone.

People who suggest such actions would let us lose the global struggle by default. It is the leftists in our midst who rigorously oppose any use of force, or any show of strength in a conflict where our antagonist understands only the element of power. These leftists support an intense internationalist propaganda line which downgrades American patriotism as something smacking of isolationism and foreign-policy adolescence. We are told by none other than Senator J. WILLIAM FULBRIGHT, chairman of the Senate Foreign Relations Committee, that the victories of our early history—the victories won by determined, hardbitten men against stupendous odds, were products of our reckless youth when we were favored by an improbable run of luck. We also are told by Senator FULBRIGHT that we must come of age in the world and devote our time to civilizing international relations rather than striving for victory over an enemy bent on the destruction of the United States and the enslavement of the entire world.

On the left also are the forces which, in the interest of accommodation, suggest that we junk our opposition to the admission of Red China to the United Nations, that we forswear our policy of massive retaliation—the only shield we have in practical terms against annihilation by the forces of international communism.

It is the leftists who argue against the development of a national purpose of victory over the forces of international communism. It is the leftists who have saddled us with an outmoded, weak-kneed foreign policy which has proved to the tune of almost $100 billion that the promotion of social and economic reform on a worldwide basis is not a realistic means of stemming the Communist tide.

This indictment is not mine alone. To reinforce it I quote an enlightened liberal, writing in a liberal magazine. His name is Eric Sevareid, and this is what he had to say in an article titled "The Facts of Life" which appeared recently in Reporter magazine:

"They (the Communists) must love the large school of American liberals who assume that any given country, however barren and illiterate, however profound its background of violence and chieftainship, is capable not only of economic modernization but of parliamentary democracy.

"They must love the liberals with social-worker mentalities who do not grasp that illiteracy, low wages, concentrated landownership, and so on are not social problems but integral parts of a system of life and therefore enormously resistant to quick change by anything less than the totalitarian disciplines the same liberals abhor."

Mr. Sevareid warns his liberal-leftist friends that frightened people in desperate countries want to be on the winning side in the current East-West struggle, not necessarily on the moral side. And he tells them that the United States must start fighting and winning, regardless of reproving editorials in the Manchester Guardian and no matter what the temporary backlash of world opinion may be.

There can be no denying that all the winds of appeasement blow from the left. On that side of the political spectrum reside the voices which interminably counsel negotiation in nonnegotiable situations where discussion would only lead to the sacrifice of our own or our allies' strategic interests.

It was the spokesmen on the left who hailed the rise of Castro in Cuba and obscured his early Communist dedication. They have also been in the forefront of those who today claim that any direct action in Cuba would offend opinion in other Latin-American countries. Never mind a Communist bastion only 90 miles off our southern coast, they contend, because this is preferable to hurting somebody's feelings. And, of course, the leftwing in American politics certainly sparked the rediculous and ill-fated effort to submit to Castro's prisoner-tractor deal.

One of the traps the leftist-minded have led us into in foreign relations is the development of an official preoccupation with so-called neutral nations. Only in the light of the Soviet Union's resumption of nuclear testing and the failure of the neutral nations, while meeting in Belgrade, to do anything but bring pressure on the West are we beginning to wake up. The Soviets have long understood that the first step in turning a country toward communism is to turn it against the West. Thus, typically the first stage of a Communist takeover is to neutralize, while in fact turning the country into an active advocate and adherent of Soviet policy.

The Kremlin's goal is the isolation and capture not of Ghana but of the United States—and this purpose may be served very well indeed by countries that masquerade under a neutralist mask, yet actually are dependable auxiliaries of the Soviet Foreign Office. What difference does it make if a neutralist chieftain is not a disciplined Communist so long as his public policies and intrigues help to accelerate Soviet ascendancy?

Another favorite misconception of the American leftists is an exaggerated belief in the existence and power of world opinion—which never seems to call Russia to any stern account for her transgressions, but which constantly puts pressure on us to ease international tension. Leftists apply this world-opinion concept to everything the United States does or proposes, despite the fact that the United Nations Educational, Scientific, and Cultural Organization (UNESCO) reports that 70 percent of the world's population lives without knowing what is going on either at home or abroad. In their preoccupation the leftists fail to recognize the fact that the Communists themselves—our devoted enemies—formulate a large part of what passes as world opinion.

There are many reasons why this deference to world opinion is harmful to American interests. First, it is self-defeating, because the very respect we covet is denied to us the moment we ask for it. The would-be beneficiaries of our concessions construe them as weaknesses and want more. Second, a long history of trying to prove good faith when it had never really been open to question has the paradoxical effect of raising doubts about our good faith. When we with our record enter into a propaganda contest with the Kremlin and its record, when we try to match Soviet professions of love of freedom and peace, and hatred for armaments and colonialism, we invite the world to look upon us—as it looks upon the Soviets—as propagandists with something to hide. Thus we find ourselves forced to make a new plea before the bar of world opinion every time Pravda opens its mouth.

In another area it was the leftists who argued hardest for the United States to continue the nuclear test ban long after there was more than a reasonable doubt that the Soviets had ever honored it and long after it was evident that the Soviets would end the ban the minute it became advantageous for them to do so. How much damage this did to our security and the cause of freedom throughout the world we can only guess.

On the domestic front the leftists have moved us so far along the road to economic socialism that high taxes and inflation are threatening our ability to resist the accelerated advances of Communists. The drive for more and more central Government control over the lives, affairs, and liberty of the American people is eating away at the individuality, the determination, industry, and incentive upon which our greatness as a nation was built.

This process of erosion is a tremendous threat to the cause of freedom because a sound economy is fundamental to our strength in all other spheres—especially the military. Government control and paternalism such as we have seen in agriculture go to the taproots of our national character. Our strength becomes so sapped that we lose sight of our national heritage and go groping around for new national goals. I suggest that we don't need new national goals. We have one which was written for us by Thomas Jefferson in the Declaration of Independence: "Life, liberty and the pursuit of happiness." This is the supreme goal of all Americans. And it endures as a goal because its achievement takes constant effort.

There can be no doubt that American leftists are out to replace the judgment of the individual with the judgment of the state. Almost every bit of legislation they espouse in the domestic field contains dangers of more power for the bureaucrats. It has become clear that, whether we like it or not, central control—which I think of as socialism—will be the result of these efforts. American leftists are squeamish about being called socialists, but that is the term we come to as we recognize what the results of their efforts will be. As collectivists, they have changed their strategy but not their objective—the subordination of the individual to the state. They have found that socialism can be achieved through welfarism as well as through nationalization.

Government interference—a principal tool of leftists—has reduced our States to mere vassals of Washington and has eaten into our free-enterprise economy. We have reached the point where our economic supremacy is threatened and our ability to keep abreast of world developments is challenged.

The leftists, with their dedication to irresponsible fiscal policies and deficit spending, stand in the way of a balanced budget, always holding forth new and bigger programs for increased spending of taxpayers' dollars. It makes no difference that these programs are invariably sought in the name of welfare and humanitarianism and always propelled by shouts of crisis and emergency. They all entail spending far beyond our capacity to pay and they all will become part of the final economic reckoning.

These leftist spending programs are playing right into the hands of the Kremlin leaders who long have argued that they could bleed America white. Higher taxes and more inflation are precisely what Khrushchev and his advisers want for the United States—and the leftwing forces in this country are rushing to provide them. The leftists clamor for the expenditure of additional billions for Federal aid to education, Federal aid to the aged, Federal aid to depressed areas, Federal aid to anything and everything. But there is no mention of what these vast new programs will cost in terms of our ability to resist aggression or mount even a limited war if we should be forced to do so. I suggest that it will make no difference if we are the best-educated, the best-housed, best-clothed and best-fed people in the world, if our economic underpinnings are compromised. The military realities of today are such that our capacity to fight is directly related to our ability to produce, and our ability to produce rests on the performance of a sound economy.

Thus, through advocating a soft policy on the international front, American leftists comprise the genuine danger to our country at this critical period in history. They have sown the seeds of appeasement abroad and fundamental weakness at home. They have shown themselves to be incapable, philosophically and practically, of coming to grips with militant, ruthlessly aggressive communism. They prefer to bury their heads in the sand or, like Don Quixote, spend their time jousting with windmills they call the radical right rather than come face to face with the issues which will determine the destiny of America and the future of the world.

THE RELATIONSHIP OF MANAGEMENT, LABOR, AND GOVERNMENT TO THE FREE ENTERPRISE SYSTEM

Mr. GOLDWATER. Mr. President, I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks an address entitled "The Relationship of Management, Labor, and Government to the Free Enterprise System" delivered by myself before the National War College, in Washington, D.C., on December 14, 1961.

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

My subject today, "The Relationship of Management, Labor, and Government to the Free Enterprise System," is, I realize, nearly all-inclusive. It certainly encompasses most of the facets of our modern-day life—whether they be social, economic or political. And it has a very direct and important bearing on this Nation's military capability and defense posture. And because it is such a broad subject, I won't attempt to present a detailed analysis of this highly complicated relationship. Rather I shall sketch the broad outline of its interplaying forces and discuss some of the problems which I believe are holding back our economic development at a very crucial period in the history of America and of the entire free world.

I'm sure it is not necessary for me to explain to you military men the vast stakes in terms of our national security that we have in the proper functioning of the American free enterprise system. This system is our root strength. It is the economic expression of the individuality, the enterprise, the industry and the initiative which have enabled us, as a people, to overcome all military obstacles in the past. This system is what has given us the strength to outproduce the entire world in war materiel and armaments in times of military crisis. It has provided the guns, the ammunition, the supplies in unending streams when the occasion demanded such outpourings. This system also has provided us with the inventions, the technology and know-how to keep ahead of the world in the development of new weapons systems. It has done all of this in the past and our big concern today is to make sure this great system of ours retains its irrepressibility and its vitality for whatever emergencies the future may hold for the United States and the free world.

Now management, labor, and Government all play integral parts in the functioning of our free enterprise system. It is for us to determine whether they are playing their parts well, whether they are doing all that they should—or being allowed to do all that they should—to make for a robust and prosperous American economy.

We must begin, I believe, with the assumption that there has to be a reasonable balance of power and responsibility on the part of all three if we are to have a healthy, smooth-functioning system of enterprise. And this assumption should lead to a careful examination of management, labor, and Government in relationship to the overall performance of our business system. We must consider such questions as: Are our corporate entities growing too big? Are business profits unreasonably high? Is business functioning at its efficient best? We must ask ourselves if organized labor, as represented by unions, is becoming monopolistic? Are unions becoming unrea-

sonable in their wage, hour, and fringe benefit demands? And where Government is concerned, we must discover whether our public policies and officials are helping economic growth or retarding it; whether Government is interfering with management and labor; whether it is following sound tax and fiscal policies.

These, of course, are only a few of the questions to which such an appraisal should be addressed. But I believe they are sufficient to give us a working basis for consideration of a problem that is beginning to take on grave implications for America's ability to resist aggression.

In considering the management role, we must remember that business has in the past 28 years been subjected to more than its fair share of abuse, harassment, and interference. Justly or unjustly the management segment of our economic system bore the brunt of the blame for the depression of the 1930's. For a considerable period of years it became politically popular to berate free enterprise while extolling the virtues of unionized labor. Government was encouraged to tamper with the natural laws of supply and demand and to embrace the aims of labor union bosses without question. Now there may have been some reason, in those days, for correcting an imbalance of influence and economics, between management and labor. In fact, I believe there was reason for curbing corporate power and practices in the 1930's, just as I believe there is now reason for curbing the power of labor unions. The proper balance of powerful forces in our economic system is vital to the Nation's health. And just because one segment once wielded too much power doesn't mean that the situation couldn't reverse itself. I believe it has. I believe that labor unions today are enjoying far too much power for their own good or for the good of the Nation. I believe developments in foreign trade and in the domestic economy are rapidly bringing us face to face with the need for correcting this imbalance or of losing more and more of our world markets.

Now one of the arguments we hear quite often with regard to American business today is that it is too big. And while I am a great proponent of small business as an institution and as the backbone of the American enterprise system, I do not believe corporate largeness is a crime, per se, as some people would like us to believe. In fact, I believe that we need large, integrated corporate structures to handle the needs of a growing population and our increased responsibilities throughout the world. One of the greatest reasons why we need big business today is because of the demands placed on our economic system by military and defense requirements. And while I'm at it, let me say that I believe we need big unions too. But size in corporate and union affairs carries with it a requirement for a degree of responsibility which is not always met. This responsibility extends not only to stockholders and union members, but to the general public as well. All too often in contract contests between the giants of management and labor the rights and prerogatives of the consumer are overlooked. And very often they are overlooked because Government has taken sides in the dispute for partisan political reasons.

This political partisanship in the last several decades has been heavily weighted on the side of the unions. Through preferential treatment and immunities granted by Government, union power has grown out of proportion with that of management. The results are fully apparent in the economic climate which exists today. By the same token, Government's role in economic affairs has increased thereby placing unnatural restraints on the performance of the business system.

And the so-called profit problem of today is not one of surplus as many union partisans contend in their continuing drive for higher wages. It is a question of American business not having enough profits to expand properly.

Proportionately, profits have not increased to the same degree as wages and other business operating costs. There is not as much left after taxes as there should be to spark adequate economic growth and provide for an ever-expanding job market in the United States. And, a great deal of this is attributable to a calculated Government policy of coddling the union segment of our national economy. We have the picture, for example, of Government officials pressuring industry and labor to reach wage settlements on one hand, and of these same officials exhorting business not to increase prices on the other hand.

It is a basic fact that no effective battle can be waged against inflation and unemployment and foreign competition unless we hold the line against unearned wage increases for large segments of the working force. The key to this, of course, is productivity and there is nothing new about the axiom that a worker is either worthy of his hire or he isn't; that he is either worthy of a wage increase on the basis of what he produces, or he is not. This has been the formula for employment and advancement in every workable economic system the world has ever devised. Yet the great power which industrywide labor unions are permitted to exercise today enables them to virtually dictate wage rates and fringe benefits without regard to gains in productivity or economic conditions. And any resistance to the exercise of union power is answered by long, costly and exhausting strikes.

Now the upshot of this situation is that more and more employers are being caught in a tight squeeze between unearned wage increases on one hand, and market resistance to higher prices on the other. And this union wage structure is a rigid cost factor in the economy, moving always in just one direction—up. When market conditions won't permit prices to climb in relation to these wage costs, profits dwindle, risk capital disappears and job-creating business expansion grinds to a halt. I suggest that this is the biggest single reason for unemployment today.

These economic facts of life seem to be lost on the leaders of organized labor in this country. In a time of great stress and greater danger, they go right on pressuring for more and more wage increases, a shorter workweek, and restrictive measures aimed at business. They show no tendency to recognize that the weight of economic events and changed world conditions places a responsibility on their shoulders as well as on the shoulders of the public, Government, and management. And this is a situation which we will ultimately have to face, and face squarely, if this Nation is to maintain an economic progress that will keep pace with demands at home and abroad. I believe it is a situation which cries out for legislation to equalize the power now held by labor with that of the public, the Government, and management.

Now, let us not forget that when there is a profit squeeze in the economy, everybody suffers—and the worker most of all. For there is no way to increase job opportunities without capital, and capital is derived from corporate profits. This problem strikes deep at the core of our economic growth problem. Increased production facilities are financed in large part from business profits. And if the profits aren't available to finance these additions, the capacity needed to provide a growth rate equal to present-day challenges will not be built. Lower profits, such as the business world is now experiencing because of wage costs, tougher competition, and other factors, have many pyramiding effects. For example, lower profits mean lower tax collections for the Federal Government and presents the problem of either cutting back Government services or indulging in deficit spending. Lower profits also make for investor timidity and this dries up the risk capital needed to keep the wheels of business spinning at an accelerated rate. And when investors, as a group, shy away from risking their money, the result is to force many marginal producers out of business. This, of course, aggravates the unemployment problem and has an adverse effect on the entire economy.

Now, how bad is the profit squeeze? An indication can be seen in a recent study by the Research Institute of America. It reports that American business as a whole since 1956 has experienced a sales increase of 12.5 percent. But during the same period, dollar earnings before taxes dropped 7.6 percent and profit margins on sales dropped 17.5 percent. Thus, we have a situation where sales increase and profits on those sales fall off. The effect can only have a dangerous, perhaps even disastrous, effect on incentive to increase sales and provide for a constantly growing economy.

At the present, this situation is aggravated by the very real possibility that we are about to witness a new wage-price spiral in the coming year. The forthcoming contract talks between management and labor in the basic steel industry will tell the story. Although the contract between the United Steelworkers of America and the industry does not expire until June 30, the Government already has intervened in these all-important negotiations. President Kennedy, for example, has written to the heads of all the major steel companies in the country appealing to them to hold the line on any price increases.

In this, the President's concern is inflation, and it seems to me a curious concern when we explore the disastrous effect of Government fiscal policies on the problem of inflation. I suggest that in the past year the Federal administration's overall domestic program has contained more built-in inflation than any we have ever before witnessed. But I shall return to this very fundamental economic problem later in my remarks.

The economic fear of another wage-price spiral is very real. And it should be in the light of the wage contracts written for the automotive industry during 1961. In these, the workers obtained more monetary concessions than they did in both 1955 and 1958. And why? Well, the generally accepted reason is that the automotive companies felt the Government was more interested in labor peace than in the cost of purchasing it. Throughout the negotiations both sides received repeated demands from the President and Labor Secretary Goldberg to settle their differences.

And, of course, this raises the question of Secretary Goldberg's possible role in the steel talks. I doubt if it will be forgotten that the Secretary of Labor formerly served as chief strategist for the Steelworkers Union and, of course, possesses a special knowledge in this area of industry.

As I indicated earlier, the Government would be well advised to look to its own policies, rather than to the performance of management and labor where the whole problem of inflationary pressures is concerned. For the Government, through its endless preoccupation with deficit spending, is the primary source of inflation.

And there is nothing that drains away our economic strength like the constantly shrinking worth of the American dollar. This is a grave concern right now because it is beginning to affect our fiscal integrity throughout the world. And, I suggest, that when foreign governments begin to question the soundness of the dollar and to wonder at America's continued monetary capacity then we are in serious trouble. It is the kind

of trouble that should bring about a complete reappraisal of Government spending and tax policies. Now, in this connection, I am not suggesting—as some of my critics like to contend—a cutback in military or defense expenditures. I firmly believe that we can meet fully our present and future needs in this sphere without indulging in ruinous deficit spending provided we cut back the waste and some of the nonessential spending in other areas. But we certainly cannot go in for all of the old type of Government expenditures and a multitude of new ones while trying to meet our military obligations. That is, we can't do all this and still protect the integrity of our financial system.

And this makes the persistent and growing adverse balance of our international payments the most pressing and serious economic problem we have ever faced. These deficits have resulted in heavy gold losses and large increases in short-term debts to foreigners since 1958. They have caused President Kennedy to declare: "If we are not able to export substantially more than we import, we are going to either have to cut off all assistance to countries abroad or begin to withdraw our troops home."

It is important to understand that this is not a new or a sudden development. We have shown an unfavorable balance of payments every year since 1950 with the exception of 1957 when the Suez Canal episode created unusual conditions. During the first 7 months of this year short-term liabilities to foreigners increased by over $400 million. And in recent weeks our gold supply has declined by $146 million. The drop since December 31, 1960, has amounted to $491 million.

Now while I share the President's concern, I cannot agree that the situation can be corrected by simply expanding our export surplus by several billions of dollars a year. The problem is more fundamental than that. We have to face the reality of a truly competitive industrial world—a world in which wage differentials play an ever-increasing part to our disadvantage. We must begin to realize that we are no longer the only Nation that can supply other countries with a long list of their needs. In fact, we must face the reality that there is a long list of our own needs that can be supplied by other industrial countries at lower prices. And we must understand that the advantage of superior quality of American-made goods is rapidly disappearing.

No, the cure for our dangerous balance of payments problem and the threat to our currency does not lie in temporary measures. Nor does it lie in a tariff-cutting spree accompanied by massive Government assistance for injured domestic industries. Permitting unfair competition for American products in the name of free trade is a mistake our Government shows every indication of embracing right now in connection with its drive to replace the Trade Agreements Act. This will only aggravate and deepen an already dangerous trade balance situation.

At a glance, the situation is somewhat like this:

The Government is urging businessmen to sell more abroad so that American exports can be boosted in line with the President's wishes. But they are not told how this can be accomplished. They are not told how to overcome the fact that wage rates in Europe are about one-third what they are in this country. They are not told how to overcome tax costs which are much higher in this country. They are not told how they can equalize much higher depreciation allowances in foreign countries. They are not told how their products are expected to overcome higher trade walls being erected by the European Common Market.

Faced with such problems, it is scarcely encouraging to American business to hear the administration threatening a determined effort to reduce U.S. tariffs in the next session of Congress. Is it any wonder that American businessmen begin to wonder just where this foreign giveaway program is going to end? At the present time, we are sending aid to some 97 countries in the world at a prohibitive cost in American dollars. And now the Government proposes to give away more of the protection which remains to American producers against grossly unfair advantages held by their foreign competitors.

I know that the administration's theory is that if the Congress gives the President much broader powers to reduce tariffs he will be in a position to bargain with the countries of the European Common Market to lower the barriers they have erected against American goods. This places great faith in the process of reciprocity and I would remind you that reciprocity is the alleged basis of our trade agreements program and has been from the very beginning.

But our experience has shown that, in large measure, our tariff-reducing efforts have not produced the desired reciprocity from other nations. In this, I am inclined to agree with Senator PRESCOTT BUSH, of Connecticut. He has recommended that before we engage in a new program of tariff reduction, the administration should suggest to European nations that we helped rebuild that they lower their tariffs to the level of ours. What could be more reasonable, both in the light of our own hard-pressed industries and in the light of true reciprocity from nations which we have helped over a long period of years at a prodigious cost to our own economy?

Under the tariff authority the President has now—and which he says isn't enough—the United States has made continuous cuts in our import duties over wide areas of world trade. Figures obtained by the staff of the Joint Congressional Economic Committee for example, show that the average American tariff on industrial goods has been lowered over the years until it is now 11 percent. This compares with 19 percent in Japan and Austria; 17 percent in the United Kingdom and New Zealand; 16 percent in Italy and Canada; 15 percent in France, and 14 percent in the Common Market.

The tariff concessions we have already made are having a disastrous effect on many American industries. They are contributing to a slowdown in economic growth and an aggravated unemployment situation. They are beginning to worry labor unions as much as they do management groups.

But the New Frontier tells us that we must take a bold approach to the entire problem. This means we are supposed to accept the unfairness of our present 11 percent position and make even further concessions—presumably in the hope that foreign countries will suddenly lose their historic affinity for barriers against American goods. What's more, the administration proposes to place this bargaining effort on the basis of entire categories of American goods rather than on specific items. It also would jettison the peril point and escape clause authority now wielded by the Tariff Commission as safeguards against unfair competition with American producers. As President Kennedy has stated, he doesn't want an extension of our present Trade Agreement Act—he wants it replaced.

Now I suggest there are other more direct ways to attack the balance of payments problem with governmental action but so far we have seen little indication of serious intent on the part of our policymakers. For example, one important area where this problem could be eased is in the area of foreign economic aid. We do well here to scale down the export of American dollars for hazy purposes such as the social and economic reform of foreign governments. The benefit we have derived from such efforts has been largely imaginary, but there is nothing imaginary about the continual draining off of American dollars and the rising demands on our gold supply. This is a very real problem and it is reaching the danger point.

The Government could also do something about the depreciation allowance disparity. The need here is for a liberalization which will enable American industry to begin replacing approximately $90 billion in aging and obsolete equipment. If the President were to propose to Congress that the tax laws be liberalized to permit individuals and corporations to fix their own schedules of depreciation and allow them to arrange their own writeoffs over a period of time, it would be a tremendous boon to the economy. In effect, it would amount to a program for regearing the entire economy and streamlining our industrial plant at a time when such a program is not only necessary but essential. It would give us modernized equipment and enable us to compete more realistically and efficiently with foreign producers.

The importance of this type of incentive to our industrial expansion, as well as the threat we face from foreign competition, can readily been seen by comparing the rates of economic growth and depreciation allowances of the United States with those of other countries. We find the United States is lagging behind seven other countries in terms of economic growth since 1953. Industrial production levels, for example, have risen 25 percent in Japan, 181 percent in Italy, 180 percent in West Germany, 172 percent in France, 134 percent in Sweden, 128 percent in England and 127 percent in Canada.

And against this, our own industrial production went up only 119 percent despite our head start and our highly vaunted technical and industrial know-how.

The comparison shows that only one of the seven countries that out-stripped us in economic growth has depreciation write-off rates as low as those permitted in the United States. And that country was West Germany, which deliberately reduced her depreciation rates in 1960 to head off an investment boom which threatened to become excessive. Consequently, we find the rates in the United States—the world's leading exponent of free enterprise—are the same as those adopted by another country to discourage too much enterprise.

Now an interesting corollary to this situation is the effect it is having on the quality of goods with which American products are competing. You know, there was a time when the only danger we faced from foreign competition was in the price area and this stemmed from the fact that labor costs in other countries are so much lower than ours. But more and more today we find that improved quality in foreign-made goods is becoming a factor. This is because manufacturers in other countries are equipping themselves with new and modern machinery while our depreciation policy is forcing American producers to limp along with outmoded equipment. The result is that in many areas, foreign countries are not only producing cheaper goods but also higher quality goods than American firms can offer. In fact, I might say, that I find the quality factor in this troublesome economic equation more frightening from a business standpoint than lower prices.

Let me emphasize that reduction of foreign aid expenditures and liberalization of depreciation allowances come under the heading of immediate requirements to meet a serious situation. But they won't, of themselves, correct the basic faults we find in our economic system. To do this, we must put our fiscal house in order and inject sound business and economic practices into our governmental operations.

The place to begin, of course, is with a balanced budget. This is just plain economic sense, perfectly understandable to any

businessman who must meet his obligations and any American family which must live within its income. It stands to reason that if you and I and our neighbors can't spend money we don't have without inviting dire consequences, neither can the Federal Government. And the dire consequences invited by irresponsible Government fiscal policies are upon us right now. We can see that in the adverse balance of payments, in the threat to our gold supply, in continuing unemployment, in still-rising prices, and in the ever-growing floods of cheap imported goods. These problems are direct results of deficit spending.

No matter how you debate it, the fact remains that attaining a balanced Federal budget is the starting point on the road back to fiscal reason and a strong national economy. From this start, we could move ahead to other steps of responsibility—to budget surpluses, to payments on the national debt, to tax reforms, and to monetary stability. We could put our fiscal house in order and reinstitute the necessary underpinnings for a vigorous, dynamic economy—an economy which would guarantee to meet all of our needs both now and in the future.

And it would be no great problem to balance the Federal budget—even to guarantee a sizable surplus—because there are literally scores of places where expenditures could be cut. And let me emphasize that this could be done without impairing our national defense. There has in the past been a concerted effort to sell the American people on the idea that unbalanced budgets and deficit financing are only caused by our military requirements.

While it is true that the demands of keeping ahead in military preparedness are heavy, the increase we face today is primarily in the welfare categories of the nondefense budget. I say that we can easily maintain and even expand our essential military expenditures and still have ample budget surpluses if we wield the ax in the right places to prevent nonessential expenditures and hold the line against further unnecessary increases. There is positively no excuse for deficit financing at the present time. In fact, deficit spending should only be resorted to in the face of an overriding national emergency which can be handled in no other way. Even then, it should come only after the entire Federal budget has been scrutinized and every existing spending program has been examined with an eye to determining whether it can be cut down or eliminated. There is no doubt that there are many items in the Federal budget which are relatively so unimportant or unnecessary that they can speedily be reduced or discarded without any harm to the public welfare. And, there is no reason why such a process of Government cost cutting cannot provide the necessary Federal funds for other more important, essential programs which would otherwise force us to levy new taxes on the already overloaded taxpayer, or to inflation-spawning deficit spending.

In conclusion, let me say, that the proposals I have outlined here today do not cover all that needs to be done if we are to unleash the full potential of the free enterprise system. However, they are the fundamental requirements which, if adopted would gear this Nation's economy for a level of astounding performance. They would enable us to achieve a military superiority so great that no nation or collection of nations would dare to challenge or threaten us. They would help us provide employment for every man and woman in this country who wants to work. And they would give us a higher standard of living than anyone ever believed possible.

On the other hand, if we continue to ignore these basic needs by persisting in a policy of deficit spending, repressive taxation, Government control, and unreasonable trade concessions, we will deepen and compound our economic troubles. We will be charting an erratic course fraught with peril in an era when economic growth and progress are not only desirable but imperative. We will be risking our Nation's future and freedom's cause throughout the world for the sake of political expediency.

CONDUCT OF THE COLD WAR AGAINST COMMUNISM

Mr. GOLDWATER. Mr. President, I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks an address prepared for delivery before the Air War College, Maxwell Air Force Base, at Montgomery, Ala., on January 19, 1962, on the subject of the conduct of the cold war against the forces of international communism. Bad weather, however, prevented my reaching this base so I released it to the press. There being no objection, the address was ordered to be printed in the RECORD, as follows:

Gentlemen, it is a special privilege for me to be here today and to discuss with you some of the problems which I believe confront our Nation with unusual challenge at this particular period in history. Some of you will remember that it was just over a year ago—I believe the exact date was November 14, 1960—that I spoke before this group and outlined some fundamental concepts with regard to American foreign policy. And it was on that occasion that I emphasized the growing need for a national policy of victory in the conduct of the cold war against the forces of international communism which have declared their intention to bury us in a tidal wave of tyranny. Basic to my remarks at that time was the contention that we must establish in our public policy a determination to win the cold war.

Since that time my convictions have not changed. Indeed, they have deepened with the constant trend of world events which have advanced the cause of communism and further confined the freedom of human beings. And in this I believe they have kept pace with the ever-growing concern of the American people. In my travels throughout the country, I find more and more conscientious Americans wondering why this Nation does not declare victory over the forces of international communism as our cold war purpose. I find growing dissatisfaction with a foreign policy based on the optimistic but naive conception that we can have peaceful coexistence with an enemy which has sworn to destroy us. I find open resentment at the insistence of foreign policy spokesmen that a national program of foreign aid, disarmament and extreme deference to the United Nations is sufficient to the challenge that faces freedom in the world today.

Now this growing awareness of the American people is translating itself more and more into a sense of public frustration which is far too widespread to be simply the work of extremists who disagree with the policies and objectives of our Government.

I believe that it is the gradual dawning of a realization that we are today engaged in a deadly conflict of a different nature—one that does not lend itself to the conventional diplomatic, political, and phychological weapons of the past and one which we are not waging with either the right spirit or the right strategy. And I suggest that leaders who attribute this concern solely to the work of radicals are underestimating the temper and intelligence of the American people and deluding themselves at one and the same time. Nor is this any time to decry an excess of patriotism among the American people. It is important for us to understand that our Communist enemies are fully aware of the obstacles that patriotic nationalism places in the path of their worldwide designs. Consequently, one of their important tactics is to use every possible means to destroy love of country and concern for strategic national interests among the Western nations. And when we become so engrossed with world affairs that we lose sight of our national interests and begin to equate patriotism with a form of discredited isolationism we are playing the enemy's game.

Now I'm sure that I don't have to explain to this audience that in any struggle, whether it is the kind we waged years ago to gain our independence or whether it is a vast new contest of ideologies and power balances covering the entire world, the will to win is an essential factor. Without this, we flounder in confusion, following first one course of action and then another. We lose the cohesiveness of a common purpose to which can be related every conceivable facet of our effort.

But this will to win is diluted today through a conglomeration of public policies which work at cross purposes or work at no purpose at all in relation to the struggle. It is weakened by a refusal on the part of our Government to proclaim victory as our goal and by attempts on the part of some well-intentioned but misguided spokesmen to relate a policy of victory in the cold war with a declaration of nuclear hostilities.

Let me say that those of us who argue for a policy of victory in the cold war argue for the only policy that can insure against war and the only policy that can guarantee the future of freedom in the world. Our very failure to proclaim victory as our purpose is, of, and by itself, a defeat for the side of freedom. It amounts to an open admission that we do not know what we are doing; that we don't really want to bring about the end of slavery; that we believe that communism is divisible and that if it is not directly associated with Soviet Russia, it is something less than a godless conspiracy of force and violence and terror. But, perhaps more than anything else, this singular lack in our policy stance denotes timidity and reluctance bordering on obsession to make the proper use of our power in a world where strength is the one recognized common denominator.

Here we are the world's most powerful nation—both economically and in the military sense—yet we feel exposed and insecure and unsure. With the other leading free nations we have formed alliances which are capable of almost any endeavor, but we find ourselves losing one position after another throughout the world. Freemen everywhere have shown repeatedly through word and deed that they do not want to live under communism and yet the Communist forces have engulfed hundreds of millions of human beings. Why has this happened? Why are we losing? Why are we paralyzed in a posture of global ineffectiveness? The answer is that we have prepared our defense and offense for one kind of war while the enemy is fighting a wholly different kind of war—a war for which we have as yet devised no overall design or strategy.

Our wars in the past have all sprung from clashes of interests between nations. They have involved international power rivalries and have concerned all the ingredients of such power, things like boundaries, territories, spheres of influence, armaments, and prestige. In these conflicts, military war became the ultimate ratio of power. A shooting war, in this context, was meant to lead ultimately to peace, that is, to the reestablishment of normal relations with the enemy country. Consequently, these wars were never total in the sense that they aimed at relative power and not at the enemy's actual existence.

We are conducting the cold war today as though it were a clash with the power drive

of an ambitious nation, namely Russia. And, in this, we have done all the conventional things. We have strengthened our military system, evolved alliances with our friends, sought to contain the enemy and even striven to outmaneuver him at the conference table. We have done everything but understand how to use our power in a new kind of war.

Now if the cold war were a conventional struggle, the measures we have taken ought to be sufficient to yield some dividends on the side of freedom. But because this is not a conventional struggle, and because we have not devised a total strategy aimed at victory, we are falling ever further behind. The trend is running against freedom, not only in the Middle East, in Africa, and in Asia, but also in our own hemisphere where once our power and influence were unquestioned. Because of shortsightedness on one hand and indecision on the other, we have been forced to acquiesce in the conversion of Cuba into an enemy satellite. Other countries in Latin America are in danger from Communist influence. While holding the cease-fire line in South Vietnam, the political foundation of formerly friendly regimes in Laos and Cambodia are being undermined. And South Vietnam itself is shot through with Communist infiltrations. Berlin is threatened and could be stolen from under our very noses, and without a formal violation of the border we are still guarding, with the exception of the airlift in 1948, we have never had a victory in this vital area. And worst of all, in our own midst there are signs of dissatisfaction with our possession and testing of nuclear weapons and continued agitation for policies of disarmament. In this connection, I would remind you that official Communist policy now urges rebellions aimed at unilateral disarmament in Western nations as a permissible substitute for full-fledged Communist revolution.

So here we are. A nation fully armed with powerful weapons, surrounded by powerful allies, but still a nation threatened by a seemingly endless series of setbacks, defeats, humiliations and material losses—all without open changes of territorial boundaries and without over military hostilities.

We are losing the struggle today because we are mistaking both the enemy and the cold war for something they are not. The conflict in which we are engaged is not limited to a dispute between great nations over boundaries and territories, because the enemy is not in any real sense the government of a nation. Where we are inclined to think in terms of territorial losses, the Communists think in terms of destroying the institutions and tenets of freedom. True enough, the Communists rule Russia. But this is a power structure that transcends national boundaries and looks primarily to other interests than those of the territory under its government. The leaders of the Communist Party not only rule Russia but they are, in actual fact, the directors of a militant worldwide enterprise aimed at destroying existing social orders throughout the world in order to make room for the establishment of Communist rule. In this context, their allies become chaos and confusion no matter who generates it, whether it be U.N. troops in Katanga, or Indian troops in Goa. For the Communists, Russia has become a power base and an effective instrument for their designs and this is the reason why the interests of the Communist Party always become identified with those of Russia. And it is this kind of a pragmatic merger of the party's interests with those of a nation that has produced in the West the illusion of being caught up in another great power conflict which can be handled with the same kind of strategy and the same kind of weapons that were used in the power struggles of the past.

The Communists view their war as something more than just the temporary destruction of a rival nation's power. Theirs is a war aimed at the social, economic, political, and military fiber of all non-Communist societies as such. And they do not regard this war as an abnormal break in peaceful relations; a temporary pursuit aimed at a temporary objective. They believe that all human society is split into small warring elements, that this warfare will continue indefinitely and that it can be used by them to further the destruction of freedom wherever it exists. To them peace has only one value—as a useful stratagem for lulling anti-Communist societies until such time as the Communists wish to return to other devices such as terror, intimidation, and aggression.

Now in the struggle which we call the cold war, the Communists use the power and resources of Russia but not merely for the sake of Russia's national interests nor for the traditional objectives of international power conflicts. The aim of their drive is not the boundary that separates them from other nations but rather the cement that holds these other societies together. Unlike the traditional power conflict in which the ultimate ratio is war, the Communists look to the ultimate ratio of terror for the purpose of manipulating people. This was their purpose when Russia shook the world with its sudden resumption of nuclear tests and its explosion of high megaton bombs.

Now please understand me, I don't want you to think that territorial control is of no interest to the Communists in their conduct of the cold war. My point is that territorial control to them is merely one of a number of power positions, of which at times others might interest them to a more pronounced degree. Military force also is a means to an end with the Communists, but it never is considered alone as decisive. It invariably is employed in combination with political methods for subjecting of people's wills. And this is particularly confusing to us because in the conventional manner of our thinking we are inclined to regard international war as a decisive move after which we would expect to enter into normal, if strained, relations with our opponents. The Communists see things from an entirely different point of view. They hold that the conflict can end only when our public order is totally destroyed, our institutions thoroughly subverted, our loyalties completely adjured, our values fully denied, and our communal identity forever wiped out. They do not conceive of a reconciliating peace with us either as the aftermath of war or through some other kind of fundamental adjustment of viewpoints and objectives. They are conducting a total war of total negation for which the experience of international relations has not prepared us. They aim at people, individual people, whom they seek to deprive of all protective layers of institutions, loyalties and companionship in order to deliver them naked and isolated into the hands of the party's dictatorial rule.

We must, therefore, realize once and for all that our enemy is not a nation but a political movement made up of ideologically possessed people who have organized themselves as an armed force and secured control over entire countries. They have cadres in every country and use Moscow as their command post. We miss the point if we see our opponents merely as aggressor nations or potentially aggressor nations. A Communist occupying a position of power in the Congo is just as much our enemy as the power clique ruling Soviet Russia or Communist China because he is an agent of that power clique. And, we subvert our own cause when we exert military and monetary pressure on pro-Western leaders to make them submit to coalition arrangements with Communists. We have made this mistake in Katanga by supporting military action to force Tshombe to join a government which includes the Communist Gizenga. We are also making this mistake in Laos where pressure is being brought on the anti-Communist Prince Boun Oum to force him into a coalition with a Communist leader and a pro-Communist neutral. This amounts to making book with the enemy, for such coalitions are at the very best merely way stations on the road to Communist domination. Every time we insist on a coalition government with a Communist and a neutral we automatically set up a 2-to-1 situation against freedom.

Victory in the cold war demands that we recognize that we are in a deadly life-and-death struggle with the worldwide Communist movement as such. We must know this movement for what it is—a destructive, irrational, totalitarian force which seeks the eradication of freedom in any shape or variety. Our objective must be the destruction of the enemy as an ideological force possessing the means of power. Our purpose must be the worldwide defense of human society against a nihilistic force. Where the Communists seek to destroy the live tissue of social order, we must seek to destroy the decomposing virus. And our effort calls for a basic commitment in the name of victory which says we will never reconcile ourselves to the Communists' possession of power of any kind in any part of the world.

Strategically, our program must be directed toward the removal of Communists from power whether they hold it 90 miles off our southern coast or in distant Laos and South Vietnam. It must be a combined operation utilizing variegated and flexible methods which are adjustable to the possibilities of different times and places. We must mount an intellectual counterattack against the enemy's ideology and this must combine legal and organizational methods designed both to hold disputed areas of society and advance into enemy-held positions. We must act boldly when military action is indicated and direct it, not against nations, but against Communists in power. Our armaments, thus, should include the tools for this kind of pinpointed action as well as the nuclear power to deter the Communists from making an attempt to use the Russian or Chinese nations for the advancement of the party's designs.

In this we can clarify much of the confusion that stems from a belief that the cold war is a contest between two opposing systems of government. When we begin thinking of the international Communist conspiracy as a system that merely sees things differently from us, we automatically give it a status and dignity which it does not deserve and which can only result in our underestimating the threat. Communism and the slavery which it seeks to impose on the world is not a system to be dealt with in the conventional, time-tested manner of the past. It is a disease attacking and eating away at a human society and human freedom. It must be attacked as a scourge with all the weapons that we possess—economic, political, psychological, and military. As I have already pointed out, communism is the sum of total negation in human society. The efforts we bring against it must, consequently, have a totality of both design and execution.

When we present this struggle as merely struggle between the Communist system and our own, between dictatorship and democracy, we succumb to the desire to remake the world in our own image. It is not the way of freedom to supplant Communist coercion with a more benevolent type of persuasion aimed at imposing a political system which may not be the popular choice of independent men. Yet, we are conducting ourselves as if it were our business to see that justice is done everywhere in the world, that all people have an adequate standard of living, that all political and social and economic conditions be put right. Nor does it help any to adopt the false notion that communism

is spawned by poverty, diseases and other similar social and economic conditions. Communism is spawned by Communists and Communists alone. When we adopt the idea that the only way effectively to halt the spread of communism is to terminate social and economic conditions that do not make for universal ease and comfort, we are adopting defeat. For, we will never even make a dent in these conditions, no matter how much foreign aid and technical help we spread around the world. All we do when we make this consideration pivotal in our cold war efforts is to diffuse our strength and weaken our assault on the prime target which is Communist power. I certainly don't think for one minute that there is anything unworthy in a goal which envisions a world without poverty, disease, and filth and where all international relations are humanized and conducted in good faith. But this is not the practical objective which we should be pursuing in the cold war. It is a dream for the future of mankind, a dream which can never come to pass if we do not apply ourselves immediately to the first objective—the removal of Communist power.

Now when we make the disease of communism our enemy, always recognizing that the disease has corrupted many governments, we make it abundantly clear that we do not seek the changing of boundaries or spheres of influence in our favor. We seek rather the removal of Communists from positions of power where they are able to thwart the natural will of peoples and impose a despotic and tyrannical system which denies all the basic tenets of human freedom and decency.

This must be our basic purpose in a resolute, never-changing strategy for victory. This is what I believe is needed to give overall direction and reason to our efforts. It is the funnel through which every move we make in the cold war can be brought to bear on the enemy with maximum force and effect. It would remove the confusion, the working at cross-purposes which is inherent in our present policy and which has so deeply frustrated the American people.

With such a purpose and strategy, we would quickly see the fallacy in lending any kind of aid to the enemy. We would understand that the enemy is just as much an enemy in the Communist government of Yugoslavia as it was some years ago in Korea and as it is today in South Vietnam. We would see the wisdom of halting all aid to Tito and other Communist or semi-Communist regimes in recognition of the fact that such funds and such supplies could much better be used in the cause of freedom elsewhere. I suggest that we have been duped too long by wishful thinking that Communist governments which disagree with Moscow are potential allies and, as such, must be fed billions of dollars in American aid. We are at war with an evil and the evil is communism. That evil must be opposed and fought at every turn regardless of whether it happens to be in the Kremlin's good graces. At the very least it must be denied our help, either directly in the form of economic and military aid, or indirectly in the form of increased trade with the Communist bloc, if we are to truly direct our best efforts to the cause of winning.

And with such a purpose and strategy, we would be through with half measures such as we used in the Cuban invasion and which gave communism a victory and left us looking ridiculous before the entire world. We would never embark on any venture against Communist power without using all the strength necessary to make it succeed. We would rid ourselves of blind devotion to the United Nations and the joining of costly and disastrous adventures against our own best interests. We would be alerted in advance to possible Communist moves which—taken while we attempt to arrange negotiations—place walls against human freedom. We would stop guessing at how much of a nuclear weapons gain the Communists had achieved in recent months and begin our own atmospheric tests immediately. We would face up quickly and finally to the fact that the whole idea of disarmament is ridiculous because the Communist masters can't even think about disarming while revolt lies just beneath the surface of life in their satellite nations. And, we would certainly stop assisting the economies of undependable and aggressive neutral nations and begin strengthening our own economy.

These are only a few of the things that a policy of victory in the cold war would mean. There are many more that would stem from a proper marshaling of our great strength into a master design for winning over the Communists at each and every point of contest, whether it be in Laos, Cuba, or Berlin.

But we can accomplish nothing if the policymakers in our Government stand paralyzed by the thought that a policy aimed at victory would run the risk of war. We can do nothing but continue to follow a policy of drift and indecision and confusion which leads only in the direction of defeat.

In summary then, let me emphasize the following points:

1. Whether we like it or not we are engaged in a death struggle with an enemy which is waging a new kind of total war and which has declared its intention to bury us.

2. The conventional attitudes and weapons of the past must be revised and drawn into a new strategic design if we are to meet the threat posed by a tyrannical force of global dimensions.

3. The will to win is vitally important to our effort and this cannot be developed to the right degree until the Government proclaims once and for all that our purpose is to achieve victory in the cold war.

4. That the enemy is Communist power, as such, and must be opposed with a total concept whether it exists in Yugoslavia, Moscow, East Berlin or South Vietnam.

5. That coalition government in today's world is a tactic of the enemy. When the Communists join in any kind of a coalition government, it is always with the intention of dominating and talking over that government.

6. That we do nothing but assist the enemy when we pressure pro-Western leaders to join coalition governments with Communists and neutrals.

7. That the last thing we should do is assist the enemy by sending money, weapons, food, and other goods to Communist nations regardless of whether they have had a falling out with the power clique in the Kremlin.

These are just a few of the thoughts I should like to leave with you today. I'm sure you realize that there are many more that deserve mention when we speak of reorienting our purpose and our strategy with regard to the Communist war we are engaged in. However, time does not permit me to deal more comprehensively with the subject, much as I should like to.

In closing, let me say that I believe the American people have the right to know the truth, as unhappy as that truth is, in the light of current world developments. I suggest that it is insulting and dangerous for men in influential positions to run around arguing that communism hasn't gained since 1945 and that the West is, in fact, winning the cold war.

The tragic fact is that during 1961 communism made its greatest gains since the fall of China. And it will make greater gains in the immediate future if we don't recognize the enemy for what it is, proclaim victory as our goal, and adapt our strength to the task of opposing Communist power wherever it exists.

Thank you.

EXERCISES COMMEMORATING THE 155TH BIRTHDAY ANNIVERSARY OF GEN. ROBERT E. LEE

Mr. ROBERTSON. Mr. President, on Saturday, January 20, 1962, in Statuary Hall in the U.S. Capitol Building, under the auspices of the District of Columbia Division, United Daughters of the Confederacy, exercises were held commemorating the 155th birthday anniversary of Gen. Robert E. Lee.

A part of the impressive exercises upon that memorable occasion consisted of an eloquent address delivered by the distinguished Senator from Hawaii [Mr. LONG].

I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks a copy of the program, together with the address of the Senator from Hawaii.

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

PROGRAM OF EXERCISES COMMEMORATING THE 155TH BIRTHDAY ANNIVERSARY OF GEN. ROBERT E. LEE, STATUARY HALL, U.S. CAPITOL, SATURDAY, JANUARY 20, 1962, 11 A.M.

(Under the auspices of the District of Columbia Division, United Daughters of the Confederacy, Miss Alice Böhmer Rudd, president, presiding)

Invocation: The Reverend Paul H. Grosclose, minister, the Francis Asbury Methodist Church.

Pledge of Allegiance to the Flag of the United States of America: Led by Mrs. Richard L. O'Bannon, third vice president, District of Columbia Division.

Salute to the Confederate flag: Led by Mrs. Mary McCall Imes, honorary president, District of Columbia Division.

Welcome: Division president, Miss Rudd.

Presentation of distinguished guests.

Introduction of speaker: Mrs. J. H. White, Jr.

Address: Hon. OREN E. LONG, U.S. Senator.

Placing of wreaths at the statue of General Lee.

United Daughters of the Confederacy, Mrs. Robert Bochman, president general, by Mrs. Maude Howell Smith, past president, District of Columbia Division.

District of Columbia Division, Miss Alice Böhmer Rudd, division president.

Gen. Robert E. Lee, chapter No. 644, Mrs. J. H. White, Jr., chapter president.

Children of the Confederacy, Mr. Morgan Morgan, of the Fairview chapter of District of Columbia Division, Children of the Confederacy.

Benediction: Reverend Grosclose.

Pages: Miss Cheryl Burroughs, Miss Claudia Burroughs, Miss Sharon Lee Dennis.

ROBERT E. LEE: AMERICAN

(By OREN E. LONG, U.S. Senator)

We meet in this historic chamber today to pay honor to a great man, a great American.

By any standard of personal or public worth, whether it be ability, integrity, qualities of leadership, a sense of duty, devotion to principle, Robert E. Lee must be regarded among the great men of his generation.

It is significant that with the passing of time, he has grown in stature and favor with the people of the Nation, both North and South. His place in history is secure.

Of greater importance today, Robert E. Lee has a place in the heart of the Nation. For just as the people of the South revere the unique qualities of Abraham Lincoln, so the people of the North have a growing appreciation of Lee.

The rich heritage which these leaders have bequeathed to the American people forms a strong bond of national unity.

While their environment was different to an almost startling degree, we should never forget that their common bonds far surpassed these differences.

Each grew up in an atmosphere that breathed the strength, the confidence, the energies of a nation that was youthful, idealistic. Each had an almost fierce devotion to that country.

Each thought of it as a unity. From the days of their youth, they had been aware of the common struggle for freedom. They knew the strength of the mystic chords of memory stretching from every battlefield and grave to every living heart—the sacrifices that had welded the people into one Nation. Each had served that Nation in peace and in war.

It is tragic that under the pull and stress of the economic and political complexities on the eve of the Civil War, they could not work together to save their countrymen from the agonies of a fratricidal struggle.

The record shows clearly that this was the devout wish of Lee. As the clouds of secession gathered and the issue of slavery inflamed the minds of men, Lee said: "If I owned 4 million slaves, I would cheerfully sacrifice them for the preservation of the Union."

Lee wrote to his son, George Washington Custis Lee: "I am not pleased with the course of the Cotton States as they term themselves."

And in a letter to his distant cousin, Markie Williams, he confessed: "I wish for no other flag than the 'Star Spangled Banner' and no other air than 'Hail Columbia.'"

In spite of these sentiments, his commitment to States rights and his devotion to Virginia caused him to leave the Union and to serve the Confederacy valiantly to the end of the trail at Appomattox.

Happily, Appomattox was not an ending. It was a beginning. It opened a new road of life to every soldier in the field, Confederate and Union alike. To Robert E. Lee, it also opened a new life.

Lee was exhausted in body, heavy of heart, and troubled for the future of the South. But there were for him no moody musings, no reproaches, no despair. In a short time, the whole bewildered life of Richmond began to revolve about his house. People came to him, to comfort him and to be comforted. To all who came, he counseled peace and urged them to rebuild the South and their own lives through any work they could find.

That was the course he had decided upon for his own future. His opportunity came unexpectedly in August 1865 when John W. Brockenbrough, rector of Washington College, Lexington, Va., called on him. To the complete surprise of Lee, he stated that on August 4 the trustees of Washington College had unanimously elected the general president of the institution and wished to know if he would accept. Judge Brockenbrough presented a letter from the committee of the board in which the invitation was extended formally.

Lee had never contemplated accepting a college presidency. As he considered the idea, however, it seemed to him that the summons was providential, in that it offered both a livelihood and an opportunity to serve the southern people. He, therefore, accepted the offer and entered the academic world.

The effect on Lee was immediate. Idleness and uncertainty were at an end. He had a task, and he would discharge it. In his correspondence, he began even more vigorously than before to set the example he thought the South required. He may have been prompted also to a more positive course because he saw the gloomy portents of the troubled times.

If wartime enmity and hatred were to continue between the sections, the future was dark indeed. Were they allayed, and unity and good will substituted for them, General Lee reasoned, prosperity and happiness would come again to the South. He feared that any public activity on his part might react against the cause he wished to aid, and therefore he avoided making public his views on many major issues.

Especially as the head of a college, he should avoid controversy and submit to constituted authority. In the distress of the day he saw his duty. This much he could and should do: On all those who asked his counsel, in person or by letter, he would continue to urge patience, diligence, and courageous acceptance of the consequences of war. To this he turned himself with a will. Lee, the warrior, became Lee, the conciliator.

To former Governor Letcher of Virginia, he wrote: "The questions which for years were in dispute between the State and the General Government, and which unhappily were not decided by the dictates of reason, but referred to the decision of war, having been decided against us, it is the part of wisdom to acquiesce in the result, and of candor to recognize the fact. The interests of the State are therefore the same as those of the United States. Its prosperity will rise or fall with the welfare of the country. The duty of its citizens, then, appears to me too plain to admit of doubt. All should unite in honest efforts to obliterate the effects of war, and to restore the blessings of peace."

In a letter to another correspondent, he declared: "I have too exalted an opinion of the American people to believe that they will consent to injustice; and it is only necessary, in my opinion, that truth should be known, for the rights of everyone to be secured."

The optimism of this sentence appeared in many of Lee's messages to discouraged Confederates. The letters were not meant for publication and appeared in no newspapers, but copies were passed from hand to hand, and Lee's position became well known.

General Wise had said, on the retreat of the Confederate Army from Appomattox, that in the eyes of the army, General Lee was the Confederacy. His advice now became the law of public conduct for men of moderate mind in the South. They were quicker, also, to enter upon hard, unremunerative employment, when they heard that he had accepted, at a salary of $1,500 per year, the presidency of a small college.

The South was inspired by Lee's choice as president of Washington College, and so were the men who had elected him. After voting unanimously to offer the position to him, they had sat for a few minutes as if stunned by their own temerity. Now that they had his acceptance, they prepared to work with him and to raise funds for the restoration of the college, which was deeply in debt.

At the same time, they may well have felt that their new president was out of scale with their institution. Washington College was, at that time, a small body of faithful men, and little besides. Its first principal was William Graham, who had been a Princeton classmate of "Light Horse" Harry Lee.

Under Graham and his early successors, the school was established and maintained on the old frontier, and looked westward, training many youths from Kentucky and Tennessee (although a majority of its students were Virginians).

In the recent hostilities, many Washington College students fought in the Stonewall Brigade of Gen. Thomas J. Jackson, the right arm of General Lee. But, typical of southern institutions in general, the glory of the college had waned with the progress of the war.

Prospects for attendance in the fall of 1865 were as gloomy as for everything else. Few had any money to pay for college training, and some of those who had the means had been touched by the turbulence of the times and had no desire to settle down to the quiet of academic life. But with Lee as their leader, the trustees were willing to carry on.

On September 18, 1865, General Lee rode into Lexington. Two days later, the trustees met and welcomed him to the fold, and on October 2 he was sworn in as president.

In a short time, he was hard at work. When the faculty came to know him better, some of the members would protest against the amount of work the general performed. He always insisted, in reply, that he owed it to the boys at the most critical times of their lives. Besides, he argued, daily administration was required for the success of the discipline he established when he came to the college.

So far as is known, General Lee had no plan for enlarging the curriculum when he assumed charge of the college, but his own training, his long experience in construction work (as an Army engineer), his 4 years of war, and his knowledge of the needs of the South soon combined to give him definite opinions regarding the curriculum.

Prior to his presidency, it had covered six subjects, embracing only the classics and the pure sciences. But Lee did not believe that these, of themselves, sufficed to meet the needs of the impoverished South. Accordingly, he inaugurated a plan to provide training in five additional subjects: practical chemistry, experimental philosophy, applied mathematics, modern languages, and history and literature.

In the face of glaring poverty and an enrollment of but 50 students, the trustees adopted Lee's plan and undertook expansion. To help in meeting the expense of the new departments, the trustees promptly began to solicit endowments, and General Lee wrote several letters to support the undertaking. The fund drive received a surprisingly wide response, considering the poverty of the times. For southerners who possessed any means at all were certain to listen when an appeal was made for General Lee's College, as it soon was called.

Taxing as was this new kind of life, General Lee found time to correspond with many of his admirers throughout the South. In all his letters, if the occasion permitted, he preached his doctrine of reconciliation, nor did he allow the growth of political hostility to dissuade him from his course. In counseling a southern minister on one occasion, he wrote: "I would suggest that you leave out all the bitter expressions against the North and the U.S. Government. I think such expressions undignified and unbecoming."

Funds appeared in sufficient quantity to prevent the collapse of Washington College in the hard winter of 1865–66. Increasing fees paid by the students, who were coming in ever-increasing numbers, also eased somewhat the school's distress. Before the end of the session, enrollment had almost tripled.

In 1866, $5,000 was contributed to the college by Cyrus W. McCormick, a former publisher of the Chicago Times and inventor of the famed McCormick reaper. Other gifts, including valuable books, were received.

New instructors—some of great ability—were employed; and at last the college appeared to be engaged in a marked state of improvement. In scope, its curriculum was virtually doubled since General Lee had first appeared. Schools of engineering and law had been established. For the inquiring student, the library had been partially restored. The election of courses had been made the privilege of everyone, and the honor system in its fullness had been established.

Aside from his academic role, the chief postwar interest of General Lee was of course the restoration of the South, economically, culturally, and politically. His mail, which was immense, was crowded with requests for advice. And this he continued to give till the end of his life, in the interest of national reconciliation.

On his few lengthy journeys—especially on a tour of the south Atlantic seaboard for his health in the spring of 1870—he was welcomed with a measure of affection no southerner since Washington had received.

The news of his death, in September 1870, put every southern community in mourning. And after 90 years, the southern reverence for his name has, if anything, increased. No other American has ever had an influence on the old Confederate States comparable to his. In all matters on which he expressed himself, he is still regarded as the final authority. In him, the South still sees the embodiment of all its best ideals.

And, with the passage of time, the same tendency is becoming discernible throughout the Union as a whole. For here, indeed, was a man of genius, a man of courage, and a man of honor, in whom every American has a right to pride.

The VICE PRESIDENT. The 15-minute time limit has expired.

STOCK DISTRIBUTION TREATED AS RETURN OF CAPITAL

The Senate resumed the consideration of the bill (H.R. 8847) to amend the Internal Revenue Code of 1954 so as to provide that a distribution of stock made to an individual (or certain corporations) pursuant to an order enforcing the antitrust laws shall not be treated as a dividend distribution but shall be treated as a return of capital; and to provide that the amount of such a distribution made to a corporation shall be the fair market value of the distribution.

The VICE PRESIDENT. The Senator from Tennessee is recognized.

Mr. GORE. Mr. President, I have sent to the desk a motion to recommit the bill, with instructions, and I ask to have the motion read by the clerk.

The VICE PRESIDENT. The motion will be read by the clerk.

The legislative clerk read as follows:

Mr. President, I move that the pending bill, H.R. 8847, be recommitted to the Committee on Finance and that the committee be instructed to report to the Senate at such time as a final order prescribing the terms of divestiture of General Motors stock by E. I. du Pont de Nemours & Co. shall have been entered, a bill providing such tax relief as the committee may deem appropriate and equitable.

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

Mr. GORE. I yield.

U.S. FOREIGN POLICY

Mr. MANSFIELD. Mr. President, in the Christian Science Monitor, January 16, 1962, there appears an editorial which points out the quiet initiative which is being taken by Secretary Rusk and the Department of State to deal with some of the difficult situations which confront the Nation in its foreign relations. It is clear, from the editorial, that important decisions have been made with respect to the Congo, the Common Market, Latin America, Laos and other areas, and that they represent new or modified lines of policy. This effort to unfreeze policy, Mr. President, may not always work. But it seems to me most laudatory that the effort is being made. I ask unanimous consent that the article be included in the RECORD at this point.

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

CUT THROUGH THAT FOG

Secretary of State Rusk doesn't say much but he and his colleagues work hard. This is a moment when the foreign policy of the United States is cooking on all burners and the contents of many pots are at a rolling boil.

The least one can say is that things are moving. But that is already a lot. The standard complaint was that the United States did not start anything; it merely reacted to what the Communists did.

This is not the case now. Risks are being taken. Decisions have been made to go ahead—not with perfect plans because there are few such, but on what looks to the policymakers like the best route available.

Item: The Congo has been held together and remains independent.

Item: Europe's Common Market and the United States are moving rapidly toward a partnership.

Item: Latin American pressure, despite much resistance, is being slowly developed against communism in Cuba.

Item: In Laos the Government is being reorganized on a broader basis. The result, if it succeeds, will test whether a neutral regime can remain independent.

Item: In Vietnam an urgently needed military reform has come about. Political and economic reform are still ahead.

Item: At the United Nations, American diplomacy has begun urging the new nations to act with responsibility.

Item: At Moscow, Ambassador Thompson is pressing the Russians on a larger settlement for Berlin.

These are typical cases. There are many others.

In some the United States is the prime mover. In others it is supporting countries or groups of countries which are taking action.

In some cases the situation is explosive. If one line of policy does not work it may be necessary to shift in a hurry and try another. But at least something will have been learned—that the policy which failed was not the right one. That couldn't have been learned by sitting still.

In fact by sitting still when the Communists were moving it would be possible in many of these cases to lose by default. That is much worse than moving ahead by doing the best one can at the moment, and standing ready to shift course.

It is always difficult to generalize about foreign policy. There is no telling where many of the present initiatives will lead. But pressure is being applied toward what looks like good ends. If there is any unifying thread, it is a desire to broaden the base of government everywhere in the independent world.

Policy is becoming less frozen, more supple. This is good.

PRICING THE MAIL

Mr. MANSFIELD. Mr. President, the Baltimore Sun of January 19, 1962, contains an article by the eminent columnist Mr. Thomas O'Neill entitled "Pricing the Mail." It is a most interesting and revealing piece on the problems of pricing in the Post Office, the subsidized carriage of magazines and so-called junk mail, and the vast array of nonpostal functions which are performed by the post office, which range from annual census taking to collections for charities.

Mr. O'Neill refers in his column to the knowledge of these matters which is possessed by the chairman of the Post Office and Civil Service Committee [Mr. JOHNSTON]. As the Senate knows, the distinguished senior Senator from South Carolina is an outstanding authority on the complexity of postal operations and rate problems and has given a great deal of thoughtful attention in a dedicated effort to bring about more order and fairness to the public in the postal system.

Mr. President, the problem of the deficit in the Post Office Department takes on a somewhat different complexion in the light of Mr. O'Neill's column. It is obvious that we are dealing with a many-sided question and that if we are to put this operation on a businesslike basis we should take a careful look not only at the rates for first-class postal service but also at the countless other functions and subsidized services which have been loaded onto the Post Office by legislation and precedent. I ask unanimous consent that the article referred to be included in the RECORD.

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

PRICING THE MAIL

(By Thomas O'Neill)

Higher postal rates, needed to protect a precarious balance between governmental income and outgo, appear to be on the way to approval by Congress but only after a donnybrook over which users of the mails are to foot the higher costs.

Along the way the administration is expected to acknowledge that a substantial share of the chronic postal deficit is run up by a whole catalog of catchall activities that have nothing to do with carrying the mail, and to agree to pin the costs of these on the agencies for which they are performed. A promise to this effect appeared in the Democratic platform on which President Kennedy was elected.

Lobbyists for magazine publishers and direct-mail advertisers have swarmed to the Capitol, making the dubious argument that first-class letters are the culprits behind the postal losses and should bear all the added charges.

Post Office bookkeeping is an awesome thing. It can be used to demonstrate that first-class mail produces a surplus for the Department, or that it involves staggering losses. The current Postmaster General, J. Edward Day, figures that it falls slightly short of meeting the cost of carrying it and that airmail brings in a small profit.

Magazines are carried at a reduced rate that would be uneconomic if there were no other mail, but is justified on the dual ground of spreading public enlightenment and that it is handled only after the post office staff has handled first-class letters and has nothing else to do. The latter argument is also advanced by the direct-mail advertisers responsible for the avalanche of junk mail. Both are putting up a stern fight to preserve their special status.

In its early days when its only function was to carry letters the Department paid its own way.

Losses set in at a time when the country was expanding, in 1838. They became the rule, except, curiously, in time of war. The Pony Express, for example, cost many times the revenue it returned. The first letters to Alaska, delivered at regular rates, cost the

Department $450 each. The expansion of services began in 1855 (the year stamps were introduced) with the inauguration of registered mail, a money loser. Rural free delivery came along in 1896, adding to the drain.

Over the years an array of other jobs has been handed to the Department by other agencies. It offers, for example, a notary public service to pensioners and witnesses in the execution of pension vouchers. In many such instances the reason is convenience and economy, since the Department spreads to every nook and cranny of the Nation.

An authority on the scope of these extra-postal odd jobs is Senator OLIN JOHNSTON, chairman of the Senate Post Office Committee. An angry glint appears in his eye as he recites the list, to which he objects because it makes the Department responsible for costs properly chargeable to other governmental branches. He is standing astride any raise in postal rates until there is agreement to change the bookkeeping system to assign these costs to the appropriate agencies.

Some of the nonmail tasks are astonishing.

The Post Office takes a census of deer and grouse populations, helps the Federal Housing Administration make vacancy surveys. It issues wildfowl shooting permits (Interior Department). It provides hometown offices for Congressmen. It sells and redeems saving bonds for the Treasury, registers 3 million aliens annually for the Immigration Service, sells documentary internal revenue stamps, gives information concerning civil service examinations and must have a clerk available to answer questions about the examinations.

Flags to drape the caskets of war veterans are supplied by the Post Office. For the Justice Department it posts pictures of wanted criminals, and recruiting posters for the armed services. It collects customs duties on parcels, and sells money orders in competition with private agencies. It makes weather reports for Agriculture, has a hand in registering powerboats, and operates a censorship.

Beyond its helping hand to other Federal departments, the Post Office performs for private agencies outside of collecting and delivering the mail. Contributions for many charity drives are handled by the postal service, and the charities advertise "just hand or mail to your postmaster."

At one time it was charged with airline subsidies, and was relieved of these only in 1954. Congress a few years ago complied with a Hoover Commission recommendation and agreed to reimburse the Department for congressional franked mail and that carried for other branches of the Federal Establishment. The move contributed nothing to economy in Government. The additional accounting added 10 percent to the prior cost.

Even with prospective higher rates, the Post Office faces growing costs of simply delivering the mail as a million new households spring up yearly, demanding extended delivery service.

TRIBUTE TO THE LATE SAM RAYBURN BY VICE PRESIDENT LYNDON B. JOHNSON

Mr. MANSFIELD. Mr. President, on Saturday last the Democrats met in celebration of the first anniversary of the inauguration of President Kennedy, and also for the purpose of raising funds for campaigns to be undertaken in the future.

One of the best addresses I have ever heard in my life was delivered on that occasion by the distinguished Vice President of the United States. The address was referred to as a sentimental assignment. It was all of that. It was sentimental because of the close friendship which existed between the late great Speaker of the House of Representatives, Sam Rayburn, and the present Vice President of the United States.

I was very much impressed by this address, which I knew, and which everyone in the hall knew, came from the heart. I ask unanimous consent that the address may be incorporated at this point in the RECORD.

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

TRIBUTE TO THE LATE SAM RAYBURN BY VICE PRESIDENT LYNDON B. JOHNSON AT THE INAUGURAL ANNIVERSARY DINNER, NATIONAL GUARD ARMORY, WASHINGTON, D.C., JANUARY 20, 1962

Mine is a sentimental assignment: to pay tribute, on behalf of all of you, to the memory of Sam Rayburn.

Like many others at this dinner, including the President, it was my great privilege to walk a way down the road with him. For the Speaker, the end of the road came last November 16. But it is not the end of the road for the lessons he taught and the heritage he left.

Everyone who knew Sam Rayburn cherishes the moments they shared with him, whether it was in the hushed silence of the House before the tally of a vote is announced—during the unvarnished talk of the board of education—amidst the hubbub of a Democratic convention—or on quiet walks around Texas' old Fourth District to talk to the men and women of those flat black lands he loved so well.

The House of Representatives was his great love. He was, at once, its master and its servant.

There wasn't anyone in the United States who couldn't see the Speaker, if they were willing to sit a spell. To the dismay of his staff, he made his own appointments—often on the back of an old envelope in his hip pocket. And he read his own mail. "When someone writes me on tablet paper with a lead pencil," he once told me, "I figure what he's writing me about is pretty important to him."

Authors for years to come will analyze this man who held sway over the House longer than any other mortal. They can turn to him for their text.

"You can't really say how you lead. You feel your way, receptive to those rolling waves of sentiment. And if a man can't see and hear and feel, why then, of course, he's lost."

Speaker Rayburn could see and hear and feel. He was part of this good earth.

He furnished Democrats some of their most straightforward thinking and talking.

"I'm a Democrat without a suffix, without prefix, and without apology."

He was younger than any of us. There was one thing he disliked more than old fogies, and as he put it, that was "young fogies."

He knew the Democratic Party because he was the Democratic Party. Remember what he said: "I say that the Democratic Party is merciful. I say that it is humane. I say it is compassionate. I say it is for the people and the people know it."

When you think of Sam Rayburn, you think at once of the plain, sturdy, homespun statesmen of the early republic—the men who worked with Jefferson and Jackson to establish the American Republic on the foundations of democracy.

If our Democratic Party is the oldest organized party in the world, it is because men like the Speaker have kept it forever loyal to old traditions—and forever alert to new ways to serve social progress and human freedom.

Let me sum it all up by saying that Sam Rayburn was a man who was as old as Thomas Jefferson—and as young as John F. Kennedy.

The last speech he made to the House came the day be doubled Henry Clay's record as Speaker. He stood in that familiar well and said: "I have so much faith in human beings. I know that people are good folks."

In a reflective mood one evening with a group of friends he put it so well. He recalled how good people had always been to him. He talked of Flag Springs, the little town where he had gone to the one-room school.

"All of us are just a little way from Flag Springs," he said, adding, "You know, I just missed being a tenant farmer by a gnat's heel."

All of us are just a little way from Flag Springs. May it ever be.

TRIBUTE TO DR. M. K. WYLDER, OF ALBUQUERQUE, N. MEX.

Mr. MANSFIELD. Mr. President, on behalf of the distinguished senior Senator from New Mexico [Mr. CHAVEZ], I ask unanimous consent to have printed in the RECORD at this point an article entitled "Pioneer Physician Dr. Wylder Dies," published in the Albuquerque (N. Mex.) Tribune of January 17, 1962, being a tribute to Dr. M. K. Wylder, who went to Albuquerque on a visit more than 58 years ago and remained there to practice medicine during a long and distinguished career.

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

PIONEER PHYSICIAN DR. WYLDER DIES

A man who came to Albuquerque for a 2-week visit and stayed more than 58 years to practice medicine, died unexpectedly Tuesday night in St. Joseph Hospital after suffering a stroke.

He is Dr. Meldrum K. Wylder, 84, who delivered more than 15,000 babies during his long career as a pediatrician. He lived at 501 Laguna Boulevard SW.

The author of "Rio Grande Medicine Man," Dr. Wylder was honored by Albuquerque for his book which related his adventures as a doctor in this area.

Dr. Wylder, who was born May 15, 1877, came to Albuquerque in April 1903, and liked it so well he decided to make his home here. He had been living in El Paso, where he went to cure his tuberculosis.

He was born in Macoupin County, Ill., on a rural farm, the son of a pioneer Methodist minister. Dr. Wylder obtained his early education in Illinois public schools and completed academic and premedical schooling at Marion College, Marion, Ind. He received his medical degree at Washington University at St. Louis, Mo., in 1901, and, although it was not required at the time, he served a lengthy internship in the St. Louis City Hospital.

After recovering from his tuberculosis, Dr. Wylder opened his office here in 1903. He made his first calls by bicycle and horse-drawn carriage.

In 1904, he helped build the Franciscan Hotel and became active in civic and fraternal organizations. For many years he was active in the medical circles of the State. Dr. Wylder was a member of the American Medical Association, the New Mexico Medical Association, and the Bernalillo County Medical Society.

He was awarded the Bernalillo County Medical Association first 50-year scroll of honor in 1951, and in 1953 the Albuquerque

City Commission proclaimed "M. K. Wylder Day," commemorating his 50th anniversary in the city.

The octogenarian physician, who retired in May, 1961, was most proud of his association with the American Academy of Pediatrics and his service as chairman of the State Board of Health from 1939 to 1945. He also was a member of the American College of physicians.

Dr. Wylder was county chairman of the Republican Party in 1929 for 2 years and served as chairman of the board of county commissioners from 1918 to 1920. He also was a member of the city school board from 1908–14.

A member of the First Methodist Church, he was active in the YMCA organization movement here. He was a life member of the Sons of the American Revolution, Elks Lodge 461, Kiwanis Club and Masonic Lodge No. 60.

He is survived by a son, Bill, of Denver, here; two daughters, Mrs. Warren Rempel, Manhattan, Kans., and Miss Deana Wylder, Riverside, Calif., who arrived here Wednesday night; a brother, Earl, Ft. Smith, Ark., and a sister, Mrs. Dan Stein of Columbia, Mo.

The body will lie in state at Strong-Thorne Mortuary from noon today until noon Friday. Funeral services will be held Friday afternoon at 3 in First Methodist Church. The Rev. Warren Rempel will officiate. Interment will be in Fairview Park Cemetery.

The VICE PRESIDENT. The time used by the Senator from Montana will be charged to the opposition to the motion to recommit.

CONTINENTAL SHELF OIL REVENUES

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

Mr. GORE. I yield.

Mr. ANDERSON. Mr. President, many Members of the Senate serving today will recall vividly the prolonged battle over the so-called—and miscalled—tidelands oil bills in the 83d Congress. They will remember that under the able leadership of the senior Senator from Alabama [Mr. HILL] the Senate adopted an amendment which would have dedicated the revenues from the mineral resources of the subsoil of the continental shelf off our coasts to public education. This was popularly referred to as the "oil for the lamps of learning" provision.

The other body did not concur in the "oil for the lamps of learning" amendment sponsored by the Senator from Alabama [Mr. HILL], and the provision was lost in conference.

Recently, the Interior and Insular Affairs Committee received the report of the Secretary of the Interior on receipts and expenditures connected with mineral leasing operations on the continental shelf for the fiscal year 1961, together with the total revenues received since the effective date of the legislation. This figure comes to the truly impressive total of nearly $800 million.

In view of the keen interest in education in this Congress, and the long and spirited debate in the 83d Congress on the use of tidelands oil revenues for educational purposes, I ask unanimous consent that the report of the Department of the Interior, which is brief, be printed in the RECORD at this point.

The PRESIDING OFFICER (Mr. SMITH of Massachusetts in the chair). Is there objection to the request of the Senator from New Mexico?

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

U.S. DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
Washington, D.C., September 29, 1961.

Hon. LYNDON B. JOHNSON,
President of the Senate,
Washington, D.C.

DEAR MR. PRESIDENT: Pursuant to the requirement of section 15 of the Outer Continental Shelf Lands Act (43 U.S.C. 1343), following are the receipts and expenditures of this Department in connection with the administration of the act for the fiscal year 1961:

Receipts:	
Rentals	$3,276,925.23
Royalties	47,747,236.75
Shut-in gas wells	43,400.00
Rights-of-way	2,590.00
Total	51,070,151.98
Expenditures:	
Salaries	216,408.62
Travel and per diem	8,515.59
All other	28,725.78
Total	253,649.99

Total collections to June 30, 1961, including bid bonuses, amount to $797,829,156, of which $442,032,866 has been covered into general funds of the Treasury. The balance of $355,796,290 is being held in escrow receipt accounts pending decisions of the U.S. Supreme Court in the case of *United States* v. *Louisiana et al.*

Sincerely yours,
D. OTIS BEASLEY,
Administrative Assistant Secretary.

MEDICAL CARE INSURANCE

Mr. ANDERSON. Mr. President, the National Association of Blue Shield Plans and the American Medical Association recently proposed a plan to provide the aged with insurance covering surgeons' and physicians' fees. The proposal was welcomed by those of us who believe that the social security approach offers the most practical way to deal with the problem of health care for the aged. It indicates recognition by these groups that a serious financial problem exists for many elderly Americans when it comes to paying for hospital care and medical services.

Although some of the details of this new proposal have not been announced, some questions can be raised about the proposed premium of $3 a month. The cost of medical care has been rising rapidly and is expected to continue to increase. Data for 1960, for example, show that for aged couples, with one or the other member hospitalized, the total medical bill during the year exceeds $500 in more than half of the cases. The total medical bill is under $200 in only 5 percent of the cases.

The chronic and prolonged character of the illnesses of the aged creates questions about the adequacy of a $3-a-month premium.

It would be extremely useful in producing solutions to this problem to have the Senate Finance Committee conduct hearings on the health care legislation introduced in the first session of this Congress. The House Ways and Means Committee completed its hearings last summer. Accordingly, I have asked the distinguished chairman of the Senate Finance Committee to schedule such hearings soon so that Senators might have the latest information.

Mr. President, I ask unanimous consent that an editorial which appeared in yesterday's Washington Post and Times Herald be printed in the RECORD.

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

PROPER INSURANCE

At the commencement of a congressional session which is expected to debate administration proposals for a medical insurance program for the aged as a part of the social security system, the National Association of Blue Shield Plans and the American Medical Association have come forward with a program of their own to provide surgical and medical care benefits for persons 65 years of age or over. We congratulate them on a constructive contribution to the solution of an urgent national problem.

Their proposal deserves to be considered on its merits, in pragmatic terms, as compared with administration proposals. Very little service is rendered to this kind of consideration by American Medical Association spokesmen who denounce the administration proposals as leading to socialized medicine or by the Blue Shield spokesman who intoned that medical insurance for the aged can more properly be met under the auspices of private initiative than under a Government-financed program. What in the world is there about the one that is more proper than the other? The question is which is the more practical.

The benefits of the Blue Shield plan have not yet been announced in any detail. It is said, in general, that they will cover surgery costs whether in a hospital or in a doctor's office and medical care in a hospital or in a licensed nursing home. But with a premium of $3 a month per person it is hard to see how the benefits can be comprehensive or enduring enough to cover prolonged terminal illnesses. Indeed, it is hard to see how any private plan depending upon current payment by the aged themselves can provide adequate benefit. Prepayment under the social security system, on the other hand, spreads the burden among persons in their productive, earning years.

To the American Medical Association and the Blue Shield it may seem proper that participation in a medical insurance program should be entirely voluntary; but to the children of aged parents who have neglected to participate and who are afflicted with a catastrophic and financially ruinous illness this freedom to be irresponsible may not seem proper at all. We regard it as a decided virtue of the administration proposals that they would require everyone to provide against the hazards of illness in old age by prepaying the costs systematically out of earnings while young. This requirement will be a boon to the elderly themselves, to their children and to the community.

One additional aspect of the Blue Shield-American Medical Association proposal is disturbing. It would entail something very like a means test because its full benefits would be available only to single persons whose annual income is under $2,500 and to couples whose annual income is under $4,000. A means test, or income test, of this sort is not only humiliating; it operates to discourage savings and earning on the part of the elderly. It is, in short, an improper interference with the freedom and dignity that ought to accompany old age.

A HIGH ORDER OF ENGLISH

Mrs. NEUBERGER. Mr. President, will the Senator yield?

Mr. GORE. I yield.

Mrs. NEUBERGER. Mr. President, our American language, properly used, is a pleasure to read and a joy to hear.

President Kennedy's use of the language has often been called to attention. Is there a Kennedy literary style? I find that the Eugene, Oreg., Register-Guard editorial department think there is. In an editorial of January 18, 1962, they write:

Whatever historians may someday write of John F. Kennedy's record as a President, the verdict of literary scholars should be quite favorable. As the first professional writing man to occupy the White House since Theodore Roosevelt, the President is sending a high order of English over the airwaves and into public prints.

I ask unanimous consent that the full text of the editorial, "Pulling Apart the Kennedy Style," appear in the RECORD at this time.

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

PULLING APART THE KENNEDY STYLE

In the last year much, maybe too much, has been written about the Kennedy style. Usually these words have had to do with Jackie's hair-do or big families or Ivy League suits or a quick informality that can be as disarming as it is deceptive. But there is also another kind of style, a literary style. Jack Kennedy has one that is quite distinctive. Americans began to gather this when, in his inaugural address a year ago, he said, "Let us never negotiate out of fear. But let us never fear to negotiate." In the same speech he admonished us, "Ask not what your country can do for you—ask what you can do for your country."

In last week's state of the Union address there seemed to be some familiar stylistic devices. And sure enough, they're the same ones. We curled up with the state of the Union message and began pulling sentences out of it. Here seem to be the characteristics that put that special literary mark on the words of Jack Kennedy:

He uses alliteration: "not rivals for power but partners for progress"—"tangled, turbulent Congo"—"We acted not in panic but perspective."

However, he uses it judiciously: "stressing services instead of support, rehabilitation instead of relief, and training for useful work instead of prolonged dependency."

A speaker with a tin ear would have stretched out to find a word to match "training." Kennedy didn't. He knew when enough was enough.

He has a genius for picking words that sound well together, that make almost a catch phrase: "we are gratified, but we are not satisfied"—"a free community of nations, independent but interdependent."

He doesn't mind repeating words, heeding perhaps H. W. Fowler's tip that the obvious is better than obvious avoidance of it. He said: "to a single goal, the goal of a peaceful world."

"Our businessmen must be export-conscious and export-competitive."

"America's glory, and sometimes America's shame * * * fulfill the world's hope by fulfilling our own faith."

Most distinctive is his use of contrasts, the not this, but that device: "Nor are we abandoning our non-European friends. On the contrary * * *. But it is not our military might * * * it is our belief that the state is the servant of the citizen and not his master.

"The Atlantic community grows, not like a volcanic mountain, by one mighty explosion, but like a coral reef."

"We acted not in panic but perspective."

These devices often appear in combination, as these examples show. Overall, his stuff marches straight ahead. It has cadence or swing. And the sentences, generally, are either quite short or are broken up by dashes, indicating a pause in delivery.

Now, the cynics will ask, is this Kennedy or is this Ted Sorensen, his chief ghost? It's probably both. Sorensen is very close to the President and has been for several years. He is credited with doing the research, but not the writing, for "Profiles in Courage," the President's Pulitzer-prize-winning study in biography. It is likely that the two men have worked so closely together that they write alike. That's understandable. Literary style doesn't spring full blown from one's head. Rather, it is the sum total of all one has read and heard. It is influenced most by what one reads or hears most.

Whatever historians may someday write of John F. Kennedy's record as a President, the verdict of literary scholars should be quite favorable. As the first professional writing man to occupy the White House since Theodore Roosevelt, the President is sending a high order of English over the airwaves and into the public prints.

PROBLEMS OF THE CONGO

Mr. GORE. Mr. President, in the Sunday issue of the New York Times appeared a brilliant article on the Congo, written by a renowned reporter, Mr. David Halberstam. Not only is the article an excellent one, but the reporter has also given to the thousands of people who read his writings a prescient understanding of the many tangled problems of the Congo. I congratulate Mr. Halberstam upon his great journalistic achievement. I ask unanimous consent that the 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:

GIZENGA IS MOVED TO LEOPOLDVILLE—U.N. GUARDS OUSTED OFFICIAL—HIS FORMER TROOPS ARE SAID TO SLAY FIVE MORE

(By David Halberstam)

LEOPOLDVILLE, THE CONGO, January 20.—Antoine Gizenga, deposed Vice Premier of the Congo, was brought here today from Stanleyville on a United Nations plane. He went immediately, under United Nations protection, to quarters provided by the world organization.

Mr. Gizenga's arrival went almost unnoticed by the Congolese public. It was ignored by the central government, which sent no representative to the airport to greet the plane.

From the moment the transport landed, Mr. Gizenga and his party were protected by Danish military policemen and a platoon of Nigerian infantrymen from the United Nations forces in the Congo.

Mr. Gizenga had asked the United Nations to bring him here from his headquarters in Stanleyville, the scene of recent fighting between troops presumably loyal to Mr. Gizenga and those of the central Congolese Government.

The United Nations apparently fearful of the tense situation in Stanleyville, where Mr. Gizenga's status had been almost that of a prisoner, agreed to the change. The organization said today, however, that Mr. Gizenga was being brought to Leopoldville at the request of the central government.

It was revealed here that rebel Congolese troops once loyal to Mr. Gizenga, but now outlaw, had fired on a United Nations jet and had attacked another village in north Katanga.

United Nations jets, on a reconnaissance flight in the Kongolo-Sola area, found the village of Kilubi in flames. It is just south of Sola. The pilots reported that several smaller settlements between Sola and Kilubi were in flames.

On the road between Kilubi and Kongolo, one jet came upon a column of troops. They opened fire on the jet.

PILOT WITHHOLDS FIRE

The pilot did not return the fire. A United Nations spokesman said he did not know whether the pilots had orders not to fire on the rebel troops.

The pilots saw no troop activity of any kind at Sola, which was presumed to have been attacked by the outlaw troops. The reconnaissance flights were started yesterday after the United Nations was told by the Red Cross representative in Elisabethville that rebel troops were mounting an attack on the large Roman Catholic mission at Sola.

The pilots arrived, sighted two Congolese soldiers and two military vehicles at the mission but saw no sign of the priests or nuns assigned there.

Catholic church sources in Leopoldville say they did not believe there were any priests or nuns left at the Sola mission by the time the Congolese troops arrived. The sources noted that the massacre in the Kongolo of 19 priests and Catholic workers had been reported more than 2 weeks earlier, giving the officials at Sola time to flee.

The renegade troops reported at Kongolo were originally from Stanleyville and went into Katanga Province as part of an invasion force. They are believed to be responsible for the slaying of 13 Italian airmen in Kindu in November. Their commander, Col. Alphonse Pakassa, a close personal friend of Mr. Gizenga, was arrested 2 days ago in Stanleyville by Gen. Victor Lundula.

AID AGAINST REBELS VOWED

The United Nations has pledged all possible assistance, including military aid, to the central government in stopping and apprehending the rebel troops. But the United Nations spokesman said there were no new developments on possible retaliatory action against the rebels.

At the airport to greet Mr. Gizenga, the political heir of the late Premier Patrice Lumumba, were about 30 members of his divided political party, who cheered and pushed forward to shake his hand.

Mr. Gizenga was met at the airport by Ahmed Abdoun, a Sudanese member of the staff of Dr. Sture C. Linner, the United Nations chief of the Congo operation.

Mr. Gizenga was driven to his guarded quarters in a United Nations car, protected by an escort.

Mr. Gizenga, who has been in defiance of the central government since early October was censured by the Congolese Parliament this week and then deposed as vice premier. Premier Cyrille Adoula said earlier this week that legal proceedings were being started against Mr. Gizenga.

Mr. GORE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. Will the Senator from Tennessee withhold his request until the Chair makes an announcement?

Mr. GORE. I withdraw the request.

DESIGNATION OF SENATORS TO ATTEND THE FUNERAL OF THE LATE SENATOR ANDREW F. SCHOEPPEL

The PRESIDING OFFICER. The Chair designates the following senatorial

delegation to attend the funeral of the late Senator Andrew F. Schoeppel, at Wichita, Kans.:

Senator FRANK CARLSON, Kansas, chairman.

Senator EVERETT MCKINLEY DIRKSEN, minority leader.

Senator WARREN G. MAGNUSON, Washington.

Senator MILTON R. YOUNG, North Dakota.

Senator JOHN J. WILLIAMS, Delaware.

Senator WALLACE F. BENNETT, Utah.

Senator A. S. MIKE MONRONEY, Oklahoma.

Senator NORRIS COTTON, New Hampshire.

Senator ROMAN L. HRUSKA, Nebraska.

Senator CARL T. CURTIS, Nebraska.

Senator GORDON ALLOTT, Colorado.

Senator E. L. BARTLETT, Alaska.

Senator SPESSARD L. HOLLAND, Florida.

STOCK DISTRIBUTION TREATED AS RETURN OF CAPITAL

The Senate resumed the consideration of the bill (H.R. 8847) to amend the Internal Revenue Code of 1954 so as to provide that a distribution of stock made to an individual (or certain corporations) pursuant to an order enforcing the antitrust laws shall not be treated as a dividend distribution but shall be treated as a return of capital; and to provide that the amount of such a distribution made to a corporation shall be the fair market value of the distribution.

Mr. BENNETT. Mr. President, I yield myself 15 minutes in opposition to the motion to recommit.

NEED FOR PASSAGE OF DU PONT BILL

The question presented by H.R. 8847 is one of simple justice. Under a new interpretation of section 7 of the Clayton Act, the Du Pont Co. is now required to divest its 63 million shares of General Motors stock, most of which it has held for nearly half a century. This stock has a current market value of nearly $3½ billion. Although its legal owner is the Du Pont Co., the actual owners are the 210,000 common stockholders of record of Du Pont, and beneficial holders representing many thousands more.

There is no dispute over how Du Pont shall divest. The proposed judgments submitted to the trial court in Chicago by both the Department of Justice and the Du Pont Co. agree that within 10 years after the effective date of this judgment Du Pont shall completely divest itself of all General Motors stock, by distribution to its stockholders and/or by such other methods or combination of methods as it may select, subject to the provisions of this judgment.

NO EFFECT ON ANTITRUST LAWS

Nothing in this legislation, therefore, will affect the antitrust considerations in this case. It is settled that Du Pont must divest, and that the management of the Du Pont Co. is to have discretion as to methods used in carrying out the divestiture. What the Senate does with respect to H.R. 8847 will not have one iota of influence upon the court, but it will vitally influence the decisions which will have to be made by the management of the Du Pont Co.

Our tax law is such that if Du Pont owned 80 percent of General Motors, instead of 23 percent, it could distribute these shares to its stockholders without tax. Since Du Pont only owns 23 percent, such a distribution under present law would be taxable to individual stockholders as a dividend, at effective ordinary income rates ranging from 16 to 87 percent of the market value of the shares received. The president of the Du Pont Co., Mr. Greenewalt, told the Finance Committee—hearings, page 77—that—

> The very size of the tax and, associated with it, the staggering capital losses through depression of market values, clearly rule out such a distribution when other methods of divestiture are available.

Mr. Greenewalt advised the committee that if H.R. 8847 is not enacted, the Du Pont Co. will use other methods than a pro rata distribution. He presented estimates indicating that the use of these methods would yield about the same amount of tax revenue to the Treasury over a 10-year period that the enactment of H.R. 8847 would produce over a 3-year period, and these estimates were not challenged by the Treasury representative at the hearings on the basis of the assumptions utilized. The issue of revenue, therefore, is no longer relevant.

QUESTION OF JUSTICE AND FAIRNESS

Instead, I repeat, we have a question of simple justice. I believe the fairest method of divestiture would be a pro rata distribution to Du Pont stockholders. They would own no more than they own today, except that they would hold their General Motors stock directly instead of indirectly, and would have two stock certificates instead of one. They would receive dividends on this stock from General Motors directly instead of through the Du Pont Co. Their dividend from Du Pont, and the value of their Du Pont stock, would be correspondingly reduced.

If H.R. 8847 is enacted, this could, and Mr. Greenewalt indicated it would, be done. The bill before us would treat this compulsory distribution as a return of capital to individual stockholders, rather than as a dividend. Here is the way it would work, assuming the current $55 market value for General Motors at the time of distribution.

COMPUTATION OF TAX

An individual stockholder who paid $200 for his Du Pont share would receive $76 worth of General Motors stock. He would then subtract $76 from $200, which would leave $124 as the new cost basis for his Du Pont share in computing his capital gain or loss if and when he sells the share. Neither income nor capital gains tax would be imposed at the time of distribution upon stockholders who paid more than $76 for their Du Pont share, but this $76 would be taken into account for capital gains tax purposes when they sell the Du Pont share. More than two-thirds of the Du Pont stockholders—all those who have purchased their shares since 1950, are in this category.

On the other hand, the fewer than one-third of the stockholders who acquired Du Pont for less than $76—and this includes most of the large holdings—would pay a capital gains tax at the time of distribution on the difference between $76 and what they paid for their Du Pont share. Moreover, the cost basis of their Du Pont share would be reduced to zero for computation of their capital gains tax when they sell this share.

It is plain, therefore, that the enactment of H.R. 8847 would not permit any Du Pont stockholder to escape one penny of capital gains tax to which he otherwise would be subjected. Any appreciation in value due to Du Pont's investment in General Motors would be taxed just as it would be under existing law upon the stockholder's realization of the gain. But if H.R. 8847 is enacted, these 210,000 stockholders could receive the General Motors shares which are rightfully theirs without being subjected to what in effect would be a capital levy under existing law.

TAX ON CHRISTIANA WOULD BE INCREASED

The bill we are considering provides special treatment for a corporation which is a party to an antitrust proceeding and receives stock in an antitrust distribution. The intercorporate dividend tax payable by such a corporation would be based on the market value of distributed stock, rather than on market value or cost to the distributing corporation, whichever is lower, as provided by present law. This provision would increase the tax payable by Christiana Securities Corp., which holds about 30 percent of the Du Pont stock, from 16 cents to about $4.30 per General Motors share. If Christiana, in turn, should distribute the General Motors shares it receives from Du Pont to its own individual stockholders, they would receive the same return of capital treatment that the bill provides for individual Du Pont stockholders.

There was considerable discussion in the Finance Committee over whether Christiana, in fact, would pass through to its shareholders the General Motors stock received from Du Pont in a distribution. I would suggest to the Senate that this question is one which the courts properly will decide. The Department of Justice has asked the trial court to require Christiana to dispose of any General Motors shares received by any method except distribution to its shareholders. This is an antitrust consideration which the courts, rather than the Congress, should and must decide in the public interest. But whether Christiana distributes the stock or sells it, the revenue to the Treasury will be about the same.

PREFER GENERAL RATHER THAN PRIVATE BILL

Certain opponents of this bill, Mr. President, have been hopping around like a cat on a hot tin roof trying to find new objections to raise as fast as their original objections are discredited. In all frankness, I must say that I would have preferred to have before us a bill dealing generally with the taxation of all antitrust divestitures, rather than one specifically with the Du Pont-General Motors case.

Mr. President, I have some feeling that if we go forward and pass the pending bill as a private bill, it will come back to plague us, because the day may come

when another divestiture may be required by court order. If the tax terms which Congress provides on that occasion are less generous than it has provided for Du Pont, we will be accused of favoring a giant corporation; if they are more generous than we provide here, we will face the charge that we have deliberately chosen to treat this one company more harshly than we are willing to treat all other companies.

We are confronted, however, with an urgent need for action to protect nearly 1 million American investors—stockholders of these two great companies—from unwarranted and unjust economic harm. The Department of Justice made it plain to the appropriate committees of Congress that it would object to any legislation unless it were confined to this case—hearings, page 61. This is a special bill only because the Department has insisted that it be a special bill. It is the best we can hope to get enacted into law and signed by the President.

I am also impressed that during the first session of the Congress, H.R. 8847 was approved almost unanimously by the Ways and Means Committee of the House, the Rules Committee of the House, and the House itself, as well as receiving approval by a vote of 14 to 2 in our own Finance Committee.

If we are to hope to have the strong and healthy economy which we must maintain to meet the threats of Communist aggression, we must provide fair treatment for investors in American industry, just as we must provide equally fair treatment for other segments of our society, and we should not be respecters of persons. I shall vote for H.R. 8847 in the firm belief that it is just to my fellow citizens and is in the public interest, even though, as I said a moment ago, I would have preferred to vote for a bill which would cover all cases of divestiture, rather than one limited to the situation with which we are dealing now.

Mr. KEFAUVER rose.

The PRESIDING OFFICER. The Chair informs the Senator from Tennessee that the Senate is now operating under a time limitation agreement. The Senator will have to have some time yielded to him.

Mr. BENNETT. How much time does the Senator require?

Mr. KEFAUVER. I should like to have about 3 minutes.

Mr. BENNETT. Who controls the time?

The PRESIDING OFFICER. The Senator from Tennessee [Mr. GORE].

Mr. KEFAUVER. I am authorized to hold the time temporarily for my colleague from Tennessee. I yield myself 3 minutes.

Mr. President, I rise to give my support of those Senators who have argued so effectively in favor of the motion to recommit H.R. 8847 to committee, pending Judge LaBuy's decision on the Du Pont-GM divestiture plan. Frankly, I find their arguments irrebuttable.

I am strongly in favor of tax relief for innocent shareholders, caught in the web of antitrust divestiture decrees. But how, Mr. President, are we to know which plan of divestiture will provide the most effective relief to innocent Du Pont—and GM—shareholders until we have given the court in Chicago a chance to speak?

The Du Pont Co. and its president, Mr. Greenewalt, contend that a divestiture accomplished without the aid of H.R. 8847 will cost innocent shareholders less than one achieved with H.R. 8847's assistance. They say that without this bill, the corporation will bear the burden of additional taxes; not the innocent shareholders. If these arguments are correct, innocent shareholders will be injured both directly and indirectly by H.R. 8847's passage at this time.

I am not saying that Mr. Greenewalt's argument is correct or incorrect. All I am saying is that we cannot know whether or not Greenewalt is right until the court in Chicago has had a chance to speak.

It is improper for this Congress to attempt to influence in any way—no matter how subtle or how indirect that influence may be—the decision of a duly constituted Federal court, acting in its constitutionally delegated judicial capacity.

Now some will argue that our debate on H.R. 8847 has made clear beyond a shadow of a doubt to the district court in Chicago that we are not trying to influence its decision by passing H.R. 8847. Frankly, this seems rather naive to me. The mere fact of our rushing this bill to passage before that court has an opportunity to make its decision, speaks more eloquently than all the words of the able proponents of the bill.

I fail to see how any reasonable man can construe such action on our part as anything other than an instruction from the U.S. Senate as to how the Du Pont-GM case is to be decided.

The only way in which we can make entirely clear to Judge LaBuy that the U.S. Congress is not an advocate on behalf of any of the parties involved in the litigation before him is to give him a chance to speak first.

Moreover, I note with great interest the remarks by Assistant Attorney General Oberdorfer, made during the course of his testimony before the Senate Finance Committee, last August. At that time, Mr. Oberdorfer indicated that the Tax Division was currently drafting legislation which would apply to situations such as this. It would be based on a tax deferral plan, rather than on revision of the basis of taxation as in H.R. 8847.

Mr. Oberdorfer suggested that the income received by innocent shareholders as a result of a divestiture plan could be treated in much the same way as the Internal Revenue Service currently treats blocked currency income of corporations doing business abroad.

Such a proposal would have the effect of difusing the market impact of a divestiture order—as I understand it, one of the basic reasons for the claimed necessity of passing H.R. 8847 at this time—by making it possible for taxpayers to avoid the immediate tax necessity to sell their stock.

Such legislation would, of course, raise knotty technical tax problems. How can we pass on such legislative problems without first having the opportunity to carefully study any proposals which the Department of Justice may have?

However, it does seem clear to me that if the Department plans to introduce legislation later in the session which has a direct bearing on this problem, we would be most ill-advised to rush a bill to passage without the benefit of whatever thoughts and ideas they may have on the subject. Surely, waiting would be the wiser legislative course for us to follow.

The proponents of H.R. 8847 most articulately contend that it is not designed to influence Judge LaBuy in any way. If this is true, I can see no possible objection to awaiting the proposals of the Attorney General before deciding what sort of bill should be the final fruits of our already Herculean consideration of this important problem. The people of the United States have waited years for the sort of bill we are now considering. Surely they can continue to wait for the few extra weeks it will take Mr. Oberdorfer to make his ideas known to the Congress.

For these reasons, Mr. President, I wholeheartedly support the motion by the distinguished junior Senator from Tennessee to recommit H.R. 8847 to committee until such time as a final decision is reached by the courts as to how the Du Pont-GM divestiture plan is to be carried out.

Mr. President, I also feel—and I have expressed myself previously—that any plan to give relief to individual stockholders, so as to put them on a capital gains basis rather than on a straight income tax basis, ought to be in the form of a general bill. I feel that a general bill, setting forth a simple law for situations of this kind, would be a good antitrust policy if it would make the courts less reluctant to order divestitures. A general bill would have this effect insofar as it would assure a court that innocent stockholders would not be harmed by a divestiture order. I would even go so far as to provide some relief in cases of monopoly if a recommendation were made by the Attorney General or the Federal Trade Commission to spin off a corporation so as to prevent a monopoly condition.

I can readily see that there should be, perhaps, some distinction between individual, innocent stockholders, and the management responsible for the unlawful activities which resulted in the antitrust violation. Of course, this is difficult to spell out, and would require a good deal of consideration.

The able junior Senator from Iowa [Mr. MILLER] has an amendment pending, the aim of which is to make this general legislation. I, too, have prepared such an amendment. I send it to the desk and ask that it be printed, if there is still time to have it printed, for consideration by the Senate.

The PRESIDING OFFICER. The amendment will be received and printed and will lie on the table.

Mr. KEFAUVER. Mr. President, I shall support the amendment of the Senator from Iowa or a similar amend-

ment, or I shall offer my own in due course, in the event the motion to recommit is not agreed to.

I feel that with all the confusion and uncertainty as to whether the bill offers the best plan or Mr. Greenewalt's plan would be better for the individual stockholders—for it is they about whom we should be concerned—we ought to wait until this question has been determined in the courts before we act.

I notice that the motion of my colleague from Tennessee provides that the bill is to be reported back after the final judicial determination. It seems to me that we would be on safer ground at that time.

Mr. KUCHEL. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from California will state it.

Mr. KUCHEL. Is the Senate scheduled to vote at the hour of 2 o'clock; and up to that time is the time controlled?

The PRESIDING OFFICER. That is correct.

Mr. KUCHEL. I wonder if any Senator wishes to speak now. If no Senator desires to address the Senate at this time, I should like to suggest the absence of a quorum, to determine whether any of the proponents of the pending motion desire to return to the Chamber.

Mr. LAUSCHE. Mr. President, who is in control of the time?

Mr. KUCHEL. Mr. President, under the unanimous-consent agreement, the mover of the motion and the majority leader control the time. If the distinguished Senator from Ohio wishes to speak in favor of the motion, and if the mover of the motion is temporarily not in the Chamber, I ask unanimous consent that the Senator from Ohio be yielded 5 minutes.

Mr. LAUSCHE. No; 2 minutes will be sufficient.

Mr. KERR. From the time of the proponents of the motion?

Mr. LAUSCHE. Yes.

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

Mr. LAUSCHE. Mr. President, I shall vote in favor of the motion to recommit. Basically, I have a strong antipathy toward the passage of special legislation in the midst of judicial proceedings. I have been involved in such a situation on a number of occasions and have always looked upon such a practice with disdain.

Litigation is pending in Chicago, and in the midst of that litigation a bill has been introduced, not to change the law dealing with the antitrust proceedings, but to change the tax provisions of the Federal law. I recognize that involved in the antitrust suit are many innocent stockholders who may be prejudicially and unjustly affected in the event they are compelled to pay a tax on the basis of earnings rather than on the basis of a capital gain. However, I fail to see how we will not be in a position to cope with that problem after the court has pronounced its decision.

I have read the arguments which have been made on the floor of the Senate, and I see rather clearly an ability to equitably dispose of the various rights which are involved. It seems to me that the actual participants in the monopoly operation and in the establishment of the monopoly trust should be placed in a different category from that of the innocent stockholders who purchased practically on the basis of an estoppel which ought to be applied against the Government. In other words, for 30 years the Government said by its silence, "There is no monopoly"; but at the end of 30 years this challenge has been made. In the study of equity, I remember a discussion of the doctrine of estoppel: "He who does not speak when he should, will not be permitted to speak when he would."

So, Mr. President, with regard to these persons, wholly separate and apart from the participants in the monopoly, in my judgment they should eventually be treated differently from the way those who were participants are treated.

I find myself in an impasse when I contemplate what should be done with this stock of General Motors, if and when it reaches the Christiana Corp. Shall it be distributed as stock to the stockholders of Christiana Corp.; or shall it be ordered sold, so as to ramify the holdings of this stock among the citizens of our country?

In my judgment we can justly wait; after the decree has been rendered, we can achieve what is sought honestly to be achieved, in my judgment, by both the proponents and the opponents of this bill.

Mr. President, while I am considering that thought, I wish to say I give no subscription to the argument that the chairman of the Finance Committee or the other members of the Finance Committee acted in any manner other than to serve the most legitimate purpose to perform their duties as they saw them. I think it rather tragic that we permit ourselves to be sidetracked into a collateral discussion.

The PRESIDING OFFICER. The time available to the Senator from Ohio has expired.

Mr. LAUSCHE. May I have another minute? I ask unanimous consent that I may proceed for 1 minute more.

Mr. KUCHEL. Mr. President, we have no objection.

The PRESIDING OFFICER. Without objection, the Senator from Ohio may proceed for 1 additional minute.

Mr. LAUSCHE. Mr. President, I was saying that I believe it rather tragic that we have permitted ourselves to be sidetracked into a collateral discussion which has diverted the minds of Senators from the primary issues, and has directed them to a matter which is entirely collateral.

Mr. President, I repeat that basically I oppose the passage of special legislation while judicial proceedings are being had. After the decision of the judge is rendered, I believe we can deal with this problem.

It is argued, on the one hand, that there is no purpose to influence the court. But the opponents say the net result will be to influence the court. Because of my purpose not to influence the court, I shall resolve that doubt by voting in favor of the motion to recommit the bill.

Mr. KUCHEL. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from California will state it.

Mr. KUCHEL. How much time remains available and under the control of the mover of the motion, on the one hand, and the majority leader, on the other hand?

The PRESIDING OFFICER. The Senator from Tennessee [Mr. GORE] has 29 minutes remaining under his control. The opposition side has 26 minutes remaining under its control.

Mr. KUCHEL. Mr. President, apparently no Senator on our side of the aisle desires to speak at this time. I would suggest the absence of a quorum unless some Senator on the majority side desires to speak now.

Mr. DOUGLAS. Mr. President, I intend to speak before the motion of the Senator from Tennessee is voted on. Let me ask whether there are no more proponents of the bill who wish to speak? I believe they have 26 minutes remaining under their control.

The PRESIDING OFFICER. Twenty-nine minutes.

Mr. KERR. Mr. President, the Chair previously stated that the opponents have 26 minutes remaining.

The PRESIDING OFFICER. That is correct.

Mr. DOUGLAS. Mr. President, will the Chair state what time remains to each side?

The PRESIDING OFFICER. Twenty-six minutes remain available to the proponents, and 29 minutes remain available to the opponents.

Mr. KERR. Mr. President, I believe the situation is just the opposite to that.

The PRESIDING OFFICER. The Chair stands corrected. Twenty-nine minutes remain available to the proponents, and 26 minutes remain available to the opponents.

Mr. DOUGLAS. That is to say, to the proponents of the motion?

The PRESIDING OFFICER. That is correct.

Mr. DOUGLAS. Then I suggest that the opponents of the motion—who are the proponents of the bill—therefore take some of the time available to them, before those of us who seek to defer action on the bill speak. I await with interest to see whether some proponents of the bill are ready to speak at this time, to defend the bill.

Mr. BENNETT. Mr. President, I call attention to the fact that the opponents of the motion to recommit have consumed more time than have the proponents.

Mr. KERR. Mr. President, I ask unanimous consent that the time taken by the Senator from Illinois in orienting himself in regard to the parliamentary situation not be charged to the time available to either side under the unanimous-consent agreement.

Mr. DOUGLAS. Mr. President, I ask that the Chair state the amount of time which has been consumed by those who support the motion to recommit, and also

the amount of time which has been consumed by those who oppose the motion to recommit, so that we may have the benefit of a clear and definite statement on that matter.

Mr. KUCHEL. Mr. President, I would not wish to enter into a unanimous-consent agreement which would result in having the scheduled vote taken after 2 p.m. If the intent of the request of the Senator from Oklahoma is to postpone the time of the taking of the vote, I would wish to object.

Mr. DOUGLAS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Illinois will state it.

Mr. DOUGLAS. How much time has been consumed by the proponents of the motion to recommit, and how much time has been consumed by the opponents of the motion to recommit?

The PRESIDING OFFICER. Twenty-seven minutes have been consumed by the proponents.

Mr. DOUGLAS. By the proponents of the bill, who are the opponents of the motion to recommit? I wish to know how many minutes have been consumed by both sides.

The PRESIDING OFFICER. Twenty-one minutes have been consumed by the proponents of the bill.

Mr. DOUGLAS. By the proponents of the bill or by the proponents of the motion to recommit—because the motion to recommit is being proposed by the opponents of the bill.

The PRESIDING OFFICER. And 24 minutes have been consumed by the opponents.

Mr. DOUGLAS. The opponents of what?

The PRESIDING OFFICER. The opponents of the motion.

Mr. DOUGLAS. The opponents of the motion have consumed 24 minutes?

The PRESIDING OFFICER. Yes; and the proponents of the motion have consumed 21 minutes.

Mr. DOUGLAS. Then I suggest that the debate be resumed.

Mr. President, this is an extremely important bill, and I believe it would be very judicious——

Mr. KERR. Mr. President, a parliamentary inquiry: Does the Senator from Illinois yield time to himself; and, if so, how much time?

Mr. DOUGLAS. Mr. President, in the absence of the Senator from Tennessee [Mr. GORE], I shall manage the time available to our side.

Mr. KERR. Mr. President, let me ask whether the Senator from Illinois yields time to himself; and, if so, how much time?

Mr. DOUGLAS. I shall yield such time as I may require.

Mr. KERR. Very good.

Mr. DOUGLAS. I thank the Senator from Oklahoma.

The PRESIDING OFFICER. The Senator from Illinois may proceed.

Mr. DOUGLAS. Mr. President, the Du Pont suit now being heard in Chicago is a tremendously important one. It involves the question as to whether the Wilmington branch of the Du Pont family will continue to control General Motors Corp. At present they control it because they control Christiana, owning or controlling 80 percent of Christiana, which in turn owns 29 percent of Du Pont, which in turn controls 23 percent of General Motors. This gives them multiplied power inside the General Motors Co.

The issue in Chicago is whether Christiana will be compelled to divest—and the Government is saying it should divest—and if so, how it should divest; and the Government is, of course, maintaining that it should be a divestiture by sale rather than by pass-through to the Du Pont family as individuals.

The 65 members of the Wilmington branch of the Du Pont family own as individuals 3.4 percent of General Motors stock.

There are various trust groups which administer General Motors stock for them, which own seven-tenths of 1 percent of General Motors stock in addition. The possession of those shares of stock is not at issue, and the 4.1 percent will continue to be in the hands of the Wilmington branch of the Du Pont family.

What is at issue deals with the 5.4 percent of the General Motors stock which is held by Christiana. That is the point. Du Pont is maintaining, first, that Christiana should not divest, or, if it must divest, that it should divest by pass-through, which would largely permit the Wilmington branch of the Du Pont family as individuals to control General Motors, because their aggregate holdings would amount to 9.4 percent. In view of the fact that no other single holding exceeds 1 percent, this would give them virtual control of the company.

As the Senator from Tennessee has said, the question is whether the Du Pont family, which thus far has lost twice in the courts—not in the decisions of the district court, but in the decisions of the Supreme Court—is to win on the floor of the Congress by getting a tax bill through which would give a strong lead to the court as to how it should decide these issues still before the court.

On yesterday I went into this question at some length, and in the speech, which is contained on pages 633 to 636 of the RECORD, I dealt with the tax effects which are involved.

In the first place, the present bill provides that the tax to Christiana, if Christiana does not divest, will amount to only about $4.29 a share. Of course, we realize in all this discussion that Christiana bought General Motors stock at an average price of $2.09, and that the stock is now worth $55 a share. The appreciation in value has been approximately $53 a share. On the value of some 18.3 million shares held by Christiana, the appreciation has been almost precisely $1 billion, and the appreciation in value of General Motors stock in the hands of the Du Pont Co. is $3⅓ billion, including the $1 billion of Christiana.

There is a powerful inducement in the bill to indicate that Congress is making the tax effects much lighter if there is no divestiture by Christiana than if there is divestiture, the tax being only, as I have said, $4.29 a share if there is no divestiture.

In the table which I prepared, and which appears on page 635 of yesterday's RECORD, we have the respective changes which the bill makes with respect to the tax effects if there is a sale by Christiana or a pass-through. In brief, this table shows that if there is divestiture by sale under the present law, the ordinary capital gains tax will apply, approximately $13.25 a share, namely, 25 percent of the $53 increase in share value. That is under the present law. But under the bill as presented, there would be a capital gains tax of $11.25, a slight reduction.

But notice that there is both a greater relative and an absolute reduction in the case of divestiture by pass-through under the bill, and this would leave 9.4 percent of General Motors stock in the hands of the Wilmington branch of the Du Pont family.

If there is a pass-through by Christiana under the present law, assuming that the Wilmington branch of the Du Pont family are in the 60-percent tax bracket, they would pay the ordinary income tax rates, or $33 a share.

If they are in the 70-percent tax bracket, they would pay $38.50. If they are in the 75-percent tax bracket, they would pay $41.25. If they are in the 80-percent tax bracket, they would pay $44 a share.

That would apply under the present law. But if there is a pass-through under H.R. 8847 they would pay only $8.76 a share, calculated on the average basis or the original cost of Christiana stock to Christiana stockholders, which is approximately $27 a share.

Notice, therefore, in the first place, that the relative reduction in the tax for Christiana which is effected by this bill is much greater in the case of divestiture by pass-through than in the case of divestiture by sale. And, secondly, that the absolute tax is less under divestiture by pass-through than under divestiture by sale, namely, $8.76 as contrasted with $11.25.

So I think we can sum up the tax effects of this bill with respect to divestiture by Christiana of its General Motors stock in the following ways:

First. The bill makes no particular change in the tax effects of a sale by Christiana of its General Motors stock, as compared with the effects of the present law. Both under the bill and under present law the tax would be at the capital gains rate. The percentage tax and the principles applied to the gain by Christiana would be the same.

Second. The bill greatly reduces the tax effects of a pass-through by Christiana to its stockholders of its General Motors stock.

Third. The bill changes the tax effects of a pass-through under present law from a large, relative tax disadvantage to the Christiana shareholder—$33, or more—as compared with a sale—$13.23, to a relative advantage for a pass-through—$8.76—as compared with a sale—$11.25. The bill therefore gives a distinct lead to the court to decide the case in favor of a pass-through of the Christiana holdings, rather than a sale.

Mr. President, this is why the Senator from Tennessee and I have been contending the Senate should postpone consideration of the tax bill until after a decision has been rendered by the courts in the General Motors antitrust case. If we act as the majority of the Members seem to be bent on acting this afternoon, we shall be putting into effect tax favors which give a great advantage for no divestiture by Christiana at all, and which give absolute and relative advantages for a divestiture by pass-through rather than a divestiture by sale. We are, therefore, placed in the position of lining up fairly and squarely on the side of the Du Pont Co. in the contentions which are being made in Chicago, and we can be certain that the able attorneys for the Du Pont Co.—and they are able, indeed—will use the action which we are taking as a distinct argument that it was the intent of the Congress to favor either no divestiture at all or, if divestiture should occur, a divestiture by pass-through rather than by sale.

That is the issue. It may have been made somewhat difficult to understand because of the fact that there are corporations within corporations, but anyone who has read the RECORD very carefully—and I hope my colleagues have done so—will understand what is the issue.

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

Mr. DOUGLAS. I yield.

Mr. MANSFIELD. Mr. President, without the time being taken from the allocated period, I suggest the absence of a quorum.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana?

Mr. KERR. Mr. President, reserving the right to object, would that in any way interfere with a vote on the motion at 2 o'clock?

Mr. MANSFIELD. No. To make that very plain, I withdraw my request, although that is not needed, because we agreed to vote at 2 o'clock, and I ask that the time necessary for the call of the roll be charged equally to both sides.

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

The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. GORE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. HICKEY in the chair). Without objection, it is so ordered.

Mr. KERR. Mr. President, I yield myself such time as is required out of the time remaining on the part of the opponents of the motion to recommit.

It seems to the Senator from Oklahoma that at this stage of its consideration it would be futile to recommit the bill to the Senate Committee on Finance for further consideration or deliberation by the committee.

The bill in one form or another has been before the committees of the House and the Senate for nearly 4 years. It has been considered by the Senate Finance Committee for many weeks and, of course, has had the consideration of members of the Finance Committee for years.

Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. KERR. Who is the author of the motion to recommit?

THE PRESIDING OFFICER. The Senator from Tennessee [Mr. GORE].

Mr. KERR. It seems to the Senator from Oklahoma that the Senator from Tennessee [Mr. GORE] has had a wide range of mixed emotions, opinions, and sentiments with reference to the bill. He now wishes to recommit the bill to the committee that has had it in one form or another for many years, during all of which time he has been a member of the committee. When the bill was before the committee last year, and immediately prior to its being acted upon by the committee, the distinguished Senator from Tennessee wanted to postpone consideration of the bill by the committee. In other words, at the time it was before the committee he did not want to have it considered by the committee. In fact, the chairman of the committee postponed the consideration of the bill, I believe, approximately 2 weeks—if I am in error, I am sure the Senator from Tennessee will correct me—while the Senator from Tennessee was not in Washington, and requested that the bill not be considered by the committee in his absence. The request was granted, and the committee gave no consideration to the bill during his absence because of his request that it not do so.

When the distinguished Senator from Tennessee returned, the chairman of the committee called the bill to the committee's attention for its consideration and deliberation. The time of the session of Congress was growing short. I recall quite vividly the day the bill was before the committee for action. The distinguished Senator from Tennessee will recall that he and the Senator from Illinois, one of the principal opponents of the bill, and the Senator from Oklahoma took a good deal of the committee's time that morning in talking about other matters. However, the time approached on that memorable day when the committee was about to act on the pending bill, and the hour of noon was approaching with equal speed and momentum. The Senate was due to go into session at 12 o'clock noon that day.

The distinguished chairman of the committee had asked the majority leader to request unanimous consent of the Senate that the Finance Committee be permitted to sit in session that afternoon to consider the bill. The distinguished Senator from Tennessee, as was his right and privilege, left the committee about 5 minutes before 12. He came to the floor. When the request was made that the Finance Committee be permitted to sit that afternoon to consider the bill, the request was objected to by the distinguished Senator from Tennessee. Thus, while the bill was before the committee by reason of the action of the Senator from Tennessee, the committee was not permitted to sit in deliberation over and consideration of the bill. It was necessary in the minds of the committee, in order that it might deliberate on it and still meet the objections and the desires of the Senator from Tennessee to postpone their deliberations on it, to meet that evening after the Senate had adjourned.

That evening the Committee on Finance considered the bill again. It was considered over a considerable period of time, but one of numerous times that the committee had considered the matter. The committee reported the bill to the Senate.

The Senator from Tennessee advised the Senator from Oklahoma, the Senator from Virginia [Mr. BYRD], and the Senator from Delaware [Mr. WILLIAMS], that the Senate would not have an opportunity to vote on the bill in the closing days of the 1961 session, even though it was the pending business. Due to the objections of certain Members of the Senate, including the Senator from Tennessee, due to the time that was taken, and the indication of the time that would be devoted to it, it became apparent that the Senate would not have the opportunity to vote on the bill in the 1961 session.

Unanimous consent was given that when the Senate returned in January of this year, the bill would be the pending business, and that beginning on January 15 it would be before the Senate for its consideration. Now the Senator from Tennessee wants to move to recommit the bill to the Finance Committee. He says this is a matter which is pending in a Federal court, and that we should not vote on it while it is before the court.

It is interesting that the Senator from Tennessee, from the great Volunteer State, should feel thus tenderly about the Federal court. It is especially significant in the light of the debate that took place later in the Senate in June 1960, when the Senator from Tennessee had an amendment before the Senate seeking to amend the tax laws of our country. He offered an amendment, which appears in the CONGRESSIONAL RECORD, volume 106, part 10, page 13216.

The Senator from Tennessee [Mr. GORE] offered an amendment to the first committee amendment, and sent it to the desk. It was reported to the Senate. It had to do with determining or fixing the point or stage in the processing of raw materials at which the depletion allowance provided by law would apply. It was a matter that the Senator from Tennessee felt very strongly about. On page 13217 he said to the distinguished junior Senator from Missouri [Mr. SYMINGTON]:

> This is an amendment, I may say to the able junior Senator from Missouri, which Congress should have enacted a long time ago.

In the course of the debate and discussion the Senator from New Mexico [Mr. ANDERSON] called attention to the fact that the amendment of the Senator from Tennessee had been before the Ways and Means Committee of the House and had been before the Senate

Finance Committee, and had not been acted on by either committee favorably. At page 13218, the distinguished Senator from New Mexico said:

That is why, frankly, I said in the committee that I thought the Senator from Tennessee had performed a valuable function. I thought the proposal he made was extremely important. The only reason why I, for one, was willing to withhold action was that the High Court might conclude that the lower courts were wrong. If the High Court ruled that the lower courts were wrong, then the matter would be solved by that decision. If the High Court should hold to the contrary, then I am quite certain that the House Committee on Ways and Means and the Senate Committee on Finance would have to address themselves to this question immediately and diligently.

The Senator from Tennessee [Mr. GORE] replied at page 13219, as follows:

The Senator from New Mexico has made an entirely fair and frank statement. I wish, however, to differ with him as to the advisability of legislative action. In essence, the Senator is proposing to let the Supreme Court legislate. I doubt if Members of the Senate, upon careful consideration, want to abdicate their responsibility in writing the tax laws, and then await an effort to get an interpretation from the High Court, the Court of Last Resort. That, in essence, is what the able Senator from New Mexico has said: "Let us not legislate on this subject; let us wait to see if the Supreme Court will not do so."

There was some more discussion between the Senator from Tennessee [Mr. GORE] and the Senator from New Mexico [Mr. ANDERSON]. Then the Senator from Tennessee made what I thought was a very pertinent remark, a very able remark, and I should like to read it:

Mr. GORE. Mr. President, I am not a Harvard Law School graduate.

Mr. President, then I knew there was a community of interest between me and the Senator from Tennessee. I had practiced law for a number of years, and I was not a Harvard Law School graduate either. I had never had the benefit of such education, but, like the Senator from Tennessee, I felt I had never been handicapped or shackled by it.

Continuing, the Senator from Tennessee said:

I obtained my education in law at the YMCA night school.

I never inquired into that, but took the statement at face value.

Continuing, the Senator from Tennessee said:

But based on my limited learning and on my experience as a legislator, I believe it is properly the province of the legislative branch of the Government to lay down the guidelines for our tax laws, rather than to await, petition, and beseech the judicial branch to lay down the guidelines. That is a very basic point in connection with this matter. So in that regard I wish to disagree with my able friend.

Mr. President, I can only say that I never agreed with a statement by a Member of this body more than I do with what the Senator from Tennessee said on that day in June 1960, namely, that the matter of legislation on taxes is a responsibility of Congress, not a function of the court. The interpretation is the function of the court, yes. The legislation, as was so ably stated by the Senator from Tennessee on that day, is a function and responsibility of the legislative.

It has been made clear in the report of the Committee on Finance that the action of Congress in this matter is in no way to influence the courts or to suggest what their ruling shall be on the divestiture of stock with respect to the enforcement of the antitrust law. The legislative intent has been made clear by the chairman of the committee, the distinguished senior Senator from Virginia [Mr. BYRD], by the distinguished senior Senator from Delaware [Mr. WILLIAMS], and the Senator from Oklahoma, who now speaks. It is, however, the responsibility of the Senate—and of Congress—to legislate with reference to taxation.

I was interested in the remarks of the distinguished senior Senator from Tennessee [Mr. KEFAUVER]. I remember that when this proposal was before the Committee on Finance for deliberation, one of the exhibits read was a letter from the Senator from Tennessee to the chairman, which is as follows:

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: It is my understanding that your committee will hold hearings tomorrow on legislation to reduce the economic hardship on shareholders of Du Pont stock arising out of the divestiture of General Motors stock. Although the divestiture resulted from antitrust action, I believe that it would work undue hardship on shareholders. Therefore, I wish to be on public record in favor of the legislation in principal and hope you will make this letter a part of the record of the hearings.

With kind regards,
Sincerely yours,

ESTES KEFAUVER,
U.S. Senator.

So the senior Senator from Tennessee in his letter recommended and urged favorable action on the bill and its passage by Congress.

Mr. President, under these circumstances, I urge that the motion to recommit be rejected and that the Senate proceed with its deliberations on the bill.

The PRESIDING OFFICER. The time of the Senator from Oklahoma has expired.

Mr. KEFAUVER. Mr. President, will the Senator from Oklahoma yield?

Mr. KERR. My time has expired.

Mr. GORE. Mr. President, may I inquire how much time remains to me?

The PRESIDING OFFICER. The junior Senator from Tennessee has 8 minutes remaining.

Mr. GORE. Mr. President, I am grateful that my colleague, friend, and fellow committee member, the able senior Senator from Oklahoma [Mr. KERR], has reviewed the long fight in which I have taken a part, and the various steps which I have taken, in trying to prevent the enactment of the pending bill. I am proud of all those steps. The keen disappointment I feel today, bordering upon heartbreak, is that I have not been able to reach a larger number of Senators on this difficult, technical, and complicated subject. Few more important questions will be before the Senate for a long while to come.

The heart of the question is not how much will be paid in taxes or which particular class of taxpayers will pay those taxes, but rather whether the effort to enforce the antitrust laws will succeed or fail. That is the important question.

There is another very important aspect in which the bill sets a precedent. It provides for the distribution of corporate assets whose aggregate value is the largest ever distributed, with only nominal taxes to many taxpayers. The tax will be as low as 16 cents a share to some corporate shareholders, this being the total tax paid by these shareholders on receipt of their pro rata share of General Motors stock now held by Du Pont.

However, I wish to address my remarks in this brief time to the antimonopoly issue. I wonder where other Senators are who have made eloquent speeches about our free competitive enterprise system. Let me read what the Federal Trade Commission said in a report entitled "The Du Pont Complex," which it made after an investigation.

This report presents an analysis of the Du Pont complex. In this complex are to be found some of the largest corporations in American industry, representing a tremendous aggregation of economic power.

Because of the brief time allotted to me, I shall have to read only briefly from the report. I read further:

Briefly, the report reveals the existence of a system of preempted, closed markets of significance to all business units seeking to engage in the manufacture and sale of the same or competing products. It reveals the apparent existence of a division of markets between large sellers and large buyers for a number of important products.

I close with these two sentences:

Of all the problems involved in the concentration of economic power, none is more difficult of solution than this problem of the interest group or complex of giant corporations. Yet none is more important of solution if a free, competitive economy is to be maintained.

The distinguished senior Senator from Oklahoma has again stated that it is not the purpose of the bill to influence the decision of the court. Yet the distinguished junior Senator from Minnesota [Mr. MCCARTHY], a member of the committee, said on the floor of the Senate that the primary purpose of the bill was to make it easier for the court to render its decision. What kind of decision? In my view, the bill makes it easier for the court to render the kind of decision which the Du Pont Co. and the Christiana Corp. want the court to render. There is evidence of that. There has been much propaganda about how hundreds of thousands of stockholders would benefit by the bill. Are Senators aware that unless the court renders a decision in conformity with the terms of the bill, not one benefit will flow from the bill to any stockholder whatsoever? Is not that designed to influence the decision of the judge? If it is not, then why pass the bill?

In the 16 minutes used by the distinguished Senator from Oklahoma in

his speech just now, he recalled a number of instances in which I have opposed the bill; but I submit that he did not give one reason why we should pass the bill. The court in Chicago is in its final sitting on the case now. Final briefs have been called for. The issue that has been in litigation since 1949 is in the final stages of litigation. Yet we are asked to provide a legislative solution. This bill is not on all fours with the bill passed in 1960 to which the Senator from Oklahoma referred. That was prospective legislation. It did not undertake to deal with a case in the courts.

I ask Senators to consider this as the serious question that it is and to vote to return the bill to committee with instructions to act on the bill after the decision of the court has been rendered.

The PRESIDING OFFICER (Mr. BURDICK in the chair). The question is on agreeing to the motion to recommit.

Mr. KUCHEL. Mr. President, on this question, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. DOUGLAS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Illinois will state it.

Mr. DOUGLAS. Will the Chair state the pending motion?

The PRESIDING OFFICER. The pending question is on agreeing to the motion that the pending bill, H.R. 8847, be recommitted to the Committee on Finance and that the committee be instructed to report to the Senate at such time as a final order prescribing the terms of divestiture of General Motors stock by E. I. du Pont de Nemours & Co. shall have been entered, a bill providing such tax relief as the committee may deem appropriate and equitable.

Mr. DIRKSEN. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Illinois will state it.

Mr. DIRKSEN. I trust that the Chair will restate the pending motion in its entirety, and also will state the name of the author of the motion.

The PRESIDING OFFICER. The pending motion will be read.

The LEGISLATIVE CLERK. It has been moved by the Senator from Tennessee [Mr. GORE] that the pending bill, H.R. 8847, be recommitted to the Committee on Finance and that the committee be instructed to report to the Senate at such time as a final order prescribing the terms of divestiture of General Motors stock by E. I. du Pont de Nemours & Co. shall have been entered, a bill providing such tax relief as the committee may deem appropriate and equitable.

Mr. GORE. Mr. President, let me state that a copy of the pending motion has been placed on the desk of each Senator.

The PRESIDING OFFICER. On this question the yeas and nays have been ordered; and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from Mississippi [Mr. EASTLAND], the Senator from Oregon [Mr. MORSE], and the Senator from Maine [Mr. MUSKIE] are absent on official business.

I further announce that the Senator from New Mexico [Mr. CHAVEZ] is absent because of illness.

On this vote, the Senator from Mississippi [Mr. EASTLAND] is paired with the Senator from Oregon [Mr. MORSE]. If present and voting, the Senator from Mississippi would vote "nay," and the Senator from Oregon would vote "yea."

On this vote, the Senator from New Mexico [Mr. CHAVEZ] is paired with the Senator from Maine [Mr. MUSKIE]. If present and voting, the Senator from New Mexico would vote "nay," and the Senator from Maine would vote "yea."

Mr. KUCHEL. I announce that the Senator from Maryland [Mr. BUTLER] is necessarily absent.

The Senator from Iowa [Mr. MILLER] is absent on official business.

The Senator from Iowa [Mr. HICKENLOOPER] is absent on official business, to attend the Eighth Meeting of Consultation of Ministers of Foreign Affairs of American States.

If present and voting, the Senator from Maryland [Mr. BUTLER] and the Senators from Iowa [Mr. HICKENLOOPER and Mr. MILLER] would each vote "nay."

The result was announced—yeas 25, nays 67, as follows:

[No. 3 Leg.]

YEAS—25

Bartlett	Hayden	Metcalf
Burdick	Humphrey	Moss
Carroll	Jackson	Neuberger
Church	Kefauver	Pell
Clark	Lausche	Proxmire
Douglas	Long, Hawaii	Smith, Mass.
Gore	Magnuson	Yarborough
Gruening	McGee	
Hart	McNamara	

NAYS—67

Aiken	Ervin	Murphy
Allott	Fong	Pastore
Anderson	Fulbright	Prouty
Beall	Goldwater	Randolph
Bennett	Hartke	Robertson
Bible	Hickey	Russell
Boggs	Hill	Saltonstall
Bush	Holland	Scott
Byrd, Va.	Hruska	Smathers
Byrd, W. Va.	Javits	Smith, Maine
Cannon	Johnston	Sparkman
Capehart	Jordan	Stennis
Carlson	Keating	Symington
Case, N.J.	Kerr	Talmadge
Case, S. Dak.	Kuchel	Thurmond
Cooper	Long, Mo.	Tower
Cotton	Long, La.	Wiley
Curtis	Mansfield	Williams, N.J.
Dirksen	McCarthy	Williams, Del.
Dodd	McClellan	Young, N. Dak.
Dworshak	Monroney	Young, Ohio
Ellender	Morton	
Engle	Mundt	

NOT VOTING—7

Butler	Hickenlooper	Muskie
Chavez	Miller	
Eastland	Morse	

So the motion to recommit was rejected.

Mr. BYRD of Virginia. Mr. President, I move that the vote by which the motion to recommit was rejected be reconsidered.

Mr. DIRKSEN. Mr. President, I move to lay that motion on the table.

Mr. WILLIAMS of Delaware. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DOUGLAS. Mr. President, I call up my amendments identified as "1-16-62—A," and ask unanimous consent that the reading of the amendments be dispensed with, that they appear in the RECORD at this point, and I ask for the yeas and nay on the amendments.

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

On page 2, lines 7 and 8, strike out ", to a qualifying shareholder (as defined in subsection (b))" and insert "to a shareholder".

On page 2, strike out lines 12 through 16.

On page 2, line 17, strike out "(c)" and insert "(b)".

On page 3, after line 2, insert the following:

"(3) AMOUNT DISTRIBUTED TO CORPORATE DISTRIBUTEES.—Notwithstanding section 301 (b)(1) (but subject to section 301(b)(2)), for purposes of this section the amount of a distribution of divested stock received by a corporation shall be the fair market value of such stock.

"(4) BASIS OF DIVESTED STOCK RECEIVED BY CORPORATE DISTRIBUTEES.—Notwithstanding section 301(d), the basis of divested stock received by a corporation in a distribution to which subsection (a) applies shall be the fair market value of such stock."

On page 3, line 3, strike out "(d)" and insert "(c)".

On page 3, line 12, strike out "(e)" and insert "(d)".

On page 2, line 7, strike out "(e)" and insert "(d)".

On page 5, beginning with line 4, strike out all through line 21 on page 12 (sections 2 and 3 of the bill).

Amend the title so as to read: "An Act to amend the Internal Revenue Code of 1954 so as to provide that a distribution of stock made pursuant to an order enforcing the antitrust laws shall not be treated as a dividend distribution but shall be treated as a return of capital."

The yeas and nays were ordered.

The PRESIDING OFFICER. The time on this amendment is 2 hours.

Mr. DOUGLAS. Mr. President, I shall take only about 15 minutes.

Mr. President, under my amendment, everyone would pay a capital-gains tax. Under the bill in its present form, if Christiana does not divest, Christiana will pay only about one-third of what a capital-gains tax would be.

The PRESIDING OFFICER. How much time does the Senator yield to himself?

Mr. DOUGLAS. I yield myself such time as I may require, but I do not expect to take more than 15 minutes.

The PRESIDING OFFICER. The Senator from Illinois.

Mr. DOUGLAS. Mr. President, under the bill which is now before us, and which the Senate has refused to recommit, individual shareholders of Du Pont will pay a capital-gains tax. If Christiana is not ordered to divest, Christiana will pay only about one-third of what a capital-gains tax would be. The question as to whether or not Christiana will divest is one which is very much in dispute.

The Du Pont attorneys are maintaining that Christiana should not be compelled to divest. Then, only as a secondary evil, are they saying that if Christiana is compelled to divest it should be by a pass-through, largely to the Wilmington branch of the Du Pont family, rather than by sale to the general public.

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

Mr. DOUGLAS. I am glad to yield.

Mr. GORE. Do I correctly understand the amendment of the Senator to apply to all Du Ponnt stockholders the same return of capital treatment, which is a modified capital gains treatment?

Mr. DOUGLAS. The Senator is correct.

Mr. GORE. May I inquire of the Senator, unless this is done are there not numerous corporations which will pay a tax of only three-tenths of 1 percent on the value of the General Motors stock they receive?

Mr. DOUGLAS. There are corporations other than Christiana which will pay a tax of only 7½ percent on original cost. If the original cost were the same to them as in the case of Christiana, this would be a tax of 16 cents a share on an apreciation of $53 a share.

Mr. GORE. Thus, the bill would levy a modified capital gains tax on individual stockholders, yet it would permit all corporate stockholders except Christiana to escape with a tax of 15 or 16 cents a share, which is about three-tenths of 1 percent?

Mr. DOUGLAS. The Senator is correct, assuming that the cost of the shares was the same as the cost of shares to Christiana.

Mr. GORE. The Senator's amendment would aply the same return of capital treatment, which is a reduced, modified capital gains tax, to all stockholders of Du Pont.

Mr. DOUGLAS. That is correct.

Mr. President, it has been testified by Mr. Greenewalt, the very able president of Du Pont, that Du Pont bought its shares in General Motors at an average price of $2.09 a share. The stock is now worth $55 a share. There has been an accretion in value, therefore, of $53 a share.

On the 63 million shares held by Du Pont, there has been a total accretion in value of approximately $3⅓ billion. Upon the 18,300,000 shares of General Motors which would be Christiana's share, the total accretion in value has been almost precisely $1 billion. We are dealing, therefore, with enormous magnitudes.

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

Mr. DOUGLAS. No. I should like to complete my argument, if I may. I know that if I yield to the Senator from Oklahoma we shall get off on all kinds of subjects and it will be very difficult to get back to the subject under consideration.

Mr. KERR. I thank the Senator for the compliment to my ability to divert his attention.

Mr. DOUGLAS. The Senator from Oklahoma is the greatest expert at diversionary tactics and "muddying up" the record who ever graced the floor of the U.S. Senate. I mean that as a compliment, and I am sure he will appreciate it as such. I shall yield to the Senator later.

Mr. President, the bill would impose a tax of approximately $4.29 a share on the stock held by Christiana. That is a tax of 52 percent of 15 percent of the present market price, the market price being $55.

Mr. KERR. Mr. President, will the Senator yield? I am sure the Senator does not wish to leave the record in that shape.

Mr. DOUGLAS. In the case of Christiana, based on the present market value, this is 52 percent of 15 percent of present market value.

Mr. KERR. Is not the Senator aware of the fact that the bill would require Christiana to pay a corporate tax on the full market value of the stock, when received?

Mr. DOUGLAS. What I am saying is that Christiana is to be taxed at the intercorporate rate, 52 percent of 15 percent but on the present market value. This is a change from the rule which applies to other corporations and in general to intercorporate dividends at present, of 52 percent of 15 percent of original cost. To this degree there has been a change and improvement.

What I am proposing is that Christiana should pay the 25-percent capital gains rate, which individuals would pay, for the increase in value which it has enjoyed. This would mean Christiana would be treated the same as individuals are treated, and would pay 25 percent, and other corporations would be treated in exactly the same way and would pay 25 percent of the increase in value. If the stock were purchased at $2.09 and is now worth $55, in each case that would amount to a tax of approximately $13.25 per share.

Mr. PASTORE. Mr. President, will the Senator yield for a question?

Mr. DOUGLAS. I will yield in a moment. We are proposing that the treatment should be uniform to all corporations as well as to individuals.

Now I shall be glad to yield for a question, but I think perhaps I should yield first to the Senator from Oklahoma.

Mr. PASTORE. I thought the Senator had done so.

Mr. DOUGLAS. Well, I have.

Before the Senator asks me a question on this point I wish to point out that if Christiana is not ordered to divest this involves approximately $8.50 added tax per share, or a total of approximately $150 million on the shares held by Christiana, so there are enormous amounts at stake under the amendment.

Now I am glad to yield to the Senator.

Mr. KERR. Under existing law, if Du Pont passed out a share of stock in General Motors to Christiana as a dividend——

Mr. BUSH. Mr. President, we would like to hear the Senator. This is a very interesting question.

Mr. KERR. Under existing law, if a dividend of General Motors stock were to be passed to Christiana, Christiana would pay a corporate tax on 15 percent of the cost.

Mr. DOUGLAS. Of the original cost; that is correct.

Mr. KERR. Of the original cost of the General Motors stock.

Mr. DOUGLAS. Or a tax of 16 cents a share. That is correct.

Mr. KERR. The calculation of the figure is something in which we could indulge.

Mr. DOUGLAS. It would be 16 cents a share.

Mr. KERR. But it would be on the basis of a corporate tax of 15 percent of the cost to Du Pont.

Mr. DOUGLAS. That is correct. The average cost to Du Pont has been testified by Mr. Greenewalt to be $2.09 a share. The result is 16 cents a share.

Mr. KERR. The Senator is eminently correct.

Mr. DOUGLAS. Under the present law.

Mr. KERR. That is the existing law.

Mr. DOUGLAS. That is correct.

Mr. KERR. Under the bill which is before the Senate Christiana would have to pay a corporate tax of 15 percent of market value.

Mr. DOUGLAS. Of present market value, which is $55 instead of $2.09. This would result in a tax of approximately $4.29 a share.

Mr. KERR. That is in the bill.

Mr. DOUGLAS. That is correct.

Mr. KERR. Yet under the bill Christiana is the only corporate stockholder of Du Pont stock which would have to pay on 15 percent of market value. Is that correct?

Mr. DOUGLAS. That is correct. I am proposing that the treatment be uniform and that there be paid a capital gains rate, by Christiana and other corporations exactly as individuals would pay a capital gains rate.

Mr. KERR. If the Senator is willing, I should like to continue. I do not wish to use the Senator's time. Any time I take may be charged to the other side.

Mr. DOUGLAS. That is all right.

Mr. KERR. If the Senator is uneasy about the time factor we can do that.

Mr. DOUGLAS. Not at all. It is always a delight to converse with my charming friend from Oklahoma.

Mr. KERR. That is entirely mutual.

Mr. DOUGLAS. I am sure it is.

Mr. KERR. Under present law or under the bill, any other corporate stockholder who had received any of the General Motors stock as a dividend as a result of divestiture from Du Pont would be taxed upon 15 percent of the original cost which, as the Senator has said, would be 16 cents a share.

Mr. DOUGLAS. I have made that statement several times. The Senator is correct, if the stock were bought at $2.09.

Mr. KERR. That cost is that at which the Senator from Illinois said Du Pont had bought it.

Mr. DOUGLAS. Yes, but not necessarily the other corporations.

Mr. KERR. That is immaterial. The Senator from Illinois said it would be based upon what the stock cost Du Pont. If that statement is not correct, let us get it correct as we go along.

Mr. DOUGLAS. The principle is the same in both cases. It would be 52 percent on 15 percent of the original cost to the company involved.

Mr. KERR. Du Pont is the company involved, and General Motors is the stock involved.

Mr. DOUGLAS. The other companies are somewhat mysterious and it is not quite known whether they made direct purchases or not.

Mr. KERR. If they made direct purchases, they would not be getting the stock as a pass-through from Du Pont. I am addressing my question to what other corporate owners of Du Pont would pay under existing law or the bill on the stock passed through to them from Du Pont.

Mr. DOUGLAS. What the Senator has said is correct.

Mr. KERR. So Christiana would pay about $4.75 a share income tax. Other corporate stockholders would pay the 16 cents per share that the Senator has mentioned.

Mr. DOUGLAS. Given those assumptions, the Senator is correct. I think they all ought to pay 25 percent on the accretion in value. That would be approximately $13.25, which is the same percentage tax that individuals would pay.

Mr. KERR. If the stock were passed through to Christiana, Christiana would keep the stock, pass it through to the stockholders, or sell it.

Mr. DOUGLAS. Under the bill, if Christiana should keep the stock, it would pay approximately $4.29 a share.

Mr. KERR. The Senator is correct.

Mr. DOUGLAS. That is what I said.

Mr. KERR. The Department of Justice is asking the court to order Christiana to sell the stock.

Mr. DOUGLAS. The Senator is correct.

Mr. KERR. If Christiana should sell the stock under a court order, Christiana would immediately owe a capital gains tax on whatever they receive above the original cost to Du Pont, plus 15 percent of the market value of such stock when passed through.

Mr. DOUGLAS. The Senator is correct. Under the bill it would be $11.25 a share. That is the point I make. The present bill would give such a great advantage, so far as Christiana is concerned, not to divest that the Du Pont attorneys could use that point as an argument before the court in Chicago that it was the intent of Congress to favor nondivestiture. I am trying to remove that implication by providing that Christiana pay approximately the same tax should it hold the stock as it would should it decide to divest by sale.

Mr. KERR. Is it the Senator's position that Christiana should pay a capital gains tax on that transaction whether they sell or not, or whether they pass through or not?

Mr. DOUGLAS. The Senator is correct—the same as individuals would pay.

Mr. KERR. If they passed through to the individual stockholders, the stockholders would have to pay a capital gains tax, would they not?

Mr. DOUGLAS. Under the bill they would pay a modified tax.

Mr. KERR. They would pay a capital gains tax in the same identical amount.

Mr. DOUGLAS. No; not in the same identical amount.

Mr. KERR. In the same identical amount that Christiana would pay if Christiana should sell under a court order.

Mr. DOUGLAS. If Christiana should divest by sale, there would be no added tax——

Mr. KERR. If Christiana should divest——

Mr. DOUGLAS. Will the Senator permit me to finish the sentence?

Mr. KERR. I suggest that if the company should divest——

Mr. DOUGLAS. If Christiana should divest by sale, under my amendment there would be no added tax above the $13.25 that Christiana would originally pay. Under my amendment there would be no added tax.

Mr. KERR. I say that point is not significant to the debate.

The Senator from Illinois has said he wants all treated alike. The Senator from Oklahoma believes in treating all alike. But the record is that immediately upon pass-through of stock from Du Pont to Christiana, they would pay——

Mr. DOUGLAS. The Senator means under the bill.

Mr. KERR. Under the bill they would pay a tax of $4.29 a share, while any other corporate stockholder receiving stock would pay 19 cents a share tax.

Mr. DOUGLAS. Sixteen cents.

Mr. KERR. Sixteen cents a share.

Mr. DOUGLAS. My amendment would change that. I never believed in that 16 cents tax; and when the Du Pont people tried to put that point over 2 years ago in the Finance Committee—and I think the Senator from Oklahoma supported their position—the Senator from Tennessee [Mr. GORE] and I fought that effort and, thank the Lord, by a narrow margin of 1 vote, by a vote of 8 to 7, the committee defeated the 16-cent tax.

Mr. KERR. I believe the Senator is entirely in error at that point. The committee reported the bill.

Mr. DOUGLAS. I am speaking of the action 2 years ago, not that of this year.

Mr. KERR. Under the bill as it came to the Senate and is now before it, Christiana is the only corporate stockholder which must pay on a basis other than that provided in present law.

Mr. DOUGLAS. The Senator is correct.

Mr. KERR. If the court should permit Christiana to keep the stock, neither Christiana nor any other corporation would owe such tax until the stock is sold.

Mr. DOUGLAS. Does the Senator mean under present law?

Mr. KERR. Under the present law and under the bill.

Mr. DOUGLAS. Will the Senator repeat what he said?

Mr. KERR. If the court should permit Christiana to keep the stock——

Mr. DOUGLAS. And not compel divestiture.

Mr. KERR. And not compel divestiture, Christiana would owe no further tax so long as it keeps the stock.

Mr. DOUGLAS. The Senator is correct. Under the bill it would pay $4.29.

Mr. KERR. Above the $4.29 it would owe no further tax.

Mr. DOUGLAS. It would pay $4.29, and under the bill the company's obligation would be discharged if it were not required to divest.

Mr. KERR. Other corporate stockholders would pay but 16 cents.

Mr. DOUGLAS. Sixteen cents if the original cost was $2.09. The Senator is correct.

Mr. KERR. If the court should order Christiana to divest by sale, then, in addition to the $75 million or $80 million that Christiana would pay as an income tax, it would pay a capital gains tax on what it would receive from the stock above the basis of its cost.

Mr. DOUGLAS. Eleven dollars and twenty-five cents.

Mr. KERR. A share.

Mr. DOUGLAS. The Senator is correct.

Mr. KERR. If the court should permit them under the bill to pass that stock through to their stockholders, they immediately would owe the identical capital gains tax.

Mr. DOUGLAS. No; not quite.

Mr. KERR. To what extent would it differ?

Mr. DOUGLAS. As the Senator knows, there is a modified base, and the average base cost of Christiana stock to the individual Christiana stockholders is $27. Working with these average figures, it would be one-quarter of $27, or approximately $8.75.

Mr. KERR. But the stock that Christiana would receive from Du Pont would have the same cost base if passed through to the stockholder as it would have if Christiana should keep it and not be compelled to sell it.

Mr. DOUGLAS. No; the tax at this stage is related to the basic cost of the Christiana stock, not to the Du Pont or General Motors stock, as the Senator should realize.

Mr. KERR. The technical staff of the committee is present in the Chamber. I think in order to have the RECORD clear and accurate, since I know the Senator from Illinois is as anxious as the Senator from Oklahoma for the RECORD to be clear, I suggest that we ask a member of the staff that question.

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

Mr. DOUGLAS. I am glad to yield.

Mr. GORE. The distinguished senior Senator from Oklahoma has called attention to the pass-through. I ask the distinguished senior Senator from Illinois if the bill does not propose a special tax advantage for a pass-through of General Motors stock through Christiana into the hands of a few members of the Wilmington branch of the Du Pont family, in whose hands, as the Attorney General of the United States has said in a letter to the Senate, it would constitute continued control of both General Motors and Du Pont.

Mr. DOUGLAS. As contrasted with a sale.

Mr. GORE. As contrasted with a sale.

Mr. DOUGLAS. That is correct. That is what the Senator from Illinois said in his speech and what he said earlier this afternoon in discussing the bill. On a Christiana divestiture by a pass-through, the tax would be $8.76 a

share. Under divestiture by sale, it would be $11.25 a share. That is why the Senator from Tennessee and the Senator from Illinois have been contending that the pending bill in its present form gives a lead to the court, first, for Christiana not to divest at all and, second, if divestiture is ordered to divest by pass-through rather than by sale. The effect of any one of these would be to give control of General Motors stock into the hands of the 65 members of the Wilmington branch of the Du Pont family.

Mr. GORE. Has that not been alleged for 13 years, including the 8 years of the Eisenhower administration, as constituting monopoly control of both of these companies?

Mr. DOUGLAS. That is correct. What the Senator from Illinois has tried to do has been to eliminate the tax advantage of nondivestiture on the part of Christiana, so that Christiana would pay the same taxes that individuals would pay, and so that there would not be any advantage for a pass-through as compared with a sale.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator yield?

Mr. DOUGLAS. That is what we are trying to effect. Approximately $150 million is at stake in the amendment, because under the proposal of the committee the tax would be approximately $79 million; whereas under my proposal it would be approximately $230 million.

Mr. KERR. I should like to ask the Senator my other question, because I know he wants the RECORD to be accurate, just as I do. Any private stockholder receiving the Du Pont stock——

Mr. DOUGLAS. The Senator means——

Mr. KERR. General Motors stock——

Mr. DOUGLAS. The Senator means divestiture by Du Pont to an individual——

Mr. KERR. Of stock that is now in Du Pont.

Mr. DOUGLAS. That is correct.

Mr. KERR. If it gets to the individual stockholder——

Mr. DOUGLAS. Who is not a stockholder in Christiana, of course.

Mr. KERR. Well, whether it gets to one who is or is not——

Mr. DOUGLAS. It makes a great deal of difference.

Mr. KERR. But it comes by divestiture.

Mr. DOUGLAS. There is no question that Du Pont must divest. The question is whether Christiana must divest.

Mr. KERR. I understand. However, I am asking the Senator from Illinois if it is not a fact that any individual stockholder, if he gets the stock, will do so by reason of divestiture.

Mr. DOUGLAS. Yes; he may get it in any event by divestiture by Du Pont. The question is whether he will get it also by divestiture of Christiana.

Mr. KERR. He does not, unless he is a stockholder in Christiana.

Mr. DOUGLAS. The 65 members of the Wilmington branch of the Du Pont family own 80 percent of Christiana. Therefore, the issue is localized.

Mr. KERR. But they still would get the stock by reason of divestiture of stock by Du Pont.

Mr. DOUGLAS. If we take the 65 members of the Wilmington branch of the Du Pont family as individuals by virtue of their direct ownership in Du Pont, they own approximately 3.4 percent of General Motors stock. They are going to get that as individuals. The Government is not trying to take it away from them. They also own about 0.7 percent of General Motors stock which is held in trust. So they will get 4.1 percent of General Motors stock as individuals from the Du Pont Co. and from trust. In addition to this, they control Christiana. They own or control 80 percent of Christiana. Christiana has approximately 8.1 percent—I think it is—of General Motors stock, and the family members' share of Christiana stock would entitle them to about 5.4 percent of General Motors stock.

What we are trying to do is to see to it that they get treated approximately the same as the ordinary stockholders themselves would be treated if Christiana does not divest, or, if it divests by a pass-through.

Mr. KERR. If the individual stockholder in Du Pont gets his General Motors stock under the pending bill, it is treated as return of capital and he pays a capital gains tax on any amount above the cost of the stock he owns.

Mr. DOUGLAS. That is correct. However, in the case of corporations——

Mr. KERR. The same is true of stockholders in Christiana. It is the identical situation.

Mr. DOUGLAS. No; it is not identical, because the value of Christiana stock which is——

Mr. KERR. But that applies only with reference to stock that goes through Christiana.

Mr. DOUGLAS. May I finish?

Mr. KERR. Certainly.

Mr. DOUGLAS. It is a technical difference, which the Senator from Oklahoma does not appreciate, apparently; that in the case of divestiture by pass-through, the adjusted capital gains tax levied is not upon the price of General Motors or Du Pont but on the cost at which Christiana was acquired. That is the point.

Mr. KERR. I will ask the Senator to yield to me later.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator yield?

Mr. DOUGLAS. I would like to finish. It is very easy for this record to be muddied up. I will try to clear it up. Then I shall yield. The bill which was pushed 2 years ago and which was nearly approved by the Finance Committee was a proposal that Du Pont was to divest, and under which the individual family stockholders of Du Pont and the corporations would pay a tax of only 16 cents a share. That was on a capital gain which then amounted to $43 a share. That proposal was so outrageous that the Senate Finance Committee did not approve it. I am sorry to say that was only defeated by the narrow vote of only 8 to 7. I wish to pay tribute to the Senator from Delaware [Mr. WILLIAMS], because he comes from the State in which the home office of the Du Pont Corp. is located, and undoubtedly the pressures upon him were tremendous. Yet he voted against the 16-cent provision. I want to say that that was one of the most courageous votes I have ever seen cast in the Senate in the 14 years that I have been a Member of the Senate. I wish to pay tribute to him, as I have many times. His was the deciding vote. We were 7 to 7, and the Senator from Delaware voted against it and killed the proposal at least for the time being.

Mr. GORE and Mr. WILLIAMS of Delaware addressed the Chair.

Mr. DOUGLAS. I should like to finish. That was so outrageous that the Du Pont people knew they never could get by with it again. This time they came up with an increase in the tax for Christiana, but it was 52 percent of 15 percent, not of the original cost but of the market value. Now the sponsors of the bill are pinning medals all over themselves by saying, "We have increased the tax from 16 cents to $4.29." That is a concession, but it was wrung out of them over their opposition.

The Senator from Tennessee and the Senator from Illinois may properly claim some credit for it, because they were unflagging in their opposition to the proposal and led the fight against it.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator yield?

Mr. DOUGLAS. I will yield in a moment. I wish to finish first. Why should Christiana—and that means really the Du Pont family—have to pay a tax of only $4.29, when individual shareholders have to pay a tax of approximately $13.25 a share? Why should they be given this favored treatment? I see no reason why they should be given that treatment. They have been compelled by the action of the Senate Finance Committee—at least by eight members of the Finance Committee—to come up from 16 cents to $4.29 per share. It is our contention that they should be treated on the same basis as individual stockholders are treated and pay a capital gains tax on the increase in value, 25 percent of $53, or approximately $13.25 a share.

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

Mr. DOUGLAS. I yield.

Mr. GORE. Does not the Senator propose that all corporations holding Du Pont stock, including a large life insurance company, which holds more than 5,000 shares, be taxed on the same basis as individual stockholders?

Mr. DOUGLAS. That is correct.

Mr. GORE. I ask the Senator one further question: Why is there a special provision in the bill affecting divestiture by Christiana? The Supreme Court has not directed divestiture by Christiana. The Supreme Court remanded the case to the Chicago court with instructions to provide effective relief from the monopolistic conditions. The one issue remaining before the Chicago court is the Christiana Corp. and its stockholders.

Mr. DOUGLAS. That is correct: First, whether Christiana will divest at all—and the Du Pont Co. is saying it

should not be compelled to divest at all; and second, whether, if it does divest, it should divest by sale or by pass-through.

Mr. GORE. Is it not, then, the Senator's opinion that the real purpose and intended effect of the bill is to provide a tax incentive for a pass-through of General Motors stock all the way from Du Pont, through Christiana, to Christiana stockholders, thereby creating a situation which the Attorney General has stated would effectuate continuation of monopolistic conditions?

Mr. DOUGLAS. As the Senator from Illinois pointed out yesterday, and as he tried to point out earlier in the general debate today, the bill now under consideration gives an advantage to Christiana to divest by pass-through under the bill as compared with present law in a ratio of at least $8.76 to $33, and a pass-through rather than by sale in a ratio of $8.76 to $11.25; but it gives a still greater advantage to nondivestiture by Christiana, because in that event the tax per share is only $4.29.

What is proposed in the bill is that the tax on Christiana's portion will only be at 8 percent. I am proposing that they pay a capital gains tax of 25 percent.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator from Illinois yield?

Mr. DOUGLAS. I yield.

Mr. WILLIAMS of Delaware. I do not for one moment question the good intentions of the Senator from Illinois in offering his amendment; but is he aware that under the amendment, if it is incorporated in the bill, the effect would be to impose, in several instances, two capital gains taxes on the same share of stock before the individual stockholder got possession of the stock? Is that the Senator's intention?

Mr. DOUGLAS. That is not true. If it is divestiture by sale, there is no added tax.

Mr. WILLIAMS of Delaware. That is correct, on sale.

Mr. DOUGLAS. We agree upon that.

Mr. WILLIAMS of Delaware. Yes.

Mr. DOUGLAS. If there is divestiture by pass-through, there is an added tax on the individual of approximately $8.76, or a total tax of approximately $21.96 a share. But compare that with the tax under the present law.

Mr. WILLIAMS of Delaware. If the Senator will yield further, we are not dealing with averages. If the stock came to Christiana under the Senator's proposal Christiana would pay a capital gains tax of approximately $13 a share.

Mr. DOUGLAS. Twenty-five percent of the increase in value, which was $53.

Mr. WILLIAMS of Delaware. That is correct. Now, suppose they have an order to divest themselves of the stock, and the stock goes out to the individual shareholder.

Mr. DOUGLAS. How? By sale or by pass-through?

Mr. WILLIAMS of Delaware. By pass-through.

Mr. DOUGLAS. The Senator will admit that on a sale there is no added tax, aside from the capital gains tax.

Mr. WILLIAMS of Delaware. On a sale, there would be no difference; but under the Senator's amendment on a pass-through there would be a vast difference.

Mr. DOUGLAS. There would be some difference.

Mr. WILLIAMS of Delaware. I am speaking of a pass-through. We agree that there would be a capital gains tax at the Christiana level.

Mr. DOUGLAS. That is correct.

Mr. WILLIAMS of Delaware. Then the stock is passed out, and stockholder A owns stock at $1 a share.

Mr. DOUGLAS. He would pay a bigger tax for he would have larger than average gain.

Mr. WILLIAMS of Delaware. But in that instance under the amendment of the Senator from Illinois [Mr. DOUGLAS] the fact that the corporation had already paid $13 a share on the General Motors stock would in no way be credited to him. He would get the stock and would again pay a capital gains tax of $54.

Mr. DOUGLAS. Because his capital gains increase is larger. But I am pointing out the average case, which is calculated on an original or basis cost of the Christiana stock of $27.

Mr. WILLIAMS of Delaware. But as I have outlined there would be instances in which there would be two capital gains taxes computed on the same share of stock.

Mr. DOUGLAS. We are much more generous to the Du Pont family than under present law. Assuming a member of the Du Pont family was in the 60-percent bracket, he would pay about a $33 tax.

Under the present law, if he were in the 70-percent bracket, he would pay $38.50; if he were in the 78-percent bracket, he would pay $41.25; if he were in the 80-percent bracket, he would pay $41.44. So this amendment gives members of the Du Pont family relief from the present law.

Mr. WILLIAMS of Delaware. Assuming there would be a pass-through, is it not also true that under present law if Christiana is ordered by the court to divest itself of the stock, Christiana can elect to sell it and pay 25-percent capital gains instead of distributing it and paying regular income tax rates? Is it not reasonable to assume that they would elect the 25-percent capital gains treatment which is available under existing law rather than to pass it out and pay 75 or 80 percent?

Mr. DOUGLAS. That might be fine. It would encourage Christiana to sell, and that would be extremely desirable.

Mr. GORE. Is not that what the Senator from Illinois is proposing?

Mr. DOUGLAS. It would have that effect.

Mr. WILLIAMS of Delaware. Now we have come to the point I wish to make. The amendment of the Senator from Illinois would have the effect of forcing a sale, which is what the Department of Justice has asked the court to do but which the committee said is a matter to be decided by the court and not by Congress. The Senator from Illinois, by his amendment, is trying to decide the court case on the floor of the Senate, which is something he said the Committee on Finance should not do.

Mr. DOUGLAS. What I am doing is wiping out the premium on a pass-through—the premium in the bill.

Mr. WILLIAMS of Delaware. The Senator is putting a stockholder in a position of having to pay two capital gains taxes on the same share of stock unless they sell it. He would impose a penalty if he does not sell it.

Mr. DOUGLAS. The Senator from Delaware is advancing the theory that if a corporation has paid a capital gains tax or a corporate income tax, then the individuals who receive dividends from that corporation should be exempted from tax. That is the real theory which the Senator from Delaware is espousing. I do not hold to that theory. I hold that it is income to the individual when he gets it.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator from Illinois yield further?

Mr. DOUGLAS. Yes; surely.

Mr. WILLIAMS of Delaware. I believe the Senator has a copy of the letter which the Treasury Department sent to me in connection with the pending amendment.

Mr. DOUGLAS. I received it a moment ago, just before the debate began.

Mr. WILLIAMS of Delaware. In his letter, the Treasury Department opposes the Senator's amendment, saying that the amendment would be discriminatory in its taxation of Christiana.

Mr. DOUGLAS. That would not be the first time the Treasury Department was on the wrong side.

Mr. WILLIAMS of Delaware. The letter was signed by Mr. Knight on behalf of the Treasury Department. The Treasury Department is opposed to the adoption of the amendment.

Mr. DOUGLAS. I wear no one's collar. I do not wear the collar of the Treasury Department. I wear my own collar. Even though the Treasury Department takes the side of Du Pont in this case, that does not mean that I must follow in their wake. Not at all.

Mr. KEATING. Mr. President, will the Senator from Illinois yield?

Mr. DOUGLAS. I yield.

Mr. KEATING. Assuming that the Senator's amendment is not adopted and that the bill is enacted as it stands, it would then, as I understand, draw a distinction between an individual taxpayer and a corporate taxpayer.

Mr. DOUGLAS. That is correct.

Mr. KEATING. What would there be to prevent an individual stockholder today, if he were advantaged taxwise by so doing, to convey his stock to a corporation? Would he not thereby get the benefit of a corporate tax rather than an individual tax?

Mr. DOUGLAS. Is the Senator speaking of a stockholder in Du Pont or a stockholder in Christiana?

Mr. KEATING. A stockholder in Du Pont today. If he felt he had a tax advantage by doing so, could he simply transfer his stock, before the bill became law, to a corporation, and thereby get a benefit?

Mr. DOUGLAS. No; I think that the suit in Chicago specified that at least for personal holding companies which receive the intercorporate dividend treatment that that could not be done after September 1961.

Mr. KEATING. In other words, the suit speaks as of a date before that time?

Mr. DOUGLAS. Yes. I had the same fears. At least, in respect to personal holding companies as of that time it could not be done. I will put it this way. There may be a loophole in the case of corporations which are not personal holding companies; but the Government tried to close that possibility by fixing a cutoff date as of the 1st of last October on personal holding companies.

Mr. KEATING. In any event, it would close it for all holding companies if the Senator's amendment were adopted?

Mr. DOUGLAS. That is exactly correct.

Mr. PASTORE. Mr. President, will the Senator from Illinois yield?

Mr. DOUGLAS. I yield.

Mr. PASTORE. As a preface to his question, the senior Senator from Rhode Island is very much interested in the proposed legislation, not so much with respect to what it has to do with Christiana Corp. or the Du Pont family, because I believe they are big enough and powerful enough to take care of themselves.

Mr. DOUGLAS. I think they have demonstrated that.

Mr. PASTORE. I am very much interested in the individual stockholders in the State of Rhode Island. I have received about 200 letters from various persons in Rhode Island who have urged me to support this bill because they believe there is an inequitable or an unjust tax burden on them because of something over which they have no control. That is fundamentally my concern about this legislation.

I understand the Senator from Illinois to say that insofar as the individual stockholders are concerned, the amendment of the Senator from Illinois will not in any way affect them any differently from the way they will be affected by the bill which already has been reported by the committee.

Mr. DOUGLAS. That is correct; and the Senator from Tennessee showed, in his speech, that the individual stockholders would not benefit under the provisions of the bill, as compared with the provisions of existing law, but, as a matter of fact, might lose.

Mr. GORE. Madam President, will the Senator from Illinois yield?

The PRESIDING OFFICER (Mrs. NEUBERGER in the Chair.) Does the Senator from Illinois yield to the Senator from Tennessee?

Mr. DOUGLAS. I yield.

Mr. GORE. If the pending bill is enacted, and if the court order follows its terms, a tax will be imposed on the stockholders, whereas the president of the Du Pont Co. testified that he proposed to follow a plan, under present law—and without the passage of this bill—whereby no stockholder would pay any additional tax.

Mr. PASTORE. In other words, is it correct for me to assume that without the passage of any new law at all, when the divestiture takes place——

Mr. DOUGLAS. From the Du Pont Co. to the individual——

Mr. PASTORE. As I was saying, is it correct for me to assume that if this bill is not enacted, the individual stockholder will have to pay a dividend tax equal to the market value of the stock as earned income? Is that correct?

Mr. DOUGLAS. Yes, if the matter were handled in that way.

Mr. PASTORE. I mean if this bill is not enacted. I am trying to have the pending issue stated clearly, in understandable terms, so that the individual stockholders will be able to understand this matter clearly.

Mr. DOUGLAS. But the president of Du Pont Co. has testified that the Du Pont Co. would not do it in that way.

Mr. PASTORE. But insofar as the individual stockholder is concerned, one who now holds a share of stock which is evidence of that much ownership in the Du Pont Co. and, as a result, that much ownership in General Motors Corp., he will receive two pieces of paper, instead of one; and each piece will indicate ownership both in the Du Pont Co. and, proportionately, in General Motors Corp. I understand that unless the pending bill is enacted, when the shareholder receives the piece of paper which is evidence of ownership by him of that much General Motors stock, he will have to pay a tax, as a dividend tax, on the full amount of the market value.

Mr. BYRD of Virginia. The Senator from Rhode Island is absolutely correct; the stockholder would pay a tax just as if he got the dividend in cash.

Mr. DOUGLAS. Under the bill he would pay no immediate tax at all if he had paid more than $75 a share for his stock.

Mr. PASTORE. I am talking about the situation which would exist in the absense of enactment of this bill. Despite all the talk, for some days, about the pending bill, we become more and more confused by the minute. My problem is to ascertain what will be the situation if the proposed law is placed on the statute books.

Let me say that of course I do not have the floor; but if any Senator will yield time to me, I shall be glad to make a speech on my own behalf.

Mr. DOUGLAS. Madam President, who has the floor?

Mr. PASTORE. The Senator from Illinois has the floor.

Mr. DOUGLAS. Madam President, I should like to clear up this point by referring to the table which is to be found on page 636 of the CONGRESSIONAL RECORD for yesterday. Under the present law, the divestiture by Du Pont, in stage I, would cause the tax under the company's plan to fall largely on the company, at the capital-gains rate.

Mr. GORE. Madam President, will the Senator from Illinois yield?

Mr. DOUGLAS. I yield.

Mr. GORE. I should like to point out to the Senator from Rhode Island——

Mr. PASTORE. Madam President, I am not interested in the Du Pont family or in the Christiana Corp. I am very much interested in the small investor in Rhode Island. A number of the small stockholders in Rhode Island have written letters to me, asking that I protect them. I wish to know whether this bill, if passed, will protect them or will not protect them. My problem is very simple accordingly.

Some Senators have become confused by the discussion of Christiana and Du Pont. But those companies can take care of themselves. So instead of speaking of them, let us speak of the small investor in Rhode Island.

Mr. DOUGLAS. Madam President, this is one of the issues we discussed in connection with the motion to recommit. But the pending amendment will not change the status of such stockholders, as compared with their status under the provisions of the pending bill. The pending amendment will not change the status of the individual stockholder who receives General Motors stock from the Du Pont Co. The pending amendment deals only with the Christiana Corp. and other corporations and with the stockholders in Christiana Corp. and in other corporations. Confusion has developed in the course of the debate, because of the frequent references to the Christiana Corp. or the Du Pont Co., as compared with the individual, small stockholders, and vice versa.

Mr. PASTORE. Then it is fair for me to assume that insofar as the pending amendment proposed by the Senator from Illinois is concerned, it has to do only with corporate ownership of stock, and has nothing at all to do with the stockholding of a small investor in Rhode Island?

Mr. DOUGLAS. That is correct.

Mr. PASTORE. So am I correct in assuming that if I vote in favor of adoption of the pending amendment and, subsequently, if I vote in favor of passage of the bill as thus amended, the bill as thus passed will cause no harm at all to the small investors in Rhode Island?

Mr. DOUGLAS. Well, the second part of the Senator's question involves quite a leap in logic. [Laughter.]

Mr. PASTORE. But I want to know what the results will be.

Mr. DOUGLAS. By voting for my amendment, the Senator from Rhode Island will not be voting to hurt the small stockholder. In other words, adoption of my amendment will not hurt the small stockholder. The effect of my amendment will be neutral, insofar as the individual owner of Du Pont stock is concerned, other than a corporate owner.

Mr. PASTORE. Let me say that I have received the following letter:

DEAR SENATOR: I am writing on behalf of Nickerson House Settlement House, in Olneyville, R.I.—

Mr. DOUGLAS. The widows and the orphans. They always appear, and here they are again.

Mr. PASTORE. Well, what is wrong with the orphans? Should we not take care of them a little, too?

Mr. DOUGLAS. Certainly. They are always "trotted out" on these occasions.

Mr. PASTORE. I am a great supporter of the orphans; I am not here to fight for Christiana or for Du Pont, but

I am here to help the orphans of Rhode Island.

But apart from orphans, I wish particularly to introduce this letter from Nickerson House:

JANUARY 8, 1962.

Re H.R. 8847.
Hon. JOHN O. PASTORE,
U.S. Senator,
New Senate Office Building,
Washington, D.C.

DEAR SENATOR: I am writing on behalf of Nickerson House Settlement House in Olneyville, R.I., and urge you to favor the adoption of H.R. 8847.

While it is true that a large percentage of the operating expenses of Nickerson House is obtained through the United Fund, a large sum is obtained from income on endowments which charitable and kind benefactors have given to Nickerson House during more than 75 years of its existence.

In its endowment fund, there are some shares of the Du Pont Co. and, it is in the interest of Nickerson House and of the community in which it serves, that these shares maintain their value and maintain their earning power.

The subject bill seems to me to be the best means of complying with the decision of the U.S. Supreme Court and at the same time preserving the value of these shares. For this reason, I urge you to support passage of the bill.

Very truly yours,

DANIEL J. MURRAY,
President, Board of Managers, Nickerson House.

Mr. DOUGLAS. All right, good.

Mr. GORE. If the Senator from Rhode Island is interested in orphans then I advise him to vote against this bill.

Mr. PASTORE. Well, I do not know about that. The Senator from Tennessee will have to convince me of that. But he has not convinced me of it yet. That is just the point. I asked a question, but no Senator has given me the answer to it.

Mr. GORE. We have been here on the floor of the Senate for a week, trying to get a few Senators to listen.

Mr. PASTORE. I am listening, and I asked the question categorically.

Mr. GORE. Madam President, if the Senator from Illinois will yield——

Mr. PASTORE. I should like to ask the Senator from Tennessee a question, if I may.

Mr. GORE. Certainly, if the Senator from Illinois will yield for that purpose.

Mr. DOUGLAS. I yield.

Mr. PASTORE. I am interested in a person in Rhode Island who today owns one share of Du Pont stock. Under existing law, when the court orders divestiture, that person will receive another piece of paper, which will show ownership in General Motors stock. Is that correct?

Mr. GORE. That has not yet been determined. The court has not rendered its judgment in regard to a plan of divestiture. That is what makes this bill so utterly premature. We are leaping in the dark, and the Senator from Rhode Island cannot now correctly leap to that conclusion. The divestiture plan has not been ordered.

Mr. Greenewalt, the president of the Du Pont Co., testified before the committee that under existing law he proposed to follow a plan that would not involve giving two pieces of paper to each stockholder by a pro rata distribution. He proposed—under existing law—to distribute only a portion of the General Motors stock in lieu of cash dividends, which, in his own words—and I refer to page 78 of the hearings, and this is quite contrary to what the distinguished Senator from Virginia said—and I wish to quote——

Mr. BYRD of Virginia. Madam President, if the Senator will yield, let me say that I said that under existing law if an owner of Du Pont stock were to get one and one-third shares of General Motors stock——

Mr. PASTORE. If he does.

Mr. GORE. Yes, if he does. The "if" has been the smokescreen that has been used throughout this entire debate. There have been constant references to "if he does." But the Du Pont Co. does not propose that that happen.

Mr. BYRD of Virginia. The Du Pont Co. does not enter into this question. The question is, What will occur under existing law? Under existing law, the individual stockholder would have to pay a tax just as if so much cash, instead of the piece of paper, had come to him.

Mr. GORE. But that result has not been proposed by either the court or the Department of Justice or the Du Pont Co.

Mr. BYRD of Virginia. But let me point out that I made an absolutely correct statement in regard to what will be the effect of the present law.

Mr. PASTORE. In other words, if the court does not order Du Pont divestiture of its stock, we shall have had a big fight over really nothing.

Mr. GORE. It is not over nothing; the issue is really big. The small stockholder in Rhode Island will be very definitely affected, depending on whether this bill is passed or whether it is not passed. Let there be no confusion about that.

I hold in my hand a table which has been prepared by experts, and the Senator from Rhode Island may examine it. The tax effect of this bill on the small stockholder is zero, if we take at face value the statement made by Mr. Greenewalt. It is set forth on pages 77 to 79 of the committee hearings. I invite the Senator from Rhode Island to read it.

Mr. PASTORE. I do not have to read that statement, because I have a question ready to ask the Senator from Tennessee.

Mr. GORE. All right.

Mr. PASTORE. If an individual in Rhode Island is in the 30-percent tax bracket, he stands to lose 5 percent. The difference between 25 percent on capital gains and 30 percent on earned income is 5 percent.

Mr. GORE. No.

Mr. PASTORE. Of course it is. Twenty-five from thirty is five. [Laughter.]

Mr. GORE. Yes, but the Senator began his sentence with a hypothesis. All of this depends upon the plan of divestiture that is followed. If the Senator will read the record, he will find that the president of Du Pont Co. has said that he proposed, under present law, to follow a plan of divestiture in three steps, none of which would impose upon any stockholder, in his own words, any additional tax whatsoever. That plan would require the Du Pont Co. to pay $460 million in taxes over a 10-year period. But under the terms of this bill, if the judge follows them, the Du Pont Co. will not pay $1 in taxes.

I appreciate the Senator from Rhode Island's being here. I wish we could have had more Senators present for the past week. This is a tremendously important bill. Its enactment would be adverse to the public interest. I am delighted today that more Senators are listening to the debate.

Mr. PASTORE. May I ask a few categorical questions if the Senator has time?

Mr. GORE. Yes, I have the time. The Senator from Illinois has yielded.

Mr. PASTORE. If the court should decree that the individual owner of Du Pont stock shall receive, in divestiture proceedings, a share of stock in General Motors, in order to break up this combination between Du Pont and General Motors——

Mr. GORE. In lieu of cash dividends or not?

Mr. PASTORE. In lieu of cash dividends.

Mr. GORE. Very well.

Mr. PASTORE. And he is given this share of stock which, for the purpose of a hypothetical question, let us say is worth $100——

Mr. GORE. Which is in lieu of $100 in cash dividends to which he would otherwise be entitled?

Mr. PASTORE. Am I going to ask the question or is the Senator from Tennessee going to ask the question?

Mr. GORE. I am trying to follow the Senator's hypothesis. We need to understand there is a vast difference whether the stock——

Mr. PASTORE. There is a vast difference between whether one gets cash or a piece of paper. I am talking about a case where a person gets a share of stock. The Senator says in lieu of cash dividend. Of course, if one gets cash, he gets cash; and he has to pay the full amount of tax on the dividend as earned income. I am talking about a share of stock. If the individual holder of Du Pont stock today, which includes ownership of both Du Pont and General Motors, under a plan of divestiture, received a share of stock in General Motors which is worth $100, for the sake of the question——

Mr. GORE. In lieu of dividends?

Mr. PASTORE. In lieu of dividends? Very well, in lieu of dividends. That stockholder in Rhode Island is in the 35-percent tax bracket. Do I make myself clear?

Mr. GORE. Yes.

Mr. PASTORE. When he gets this share of stock which is worth $100, under existing law today how much income tax would he pay?

Mr. GORE. The exact amount he would pay if he received $100 in cash dividends.

Mr. PASTORE. But he has only a piece of paper.

Mr. GORE. He has stock that has a marketable value of $100.

Mr. PASTORE. No. When a stockholder holds a piece of paper which evidences ownership in both companies, he has to pay a tax only when he sells it.

Mr. GORE. The Senator has left his example.

Mr. PASTORE. I have not left mine; the Senator has left his own.

Mr. GORE. Here is the example the able Senator gave. If I state it incorrectly, I hope he will correct me. He submitted this hypothetical proposition: A stockholder in Rhode Island, holding a share of stock in the Du Pont Co. receives $100 in value of stock of General Motors in lieu of $100 in cash dividends, to which he would otherwise be entitled in consequence of ownership of Du Pont stock. The Senator then asks, What would be the tax, as a consequence, to this taxpayer in the State of Rhode Island? My answer to the Senator is, whether the taxpayer be in Rhode Island or in any other State, the taxes are exactly the same as if he had received a cash dividend, and it is exactly this kind of plan of divestiture that the president of the Du Pont Co. has proposed to follow, which, in his own words—and I have been trying to read it for the last hour—are as follows: "There would be no additional revenue to the Treasury Department because stockholders would be paying no more taxes than the tax they now pay on cash dividends."

But if the Senate passes this bill and the court follows it, then the Du Pont Co. will pay no taxes at all; the stockholders will pay the additional taxes; and it paves the way for a pass-through not only through Du Pont, but through Christiana, thereby preserving the monopolistic control.

Mr. PASTORE. I am not worried so much about Du Pont or Christiana. All I am saying is that many small people have brought Du Pont stock, which includes evidence of ownership in General Motors. Now the court is going to break this combination up, and the court is going to give the Du Pont stockholders another share of stock, which will represent only a portion of the original value of the stock which included ownership in both companies. All that individual will have is evidence of ownership. If I am wrong on this, I ask sombody to correct me. I understand that when a stockholder sells either Du Pont stock which is only for Du Pont or General Motors stock which is only for General Motors he pays a capital gains tax.

The PRESIDING OFFICER. The time of the Senator from Illinois has expired.

Mr. CASE of South Dakota. Madam President, will the Senator from Virginia yield?

Mr. DOUGLAS. Madam President, I ask for time on the bill.

Mr. BYRD of Virginia. I yield to the Senator from South Dakota.

Mr. CASE of South Dakota. Madam President, the first day of this debate I raised a question as to the desirability of legislating when an issue was pending before the court. I have followed the debate as much as committee duties would permit. I came to the conclusion that, notwithstanding the undesirability of legislating while a related question is pending before the court, it was far better to do it than it was to have the court deliberating under the hammer of an uncertain legislative fate for his decision.

Broadly speaking, the responsibility of the legislature is to make the laws, and the responsibility of the courts is to apply the laws. I had understood—and I may have been in error—that the basic issue in the case pending before the court in Chicago is whether or not antitrust laws were violated; and I had been under the impression—and I may have been wrong—that the Supreme Court had directed, in effect, that divestiture be made because of a conviction that the principles of the antitrust laws were violated in a continuation of the large holdings by Du Pont of General Motors stock.

It seems to me, therefore, that we ought to dispose of this question. We ought not to refer it back to the committee. That is why I voted as I did on the question before the Senate a short time ago.

When it comes to trying to deal with the amendments, the average Member of the Senate who is not a member of the committee finds the opinions and the information given a bit confusing.

I fall back upon the fact that basically our responsibility is to write the law and to let the judges apply it. For that reason I think we ought to make clear what is the law and then let the judge make the determination. If the judge at Chicago does not make the correct determination, we then can leave it to the Supreme Court to pass upon the question, if the case goes to the Supreme Court again.

Mr. GORE. Madam President, will the Senator yield?

Mr. CASE of South Dakota. I yield.

Mr. GORE. There is no question as to what is the law. The law with respect to the case is clear. The bill proposes changes in the law in contemplation of a possible decision permitting a pass-through. Why is there a reference in the bill to the Christiana Corp. and to the stockholders of Christiana Corp.?

Mr. CASE of South Dakota. Does the bill mention the Christiana Corp.?

Mr. GORE. The bill makes specific reference to and provision for the Christiana Corp., not by name but by definition. Its application is perfectly clear. That has been one of the principal subjects of debate. The committee report is also clear on this point.

Mr. CASE of South Dakota. Madam President, the Senator from South Dakota read the committee report and noted it was specifically stated it was not the intention of the action in the Congress to influence or to determine the action of the court. Therefore, I gathered the intent of the proposed legislation was to spell out what is the law and what the law would be, under whatever amendments are agreed to, if a certain situation arose.

The PRESIDING OFFICER. The 5 minutes allocated to the Senator from South Dakota have expired.

Mr. CASE of South Dakota. Madam President, will the Senator yield me 3 additional minutes?

Mr. BYRD of Virginia. I yield 3 minutes to the Senator from South Dakota.

Mr. CASE of South Dakota. If no legislation were passed, it is my understanding there would be the possibility of considerable tax injustice to people who had purchased the stock at a low price and who had no desire to sell it. I understand they would be affected by the order for divestiture.

The Senator from South Dakota is not familiar with the pleadings in the case at Chicago, but he would assume that the pleadings were based largely upon whether there was a violation of the antitrust laws, the Sherman Act and the Clayton Act.

Mr. GORE. Madam President, will the Senator yield?

Mr. CASE of South Dakota. Not for a moment yet.

Consequently it would seem to me that the determination of the court then would be restricted to the issues which have already been pleaded and are involved in the case before the court. If the proposed legislation would create some new conditions, I do not understand that the pleadings could be changed in the court in Chicago. I think the court would be bound to apply the provisions of the antitrust laws, and my understanding is that the committee and the Congress have sought to provide a tax situation which would produce the greatest possible equity.

If it should be true that the creation of what the opponents of the proposed legislation have called a pass-through would create a new monopolistic situation, one which would be in violation of the spirit if not the actual provisions of the antitrust law, it seems to me that the decision of the court in Chicago would be guided by the impact on the antitrust law rather than by the impact of the change on the tax law.

Mr. GORE. Madam President, will the Senator yield?

Mr. CASE of South Dakota. I yield.

Mr. GORE. I hope the Senator will permit me to express once again my appreciation for the attention and consideration given to the bill by Members of the Senate. If the Senator will turn to page 3 of the bill he will find a definition of "divested stock."

The PRESIDING OFFICER. The time of the Senator from South Dakota has expired.

Mr. BYRD of Virginia. Madam President, I yield 5 additional minutes to the Senator from South Dakota.

Mr. CASE of South Dakota. I thank the Senator.

Mr. GORE. Only the holders of "divested stock," as defined in the bill, will be entitled to the tax treatment provided in the bill. If the Senator will read the definition of "divested stock" on pages 3, 4, and 5, technical though the language is, he will find that unless the judge follows the outlines of the bill with respect to "divested stock," then no tax consequences will flow from the bill. In

other words, unless the judge renders a decision within the bounds of the bill, then none of these vast benefits which have been heralded and propagandized over the country will be available to anyone.

Mr. CASE of South Dakota. Can the Senator from Tennessee state whether the pleadings in the case pending in Chicago are broad enough to cover, or could be changed or modified to take cognizance of, the provisions of the bill?

Mr. GORE. They not only can, they already have been.

Mr. CASE of South Dakota. How?

Mr. GORE. The lawyers for both the Du Pont Co. and Christiana Corp. have already cited the bill. The Senator himself read into the RECORD during the debate last week a statement from Chicago that the lawyers for Du Pont were asking the judge to postpone his decision until the Senate passed the bill. I quoted statements from the lawyers and officials of both Du Pont and Christiana, pleading for the bill. In fact, the lawyers for the Christiana Corp. are already referring to the bill as "the new tax law."

Not only can they, but they already have done so.

Mr. CASE of South Dakota. The Senator is speaking on my time, so I hope he will permit me to get a question across.

Mr. GORE. I surely will.

Mr. CASE of South Dakota. Is the case in Chicago a tax case or is it an antitrust case?

Mr. GORE. The case in Chicago is an antitrust case which involves the largest corporate assets distribution in the history of the world. One of the considerations which the Chicago judge has repeatedly cited in his decisions—most of which, up to now, have been reversed by the Supreme Court—is the fact that he has placed great emphasis upon the tax consequences of whatever plan of divestiture may be ordered.

Mr. CASE of South Dakota. If the Supreme Court has reversed the Chicago court, has the Supreme Court not given some guidelines and suggested to the court in Chicago that its decision should be based upon the antitrust laws rather than upon the tax laws?

Mr. GORE. The Supreme Court decision was specific on the following point: It remanded the case to the trial court with instructions——

Mr. CASE of South Dakota. To determine the tax consequences or to determine the monopoly consequences?

Mr. GORE. To enter an order providing effective relief.

What is the effective relief sought by the Government and ordered by the Supreme Court? It is relief from a violation of the antitrust laws—specifically the Clayton Act.

The question remaining before the court in Chicago is whether Christiana Corp. shall be permitted to receive General Motors stock. If it is permitted to receive General Motors stock, the question is then whether it will be required to divest. If it is required to divest, the question then is whether such divestiture shall be by sale or by passthrough.

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

Mr. CASE of South Dakota. Madam President, may I have one additional minute?

Mr. BYRD of Virginia. I yield an additional minute to the Senator from South Dakota.

Mr. CASE of South Dakota. The point I am trying to deal with goes primarily to the question of a possible violation of the antitrust laws. It seems to me that the court, in dealing with the Christiana aspect of the problem, would have the same problems of monopoly to consider that the Supreme Court indicated should control so far as Du Pont is concerned.

Mr. GORE. That has been the position of the Government through the Eisenhower administration, and it is the position of the Government now. The Senator has stated the matter correctly.

Mr. CASE of South Dakota. I appreciate the courtesy of the Senator from Virginia for yielding time to me.

Mr. WILLIAMS of Delaware. Madam President, will the Senator yield?

Mr. BYRD of Virginia. I yield such time as the Senator from Delaware requires.

Mr. WILLIAMS of Delaware. Madam President, I wish to express opposition to the amendment offered by the Senator from Illinois. First, I should like to quote the language of the Treasury Department in a letter which was sent to me and to the Senator from Illinois. In a conversation with Mr. Knight, General Counsel of the Treasury Department, he reaffirmed the fact that the Treasury Department is opposed to the amendment. The letter outlines their reasons for opposing the amendment as follows:

Our second comment—

That is the pending amendment to which they refer—

Our second comment relates to the discriminatory nature of the burden proposed to be imposed. Section 2, as now drafted, would increase the intercorporate dividend tax payable by Christiana from approximately 16 cents per share of General Motors stock received to approximately $4.29 per share. The return-of-capital proposal would further increase the tax burden to approximately $13 per share, a very substantial increase. While it could be claimed, under other circumstances, that application of section 2 only to Christiana is discriminatory, this aspect is alleviated by the fact that Christiana has categorically stated that it believes the bill in its entirety, including section 2, would benefit itself and its shareholders by reason of eliminating the adverse impact on the market value of General Motors stock which would otherwise result. Therefore, Christiana has undertaken not to contest the application of section 2 as discriminatory legislation. The Treasury Department is not aware that the same considerations would apply to the return-of-capital proposal.

In discussing the provisions of H.R. 8847, a number of Senators have referred to the fact that the bill would substantially increase the intercorporate dividends tax payable by Christiana Securities Co. under present law from $3 million to approximately $79 million. As I said on the Senate floor last week, in other circumstances such a tax might be considered by some to be discriminatory. I am advised, however, by representatives of Christiana, that Christiana will not contest the validity of the additional intercorporate dividends tax if the bill is passed.

Christiana believes that enactment of H.R. 8847 in its present form will prove to be of benefit to it and its shareholders in lessening the losses attributable to the market impact it believes would follow from a divestiture of General Motors stock under present law.

The Senator from Rhode Island [Mr. PASTORE] raised a question as to whether the Douglas amendment, if agreed to, would increase the tax liability of a small stockholder in Rhode Island or in Delaware over and above what is provided in the bill. I believe he received an answer that it would not. I must disagree with that answer. The pending amendment would definitely increase the tax upon every stockholder, whether he be in Illinois, Rhode Island, Tennessee, or Delaware. I shall point out the reasons for my statement.

Under the bill as reported by the committee practically all of the 60,000 employees of the Du Pont Co. who are buying stock under the company's stock purchase plan would be exempted from all tax liability. Over two-thirds of the stockholders of the Du Pont Co.'s 200,000 stockholders would pay no tax under the committee bill.

If the pending amendment were agreed to the Christiana Corp. would pay approximately $13 a share based upon the estimate of the Senator from Illinois [Mr. DOUGLAS]. Certainly, as the corporation pays a tax at the corporate level it depreciates the asset value of the stock for all of these stockholders. That is only common reasoning.

Such a tax as the Senator from Tennessee suggests would be charged against each share of stock. If under the amendment a corporation were required to pay a tax of $13 a share then $13 a share would be charged against every share owned by every stockholder in America, including stock owned by charitable organizations, pension funds, as well as all individual stockholders.

Mr. GORE. Madam President, will the Senator yield?

Mr. WILLIAMS of Delaware. I shall yield in a moment, if the Senator wishes to take exception to my statement. If Christiana were to be required to pay this prohibitive corporate tax certainly the stock would be depreciated in value to that extent, and a charitable organization which owns Christiana stock would definitely be affected. If the Senator from Tennessee has a different opinion, I will yield to him to state it.

Mr. GORE. The Senator certainly knows that a charitable organization does not pay income tax. The Senator has made statements which in my opinion are utterly insupportable.

Mr. WILLIAMS of Delaware. If the Senator has followed what I have said he will know that I am correct.

Mr. GORE. Oh, I did follow the Senator. I followed exactly what the Senator said.

Mr. WILLIAMS of Delaware. Charitable organization as such would not pay the tax, but under the amendment offered by the Senator from Illinois the tax would be paid by the corporation,

which payment would result in a reduction of the value of the stock owned by the charitable organization.

Mr. GORE. Which corporation?

Mr. WILLIAMS of Delaware. By Christiana. Under the proposed amendment there would be a tax paid on every share of stock at the corporate level, and therefore there would be a depreciation of assets. This would affect the value of every share of stock, no matter who owns it. To that extent the amount of the tax would be subtracted from the value of the assets of all charitable organizations. The argument that the amount of tax which a corporation is required to pay does not make any difference to the individual stockholder is ridiculous.

Mr. GORE. Madam President, will the Senator yield?

Mr. WILLIAMS of Delaware. I yield.

Mr. GORE. Under the kind of logic suggested by the Senator, Congress should not require taxes of corporations at all. The same statement that the Senator has made with respect to the provisions of the pending amendment would apply to any tax whatsoever on a corporation, with one exception. The Senator is now referring to an amendment which refers and applies only to corporate stockholders of the Du Pont Corp. The amendment of the senior Senator from Illinois does not propose any additional tax on the Du Pont Co. It does not propose any additional tax upon individual stockholders of the Du Pont Co. It proposes one thing and one thing only, which is that the corporate stockholders of Du Pont should pay the same capital gains tax that is provided in the bill for the individual stockholder.

Mr. WILLIAMS of Delaware. I repeat that to the extent that a tax is increased at the corporate level the stockholders are affected. Certainly as corporations pay taxes, charitable organizations which own such corporate stocks to that extent do pay taxes. No one argues with that proposition. As the tax is increased the value of the shares is affected. Surely the Senator would not dispute that point.

Mr. GORE. Madam President, will the Senator yield?

Mr. WILLIAMS of Delaware. I will yield in a moment. I should like to make another point. Under the amendment there would in many instances be a double capital gains tax on the individual stockholders. We cannot escape such a result because under the amendment when the corporation received the stock it would pay a capital gains tax on practically the full value of the General Motors stock because there would be a relatively low cost factor.

A stockholder in Rhode Island or Delaware who owned Christiana stock would, when he received the dividend, owe another capital gains tax on the same stock. Some owners of the stock have it at prices as low as $1 a share. In America there is nothing wrong with that. I am sure that the Senator from Tennessee wishes he had it at 50 cents a share. But why should we charge any stockholder two capital gains taxes on the same share of stock?

The Treasury Department has said that the tax proposed under the pending amendment would be discriminatory. I agree with that. The Senator from Tennessee knows full well that I objected to a bill at the last Congress which I thought would give the bulk of the benefits to the stockholders who had the largest gain on their stock. The chairman of the committee was also among those who objected to that earlier bill. It was our position that the benefits of any legislation should benefit the small stockholders.

If the present bill were passed in the form in which the committee reported it, approximately 120,000 of the 200,000 stockholders of Du Pont Co. would pay zero tax. They would pay absolutely no tax under the provisions of the bill as reported by the committee because they have a cost higher than the $75 on the General Motors shares they would receive. That is true of the stockholders of Christiana to the extent that they have a higher cost factor than the value of the stock dividend which they may receive should the divestiture be ordered.

There is a precedent for the proposed action. I gave the following example before. Under existing law—and no one has ever suggested that it be changed—suppose the Senator from Rhode Island owned a farm for which he paid $10,000 and I owned a farm for which I paid $5,000, and suppose further that the power company went through our farms with a 99-year right-of-way lease. If the power company pays each of us $6,000, under present law the cost of his farm would be reduced from $10,000 to $4,000 and he would not owe any tax. When he later sold his farm he would compute his tax on the basis of a $4,000 cost.

I would reduce the cost of my farm from $5,000 to zero, and by having received a thousand dollars more than the original cost I would pay an immediate capital gains tax on the $1,000. Then when I later sold the farm I would pay tax on the full amount received since my cost had been reduced to zero.

That is exactly the formula that we put into the pending bill in treating the stock to be distributed by the Du Pont Co. to its stockholders. To the extent that the value of General Motors stock exceeded the original cost of the investment, they would pay an immediate capital gains tax.

Mr. PASTORE. Madam President, will the Senator yield?

Mr. WILLIAMS of Delaware. I yield.

Mr. PASTORE. I should like to ask a question of the Senator. When does the individual taxpayer pay the capital gains tax?

Mr. WILLIAMS of Delaware. When he receives the stock dividend.

Mr. PASTORE. When he receives the stock; not when he sells it. Is that correct?

Mr. WILLIAMS of Delaware. When he receives the stock. To the extent that its market value exceeds his original investment he would pay a capital gains tax. For example, Du Pont owns 1.37 shares of General Motors stock for each of its outstanding shares. At current market this is worth $75. Suppose he paid $60 for Du Pont, he would write the cost of Du Pont down to zero. Then he would pay a capital gains tax upon $15, or on that portion by which the market value exceeded his original cost.

Mr. PASTORE. The argument that is being made by the Senator from Illinois [Mr. DOUGLAS] with reference to his amendment is that he wants to put the corporation in the same position as an individual. Why is that wrong?

Mr. WILLIAMS of Delaware. Because we have always on an exchange of intercorporate dividends allowed a corporation an 85-percent dividend credit on the basis that corporation A has already paid 52 percent corporate tax before the dividend goes to corporation B. If before corporation B passes this dividend through to the stockholder another 52 percent were charged it would be prohibitive. I do not know of anyone who has suggested that we go to that extreme. So we allow an 85-percent exclusion. The second corporation, which gets the dividend from corporation A, pays 52 percent on the remaining 15 percent, or about 7.8 percent. That is done on the theory that ultimately as it goes to the stockholder there will be a straight tax paid.

This formula has been in existence for many years, and it is this formula which the Senators from Illinois and Tennessee are now trying to change. If we adopt the Douglas amendment and treat this corporate dividend as a return of capital, which is a capital gains tax, then Christiana would be severely penalized. I have always argued that Christiana should pay its proportionate share of the tax, and this bill so provides; but I will not support a proposal that places an unjust penalty on them merely because the company has been successful. Under the proposal of the Senators from Illinois and Tennessee it is not inconceivable that for some taxpayers in the 87 percent bracket the Government would take almost a hundred percent of the value of the stock. Under the pending amendment 25 percent would be taken at the corporate level and then another 87 percent would be taken of what would be left when the stock is distributed to the stockholder. This would be confiscation.

This amendment should be defeated by an overwhelming vote.

This bill already puts the bulk of the tax—about $470 million—on the officials of the Du Pont Co., because they are stockholders who have had the stock over the longest period of time and therefore have the lowest cost factor. These people were not necessarily singled out. It is simply that the mathematics works out that way with respect to those who own the low-cost stock; those people would pay the tax.

Why should the man who paid $225 a share in the open market have to pay the same tax as the man who bought it at $1 a share. If we do not pass the pending bill that is what would happen under existing law.

Mr. LONG of Louisiana. Madam President, will the Senator yield?

Mr. WILLIAMS of Delaware. I yield.

Mr. LONG of Louisiana. I would like to have the Senator from Rhode Island hear this statement. The question was asked as to why we were giving an 85-percent deduction on intercorporate dividends and transfers. It is because the corporation that earns money, corporation A, must pay a tax on it. It then passes the money down to corporation B. Corporation B then pays a tax on that dividend, whether it is a stock dividend or a cash dividend. Then that corporation declares a dividend, and it gets the money down to the stockholder. It is taxed, first, as income to corporation A, then as income to corporation B, and then as income to the stockholder. It is triple taxation of income.

That is why only 15 percent of the income that goes from corporation A to corporation B is taxed. What is more, we must keep in mind that when the second corporation passes the money on to the final shareholder, every nickel of it is subject to taxation at ordinary income rates. That could be at a rate above 80 percent or more.

That is why the 85-percent intercorporate dividend deduction exists. That would be the law as far as the distribution that Christiana or any other corporation of stock is concerned. They would pay at the 52-percent rate on the 15 percent, which is not exempt. That would mean about a 7½-percent tax, to get the stock from the Du Pont corporation into Christiana or any other second corporation.

The Douglas amendment would increase that rate three times. It would impose a 25-percent capital gains tax, and then the tax on 52 percent on 15 percent, which works out to about 7½ percent. It would more than double the taxes that a corporation holding Du Pont stock would have to pay to get General Motors stock under existing law to the ultimate shareholder.

Mr. DOUGLAS. There has been some confusion with respect to this. If the Senator will permit me.

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

Mr. WILLIAMS of Delaware. I have yielded to the Senator from Louisiana.

Mr. LONG of Louisiana. I should like to conclude with this statement. What impels me to vote against the amendment is the fact that the amendment at the corporate level would tax an involuntary distribution to someone who does not want to change things at all, a thousand or 2,000 percent over existing law.

It seems to me that someone petitioning Congress for redress from an unfortunate situation would say, "Please do not hurt us. If you cannot help us, please do not hurt us. Just leave us alone. Just turn us loose. Let us go home."

If we pass the Douglas amendment many of the people who are trying to get some relief would beg us to kill the bill. That may be what the author of the amendment had in mind.

Mr. KERR. Madam President, how much time remains for the proponents and the opponents of the amendment?

The PRESIDING OFFICER. All time of the proponents has expired; the opponents have 30 minutes remaining.

Mr. KERR. Madam President, I ask the Senator from Virginia if he will yield 5 minutes to me?

Mr. BYRD of Virginia. I yield 5 minutes to the Senator from Oklahoma.

Mr. KERR. Madam President, I feel that certain Senators want to do what is equitable and just with respect to the proposed legislation. The Senator from Louisiana [Mr. LONG] has just called attention to a very pertinent fact. The bill has to do with how taxation shall be handled for taxpayers who are doing what they are doing because they are compelled by a court to do it. Statements or insinuations which have been made to the effect that the court found that a monopoly existed are in error. In this case, the stockholders are, in the words of Justice Frankfurter, "truly innocent." Those were his words. In this unique case there was no finding of monopoly. There was no finding of intent to monopolize. There was was finding of restraint of trade or conspiracy.

The Supreme Court, by a vote of four to two, adopted a new interpretation of section 7 of the Clayton Act, and found the Du Pont stock ownership created a reasonable probability. Those are the words of the Court. The Court said that at some future time Du Pont might monopolize General Motors purchases of automobile paints and fabrics. In so doing, however, the Court stated explicitly that "All concerned in high executive posts in both companies acted honorable and fairly, each in the honest conviction that his actions were in the best interests of his own company and without any design to overreach anyone, including Du Pont's competitors." That is the fact.

The Court made no finding of monopoly; it made no finding of intent to monopolize; it made no finding that there was restraint of trade or conspiracy. The Court held that Du Pont stock ownership created a reasonable probability that at some future date a certain situation of undue influence might arise. In order to guard against what it said was a probability with respect to what might happen at some future date, the Court said that Du Pont must divest itself of that stock. Du Pont did not want to sell the stock; Du Pont did not want to divest itself of it. Neither the individual stockholders nor the corporate stockholders wanted to receive it. But the Supreme Court of the United States said they must divest themselves of it; and in the process, the stock will go to the corporate and individual stockholders.

Congress has passed many laws to alleviate the condition of a taxpayer who is compelled by condemnation or other process of law to divest himself of property, so far as profit is concerned. We even passed a bill which provided that the owner of land in a reservoir site, being compelled in a condemnation suit to dispose of the property, would not pay any tax if within the next 2 years he reinvested the proceeds in a similar piece of property.

In this instance, we are dealing with stockholders who are in the position they are in by reason of the parent company being compelled to divest itself. With reference to Christiana, Christiana is being compelled under the bill to pay $85 million in taxes—a $80 million or $85 million corporation income tax—whereas under existing law Christiana would pay less than $4 million. That was on the recommendation of the Treasury Department and the Justice Department. However, the Justice Department contemplated the possibility that by reason of the discriminatory provision against Christiana, which does not apply to any other corporate stockholder of Du Pont stock, that provision might be thrown out in litigation.

The PRESIDING OFFICER. The 5 minutes yielded to the Senator from Oklahoma have expired.

Mr. KERR. Madam President, I yield myself an additional 5 minutes, under the authority of the chairman of the committee, who is in control of the time.

The Department of Justice is concerned lest even the language in the bill, compelling the payment of an income tax by Christiana on a different basis than for any other corporate stockholder, might enable Christiana to have that provision thrown out in a legal action. The Department consulted with Christiana; and in order to draft the bill in the condition which the Department of Justice and the Treasury Department asked for it, Christiana agreed that it would raise no such point in a court action, and that it would accept the result of the discrimination against it as the only corporate stockholder in America which would be so taxed, and would make no contest of it.

Bear in mind that Christiana is in this position because of an action of the court compelling it. Under existing law, if Du Pont passed this stock out as a dividend, the cost to Christiana would be less than $4 million. The proponents of the amendment are not satisfied with that penalty against Christiana, which the Department of Justice asked for, and which is all it asked for, and which the Treasury Department asked for, and which is all that it asked for. The proponents of the amendment seek to add an amendment which would more than double the amount of tax which Christiana would have to pay, but with reference to which, under existing law, no other corporate stockholder in America would have to pay.

Mr. GORE. Madam President, will the Senator from Oklahoma yield?

Mr. KERR. Not for the moment.

Even the Treasury Department is opposed to the amendment. The Treasury says that the amendment would cause discrimination.

The distinguished Senator from Delaware [Mr. WILLIAMS] and the distinguished Senator from New Mexico [Mr. ANDERSON], having seen the language from the Treasury, in which the Treasury indicated that view, have, within the past hour, asked Mr. Knight, of the Treasury Department, how he felt about the pending amendment. Mr. Knight says that the Treasury is opposed to the amendment because it is clearly discriminatory. In other words, Christiana

would be compelled to receive this stock against its will and against the will of Du Pont, which is compelled to divest itself of the stock and to pass it to Christiana. However, the opponents of the bill are not satisfied with the extra $75 million of taxes to be paid by Christiana, as to which the Department of Justice expresses concern that it is discriminatory. The opponents of the bill want to more than double that tax. To do so would, in the opinion of the Senator from Oklahoma, make the tax discriminatory; and even the Treasury Department says it is against it because it is discriminatory.

The committee placed in the bill everything that the Department of Justice asked for. The committee placed in the bill everything that the Treasury Department asked for. So when Senators attack the provisions of the bill, they attack not only the Committee on Finance; they attack—if they are on this side of the aisle—their own administration. They attack the Department of Justice of their own administration; they attack the Treasury Department of their own administration; because representatives of those two Departments have said that the bill is eminently satisfactory to them, and that to add further provisions would make the bill even more discriminatory than the provisions which are already in it make it.

The PRESIDING OFFICER. The time of the Senator from Oklahoma has expired.

Mr. KERR. I yield myself an additional 5 minutes.

Mr. GORE. Madam President, will the Senator from Oklahoma yield?

Mr. KERR. I yield to the Senator from Tennessee.

Mr. GORE. The able Senator from Oklahoma has told us that the bill contains everything that the Department of Justice desired. Is that correct?

Mr. KERR. I said the Department of Justice advised the Committee on Finance that the amendments which are in it are acceptable. So far as I know, they are the amendments that the Department of Justice asked for. I was at all the hearings of the Committee on Finance, even those which the Senator from Tennessee did not attend. He himself has the letter from the Department of Justice which has been read into the RECORD. The chairman of the committee has read into the RECORD a letter from the Treasury Department, in which the Treasury says it has no objection to the bill. However, the Treasury Department says it objects to the amendment of the Senator from Illinois.

Mr. GORE. Madam President, will the Senator further yield?

Mr. KERR. I yield.

Mr. GORE. I submit to the distinguished Senator from Oklahoma that the real meat of the bill is now becoming clear. The Department of Justice asks for more than is contained in the bill. I read from the letter addressed——

Mr. KERR. I do not yield for the purpose of enabling the Senator to read from a letter. I made that point the other day. If he wishes to read from the letter of the Department of Justice, it is in the RECORD. I ask him to read it on his own time.

Mr. GORE. Then is the Senator aware of the fact that in his letter the Attorney General states that Justice has asked the court to bar Christiana even from receiving General Motors stock?

Mr. KERR. I know what the Department of Justice is asking the court to do in the antitrust case; and it has been made clear in this RECORD that nothing in the bill seeks to influence the court in its decision in regard to the antitrust divestiture.

Madam President, nothing in the bill directs or indicates to the court what Congress wants the court to do in regard to enforcing its decision under the antitrust law. There is nothing of that sort in the bill or in the action of the Finance Committee. In fact, the report of the Finance Committee clearly states that under no circumstances is this bill to be construed as a suggestion to the court as to what shall be its decision in the antitrust case; and that is all that the Attorney General asks for. In the letters which are before the Senate, the Attorney General has asked that it be made abundantly clear that nothing in the bill would be an indication that Congress wants to influence the court's decision; and that has been done.

Mr. CASE of South Dakota. Madam President, will the Senator from Oklahoma yield?

Mr. KERR. I yield.

Mr. CASE of South Dakota. Would it be going too far to say that the purpose of the bill is to create a tax legal situation whereby innocent purchasers or innocent holders of the stock would not be unduly penalized if the court in the application of the antitrust laws felt that the application of those laws required a certain decision to be made?

Mr. KERR. The Senator from South Dakota is eminently correct, and that is the sole provision of the bill.

Madam President, I repeat what I said the other day—namely, that under the provisions of the bill the Treasury Department will receive approximately $430 million in taxes within 3 years. Under the decision of the Supreme Court—which is that the company divest itself of the stock in 10 years—under existing law the Federal Government would receive approximately the same amount, but would receive it over a 10-year period, instead, of over a 3-year period, as will be the case under the provisions of this bill.

Mr. PASTORE. The Senator has said there is nothing in the bill which says that the court should order divestiture. Insofar as a tax is involved, would any provision of the bill place the court in a straitjacket, regarding the disposition to be made?

Mr. KERR. Nothing whatever. The Supreme Court cleared that hurdle when it ordered divestiture under existing law.

Mr. GORE. Madam President, will the Senator from Oklahoma yield?

Mr. KERR. I yield for a question.

The PRESIDING OFFICER. The time available to the Senator from Oklahoma has expired.

Mr. KERR. Madam President, I yield myself 10 additional minutes, in order to be able to answer the Senator's question.

The PRESIDING OFFICER. The Senator from Oklahoma is recognized for 10 minutes more.

Mr. GORE. Madam President——

Mr. KERR. I yield.

Mr. GORE. Unless the court orders divestiture——

Mr. KERR. The court has already ordered divestiture.

Mr. GORE. To be exact, the Supreme Court has ordered divestiture, but has remanded the case to the trial judge, to enter an order as to the plan of divestiture.

Mr. KERR. As to how it may be accomplished.

Mr. GORE. Unless the decree for a plan of divestiture requires divestiture within a 3-year period, what effect will this bill have?

Mr. KERR. Let me ask the Senator from Delaware whether the bill requires that the stock pass through Christiana Corp. to its stockholders.

Mr. WILLIAMS of Delaware. It does not; it does not say in any way what the court's decision shall be.

Mr. KERR. That is my impression.

Mr. WILLIAMS of Delaware. The Department of Justice will debate that question before the court. This bill only provides that if the company is ordered to divest itself of the stock and to distribute it to the stockholders they will get the same treatment that would be accorded under title I to the stockholders of the Du Pont Co. If there were no court order to divest, this bill would not apply to the stockholders at all.

If, on the other hand, the court orders the Christiana Corp. to sell the stock it would pay capital gains tax both under the pending bill and under existing law.

Mr. ALLOTT. Madam President, will the Senator from Oklahoma yield?

Mr. KERR. I yield.

Mr. ALLOTT. A moment ago the Senator from Rhode Island asked whether this would attempt to place the court in a straitjacket. Is it true or is it not true that the court might find that under existing circumstances certain action was justified but that, in view of the extreme circumstances or hardships which would be imposed on certain persons, the court might be constrained not to order certain things which the court might feel otherwise should be done, and that, therefore, the passage of the bill might have an influence on the court, because of such hardships on certain persons?

Mr. KERR. I cannot answer the Senator's question as to whether such inhibitions would exist. The record indicates to me that the Supreme Court has decided this matter solely on the basis of its interpretation of the antitrust laws, not on the basis of the applicable taxable result; and I am of the opinion that the trial court will do the same thing. If it does not, the Department of Justice has requested that we leave it in a position to be free to appeal again to the Supreme Court, free from any possible intimation by Congress that Congress is directing it as to how to handle the tax features of the Court's order of divestiture under the antitrust provisions of the law.

Mr. WILLIAMS of Delaware. Madam President, will the Senator from Oklahoma yield?

Mr. KERR. I yield.

Mr. WILLIAMS of Delaware. The Senator from Tennessee has raised a question about the 3-year limitation under the bill. Under the Supreme Court's decision, the Court ruled that the distribution should take place during a 10-year period.

Mr. KERR. That is correct.

Mr. WILLIAMS of Delaware. And it gave the company 10 years in which to work out the plan. Under that decision and under present law the Department of Justice would have no choice except to allow the company the 10 years. The Department of Justice and the Treasury reasoned that if the pending bill in its present form were passed 3 years would be adequate. The company also agreed to this period. Therefore the Departments asked our committee to write the 3-year limitation into this bill, and the company has agreed that if the bill is passed and if the court requests 3 years it will have no objection to the 3-year period. The langauge of this bill has been approved by both Departments.

Mr. KERR. That is correct—with the result that Christiana and the Christiana stockholders and the larger stockholders in Du Pont will pay most of the $430 million taxes to be received by the Government in 3 years, whereas under the order of the Supreme Court and under existing law that tax would be paid by the nearly 300,000 stockholders of Du Pont, but would be paid over a period of 10 years. But if the Court's order and if the present law continue, Christiana will pay less than $4 million total tax, instead of $80 million, to begin with, plus another $150 million, if the court orders it to divest itself of this stock by sale.

The PRESIDING OFFICER. The additional time of the Senator from Oklahoma has expired.

Mr. KERR. Madam President, I yield the floor.

Mr. GORE. I shall be glad to yield time on the bill to the Senator from Oklahoma, if he will yield for a question.

The PRESIDING OFFICER. The time of the Senator from Oklahoma has expired, and he has yielded the floor.

Mr. MANSFIELD. Let me ask how much time the Senator would like to have.

Mr. GORE. Ten minutes or so.

Mr. MANSFIELD. Madam President, I yield 15 minutes to the Senator from Tennessee.

The PRESIDING OFFICER. The Senator from Tennessee is recognized for 15 minutes.

Mr. GORE. Madam President, I am delighted—really delighted—that there are so many Members of the Senate listening, particularly Members of the Senate who are lawyers.

Now I ask a plain, simple question of my distinguished friend, the able senior Senator from Oklahoma, who himself is a lawyer, with eminent capability, and an expert on taxation. I ask him a simple question, and I will yield for him to answer it. The question is, Unless the court orders divestiture within a 3-year period—which provision Senators will find at the bottom of page 3 of the bill, beginning with line 23 and ending on line 4, page 4—what effect would the bill have?

Mr. WILLIAMS of Delaware. Madam President, will the Senator yield?

Mr. GORE. Let me complete the question. I shall yield in a moment.

Let me point out to my friends in this body who are lawyers that this is a part of the definition of "divested stock," and no stockholder except a holder of divested stock will receive any benefit under this bill. The tax consequences do not touch him. Therefore, the answer to the question I submitted to the able senior Senator from Oklahoma is that, unless the court renders a decision pursuant to what the senior Senator from Delaware has described as limitations in the bill, unless the court renders a decision pursuant to the definition of divested stock contained in the bill, the entire definition—there are no "or's"; there are "and's"—read them——

Mr. WILLIAMS of Delaware. Madam President, will the Senator yield?

Mr. GORE. In just a moment. I am going to nail down the point that the purpose of this bill is to tailor-make the decision of the judge. If my lawyer friends will follow me, I will prove it by the terms of the bill.

Mr. WILLIAMS of Delaware. Madam President, will the Senator yield?

Mr. GORE. In just a moment. The Senator has made a number of statements. So have I, but I have the floor just now.

Unless a stockholder holds stock that meets the requirements of "divested stock," as defined in the bill, then no benefit will accrue under the bill. If this does not prove conclusively that the purpose of the bill, in the words of a member of the committee, the junior Senator from Minnesota [Mr. McCARTHY], is to "make it easier" for the court to render its judgment, I submit that logic of the order of 2 and 2 making the sum of 4 is invalid.

Since I have referred to the Senator from Oklahoma, I yield first to him, with apologies to the Senator from Delaware.

Mr. KERR. I did not rise in order that the Senator might yield to me. I rose to answer a question, if the Senator ever asked it, but I never heard him ask the question.

Mr. GORE. I will submit to the Senator the same question I asked of him earlier when he had the floor, and to which he did not supply the answer.

Mr. KERR. The Senator from Oklahoma did answer the question. The Senator from Oklahoma asked the Senator from Delaware if a certain question raised was not correct, and the Senator from Delaware said it was. The Senator from Oklahoma agreed with that answer. Therefore, he agreed with the answer given by the Senator from Delaware to the question.

Mr. GORE. Yes; but it was not in response to the question. I will ask the Senator from Oklahoma the question again. Unless the decree for divestiture provides for divestiture within a 3-year period, will this bill have any legal effect on anyone?

Mr. KERR. It certainly will.

Mr. GORE. Very well. Show me. I yield to the Senator for a reply.

Mr. KERR. Immediately upon receipt of this stock——

Mr. GORE. By whom?

Mr. KERR. Well, by Christiana, they pay the $75 to $80 million tax instead of a $3½ million tax.

Mr. GORE. The able Senator is not responding to the question.

Mr. KERR. The only purpose of the bill is to alleviate the penalty on innocent stockholders of excessive taxes which would become due under carrying out of the divestiture order of the Supreme Court in the antitrust proceeding. That is the only purpose of the bill.

Mr. GORE. I am not talking about the purpose.

Mr. KERR. But even to the extent of the relief granted, certain stockholders will pay far more taxes than they would without the bill.

Mr. GORE. I am not talking about what would happen without the bill. I am asking the Senator a simple question.

Mr. KERR. And the Senator has answered it.

Mr. GORE. Unless the court decrees a plan of divestiture which is to be carried out within a 3-year period, as spelled out on pages 3 and 4 of the bill, which provision I understand was suggested by the Justice Department, will the bill have any effect? The Senator from Oklahoma is an able lawyer. Before he answers in the affirmative, I suggest he had better study that language very carefully.

Mr. KERR. The Senator from Oklahoma has examined the bill very carefully and has answered the Senator's question.

Mr. GORE. I ask any lawyer on this floor to read the bill. This is a special relief bill. It applies only to the Du Pont case. It applies to divested stock as defined in the bill. If Senators will look at page 3, they will see the definition of "divested stock." All of the definition must be complied with—all parts of the definition. I maintain that unless the court renders a decision within the specifications of the bill, the bill is null and void and without effect.

Unless the bill is intended to tailor-make the decision and to encourage the court to render a decision in conformity with the terms of the bill, what is the purpose of it?

Mr. KERR. Madam President, will the Senator yield?

Mr. GORE. I yield.

Mr. KERR. Assuming that the Senator's statement is correct——

Mr. GORE. I thank the Senator.

Mr. KERR. Assuming that the Senator's statement is correct——

Mr. GORE. I thank the Senator.

Mr. KERR. Then the order of the Supreme Court that the divestiture take place in 10 years under existing law would certainly be in effect.

Mr. GORE. What was the order of the Supreme Court? I want to quote a line from the Supreme Court decision.

Mr. KERR. The Supreme Court ordered that divestiture take place——

Mr. GORE. Within a certain period of time.

Mr. KERR. Within a period of 10 years.

Mr. GORE. Very well. Now we are getting to the question. The Senator has in the last instance stated the situation correctly. But the bill provides, in the definition of "divested stock," a stock pursuant to a divestiture order—let me read the language:

(C) fixes the period of time within which the distributing corporation must divest itself of all stock to be disposed of by it by reason of the suit, and such period expires not later than 3 years from the date on which such order becomes final (appeal time having run or appeal having been completed).

Madam President, I do not raise the question as to whether it would be in the public interest that the divestiture be ordered within 3 years or be permitted with a 10-year period. That is not the question I raise. I am talking about a simple provision of the bill, and am refuting the statements made continually on the floor, and contained in the committee report, that the bill does not have as its purpose the tailor-making of the decision of the court.

I say to my friend that several members of the Senate Committee on Finance have confirmed to me that that is the purpose. I shall read to the Senator the statement of one member of the committee, the junior Senator from Minnesota [Mr. McCarthy], to be found on page 368 of the Record for January 17.

The PRESIDING OFFICER. The time yielded on the bill has expired.

Mr. GORE. Madam President, I yield myself 5 additional minutes from the time on the bill.

This quotation is from the remarks of the junior Senator from Minnesota:

I think perhaps the principal justification for this action with reference to the court proceeding is that by passing a law which establishes that these particular tax results can follow from a divestment we really make it easier.

Let me repeat that. This is exactly what the Senator from Illinois and I have been saying. This is a come-on for a pass-through.

We really make it easier for the court to order a divestment which will be—

In the opinion of the junior Senator from Minnesota—

fair and equitable.

This is exactly what the Du Pont lawyers are pleading for. The bill has certain specifics. I am delighted finally to come to the point of debating specifics. I have asked a specific question and pointed to a specific provision of a bill, a part of the definition of "divested stock."

Mr. WILLIAMS of Delaware rose.

Mr. GORE. I yield to the Senator from Delaware.

Mr. WILLIAMS of Delaware. Madam President, there is an interesting feature of our system of government, which is that the judge must be a lawyer, the prosecuting attorney must be a lawyer, the counsel for the defense must be a lawyer; and then, after all these lawyers get the case sufficiently confused they call on 12 laymen to straighten them out. [Laughter.]

As a layman I should like to answer the Senator from Tennessee, an eminent lawyer, and tell him very simply, first, that the language with which he is finding fault was put in the bill upon the request of the Department of Justice. Second——

Mr. GORE. Madam President——

Mr. WILLIAMS of Delaware. Does the Senator wish to have a complete answer or not?

Mr. GORE. I will nail that statement down now.

Mr. WILLIAMS of Delaware. That is the trouble with some lawyers—they never listen.

Mr. GORE. I will nail that point down now. The Senator has made a statement.

The bill has several stipulations. There are several parts of the definition of "divested stock." The Senator from Delaware did not draft the terms of this technical bill.

Mr. WILLIAMS of Delaware. The Department of Justice working in conjunction with the Treasury Department drafted the language of the bill as reported by our committee.

Mr. GORE. I have heard that statement a number of times; and yet no one has said who, by name, drafted the language. I know that the Attorney General has written to the Senate a letter, saying that he is concerned lest the passage of the bill might cause the Government to lose its case in the court.

Mr. KERR. I challenge that statement.

Mr. WILLIAMS of Delaware. I agree that there is no such statement in the letter.

Mr. GORE. I know the Attorney General has gone so far as to say——

Mr. KERR. I challenge that statement.

Mr. GORE. Mr. President, I shall be glad to respond to that challenge as to whether or not I fairly paraphrased the statement of the Attorney General. If I did not, I shall certainly be the first to acknowledge it.

I wish to read from the letter addressed to the junior Senator from Tennessee by the Attorney General:

As we have indicated in a letter to Senator Paul H. Douglas, copy of which is attached, the Department is concerned that enactment of the provisions of H.R. 8847 with respect to distributions of General Motors stock by Christiana Securities Corp. may cause the district court to refuse the Government's request that Christiana be required to sell the General Motors stock distributed to it.

Madam President, I gave my own interpretation, to the effect that the Attorney General was concerned lest the passage of the bill might cause the Government to lose its case in the court. Now I have read the statement. He is so concerned.

I shall read another sentence, which I attempted to read earlier and for the reading of which my distinguished friend, the senior Senator from Oklahoma, would not yield. It is as follows:

In fact, in the proceedings pending in the district court in Illinois, the Government has urged the court to decree that Christiana Securities Corp. and its stockholders be barred from receiving General Motors stock to be distributed by Du Pont.

Mr. LAUSCHE. Madam President, will the Senator yield for a question?

Mr. GORE. I wish to read another sentence, and then I shall yield.

The PRESIDING OFFICER. The time yielded on the bill has expired.

Mr. MANSFIELD. Madam President, I yield the Senator from Tennessee 10 additional minutes.

Mr. GORE. I read further from the letter:

It is proposed that this be accomplished by requiring either that Du Pont distribute cash instead of stock to Christiana or that Christiana be required to sell any General Motors stock which is distributed to Christiana by Du Pont.

I now yield to the Senator from Ohio.

Mr. LAUSCHE. The query I should like to make is this: Assuming that the tax returns under either the 3-year mode or the 10-year mode of distribution will be practically identical, is it a fact that the Attorney General takes the position that if the bill were passed it might induce the court not to respect the plea that Christiana divorce itself from the stock and let it flow into the market?

Mr. GORE. I have read the statement. I ask my aid to deliver to the distinguished Senator from Ohio a copy of the Attorney General's letter.

Mr. LAUSCHE. Let me put the question this way: Will the Senator from Tennessee identify specifically what the Attorney General fears he will not be able to obtain if the bill is passed?

Mr. GORE. I shall read the language again. I read a part of a sentence:

The Department is concerned that enactment of the provisions of H.R. 8847 with respect to distributions of General Motors stock by Christiana Securities Corp. may cause the district court to refuse the Government's request that Christiana be required to sell the General Motors stock distributed to it.

Mr. LAUSCHE. That confirms the premise of my question.

Will the Senator read the last clause again, as to Christiana distributing the stock?

Mr. GORE. Will the Senator allow me to read the entire sentence?

Mr. LAUSCHE. Certainly.

Mr. GORE. I read the entire sentence:

As we have indicated in a letter to Senator Paul H. Douglas, copy of which is attached, the Department is concerned that enactment of the provisions of H.R. 8847 with respect to distributions of General Motors stock by Christiana Securities Corp.

The issue is whether the Christiana Securities Corp. is to be permitted to receive the stock or to be required to divest, either by sale or by pass-through. That

is the question. All the conversation about orphans and widows, and the smokescreen about what the tax would be if there were a wholesale distribution of General Motors stock, is irrelevant.

The question involved in the fight in Chicago concerns the Christiana Corp. The fight is over whether the Government shall be granted the relief from existing conditions which it has been seeking since 1949.

Since so much has been said to the effect that nobody was found guilty of anything by the Supreme Court, I shall read what the Supreme Court said. This is to be found on page 606:

But the wisdom of this business judgment—

I am not reading from minority or dissenting views. I am reading from the opinion of the Supreme Court—

But the wisdom of this business judgment cannot obscure the fact, plainly revealed by the record, that Du Pont purposely—

It is not by accident—

purposely employed its stock—

To do what? Listen to this statement, my friends—

to pry open the General Motors' market, to entrench itself as the primary supplier of General Motors requirements for automotive finishes and fabrics.

Mr. LAUSCHE. Madam President, will the Senator yield?

Mr. GORE. I yield.

Mr. LAUSCHE. Returning to my original question, the Senator began to read from a letter addressed to the senior Senator from Illinois [Mr. DOUGLAS] by the Attorney General.

Mr. GORE. No; that letter was addressed to me. A similar letter was sent to the Senator from Illinois.

Mr. LAUSCHE. The Attorney General wrote that he had feared that the enactment of the provisions of H.R. 8847 with respect to distribution of General Motors stock by Christiana Securities Corp. may cause the district court to refuse the Government's request that Christiana be required to sell—the word "sell" is the important word in that sentence—the General Motors stock distributed to it.

Mr. GORE. So the question with reference to divestiture by Christiana is whether it shall be by sale or passthrough.

Mr. LAUSCHE. There are two modes of distributing the stock. One is by selling it and by doing so, it would be taken out of the hands of a few and put into the hands of the many.

Mr. GORE. The Senator is correct.

Mr. LAUSCHE. The Attorney General wishes it sold, putting it into the hands of the many and taking it out of the hands of the few.

Mr. GORE. Yes. I wish to point out to the distinguished senior Senator from Ohio, who only yesterday in closed session of our subcommittee demonstrated that he has practiced a great deal of law, that the Attorney General took the unusual step, because of his concern, to request the Senate to make it "crystal clear" that the bill—I do not have his exact words—was not designed to influence the court. I submit to the senior Senator from Ohio that I have shown what is, in the words of the senior Senator from Delaware, a specific limitation in the bill. Unless the judge complies with that limitation, the bill will be null and void. It will be useless, worthless, and of no effect at all. There are other limitations. But I wanted to pin that one down, because some, I fear, have thought that, because I kept making the assertion that the bill is designed to influence the court, I was unwilling to accept the statement to the contrary in the report of the Senate Committee on Finance.

I wish to say a word about that report. I do not know who wrote the report. The custom is for the staff of the committee to write the report. The terms of the bill itself do not support the statement in the committee report.

I now yield to the senior Senator from Oklahoma.

Mr. KERR. I do not ask the Senator to yield. I will ask the Senator from Montana to allot me 5 minutes to document the statement I made.

Mr. CARROLL. Madam President, will the Senator from Tennessee yield to me?

Mr. GORE. Madam President, will the Senator from Montana yield additional time?

Mr. MANSFIELD. I yield 10 minutes to the Senator from Tennessee.

Mr. GORE. I yield to the Senator from Colorado.

Mr. CARROLL. I believe I heard the able Senator from Oklahoma say that the bill has been approved by the Treasury Department.

Mr. GORE. I think I would like to say right here that we have a Republican Secretary of the Treasury. I have not heard him say that he approved the bill, but I would certainly not be surprised that he does approve it, if, in fact, he does.

Mr. CARROLL. What I seek to do, at least for my own information, is to bring the debate into its proper context. I understand that since the adjournment of Congress, the Department of Justice has filed a new brief in the Chicago court where the case is still pending. The Department has now taken a strong position, as has been so ably set forth by the able Senator from Tennessee [Mr. GORE].

The able Senator from Tennessee has said that counsel for Du Pont are pleading with the court not to pass judgment on the case until we get through with the proposed legislation.

In view of this occurrence in the Federal court it seems to the junior Senator from Colorado that the Senator from Tennessee is correct in his position. The proposed legislation might affect the outcome of that case. Make no mistake about that point. If that were not true, why did counsel for Du Pont plead with the court to hold its final judgment and order in abeyance until the Congress had acted. There is not the slightest doubt in my mind that the proposed legislation might have an effect upon the judge of that Federal court.

By the same token, I have taken the position that the proposed legislation is premature. For this reason, I cannot accept the other amendments that have been offered.

The proposed legislation is premature. I intend to vote against the amendments. I intend to vote against the bill on the question of its final passage in this body. There is no doubt at all that the question is as stated by the Senator from Ohio. There is pending litigation before a court that has jurisdiction under a Supreme Court decree. To do what? To formulate a plan. And what plan is being formulated? Based upon the recent brief of the Department of Justice and the recent brief of the Du Pont Co., it is a plan for divestiture under the antitrust laws of this country. It is a plan with which this legislation could interfere.

Mr. GORE. The Senator is so correct. What the bill proposes to do is to provide legislatively a solution to this contest which has been underway in the courts since 1949.

Mr. CARROLL. I thank the able Senator from Tennessee for yielding to me.

Mr. GORE. Madam President, I wish to use the 2 or 3 minutes remaining to me to talk about the amendment which the senior Senator from Illinois has offered. I shall later develop in more detail other specifics in the bill. The amendment of the senior Senator from Illinois proposes one point, which can be stated simply. It would provide that all stockholders of the Du Pont Co., corporate and individual, be treated exactly alike. May I ask the distinguished Senator from Illinois if my statement is correct?

Mr. DOUGLAS. The Senator is absolutely correct. Each stockholder would be taxed at capital gains rates on the accretion in value of each share.

Mr. GORE. The junior Senator from Louisiana [Mr. LONG] said that the amendment would increase the proposed tax on some taxpayers threefold. Such a statement would be but a beginning of a summary of the results which would follow. I can cite to the Senator an example of one large life insurance company, without using its name, which has heavy holdings of Du Pont stock. That company would pay only a fraction of 1 percent of the value of the GM stock it would receive in taxes under the pending bill, but under the amendment offered by the senior Senator from Illinois it would pay the same modified, reduced capital gains tax that an individual stockholder in Louisiana, Tennessee, or Delaware would pay.

The amendment can be stated simply. It provides tax relief. It gives modified capital gains treatment to every stockholder of the Du Pont corporation. It treats the corporate stockholder exactly as it treats individual stockholders.

Again I ask my friend from Illinois to state if I am correct.

Mr. DOUGLAS. That is correct.

Mr. LONG of Louisiana. Madam President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. LONG of Louisiana. Can the Senator tell me whether the particular insurance company he has in mind would wind up, under the Douglas amendment, paying a great deal more in taxes than that insurance company would pay if we pass no bill at all?

Mr. GORE. The answer is "Yes." If the amendment is adopted, that is.

Mr. LONG of Louisiana. Yes.

Mr. GORE. Of course.

Mr. LONG of Louisiana. I understand that the Douglas amendment would require the insurance company, and the average company holding Du Pont stock, other than Christiana, to pay much more in taxes than they would pay under existing law.

Mr. GORE. Well, it is proposed to change existing law with respect to several taxpayers—for the Du Pont Co., for the stockholders of Du Pont, and for Christiana. It is proposed to change it for Christiana stockholders. However, the Senator resists changing it for corporations other than Christiana.

Of course the amendment would require the insurance company I have cited to pay more taxes. That insurance company has had an appreciation in the value of its share of this GM stock of about $50,000 since the Senate has been debating this bill. Yet the Senator would let it pay a tax of about three-tenths of 1 percent of the market value of this GM stock it is to receive. Yet the Senator would require a capital gains tax to be paid by the individual stockholder. Where is there justice in that? The present law ought to be changed not only with respect to this situation; it ought to be changed, period.

Here we have a specific bill, a private relief bill for the stockholders of Du Pont. Why not treat all stockholders alike? What is the reason for not doing that?

Mr. LONG of Louisiana. What I cannot understand is why the Senator would feel, if someone comes in asking for relief from a harsh, inequitable situation, we should pass a bill so as to charge him two or three times as much tax as he would have to pay under existing law.

Mr. GORE. The insurance company has not come in here and asked for anything. It is happy to be left alone.

Mr. CLARK. Madam President, will the Senator yield?

Mr. GORE. I yield.

Mr. CLARK. What bothers me about the position of the Senator from Illinois and the Senator from Tennessee, very warm friends of mine whom I would very much like to support, is that what we are doing is passing an ex post facto law. We are changing the rules in the middle of the game.

Mr. GORE. That is what the bill does.

Mr. CLARK. Let me suggest to my friend from Tennessee that his statement is not quite accurate. What the bill does is ameliorate taxes on certain corporations and certain individuals on the ground that an involuntary distribution is to be forced on them and, therefore, it is not fair to make them pay what would ordinarily be required to be paid in taxes.

With that I am in general sympathy, although I thought it would be wise to send the bill back to committee in order to await the decree of the court.

Now, what the Senator is proposing is not to give any tax benefit because they have an involuntary acquisition of stock forced on them, but the Senator is going to penalize them against their consent by changing the law in the middle of the game.

While I realize that it is proposed to penalize the rich and corporations, who can afford to pay, it does not seem quite fair to me.

Mr. GORE. We tried to postpone consideration of the bill which, as the senior Senator from Pennsylvania has stated, provides tax relief, because of a lack of a decision by the court. We proposed to postpone providing that relief from the decision of the court until the decision has been rendered. However, the Senate decided that it wanted to proceed with the bill, that it wanted to write rules, and to rewrite the rules, in the middle of the game.

The Senator from Illinois and I are saying, "If you are going to rewrite the rules in the middle of the game, then we want to write some equity into those rules." In other words, we do not believe that corporations should get by with paying three-tenths of 1 percent in taxes while individuals are required to pay a capital gains tax.

Mr. MANSFIELD. I yield 10 minutes to the senior Senator from Oklahoma.

Mr. KERR. The Senator from Oklahoma challenged a statement of the Senator from Tennessee that the Attorney General had advised him or the Senate that if we passed the pending bill we would jeopardize his case and he would lose it.

The Senator from Tennessee then started to read from the letter which he had received. As he did so, he said, "Therefore I paraphrase what the Attorney General said." I must say that he was very liberal in his paraphrasing of the letter. I wish to read to the Senate the language of the Attorney General, on which the Senator from Oklahoma based his challenge of the statement made by the Senator from Tennessee. The Senator from Tennessee read this sentence:

> As we have indicated in a letter to Senato PAUL H. DOUGLAS, copy of which is attached, the Department is concerned that enactment of the provisions of H.R. 8847 with respect to distribution of General Motors stock by Christiana Securities Corp. may cause the district court to refuse the Government's request that Christiana be required to sell the General Motors stock distributed to it.

Then the Senator halted. Then he paraphrased. That is when the Senator from Ohio came into the discussion.

The next sentence in the Attorney General's letter to the Senator from Tennessee is this:

> We have concluded, however, that we must, and the courts should, accept the statement contained in the Senate Finance Committee report on the pending bill that provisions of the bill with respect to a pass-through by Christiana are not intended to be an expression of opinion as to "what particular method of divestiture of General Motors stock by Christiana is appropriate. It is contemplated that all issues dealing with the manner of divestiture are to be determined judicially, solely with reference to the antitrust principles announced by the Supreme Court in the Du Pont case." Senate Finance Committee Report No. 1100, page 5 (1961).

The Senator from Illinois and the Senator from Tennessee tried the best they could to get the Justice Department to tell the Senate that the pending bill would hurt their case. However, the Attorney General declined in his letter to the Senator from Tennessee, in his letter to the Senator from Virginia, and in his letter to the Senator from Illinois. I now read from the Justice Department letter to the Senator from Illinois, which appears in the CONGRESSIONAL RECORD at page 183 of January 15, 1962:

> We also note your request that the Department take the position that this bill be postponed until such time as the court finally acts.

The Senator from Illinois asked the Justice Department to take that position. The Justice Department said:

> We also note your request that the Department take the position that the bill be postponed until such time as the court finally acts.
>
> The Department has vigorously urged the court to act on our prayer for relief without regard to pending legislation but in view of the statements of the Supreme Court and of the Senate Finance Committee, we are not in a position to argue that postponement of congressional action until the court acts is necessary to successful conclusion of our pending prayer for relief.

That is what the Justice Department said. That is the reason the Senator from Oklahoma challenged the statement of the Senator from Tennessee that the Justice Department had said if we passed the pending bill we would jeopardize their position and lose the case for them. The Justice Department said exactly the opposite. The Attorney General said:

> I also note your request that the Department take the position that this bill be postponed until such time as the court finally acts.

The Attorney General said that he could not do so. The language of the bill and the language of the report, clearly refutes that, and he accepts it.

That is what the Justice Department said. The Senator from Tennessee and the Senator from Illinois cannot let the Justice Department accept the Justice Department's responsibility.

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

Mr. MANSFIELD. I yield 3 additional minutes to the Senator from Oklahoma.

Mr. KERR. They cannot let the court accept the court's responsibility. They want Congress to assume the responsibility not only for the Justice Department but also for the court. I do not believe the Senate will do so.

Mr. GORE. Madam President, will the Senator yield?

Mr. KERR. I yield for a question. I rose to document my statement. I have done so, and I submit the record.

Mr. GORE. Does the Senator know of any other instance in the history of the U.S. Congress in which the Attorney General took such action as to request, in letters to three Members of this body, that it be made crystal clear that the Senate does not seek to influence a court? So far as I am concerned, I have never heard of such a thing. The statement the Senator read was that the Attorney General said he was not in a position to argue so and so. I do not know about the position, but I submit that the paraphrase I gave of the Attorney General's letter, to the effect that he was concerned lest the passage of the bill might cause the Government to lose its case, is an accurate one. I went on to say that the Attorney General was so concerned that he took the unprecedented step of asking members of the committee to make it crystal clear that such was not the intent of the members of the committee.

Mr. KERR. The Senator from Tennessee interprets it that way; no one else does. I have not made legislative inquiry or research to answer the Senator's question about what the Attorney General has done in other cases. I did make legislative research with respect to what the Senator from Tennessee said in June 1960, when he had an amendment before the Senate with reference to the matter pending in the Supreme Court. I placed the result in the RECORD today. When the Senator from New Mexico [Mr. ANDERSON] said that the court would decide these questions, the Senator from Tennessee was outraged. He said this was a legislative responsibility; and that we should not abdicate our responsibility and let the court settle the question of taxation. The Senator from Tennessee said that the question of taxation was the responsibility of Congress. Today, to my utmost surprise, the great Senator from the old Volunteer State of Tennessee said, "Let the Supreme Court settle the question for me and my constituents." I say, "Heaven forbid."

The PRESIDING OFFICER. The time of the Senator from Oklahoma has expired.

Mr. GORE. Madam President, will the Senator from Oklahoma yield?

Mr. KERR. I believe my time has expired.

Mr. GORE. I think the Senator can get a little more time.

Mr. MANSFIELD. How much time does the Senator wish?

Mr. KERR. I suggest that the majority leader yield the time to the Senator from Tennessee.

Mr. GORE. I ask for 1 minute.

Mr. MANSFIELD. I yield 2 minutes to the Senator from Tennessee.

Mr. GORE. The Senator from Oklahoma is not describing a comparable situation at all. The legislation which I proposed—and, by the way, let me remind the Senator that it received 2 votes in the Committee on Finance and was finally passed by this body by a vote of 86 to 0—was general legislation. It did not seek to tailor-make a court decision. It was positive legislation, dealing with the tax structure. What this bill provides is something entirely different. It sets up, specifically, a limitation and guidelines for a court decision; and unless the decision follows those guidelines, no one will receive any benefit under the bill.

Mr. MANSFIELD. Madam President, I yield 5 minutes to the distinguished Senator from Louisiana.

Mr. LONG of Louisiana. Madam President, I have been somewhat impressed by the Senator's statement that the bill was tailor made for certain purposes. Anyone who reads the committee report should understand that much of the tailor making was by the Department of Justice. Read the first page of the report. This is from the second paragraph of the committee report. The report is not long; it is short enough for anyone to read it.

> At the request of the administration, the bill has been limited to distributions in the Du Pont antitrust case.

In effect, neither the Treasury Department nor the Department of Justice desired to say that they cared to have general legislation drawn to meet this particular situation. They felt this was a situation in which some adjustment was in order. Why should that be so? Because the divestiture is being required under an antitrust law, which predated the personal income tax law. It predated by over 20 years the corporate income tax law. So when the Department of Justice undertook to require this type of divestiture, there were two laws which had to be considered, namely, the antitrust law, which makes one divest himself of property, and the income tax law, which imposes an unforeseen consequence.

Those concerned came to Congress, as they are entitled to do under the Constitution of the United States, to seek redress for their grievance in a certain situation. No one could have said, unless he was a tax expert, just what the tax consequence would be under divestiture.

The Government insists on divestiture under the antitrust law. That we know. That was the Government's object. What the Government would get in the way of taxes by virtue of the divestiture would be a pure byproduct. That is not what the Government has been seeking.

So what have we? We have an effort to write a tax law that would somewhat relieve the harsh consequences of two laws which, working together, result in a consequence that no one could have anticipated at the time the antitrust laws were first written.

Mr. PASTORE. Madam President, will the Senator from Louisiana yield?

Mr. LONG of Louisiana. I yield.

Mr. PASTORE. I have heard used on the floor of the Senate many times this afternoon the expression "in lieu of cash dividends." Does the individual stockholder have any choice as to whether he will receive cash or a certificate of stock?

Mr. LONG of Louisiana. He has no choice whatever.

Mr. PASTORE. When we use the words "in lieu of cash," that is not a choice being exercised by the taxpayer himself as to whether he will receive cash or a piece of paper, depending on which plan is ordered by the court. Is not that so?

Mr. LONG of Louisiana. That is correct. The individual has little standing in court to say what the Du Pont Co. will ask for as a plan of distribution nor what the court will order.

Mr. PASTORE. Is it not true that if he gets a certificate of stock and does not get cash, it is no more than right that he should not pay a tax on the cash value of that according to earned income rates?

Mr. LONG of Louisiana. That is correct.

Mr. PASTORE. Is not that the question before the Senate today? If a person gets a certificate of stock, but does not get actual money, he will pay a capital gains tax, and will not pay a tax as though he had received earned income.

Mr. LONG of Louisiana. That is generally the idea. There is precedent beyond end for Congress to write tax laws which recognize such problems and the hardships imposed upon individual taxpayers.

I recall three times when the Committee on Finance has recommended to the Senate, and the Senate has passed without a single dissent to this particular provision of tax law, a provision that a corporation might voluntary dissolve without paying any taxes whatever on the dissolution. Bills were passed in 1950, and in 1942, recognizing that Congress would act to impose heavy and harsh taxes upon businesses in time of war, and also to give small corporations, particularly, a chance to dissolve tax free, and for shareholders to take their assets in kind, based upon what they had paid for their shares of the corporation.

On a number of occasions Congress has passed similar laws to relieve problems which existed for taxpayers.

So the Government is achieving its objective to bring about divestiture. However, in doing so, it is getting something else. Instead of getting divestiture in 10 years the Government is getting divestiture in 3 years. Who do we think asked for the 3-year period which is provided in the bill? We do not find that the Du Pont Co. asked for it. We do not find that the shareholders asked for it. We do not find that General Motors asked for it. The Attorneys General

have been asking for 13 years to obtain a divestiture. As one of the conditions for tax relief, the Government insists on an earlier divestiture.

The PRESIDING OFFICER. The time of the Senator from Louisiana has expired.

Mr. MANSFIELD. I yield 2 additional minutes to the Senator from Louisiana.

Mr. LONG of Louisiana. That is where the tailor-making comes into the picture. So far as limiting the bill to this particular situation is concerned, it was done in that way because the administration wanted it done in that way. The Department of Justice wanted it done in that way. So did the Treasury Department.

The idea that the 3-year period, for example, was some sinister effort by the Du Pont stockholders or by the Du Pont Co. to tailor-make the bill is not correct. What they wanted was the capital gains treatment which is available in the bill, treatment which we have accorded to a vast number of stockholders across the country, and for which a good case can be made.

The pending amendment seeks to have corporate shareholders who hold Du Pont stock pay a tax at a rate higher than that under existing law. Madam President, when someone asks the Congress to provide redress of a grievance—which the Constitution gives the citizens of the United States the right to request of Congress—imagine his disappointment if Congress doubles the tax which the complaining citizens would have to pay. Is that to be the redress we give these taxpayers? Yet that is what is proposed in this case.

The antitrust features of this matter have been studied time and time again. Far from having the bill provide the same advantage as that provided by the antitrust laws, this provision has been requested by the Department. As has been stated, the bill has been drafted in that way at the request of the Department, in order to bring about a fairer treatment in connection with the stock divestiture and the ensuing tax.

Mr. GORE. Madam President, will the Senator from Louisiana yield?

Mr. LONG of Louisiana. I yield.

Mr. GORE. The Senator from Louisiana has related the history of the provision in regard to a 3-year divestiture. I thought he followed that by saying that this is where the tailormade feature comes in. I wish to ask the Senator from Louisiana the same question I previously asked the Senator from Oklahoma, as follows: Unless the court's divestiture order meets all the conditions of the bill—including this one—in regard to the divested stock, will the bill have any effect?

Mr. LONG of Louisiana. In my judgment, the answer is that the bill will have no effect unless it meets those conditions.

Mr. GORE. Very well; that is what I have been saying.

Mr. LONG of Louisiana. But in answering the question and in stating that the bill will have no effect unless the conditions to which the Senator has referred are complied with, I also wish to state that, far from being provisions which were included at the request of the Du Pont Co., in seeking some special advantage, those provisions are insisted upon by the Department of Justice, in order to expedite the divestiture by Du Pont, insofar as it holds General Motors stock.

The Senator from Tennessee used the phrase "tailor made"; I was not the first to use it. But that point is referred to in the committee report, which indicates that at the request of the Department of Justice, that provision has been included.

Mr. GORE. I understand, and I am not complaining about this particular stipulation and limitation. But I am saying that the bill is intended to influence the decision of the court; and the Senator from Louisiana has just stated—entirely contrary to the answer I received from the senior Senator from Oklahoma [Mr. KERR]—that unless all these requirements are complied with by the decree of the court, the bill will have no effect. The Senator from Louisiana is correct in making that statement, and that is what I have been saying. In fact, there are other stipulations, in addition to this one. I find no fault with this one——

The PRESIDING OFFICER. The time available to the Senator from Louisiana has expired.

Mr. MANSFIELD. Madam President, in order to allow the author of the amendment to explain the amendment—not the bill—I yield 10 minutes to the Senator from Illinois.

The PRESIDING OFFICER. The Senator from Illinois is recognized for 10 minutes.

Mr. DOUGLAS. Madam President, I thank the Senator from Montana, because for the last hour and one-half the debate has been almost entirely directed to the bill, rather than to the pending amendment, which I have proposed.

The pending amendment aims to change the tax status of the stock held by the Christiana Corp. and other corporations. The pending amendment would not affect in the slightest the tax provisions in the bill to be paid by individuals who are stockholders in the Du Pont Co. I wish to make that point perfectly clear.

It is also well to keep in mind the basic facts: The accretion in value of the General Motors stock held by the Du Pont Co. has been from $2.09 to $55 a share—in other words, an accretion of approximately $53 a share; and on 63 million shares, the accretion in value of the General Motors stock in the hands of the Du Pont Co. therefore amounts almost exactly to $3,333 million. Since the Christiana Corp. holds 29 percent of the Du Pont Co. stock, the Christiana Corp.'s share of the accretion in value is almost precisely $1 billion. This is the basic economic fact to be kept in mind.

One legal fact which needs to be remembered is that the Du Pont Co. is contesting in the court in Chicago any requirement that Christiana Corp. divest itself of this stock; and we may find ourselves with a court ruling that the Christiana Corp. need not divest itself of the stock—although I hope that will not be the ruling. However, it may be the ruling. If that happens, what will be the situation insofar as the tax on the stock which Christiana Corp. will receive is concerned?

Mr. CARROLL. Madam President, if the Senator from Illinois will yield, will he restate what has happened in the Chicago court since our last recess? This is very important in connection with the debate.

Mr. DOUGLAS. The Chicago court is now being asked to pass on two questions: First, should Christiana Corp. divest itself of the General Motors stock which otherwise it would receive? Second, if Christiana Corp. is required to divest itself of that stock, is the divestiture to be by sale to the general public—which presumably would distribute the stock over a wide spectrum of persons—or will it be passed through to the present stockholders of Christiana Corp., with the established fact that 65 members of the Wilmington branch of the Du Pont family own or control 80 percent of the Christiana Corp. stock? The Government is contending for both; namely, that Christiana Corp. divest itself of the stock, and do so by sale.

The Du Pont Co. is contending, first, that it should not be required to divest itself of the stock; but, second, that if it is ordered to divest itself of the stock, the divestiture should be by pass-through.

Mr. CARROLL. Madam President, will the Senator from Illinois yield further?

Mr. DOUGLAS. I yield.

Mr. CARROLL. The Government is now taking a strong position on this point, is it not?

Mr. DOUGLAS. Yes.

Mr. CARROLL. And that issue is before the Federal court?

Mr. DOUGLAS. That is correct.

Mr. CARROLL. Is it not true that counsel for the Du Pont Co. has urged in open court, that the court withhold judgment until the Congress passes on the proposed legislation?

Mr. DOUGLAS. That is what the newspaper accounts of the pleadings last Monday seemed to state. I have not read the transcript of the hearing in Chicago. But assuming that the United Press International dispatch is correct, that is the argument which was made.

Madam President, I point out that my amendment does not deal—except in an incidental way—with section 1 of the bill, about which there has been some discussion; but my amendment would eliminate sections 2 and 3; and the amendment provides that the corporations which receive the General Motors stock shall pay the same rate of taxation as that which will be paid by individuals—namely, a capital gains tax, in some cases modified. Under my amendment there will be no change insofar as individuals are concerned. The change will only be insofar as corporations are concerned.

I ask unanimous consent that a table I have prepared comparing the tax ef-

fects of the bill and the tax effects under my amendment be printed at this point in the RECORD.

Without objection the table was ordered to be printed in the RECORD as follows:

Effects of Douglas amendment

Sec. 1	Under bill	Under Douglas amendment
Stage 1: Divestiture by Du Pont to individuals.	Modified capital gains	Same as bill.
Stage 2: Divestiture by Du Pont to corporations.	Christiana: $4.29=8 percent Other corporations: Original cost less 85 percent × 52 percent (same as present law).	Christiana: $13.20=25 percent. Other corporations: 1⅓ shares of GM=$75 less original cost to corporations of Du Pont stock. (Where original cost exceeds $75, no immediate tax. Where original cost less than $75, 25 percent of difference between $75 and original cost.) Affects no one who has bought in last 15 to 20 years.
Stage 3: Christiana divests:		
1. By sale	$11.25	No tax (already paid in stage 2).
2. By pass-through	$8.76 On individual Christiana stockholder holding stock at average base cost of $27.	$8.76. On individual Christiana stockholder holding stock at average base cost of $27.

Mr. DOUGLAS. Madam President, I point out that under the bill as it now stands, individuals are to be taxed at a capital-gains rate, but corporations are to be taxed at the intercorporate dividend rate, with a greater "break" being given to corporations other than the Christiana Corp.

As regards the tax now proposed to be imposed on the Christiana Corp.—with a capital-gain of $53 a share—the bill proposes a tax of only $4.29. Those who advocate that say that it is much more than Christiana would pay if no such provision were enacted; they say that if there were no such provision, the tax would be in the amount of 7½ percent of the original cost, or 16 cents a share. That is what the Du Pont people and some members of the Finance Committee tried to jam through several years ago; and they tried to have it apply not only to corporations, but also to individuals—which meant that on a capital gain of $3,333 million, the total tax would have been $10 million—in other words, three-tenths of 1 percent, or three-thousandths of the gain.

Of course, even $4.29 is better than 16 cents, but is it a proper tax? In my judgment, Christiana should pay the rate which individuals pay, and that is precisely what my amendment prescribes.

The Senator from Pennsylvania, whom I esteem very highly, and with whom I am generally in agreement, says it may be unfair to raise their tax during the process of discussion. I point out that it seems to be fair to reduce their tax, and I am proposing to reduce the tax compared with present law in the case of individual stockholders. Under my amendment, and the bill, individual stockholders would pay less than they would pay under present law. I think the tax under the present law if it actually applied would be unjust to them. I am proposing to reduce it. But I do not want to see the tax on Christiana made only $4.29 when they are gaining $53 a share, and when, if they were an individual, they would pay $13.25 a share. It is as simple as that.

The tax under the bill would be only $80 million on capital gains of approximately $1 billion.

Mr. LONG of Louisiana. Madam President, will the Senator yield?

Mr. DOUGLAS. I yield to the Senator from Louisiana.

Mr. LONG of Louisiana. How much did the Senator say a stockholder who acquired his General Motors stock at $2 would pay?

Mr. DOUGLAS. Does the Senator have in mind Christiana?

Mr. LONG of Louisiana. I have in mind Christiana, but it could be others. What would they pay per share in taxes, under the Senator's amendment, at the corporate level?

Mr. DOUGLAS. About $13.25.

Mr. LONG of Louisiana. So if a person acquired a share of Du Pont stock, and if Du Pont held stock which it had acquired from General Motors, at $2.09 under existing law that transaction would be taxed at 16 cents. The Senator would raise that tax from 16 cents to $16?

Mr. DOUGLAS. Thirteen dollars and twenty-five cents.

Mr. LONG of Louisiana. About $13?

Mr. DOUGLAS. Yes.

Mr. LONG of Louisiana. That would be an eightyfold increase over that provided under existing law.

Mr. DOUGLAS. The existing law is completely inequitable. The figures the Senator from Louisiana is introducing are, I think, a clear misuse of statistics.

Mr. LONG of Louisiana. Let me ask the Senator this question: How can the Senator justify taxing not only for Christiana, but other corporate holders of Du Pont stock at rates as high as 80 times more than the tax would be if they engaged in a voluntary distribution? Why would the Senator tax an involuntary distribution 80 times as heavily as a voluntary distribution?

Mr. DOUGLAS. The Senator from Iowa [Mr. MILLER] has an amendment drawn, which he intended to present after the voting on the pending amendment, which would generalize the principle of my amendment across the board for all corporations. I intended to support that amendment. It so happens that the Senator from Iowa has been delayed in coming from the delightful city whence the Senator from Louisiana comes, New Orleans, and will not, therefore, be able to present his amendment. I would have supported it, and I think the Senator from Iowa would have supported mine.

I hope the Senator from Louisiana is not maintaining that when we are considering a bill we can only decrease taxes, and not increase them.

The PRESIDING OFFICER. The time of the Senator from Louisiana has expired.

Mr. WILLIAMS of Delaware. Madam President, I yield back my time.

The PRESIDING OFFICER. All time having been yielded back, and the yeas and nays having been ordered——

Mr. DOUGLAS. Madam President, who is in charge of the time on the bill?

Mr. GORE. The majority leader. I am in charge of the time in his absence.

Mr. DOUGLAS. Will the Senator yield me time on the bill?

Mr. GORE. I yield 5 additional minutes on the bill to the Senator from Illinois.

Mr. DOUGLAS. Madam President, there should be no nonsense about this being a tax 80 times that under existing law. No amount of talk can obscure the fact that my amendment would apply the same tax rate to Christiana as it would apply to individual Du Pont stockholders. Let us examine the argument that my amendment would somehow be unfair.

Under the bill, the taxes for the stockholders of Du Pont would be reduced. Under the bill, taxes for Christiana stockholders would be reduced. Under the bill, taxes for Christiana would be raised. The total effect is supposedly a bill which would mitigate the tax effects of a divestiture, even though in the process some people's taxes are raised and some people's are lowered.

If my amendment is adopted, the same principles will apply across the board. Taxes for the Du Pont stockholder will be lowered. Taxes for the Christiana stockholder will be lowered. The taxes on Christiana and certain other corporations will be raised. The total effect is supposedly one of tax relief.

If the total effect under the bill is one of a general reduction of taxes brought about by decreases of taxes on some and by increases in taxes on others, and if the total effect, under my amendment, is one of a general reduction of taxes brought about by decreases of taxes on some and by increases in taxes on others, a bill with my amendment is just as fair as the bill as it now stands.

The principle is the same. It is only the amounts which differ.

What those who argue on those grounds are saying is that it is quite fair for the Congress, the legislative body of our Government, to lower taxes, but it is wrong for us in any way to raise taxes while the bill is under consideration.

If the Congress adopts my amendment, it will stand the test of fairness.

If Christiana does not divest, something like $140 to $150 million of the revenue which it is said would be collected under this bill would never be collected. All my amendment does is

make certain that these amounts will be collected whether Christiana divests or not.

Incidentally, it would remove from the court the temptation not to order Christiana to divest, because it would take away a tax advantage which Christiana would receive under the bill if it did not divest.

Mr. GORE. Madam President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. GORE. Senators who argue that Congress should not increase taxes on a taxpayer because of an involuntary divestiture could not, by that argument, support the bill, because the bill would increase taxes on Christiana Corp.

Mr. DOUGLAS. That is correct.

Mr. GORE. So what the Senator seeks is not this hodgepodge, but a uniform assessment of taxation on the distribution of General Motors stock held by Du Pont.

Mr. DOUGLAS. And the application of the capital gains principle, so far as the Du Pont divestiture is concerned, across the board, for corporations as well as individuals.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Illinois [Mr. DOUGLAS]. All time on the amendment has expired. The yeas and nays having been ordered, the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from Mississippi [Mr. EASTLAND], the Senator from Oregon [Mr. MORSE], and the Senator from Maine [Mr. MUSKIE] are absent on official business.

I further announce that the Senator from New Mexico [Mr. CHAVEZ] is absent because of illness.

I further announce that, if present and voting, the Senator from New Mexico [Mr. CHAVEZ], and the Senator from Maine [Mr. MUSKIE] would each vote "nay."

On this vote, the Senator from Mississippi [Mr. EASTLAND] is paired with the Senator from Oregon [Mr. MORSE]. If present and voting, the Senator from Mississipi would vote "nay," and the Senator from Oregon would vote "yea."

Mr. KUCHEL. I announce that the Senator from Maryland [Mr. BUTLER] is necessarily absent.

The Senator from Indiana [Mr. CAPEHART], the Senator from Iowa [Mr. MILLER], and the Senator from Pennsylvania [Mr. SCOTT] are absent on official business.

The Senator from Iowa [Mr. HICKENLOOPER] is absent on official business to attend the Eighth Meeting of Consultation of Ministers of Foreign Affairs of American States.

If present and voting, the Senator from Maryland [Mr. BUTLER] would vote "nay."

On this vote, the Senator from Indiana [Mr. CAPEHART] is paired with the Senator from Iowa [Mr. MILLER]. If present and voting, the Senator from Indiana would vote "nay," and the Senator from Iowa would vote "yea."

On this vote, the Senator from Iowa [Mr. HICKENLOOPER] has a general pair with the Senator from Pennsylvania [Mr. SCOTT].

The result was announced—yeas 18, nays 72, as follows:

[No. 4 Leg.]

YEAS—18

Bartlett	Javits	Metcalf
Burdick	Keating	Moss
Cooper	Kefauver	Neuberger
Douglas	Lausche	Pell
Gore	Long, Hawaii	Proxmire
Gruening	McNamara	Yarborough

NAYS—72

Aiken	Ervin	Monroney
Allott	Fong	Morton
Anderson	Fulbright	Mundt
Beall	Goldwater	Murphy
Bennett	Hart	Pastore
Bible	Hartke	Prouty
Boggs	Hayden	Randolph
Bush	Hickey	Robertson
Byrd, Va.	Hill	Russell
Byrd, W. Va.	Holland	Saltonstall
Cannon	Hruska	Smathers
Carlson	Humphrey	Smith, Mass.
Carroll	Jackson	Smith, Maine
Case, N.J.	Johnston	Sparkman
Case, S. Dak.	Jordan	Stennis
Church	Kerr	Symington
Clark	Kuchel	Talmadge
Cotton	Long, Mo.	Thurmond
Curtis	Long, La.	Tower
Dirksen	Magnuson	Wiley
Dodd	Mansfield	Williams, N.J.
Dworshak	McCarthy	Williams, Del.
Ellender	McClellan	Young, N. Dak.
Engle	McGee	Young, Ohio

NOT VOTING—9

Butler	Eastland	Morse
Capehart	Hickenlooper	Muskie
Chavez	Miller	Scott

So Mr. DOUGLAS' amendment was rejected.

Mr. KERR. Madam President, I move that the Senate reconsider the vote by which the amendment was rejected.

Mr. DIRKSEN. Madam President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. KEFAUVER. Madam President, I have an amendment at the desk, which I call up.

The PRESIDING OFFICER. The amendment of the Senator from Tennessee will be stated.

The LEGISLATIVE CLERK. On page 3, it is proposed to strike out all in lines 3 to 11, inclusive, and insert in lieu thereof the following:

(d) DEFINITION OF ANTITRUST ORDER.—For the purposes of this section, the term "antitrust order" means any judgment, decree, or other order rendered or entered under the Sherman Act (26 Stat. 209; 15 U.S.C. 1–7), the Clayton Act (38 Stat. 730; 15 U.S.C. 12–27), or both such statutes, in any action, suit, or other proceeding before any court, commission, board, or other agency.

On page 3, line 16, it is proposed to strike out the words "entered after January 1, 1961,".

On page 5, lines 14 and 15, it is proposed to strike out the words "after September 6, 1961,".

On page 7, lines 16 and 17, it is proposed to strike out the words "was owned by the distributee on September 6, 1961, or".

On page 8, lines 17 and 18, it is proposed to strike out the words "was owned by the distributee on September 6, 1961, or".

On page 9, lines 24 and 25, it is proposed to strike out the words "was owned by the distributee on September 6, 1961, or".

On page 11, lines 4 and 5, it is proposed to strike out the words "was owned by the distributee on September 6, 1961, or".

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Tennessee.

Mr. KEFAUVER. Madam President, the proposed legislation before the Senate started in the House of Representatives as a general bill, applicable not only to Du Pont, but to any divestiture situation that might be decreed by a court as a result of violation of the Sherman Act or the Clayton Act. The bills originally introduced in the Senate by Senator Frear and by the senior Senator from Delaware [Mr. WILLIAMS] in the previous Congress were general bills.

It seems to me that this original approach was correct; that there should be the same tax treatment of the stockholders of any corporation that would be given to the stockholders of the Du Pont corporation.

The "Definition of Antitrust Order" on page 3, subsection (d), applies only to the Du Pont judgment, that is, "a final judgment rendered after January 1, 1961," in a case which was commenced before January 1, 1959. That definition applies only to this one case. My amendment would apply the same principles to all divestiture orders rendered under the Sherman Act or the Clayton Act by any court, the Federal Trade Commission, or any board that has authority to order a divestiture.

It has been my opinion that some good might come from legislation that would encourage a court, commission, or board, in a monopoly situation, to order a divestiture, by assuring that no undue tax hardship would be brought upon individual innocent shareholders.

The Clayton Act, particularly section 7, is not designed for the purpose of inflicting undue hardship upon individual shareholders.

The purpose of that act is to preserve our free competitive enterprise system.

In the bill before the Senate I should like to have differentiated between stockholders at the managerial level who are responsible for acts which constitute a violation of the antitrust law, and innocent stockholders. I would like to apply some penalty to the former, but no penalty to individual stockholders who have no part in the antitrust violation. But the Senate has decided otherwise.

H.R. 8847 is the kind of bill that we might have before us in the future to give broad, substantial relief to certain stockholders, whether they be corporate, part of management, or otherwise. It does not strike me as being fair to have a bill that only applies to the stockholders of one particular corporation.

In fairness, I thought some Department of Justice officials were in favor of the proposed idea at one time, on the ground that it might encourage divestitures to break up cartels and monopolies. I know that the present Attorney

General is opposed to the legislation I propose and has so stated, I believe, in testimony before the Finance Committee and perhaps in some letters. But what is good for the goose should be good for the gander. A smaller corporation without the ability—which Du Pont has—to secure the lengthy consideration that the pending bill has had ought to be entitled, for the benefit of its stockholders, to the same principle of tax relief that is being applied in the pending bill. That is the issue. I think it is quite clear.

I yield the floor.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Tennessee [Mr. KEFAUVER].

The amendment was rejected.

The PRESIDING OFFICER. The bill is open to amendment. Is all time yielded back?

Mr. MANSFIELD. Madam President, I yield back the remainder of my time.

Mr. WILLIAMS of Delaware. I yield back the remainder of my time.

The PRESIDING OFFICER. All time has been yielded back.

Mr. WILLIAMS of Delaware. Madam President, I ask unanimous consent that at this point, immediately preceding the vote on the bill, there be printed a brief statement I have prepared on the bill, together with certain letters, including letters from the Treasury Department and the Justice Department.

The PRESIDING OFFICER. Is there objection?

There was no objection.

Mr. WILLIAMS of Delaware. Madam President, the bill before us is a fair and equitable bill both from the standpoint of the stockholders of the companies involved as well as from the standpoint of the U.S. Government.

This bill has been approved by the Treasury Department, the Justice Department, the Ways and Means Committee, and the House of Representatives by an overwhelming vote.

The bill was approved by the Senate Finance Committee by a vote of 14 to 2, and I strongly recommend its adoption today by the U.S. Senate.

This bill, H.R. 8847, would treat the General Motors dividend as a return of capital; that is, to the extent that the market value of the General Motors dividend on the date of distribution exceeded the stockholders original cost of Du Pont or Christiana, they would pay an immediate capital gains tax.

For example, Du Pont owns approximately 1.37 shares of General Motors stock for each outstanding share, and at the present market value of General Motors—$55—this is equivalent to $75 per share. If stockholder A paid $80 for Du Pont he would reduce his basic cost of Du Pont by $75, or to $5, and he would assign $75 as the cost of General Motors. He would owe no tax.

Stockholder B had bought Du Pont at $40 per share. He receives his General Motors dividend valued at $75. He would reduce his basic cost of Du Pont to zero and would owe an immediate capital gains tax of $35—$75 minus $40.

This means that all stockholders of Christiana or Du Pont who have a cost basis of Du Pont or Christiana of $75 or over would owe no tax whatever upon receipt of their General Motors stock dividend. Accordingly, the approximately 50,000 employees of the Du Pont Co. who have purchased Du Pont stock under the company's thrift plan would be exempt from practically all tax liability under this bill. Of the company's 200,000 stockholders, approximately two-thirds of them would pay no taxes under this bill upon receipt of their General Motors dividend because their cost of Du Pont is in excess of $75.

Under this bill the Government would collect $470 million in taxes, and this tax in its entirety would be collected from those stockholders who have the lowest cost basis of Du Pont, which group primarily represents the management of the company.

There is a precedent for treating this General Motors stock dividend as a return of capital. Under our existing law, suppose two farmers each owned a farm. Farmer A paid $10,000; and farmer B, $5,000. Each farmer received $6,000 as payment from a utility company purchasing a 99-year right-of-way through his respective farm. Farmer A reduces the cost basis of his farm from $10,000 to $4,000 and would owe no tax. Farmer B would write the cost basis of his farm down to zero for future tax purposes and would owe an immediate capital gains on the additional $1,000 which he received.

This is exactly the same formula under which the General Motors dividend would be taxed to the stockholders of Du Pont and Christiana under the provisions of this bill.

The bill has erroneously been labeled as a bill to aid the rich. It is quite the contrary. In fact, the $470 million in revenue which will be raised under this bill is collected in its entirety from the Christiana Corp. and from those stockholders who own Du Pont and Christiana stock at exceptionally low cost.

The Treasury Department has confirmed that under H.R. 8847 the tax on Christiana Corp. will be raised to $79 million whereas if this bill is defeated the tax on Christiana Corp. will only be around $3 million. In other words, this bill will increase the corporate tax liability of the Christiana Corp. from $3 to $79 million. This increase results from the correction of an unintentional loophole which has been found in the present law wherein Christiana Corp. would receive its approximately 20 million shares of General Motors stock, valued at approximately $1 billion, upon which under existing law they would only have to pay approximately 16 cents per share in tax.

Under title 2 of the bill we would correct that unintentional loophole, which correction would have the effect of raising the Christiana tax from 16 cents per share to $4.29 per share of General Motors stock. This increase is justified since under this bill the stockholders of Christiana Corp., if the court orders the divestiture of its General Motors stock, would receive the same return of capital treatment as the bill extends to the stockholders of the Du Pont Co. under section 1.

At this point I insert my telegram to the Treasury Department along with their reply thereto confirming my statement that under the committee bill the tax on Christiana would be increased from $3 to $79 million:

JANUARY 15, 1962.

Hon. DOUGLAS DILLON,
Secretary of the Treasury,
Washington, D.C.:

Under the Supreme Court order that the Du Pont Co. divest itself of its General Motors stock, assume the market price of General Motors is $55 per share. Under such circumstances what would the corporation tax to Christiana Corp. be under existing law and what would its corporation tax be under H.R. 8847?

JOHN J. WILLIAMS.

THE SECRETARY OF THE TREASURY,
Washington, D.C., January 16, 1962.

Hon. JOHN J. WILLIAMS,
U.S. Senate,
Washington, D.C.

DEAR SENATOR WILLIAMS: Your telegram of January 15 asked what the intercorporate dividends tax to Christiana Corp. would be under existing law and H.R. 8847 in the event that the Federal district court orders Du Pont to distribute its General Motors stock to its shareholders. You asked for this purpose that we assume a market price of $55 per share of General Motors stock.

Assuming that the General Motors shares distributed have an average basis of $2.09 in the hands of Du Pont, the intercorporate tax under existing law would be approximately $3 million, as we indicated earlier in our letters to the Senate Finance Committee and the Ways and Means Committee. You will note that this figure is not affected by the market price of General Motors since under existing law the amount of a dividend distribution of appreciated property to a corporation is not measured by the market value but by the basis of the property in the hands of the distributing corporation.

Under H.R. 8847, the amount of a divestiture distribution of General Motors stock to Christiana is measured by the fair market value. Our earlier computations, which assumed a fair market value of $44 per share, estimated that the intercorporate tax dividend to Christiana under H.R. 8847 would be approximately $63 million. However, assuming a fair market value of $55 per share, the intercorporate dividend tax would be increased to approximately $79 million.

Sincerely yours,

DOUGLAS DILLON.

Madam President, in discussing the provisions of H.R. 8847, a number of Senators have referred to this section of the bill which would substantially increase the intercorporate dividends tax payable by Christiana Securities Co. under present law from $3 million to approximately $79 million. As I said on the Senate floor last week, in other circumstances such a tax might be considered by some to be discriminatory. I am advised, however, by representatives of Christiana, that Christiana will not contest the validity of the additional intercorporate dividends tax if the bill is passed because Christiana believes that enactment of H.R. 8847 in its present form will prove to be of benefit to it and its shareholders in lessening the losses attributable to the market impact it believes would follow from a divestiture of General Motors stock under present law.

As further evidence that the charge that the bill as reported by the Senate Finance Committee was designed to help the large stockholders or members of the Du Pont family is wholly without foundation. I next insert a letter dated January 9, 1962, signed by Mr. Crawford H. Greenewalt, president of the Du Pont Co., wherein he points out how under the committee bill his tax liability will be increased from about $650,000 to a total of $1,400,000, or more than doubled.

Notwithstanding this increase in his own tax liability Mr. Greenewalt as the president of the company has endorsed the bill before us on the basis that the overwhelming majority of the stockholders of the company which he represents would benefit and would be relieved of substantial liability under the committee bill.

The reason his personal tax would be so high under the committee bill is because he had such a very low cost factor, but this example clearly refutes all arguments that the committee bill was designed to help the corporation officials.

I incorporate Mr. Greenewalt's letter at this point in the RECORD:

E. I. DU PONT DE NEMOURS & CO.,
Wilmington, Del., January 9, 1962.

The Honorable JOHN J. WILLIAMS,
U.S. Senate, Washington, D.C.

DEAR SENATOR WILLIAMS: In reviewing the debate in the Senate last fall on H.R. 8847 I find that Senator GORE made a statement which is not based upon the facts of the case. For this reason I feel compelled to present the situation as it actually exists. Senator GORE said, "I believe that the pressure for the passage of this bill does not come from taxpayers in the 20-percent bracket, or the zero bracket retired workers, widows, or orphans, unless they have been misled, but comes from the corporation officials and the high tax bracket stockholders."

I think I can best set the record straight by outlining my own tax position as a stockholder of Christiana Securities Co., first, under present law and, second, as it would be under H.R. 8847. I assume that I qualify as one of Senator GORE's "corporate officials and high tax bracket stockholders," and, furthermore, my own position does not differ substantially from the great majority of Christiana stockholders in high tax brackets.

The figures which follow assume a market value of $55 per share of General Motors at the time of distribution.

Under the Supreme Court decision and present tax laws, tax revenues would arise solely from the sale by the Du Pont Co. of some 40 million shares of General Motors stock over a 10-year period. Since these taxes would be paid by the Du Pont Co., their impact would fall uniformly on every Du Pont stockholder, whether he be rich or poor.

This tax would amount to about $12 per share of either Du Pont or Christiana common stock.

Under H.R. 8847 the distribution of General Motors stock is held to be a return of capital, and the stockholder pays an immediate capital gains tax to the extent that his cost of Christiana or Du Pont is less than the market value of the General Motors stock received. In the case of Christiana there are two additional taxes. There is the intercorporate dividend tax which is levied on the basis of the market value of the General Motors stock at the time Christiana receives it. Since Christiana has no cash with which to pay this intercorporate tax, I assume that it would sell a number of shares of General Motors stock sufficient to produce the necessary funds, which of course would involve a capital gains tax to Christiana on that sale. Upon a distribution by Christiana of the remaining shares (since my cost basis for Christiana is essentially zero), I would pay capital gains tax on the full market value of the General Motors stock received.

The sum of these direct and indirect taxes is about $25 for each Christiana share I hold, whereas under present law my tax would be only $12 per Christiana share.

It is clear then that my personal tax bill would be more than twice as great under H.R. 8847 than it would be if the divestiture were carried out under present tax laws. As the Du Pont Co. proxy statement shows, I am the direct and beneficial owner of roughly 55,000 shares of Christiana common stock; hence my tax bill payable in 3 years under H.R. 8847 would be about $1,400,000 as compared with about $650,000 over a 10-year period under present law.

A numerical majority of the Du Pont Co.'s stockholders have acquired their stock since 1950 and during the intervening years the price of Du Pont common has been in excess of the likely market value of the General Motors stock to be distributed. Hence these stockholders, which include some 50,000 employees, would pay no tax under H.R. 8847 at the time of the distribution of the General Motors stock. This compares with the $12 per Du Pont share payable on their behalf under present law.

These figures should make it abundantly clear that H.R. 8847 brings substantial benefits to the small stockholder and to those who have acquired their stock recently. Inasmuch as the total tax revenues collected by the Government are about the same under present law as they would be under H.R. 8847, it is equally clear that H.R. 8847 in fact shifts the tax burden to those Senator GORE characterizes as "corporate officials and high tax bracket stockholders."

In case you should be interested in further detail I attach a sheet showing exactly how these figures were derived.

Sincerely,

C. H. GREENEWALT,
President.

TAX CONSEQUENCES TO CRAWFORD H. GREENEWALT AS A COMMON STOCK HOLDER IN CHRISTIANA COMMON STOCK HELD BY CRAWFORD H. GREENEWALT (VALUE IN 1915, 30 CENTS PER SHARE)

Assumption: $55 market value per share of General Motors common at time of distribution; 1 share of Du Pont per share of Christiana common 1.4 shares of General Motors common to be distributed per share of either Du Pont or Christiana common; Du Pont sells 40 million shares General Motors over 10-year period under present law.

Tax under present law: Capital gains tax paid by Du Pont on sale of 40 million shares General Motors—per Du Pont (or Christiana) share $(40/63 \times 1.40\ (\$55-\$2.09) \times .25)$ $11.76.

Tax under H.R. 8847 per Christiana common share:

1. Christiana pays intercorporate dividend tax—$(1.4 \times \$55 \times 0.15 \times 0.52)$ $6.01.

2. Christiana sells 0.14 shares of General Motors per Christiana share to raise the above tax and pays capital gains tax on this transaction—$(\$55-\$10.03) \times 0.14 \times 0.25)$ $1.58.

3. Christiana distributes 1.26 shares General Motors stock $(1.40-0.14)$ per Christiana common share. C. H. Greenewalt pays capital gains tax on essentially full market value $(\$55 \times 1.26 \times 0.25)$ $17.33.

The total of these taxes is per share held by C. H. Greenewalt, $24.92.

Madam President, I next insert in the RECORD a letter dated January 23, 1962, signed by Mr. Robert H. Knight, General Counsel of the Treasury Department, wherein he outlines the objections of the Treasury Department to the amendments which were offered by the Senator from Illinois to the pending measure, followed by a letter addressed to the chairman of the Finance Committee wherein the Treasury Department clearly states that the Department has no objection to the bill in its present form being enacted into law.

The enactment of this bill will give justice to the thousands of innocent stockholders of the respective companies involved.

THE GENERAL COUNSEL
OF THE TREASURY,
Washington, D.C., January 23, 1962.

Hon. JOHN J. WILLIAMS,
U.S. Senate,
Washington, D.C.

DEAR SENATOR WILLIAMS: You have asked for the comments of the Treasury Department with regard to Senator MILLER's letter to you of January 20, and with regard to the amendments to H.R. 8847 which he and Senator DOUGLAS have offered.

One amendment would strike section 2 of H.R. 8847. This, in effect, would allow Christiana to receive the distribution of the GM shares allocable to it in accordance with present law which measures the amount of an intercorporate dividend in kind by the basis of the property in the hands of the distributing corporation. Section 2 would measure the distribution to Christiana by the fair market value of the property distributed.

The Treasury Department would be opposed to the elimination of section 2. As you may recall, the fair market value measure of intercorporate dividends originally was proposed as general legislation to apply to all intercorporate dividends to meet what the Treasury among others considered to be a defect in existing law. When it was proposed in the House to narrow this provision to Christiana, the Treasury Department did not object on the understanding that consideration would be given in this session of the Congress to general legislation to apply the fair market value measure to all intercorporate dividends. The Treasury Department plans to recommend such a bill to the Congress in the near future. The Treasury Department believed it was important to apply the fair market value rule to Christiana, since it was Christiana's preferred situation with respect to the dividend of GM shares which focused attention on the defect of existing law and which occasioned the proposal to amend existing law in this regard. In these circumstances it would have been incongruous to have allowed Christiana to escape the new provision merely because of a question of timing.

Additionally, one of the arguments which influenced the House and the Senate Finance Committee to favor the bill was that the revenue effects could under the assumptions presented by Du Pont witnesses be roughly equal whether divestiture occurred through distributions under the bill or through sales, distributions in lieu of dividends, and redemptions under existing law. If, however, section 2 is struck, this would no longer be true since the revenue estimate under the bill would on present market values have to be reduced by roughly $75 million.

An alternative proposal would substitute, for the intercorporate dividend proposal now embodied in section 2, a return-of-capital tax treatment on the distribution of GM

shares to Christiana. On this we offer two comments. In the first place section 2, as it now appears in the bill, is from our viewpoint based on the principle that the present intercorporate dividend tax provisions are defective and should be changed and that such change should be enacted now in the case of the Du Pont divestiture order. The same principle would not appear applicable to, or justify, a return-of-capital treatment for the dividend to Christiana since the Treasury Department does not believe that such treatment is warranted for intercorporate dividends generally. While the proposal might promote consistency of tax treatment within the bill, it would not further consistency of the tax laws as they apply generally to intercorporate dividends or as we believe they should apply to such dividends.

Our second comment relates to the discriminatory nature of the burden proposed to be imposed. Section 2, as now drafted, would increase the intercorporate dividend tax payable by Christiana from approximately 16 cents per share of General Motors stock received to approximately $4.29 per share. The return-of-capital proposal would further increase the tax burden to approximately $13 per share, a very substantial increase. While it could be claimed, under other circumstances, that application of section 2 only to Christiana is discriminatory, this aspect is alleviated by the fact that Christiana has categorically stated that it believes the bill in its entirety, including section 2, would benefit itself and its shareholders by reason of eliminating the adverse impact on the market value of General Motors stock which would otherwise result. Therefore, Christiana has undertaken not to contest the application of section 2 as discriminatory legislation. The Treasury Department is not aware that the same considerations would apply to the return-of-capital proposal.

A third alternative proposed is to broaden H.R. 8847, including the intercorporate dividend tax proposal, to apply to all divestitures. Solely from the standpoint of the responsibilities of the Treasury Department, this proposal would be unobjectionable. However, the bill was originally narrowed at the insistence of the Department of Justice, which indicated it would otherwise oppose its passage. I understand that the Attorney General felt that relief in divestiture cases could not be justified on the ground that antitrust enforcement would thereby be improved and, further, that a provision for general relief in such cases might well encourage antitrust violations. The Treasury Department defers to the Department of Justice with regard to this question.

Sincerely,

ROBERT H. KNIGHT,
General Counsel.

THE GENERAL COUNSEL
OF THE TREASURY,
Washington, D.C.

Hon. HARRY F. BYRD,
Chairman, Committee on Finance,
U.S. Senate, Washington, D.C.

DEAR SENATOR BYRD: Mr. Colin Stam has passed on to me your request for a statement of the present position of the Treasury Department with regard to H.R. 8847, which would provide tax relief to individual shareholders receiving distributions of stock as a result of antitrust divestitures and would provide new tax treatment to corporate shareholders receiving divested antitrust stock which has appreciated in value in the hands of the distributor.

The Treasury Department would not object to the bill in its present form being enacted into law. This is, of course, the same position I expressed on behalf of the Treasury Department before the Senate Finance Committee and the House Ways and Means Committee when these committees were considering the bill last fall.

With best wishes.

Sincerely,

ROBERT H. KNIGHT,
General Counsel.

The PRESIDING OFFICER. If there be no further amendment to be proposed, the question is on the third reading of the bill.

The bill was ordered to be read a third time.

The bill was read the third time.

The PRESIDING OFFICER. The bill having been read the third time the question is, Shall it pass? [Putting the question.]

The bill (H.R. 8847) was passed.

Mr. KERR. Madam President, I move that the Senate reconsider the vote by which the bill was passed.

Mr. WILLIAMS of Delaware. Madam President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. HOLLAND. Madam President, in the matter of the Du Pont bill, which has just been passed by voice vote, it happens that a great number of people in my State had written to me with respect to the bill. I heard from more than a thousand moderate, small stockholders. I had told them all that I was prepared to vote for the bill.

The fact that it was passed by voice vote leaves the RECORD silent as to the position of any of us who did not have an opportunity to participate in the argument on the amendments.

I wish the RECORD to show, therefore, that I voted for the bill, that I believe it is a good measure, and that I believe it will protect countless thousands of innocent people who are entitled to the protection given by the bill.

CONSIDERATION OF NOMINATIONS ON THE EXECUTIVE CALENDAR

Mr. RUSSELL. Madam President, I should like to have the attention of the majority leader and the minority leader. There have been reported from the Committee on Armed Services sundry nominations, including the nomination of the Director of the Central Intelligence Agency and the nomination of the Secretary of the Navy. I understand that there may be some discussion as to at least one of these nominations. I should like to inquire of the distinguished majority leader as to when he thinks consideration of these nominations may be scheduled.

Mr. MANSFIELD. Madam President, after conferring with the distinguished minority leader, and in view of the fact that at least one Senator has asked that one nomination go over for a day, and in view of the further fact that the nominations will be on Executive Calendar tomorrow, I hope it will be agreeable to the Senator to take up the nominations of Mr. McCone, Mr. Korth, and the other appointees on Monday next.

Mr. RUSSELL. That is agreeable to me. So far as the majority leader knows—and the minority leader agrees——

Mr. DIRKSEN. Yes.

Mr. RUSSELL. The nominations will be taken up on Monday.

Mr. DIRKSEN. That is correct.

Mr. MANSFIELD. Yes.

LEGISLATIVE PROGRAM—ORDER FOR ADJOURNMENT FROM TODAY UNTIL THURSDAY AND FROM THURSDAY TO MONDAY NEXT

Mr. DIRKSEN. Madam President, I should like to inquire of the majority leader about the schedule for tomorrow and next week, in view of the fact that a delegation will be going to Kansas for the ceremonies for the late Senator Schoeppel.

Mr. MANSFIELD. It is the intention of the leadership to ask unanimous consent that when the Senate adjourns tonight it adjourn to meet at 12 o'clock noon on Thursday next. I ask such unanimous consent.

The PRESIDING OFFICER. Without objection it is so ordered.

Mr. MANSFIELD. On Thursday it is anticipated that the Senate will take up Calendar No. 966, S. 1760, to establish the Great Basin National Park in Nevada, and for other purposes; also Calendar No. 1065, H.R. 6025, to confer jurisdiction on the U.S. Court of Claims to hear, determine, and render judgment on the claim of George Edward Barnhart against the United States; as well as other business of that nature.

There will be no rollcalls on Thursday.

I ask unanimous consent at this time that when the Senate adjourns on Thursday, it adjourn to meet on the following Monday, at 12 o'clock noon.

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

Mr. MANSFIELD. The purpose of making this schedule so circumscribed is due to the fact that some Members of the Senate are leaving tomorrow for Topeka, Kans., to attend the lying-in-state of our late, beloved colleague, Senator Schoeppel; others will be in Wichita, Kans., next day for the funeral. In view of the fact that we are pretty well caught up with the calendar, we are making these allowances this week.

Mr. DIRKSEN. If perchance a record vote should be requested on any of the bills, I assume that the vote would go over until Monday.

Mr. MANSFIELD. If there are any rollcall votes, they will go over until Monday, so all Senators will be informed and protected.

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

Mr. MANSFIELD. I yield.

Mr. JAVITS. When is it the Senator's intention to call up Calendar No. 891, the welfare and pension plans bill?

Mr. MANSFIELD. So far as Calendar No. 891 and Calendar 1053, the latter providing authorization for assistance to public and other nonprofit institutions of higher education, is concerned, it is anticipated that we will take up the higher education bill probably first, on Monday or Tuesday; sometime after that, Calendar No. 891.

RESOLUTION OF COMMITTEE ON PUBLIC WORKS PROVIDING FOR A STUDY AND INVESTIGATION OF USE OF MATERIALS IN PUBLIC WORKS

Mr. KERR. Madam President, I ask unanimous consent to have printed in the RECORD at this point a copy of a resolution adopted by the Public Works Committee, to institute a study and investigation into the use of new materials in public works, as set forth in the resolution.

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

COMMITTEE RESOLUTION PROVIDING FOR A STUDY AND INVESTIGATION OF USE OF MATERIALS IN PUBLIC WORKS

Whereas the Senate Committee on Public Works has under its jurisdiction measures relating to flood control and rivers and harbors, roads and highways, public buildings, water pollution control, waterpower and other matters relating to developments within the Nation; and

Whereas the Senate Committee on Public Works has authority to make investigations into any matter within its jurisdiction; and

Whereas the Senate Committee on Public Works members have been vitally interested in the development, protection, and utilization our Nation's water resources as evidenced by their active participation in the hearing and deliberations of the Senate Select Committee on National Water Resources; and

Whereas there are now being produced and our scientists and technicians, both in industry and Government, are working on and perfecting many new materials and new uses of known materials and it is evident that such materials can be utilized efficiently and economically in the construction of public works, in the protection and operation of such works, in the preservation and proper utilization of our essential water resources and that such materials and their development and use enhance the opportunities for industrial and business growth and strengthening of our Nation's economy; and

Whereas representatives of industry and the Federal Government have shown a keen interest in discussing and disclosing their roles in the fields of research, development, and utilization of materials: Therefore be it

Resolved by a unanimous vote of the Senate Committee on Public Works, That the committee shall institute a study and investigation into the use of new materials, new use of materials, and new designs and methods being used or which may be used in flood control and rivers and harbors, roads and highways, public buildings, water pollution control, waterpower, and other developments relating to public works, including water resources development, utilization, preservation, and protection projects, and that a committee report be prepared thereon and submitted to the Senate.

SEC. 2. Such study and investigation shall include but not be limited to metals, plastics, rubber, coal, petroleum, timber, concrete, asphalt, chemicals and their direct use, uses of their derivatives or use in combination with each other or other materials, and shall attempt to determine the following:

(a) Description of proposed use of application of the subject material;

(b) General description of the material in terms of physical and chemical characteristics and, where possible, obtain a description of the physical or chemical phenomenon responsible for obtaining the desired effect;

(c) Results of laboratory and field tests to prove that the desired effect occurs and prove the durability or duration of the effect of the material;

(d) The limitations of the materials; i.e., problems of toxicity, limitation of effectiveness under certain climate, soil, or physical conditions;

(e) Cost of materials per standard units; i.e., square foot, lineal foot, cubic foot, etc., and cost projection in terms of future production capacity, improved manufacturing techniques, etc.; and

(f) Availability of material both on a current and future basis.

THE NEW HOUSE MAJORITY LEADER

Mr. MONRONEY. Madam President, selection of Oklahoma's CARL ALBERT as majority leader of the House of Representatives at the opening of this session is a great tribute to Congressman ALBERT's standing in the House and a reaffirmation of the confidence shown in him by our beloved Sam Rayburn when he chose him 9 years ago as House whip—and a strong right arm.

We in Oklahoma are very proud of the majority leader. As a former Member of the House, I know that our State's influence and prestige there has never been higher. Some articles in the press of our area tell the story better than I could tell it. I ask unanimous consent to place in the RECORD at this point an editorial from a newspaper in Mr. Sam's old district, the Denison Herald; an article from a very wonderful student daily at the University of Oklahoma which I once had the good luck to edit, outlining CARL's rise from "Big Man on Campus to Big Man in Congress," and a news-feature story from the McAlester News Capital in the majority leader's home district.

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

[From the Denison (Tex.) Herald, Jan. 14, 1962]

MERITED PROMOTION

Southeast Oklahoma is to be congratulated upon the elevation of CARL ALBERT to majority leader of the U.S. House of Representatives. We know that his many friends in Denison and Grayson County also are happy about this well-deserved promotion in the Democratic Party.

Congressman ALBERT is one of the ablest Members of Congress. He has an outstanding record, including a Rhodes scholarship, and is considered quite an orator on the floor. While he is not a loud, dramatic speaker but uses a calm, studied approach, his fellow Members listen carefully when he is on the floor and his remarks carry great weight.

The Oklahoma Congressman was a close friend and coworker of Speaker Rayburn. Through his connection with Mr. Rayburn he was a frequent visitor to Denison and Grayson County and made many good friends locally.

So we can be doubly happy for this promotion that our neighboring Congressman and friend from "across the river" has gone up a big step and also that a fine man has been chosen for a higher place of leadership in our country and the Democratic Party.

[From the Oklahoma Daily, Jan. 13, 1962]

ALBERT AIMED HIGH—BMOC TO CONGRESS

(By Bob West)

From BMOC to big man in Congress—the 34-year transition has his old friends on campus and over the State recalling CARL ALBERT's brilliant student years in Norman. This week ALBERT became the floor leader of the U.S. House of Representatives. The highest congressional position ever held by an Oklahoman.

In 1927–28, a freckled 5-foot, 4-inch freshman from the eastern part of the State enrolled as a freshman at Oklahoma University, bringing along an unquenchable thirst for knowledge and an ambition to be an outstanding orator. By the time he got his degree in government in 1931, the same year he was doing freshman law work, CARL ALBERT had won national oratorical honors and was headed for Oxford University on a Rhodes scholarship.

As a student leader, ALBERT not only made Phi Beta Kappa and the senior men's honor society, Pe-et, but was a varsity oratorical team member and president of the Oklahoma University men's council. He made Phi Eta Sigma scholastic society his freshman year and belonged to Kappa Alpha social fraternity.

His former Oklahoma University speech coach, Josh Lee, now a Norman attorney and U.S. Senator from 1937 to 1943, was first impressed by CARL ALBERT when Lee was a judge for a State high school oratorical contest and the McAlester boy won.

Once at Oklahoma University, ALBERT chose the oratorical team over debate. Lee recalled Friday how ALBERT studied conscientiously and practiced to improve his speaking ability. Under Lee's coaching, ALBERT won the national intercollegiate oratorical contest, speaking on "The Constitution."

"CARL ALBERT was a pleasure to coach," Lee said. "He had a good voice and he spoke deliberately. He always sounded like he was thinking the words he was saying. Sincerity is the key to being a good speaker, and CARL ALBERT was always sincere."

Lee went on to say, "He was very careful about his material and support for his statements. I taught my students to memorize their thoughts, and then the words would come easily. CARL seemed to speak in this style. He apparently was interested in statesmanship and seemed to be living for the day when he could use his oratory. That day has come."

ALBERT majored in government, political science, and law and one and another of his former professors spoke of him Friday. Dr. Cortez A. M. Ewing, research professor of government, counts him as one of the best half dozen students he has taught. He had straight A's in Ewing's classes.

"He seemed to want to learn everything," Dr. Ewing said. "He was a good student because he could express himself and was a hard worker and student leader. He was always chuckling and had merchants and industrialists see a grand sense of humor. Moneywise he was a 'poor' student. He's an example of what a student can do if he has the will to do it."

WAS FINE STUDENT

In ALBERT's senior year, as a first-year lawyer, one of his professors was Dr. Victor H. Kulp, now David Ross Boyd professor emeritus of law. Asked Friday if he recalled ALBERT, Dr. Kulp was quick to say indeed he does. "He was a bright little fellow, a very fine student."

Emil R. Kraettli, longtime secretary of the university and of the board of regents, knew him well. "ALBERT was a very fine student and a leader," Kraettli recalled. "He remembers he borrowed from the Oklahoma University student loan fund to help finance

his education. He also worked while in school," Kraettli said.

The Oklahoma congressional leader's achievements in scholarship, oratory, and military are considered among the outstanding in Congress, and his rapid development at Bug Tussle, Okla., where he was born, to the position of floor leader of the House of Representatives, is regarded as a personal achievement saga.

ENTERED CONTESTS

ALBERT was born May 10, 1908, the son of a coal miner, Earnest Homer Albert, and his wife, Leona Ann, the oldest in a large family. His interest in public speaking was encouraged by an elementary schoolteacher and when he entered McAlester High School, he began competing in speech contests.

His senior high school year he won the National American Legion contest. After his years at Oklahoma University, ALBERT studied 3 years at Oxford on Rhodes grants, receiving B.A. and B.C.L. degrees.

Returning to Oklahoma, he practiced law and studied more law at Oklahoma University. He worked with oil companies in Oklahoma, Illinois, and India, where he was in 1941 when the United States entered World War II. Going into the Army a buck private, he came out a lieutenant colonel and was awarded a Bronze Star for meritorious service in the Pacific theater in 1945.

ENTERED LAW

He married Mary Harmon, of Columbia, S.C., in 1942. They have two children, Mary and David. He entered law practice after the war in McAlester, with another Oklahoma University law alumnus, Walter Arnote. In 1946 he was elected to the 80th session of Congress in his first campaign for public office. He was 38 years old.

He has since been reelected to each session and in 1955 was elected majority whip. He has been active in farm legislation, serving as chairman of the Subcommittee on Wheat.

His duties in Congress have been such as to make maximum use of his facility for communication—his friendly and interested manner. He has been called on to stir up interest in House Members for bills up for vote, and organize them for voting unity. In this position, his ability to compromise and reason has been an asset.

KNOWS DISTRICT

With all his work on the floor, ALBERT has had to keep abreast of happenings in his district. He has five secretaries in his Washington office and his executive secretary is another Oklahoma University alumnus, Charles Ward, who received his journalism degree at Oklahoma University and was editor of the Oklahoma Daily.

In ALBERT'S spare time, which is little, he reads clippings from his district's newspapers and all Oklahoma City and Tulsa papers.

He is planning to run for reelection this spring.

[From the McAlester News Capital, Jan. 10, 1962]

ALBERT LONGED YEARS AGO TO GO TO CONGRESS

CARL ALBERT, who Tuesday attained one of the highest of public offices, decided 40 years ago he wanted to become a U.S. Congressman.

He was but 12 years of age, when he learned that M.C. stamped on packages of free garden seed stood for "Member of Congress." The more he checked on those M.C.'s the more awed he became.

Young CARL already was a good cotton chopper, but he had higher ambitions. So he took up public speaking. He started studying more and working harder.

Time and again the energetic Oklahoma Democrat has been rewarded for his willingness to work—and talk. The last reward came this week when he was named majority floor leader of the House of Representatives.

ALBERT'S reaction was typical, for most of his talking is about others.

"He never was much of a self-booster or a fellow who likes to blow his own horn," said Bill Anderson, county superintendent of schools and boyhood friend of the House Democratic leader.

Most folk in his "little Dixie" district of southeast Oklahoma long ago started looking up to the 5 ft. 4 in., 53-year-old Congressman who studied at Oxford University in England but still talks their language. ALBERT proudly bears the title of "The Little Giant From Little Dixie."

"He's always been sort of a leader," said Anderson.

"He knows most of the people around here by their first name, and they know him," said Walter Arnote, a McAlester attorney who was associated with ALBERT briefly before he went to Congress in January 1947.

"We just love him," said Mrs. J. Paul Lane, mother of five and a next-door neighbor. "He's just like one of the family." She said the only fault of her neighbor is that he is gone to Washington so much of the time.

One of Mrs. Lane's children, 8-year-old Jacquetta, did get a little perturbed at the Congressman on Thanksgiving Day last year. She and a friend went next door to sample the goodies and chat a bit, but nobody answered the door.

Jacquetta jammed the door buzzer in and held it—until ALBERT finally opened the door and beckoned the girls in. "Be real quiet for a few minutes," he told them, "I'm talking on the telephone to the Vice President."

The kids out at the Flowery Mound School—still popularly known as Bugtussle—know that their pie suppers will be a success if ALBERT'S in the area. Because that's his old school and he still joins in the programs every chance he gets.

ALBERT has two children of his own, and he's a buddy to scores of others. He has little time for recreation, but he enjoys reading history books, playing bridge occasionally and sightseeing or even persimmon picking in the hill country where he was reared. He is a Methodist.

Anderson and others described ALBERT as persuasive and yet straightforward, a man who thinks quickly but doesn't shoot from the hip, a man who is both tough and gentle.

ALBERT'S first big victory came while he was a high school student here. He started debating and entering speech contests as a freshman and in his senior year he won a national oratorical contest.

He may well have charted his political course by the ideas expressed in that boyhood speech on the Constitution.

"With the bodyguard of commonsense and the weapon of reason let us flout and expose the false propaganda of those who seek to overthrow the priceless charter of our liberties," he said.

The next year ALBERT entered the University of Oklahoma and he stayed consistently at the head of his class, graduating in 1931. He won a Rhodes scholarship and studied at Oxford from 1931 to 1934, returning to McAlester later to start a private law practice.

During World War II he rose to the rank of lieutenant colonel, and it was soon after the war that he turned to politics and was first elected to Congress.

In 1955 the late Sam Rayburn of Texas and other House leaders chose ALBERT to be whip or assistant majority floor leader—a post he has held ever since.

Rayburn never regretted the selection. He once called the Oklahoman "one of the greatest whips the House has ever known and one of the most capable legislators and finest gentlemen that anybody ever knew."

President Kennedy came to ALBERT'S district last October to dedicate a road. And probably the biggest applause he received was when he paid special tribute to ALBERT, calling him a courageous fighter for good government.

It was apparent the crowd agreed.

AN APPRAISAL OF THE 1963 BUDGET AS AN ECONOMIC DOCUMENT

Mr. PROXMIRE. Madam President, on January 16, there was issued a study of the Federal budget as an economic document, written by Roy E. Moor of the staff of the Joint Economic Committee, for the Subcommittee on Economic Statistics, of which I have the honor to be chairman. The following day I spoke in the Senate to call attention to this very useful study, which is a careful, comprehensive examination of the Federal budget with special emphasis on its usefulness for purposes of economic analysis. I noted that previous Federal budgets significantly conceal the full economic impact of Government, and that certain specific improvements should be adopted to make it more useful.

A few days ago Congress received the new Federal budget for the fiscal year 1963. Accordingly I believe that it may be of interest to present an appraisal of the 1963 budget in terms of the criteria set forth in Roy Moor's study.

Mr. DOUGLAS. Madam President, will the Senator yield?

Mr. PROXMIRE. I yield.

Mr. DOUGLAS. Without anticipating what the Senator from Wisconsin is about to say, is it not true that in many respects the categories which the Bureau of the Budget employs are very similar, if not identical, with the categories recommended by Mr. Moor and approved by the subcommittee of which the distinguished Senator from Wisconsin is chairman?

Mr. PROXMIRE. The Senator from Illinois is correct. The study by Mr. Moor anticipated a number of changes which I think are great improvements in the budget. There are a few other categories that the Bureau of the Budget agrees we can move ahead on also. There is no question that the Moor study was a useful contribution in this field.

Mr. DOUGLAS. Madam President, the Moor study was undertaken at the request of the Senator from Wisconsin. Is that not true?

Mr. PROXMIRE. I thank the Senator from Illinois. That is correct.

Mr. DOUGLAS. The Senator from Wisconsin deserves a great deal of credit for initiating a study that will lead to a more meaningful budget. He deserves the thanks of all people who are interested in sound budgetary procedure.

Mr. PROXMIRE. I thank the Senator very much.

The general conclusion is that the new budget document represents a substantial improvement over past budgets. I think it is fair to say that this is the first sweeping reform of the budget document since the Budget and Accounting Act of 1921. The most immediately visible improvement is the change in

size. In vivid contrast to previous budgets, which had the size and heft of a big city telephone directory, this year's budget closely resembles one of the larger, scholarly paperbacks that have gained popularity in recent years.

It is, of course, necessary for the Appropriations Committees of Congress to have detailed information on receipts and spending; this information is now provided in a large appendix to the budget rather than in the budget document itself. This leaves the budget document free for the types of material which are more interesting and useful to the Members of Congress and to the general public.

Besides being smaller, the new budget is one which can be more easily read and understood. This is a major step forward because budgetary decisions are important to the entire Nation, and it is desirable that as many people as possible, both in and out of the Government, understand what is involved in these decisions.

WHAT IS THIS BUDGET?

How can the budget report be most useful? After the President's budget message, page 7 to 30, there is a section entitled "Summary Tables," pages 31 to 42. These tables contain most of the information needed quickly and generally. A footnote in each of these tables guides the reader to the pages in the budget where there is elaboration.

An innovation for rapid reference is the long table beginning on page 118 of the budget. This is a brand new table and provides, by itself, more useful information than we have ever before had summarized in the budget. For each appropriation account this table indicates one, the changes in expenditures and in new obligational authority in fiscal authority in fiscal 1962 and fiscal 1963 and two, a brief description of the reason for the change. Any member of Congress or citizen can now understand any specific change in the budget by looking at this table.

The new budget provides—for the first time—information on the obligations expected to be incurred by the Government during the forthcoming fiscal year. This information is in table 16 on page 267. This is useful because much of the economic impact of the budget occurs when obligations are incurred by the Government, rather than at the later time when the money is actually spent. If firms receive new Government contracts, these firms go out into the market and hire additional personnel and buy raw materials and capital goods in order to produce the desired products for the Government. All of these actions have important economic consequences, but they occur in large part before the Government spends money.

There are several special analyses which have not been in past budgets. For example, information is available on public works programs—page 315—grants-in-aid to States and localities—page 340—Federal statistical programs—page 348—Federal research and development expenditures—page 327—and Federal credit programs—page 304. Each of these activities represents a type of Government influence on the economy, and it is helpful to have these activities grouped by function in the budget.

The budget also provides data on Government activities which are consistent with our statistical measures of total economic activity in the Nation—pages 283 to 289. This data is helpful because it indicates the utilization of resources by the Federal Government and the timing of Federal receipts and expenditures. Most of the items in this budgetary framework are on an accrual basis and hence show the consequences of Government action at the time that adjustments are made in the private economy.

The 1963 budget also indicates—on pages 43 and 44—the economic assumptions upon which the projections in the budget are based, so that readers may assess the reasonableness of the forecasts.

GOVERNMENT EMPLOYMENT FIGURES

One major improvement in the 1963 budget is the provision of data on civilian employment in the executive branch—page 417. These facts have been available in the past, but have not been effectively consolidated in the budget document. It is now possible—at least to a limited extent—to obtain information on the nature and amount of Federal employment currently and as anticipated in future years.

To some extent the 1963 budget distinguishes capital from current expenditures, on pages 290 to 303. This is useful information because many of the expenditures made by the Federal Government provide services for a number of years, not simply for the current year in which the expenditures are made.

This approach is at least a tentative beginning; a brief, limited experimentation in the direction of capital budgeting, which has received a great deal of support in economic circles and also by distinguished Members of Congress. At least, it provides this kind of information simply and straightforwardly.

SHORTCOMINGS REMAIN

Despite all these improvements in the 1963 budget—and they are certainly significant improvements—there is much that can still be done to make the budget a more useful and meaningful document. The steps that have been taken—and that are reflected in the 1963 budget—are a first step in the right direction and represent a springboard from which to make further changes. I am sure the Bureau of the Budget recognizes the desirability of further changes and intends to continue the process of improvement. It may be useful, however, at this point to indicate some other types of changes which can still be made.

There are other types of economic assumptions besides those now indicated in the budget which are used in deriving the budget totals and which should be indicated explicitly. For example, the budget does not indicate the assumptions about interest rates which underlie the projections of Government interest expenditures. Similarly, interest-rate projections would be useful in appraising the future plans of various lending agencies.

One of the major shortcomings of the present budget is the inadequacy of the data on Government enterprises. Some of these enterprises are now shown in the budget—though not in the budget totals—in terms of gross expenditures and gross receipts—pages 358–361. However, a number of agencies are not included in this group, and some are included only partially. It would be useful to treat the operations of these enterprises just as though they were a part of the regular operations of Government. This comment is particularly applicable to a number of loan and guarantee programs.

TOTAL IMPACT STILL NOT SHOWN

The fact that this budget, as well as earlier budgets, does not include the full scope of Government enterprises, trust funds, and transfer payments means that the budget continues to greatly understate the actual impact of Government on our economic life. This is by far the most important point that I wish to make this afternoon.

This error—I think it is an error—is carried forward in the Budget in Brief, which I shall cover briefly in a moment.

The exact figures on the operations not in the budget are not now readily available. But if the relationship of all Government activities to those in the budget which Roy Moor's study outlined for the year 1960 continues to hold—and there is good reason to think that it does—then the total volume of Government transactions for 1963 is over $150 billion, in contrast to the $92.5 billion in the conventional budget.

That national income and product budget carries the gross amounts of Government enterprises. In other words, the total amount spent by the Post Office and the total amount received, instead of a net deficit, would be $140 billion. This would eliminate certain financial transactions in terms of comparison between the Government budget, the amount of Government spending, and the amount of Government revenues. With the gross national product, the $140 billion figure is an accurate figure, not the $92½ billion figure, which is referred to.

This is why, as I have said before, there is an unfortunate misconception. I think many persons will be deceived when they see the table in the beginning of the Budget in Brief which indicates that there has been a tendency for budget expenditures to drop to the percentage of the gross national product.

The fact is that transfer payments, particularly under the Social Security Act, and unemployment compensation payments, have enormously increased in recent years. I understand that in the past 9 or 10 years they have increased something like 150 percent. This is a far greater increase than has taken place in wages or gross national product, or any other economic factor. If this is included in the figure, I feel there is a real possibility, and I think a strong probability, that the involvement of the National Government in the economy, far from showing a fairly stable relationship, or even a downward relationship, as is indicated in the front of the Budget in Brief, will show an increase. In other

words, there is more Government involvement in the economy on the basis of total or full figures than is indicated in the Budget in Brief, which is the report of the President of the United States.

If the Federal budget became the kind of comprehensive document described in Mr. Moor's study, this kind of information would be included. And it would make it possible to judge more adequately the total impact of Government on our economic life. If full account is taken of all these Government programs, the total figure amounts to more than 26 percent of our anticipated gross national product. This contrasts with the less than 17 percent of GNP represented by the conventional budget.

I think we ought to take this into account. I think there is a very proper tendency for people to observe very carefully how deeply involved the Government has become in the national economy; and how large a proportion of the total economy it represents. I submit that these figures, taking the total budget, give quite a different picture.

As I say, the Government's participation in the economy, based on the figures I suggest, is more than 25 percent. It is 26 percent, compared with the 17 percent reported in the conventional budget.

As a matter of fact, the 26 percent exceeds the amount which Secretary of the Treasury Dillon suggested—namely, 23 percent—in his "Meet the Press" discussion on Sunday night. It does so because we include all the gross activities of the Post Office Department, the TVA, and all the other Government agencies and bureaus; and I think the gross figure is the proper one, because I feel very strongly that we should include all aspects of the activities of the Government, not simply the net figure.

Madam President, the executive branch has wide latitude in administrative actions which can have significant economic effects: for example, accelerating or slowing the rate of expenditures. It would be useful for the budget document to have a section describing the type and possible timing of administrative actions which may be taken.

One of the principal problems with the budget document, even in its revised form, is that it remains an annual publication. As is well known, economic conditions can change very quickly. Government receipts and expenditures can influence the changes. It would be very helpful if two modifications were made in the budget document: First, provide a breakdown of some figures into calendar quarters, rather than simply showing them as yearly aggregates; second, publish some budgetary data on a quarterly basis. The Bureau of the Budget now publishes a Mid-Year Budget Review after Congress adjourns; such a review might well be issued quarterly.

The budget document still contains surprisingly little actual cost data. It is difficult, if not impossible, to determine what the costs of actual programs have been; and there is virtually no information on costs per unit of output, the types of costs incurred, or the changes in costs with changes in levels of operations. Presumably, much of this information is now available within the various agencies. It would be very useful to have it summarized in the budget.

Much more could be done in relating the benefits from particular programs to the costs of those programs. The principles involved in these types of comparisons have now been well established in such areas as the use of water resources. It seems appropriate to consider expanding these techniques into other activities.

In general, I think it would be desirable to expand the budgetary time horizon. The budget is still largely tied to a single year, and does not adequately view the total costs of particular projects through the course of a project's life, nor does the budget relate these costs to the total benefits contemplated. Finally, and especially, it would be helpful to the Congress, which must make so many budgetary decisions, to have some knowledge of the general alternatives to policies and the reasons for particular selections among these alternatives.

In summary, Madam President, I think we have entered a new era of budget policy. The Congress can with the document which has been placed before us perform much more effectively its task as a decision-making body. Further reforms in the same direction can raise our effectiveness and that of the entire Federal Government to even higher levels. The budget as modified can also serve to make our citizens more aware of the nature of Government operations, and hence facilitate the operations of our democracy.

Madam President, I should like to say that an extremely appropriate and timely article, entitled "The Philosophy of the Budget", was written by Walter Lippmann, and was published this morning in the Chicago Sun-Times. In the article, Mr. Lippmann points to something which I believe has been generally overlooked; he writes:

> This 1963 budget is noteworthy because for the first time in our history it states that balancing of the budget—whether with a surplus, a deficit, or with neither—is a question of economic policy and of deliberate decision. It is not, as so many regard it, a question of right and wrong.

Mr. Lippmann also points out:

> It used to be a heresy to ask whether a budget should or should not be balanced with a surplus or a deficit. In this generation to ask the question has become the new orthodoxy.
>
> Its central theme is that in the business cycles of recession and recovery, the budget can be and should be used to make the downswing short and shallow and the recoveries long and noninflationary.

Madam President, I think Walter Lippmann has touched, as he so often does, on an extremely important point; but I believe that for Congress just to accept this "new orthodoxy" would be a very serious error. I hope my colleagues will consider this orthodoxy and will debate it in great detail in the coming weeks. I feel strongly that it overstates the effects of fiscal policy in lessening unemployment, and that we get into a dangerous area when we regard deficits as good in themselves. I think there is a great deal of merit in this decision, but I believe it has not been considered with the mature and thorough examination it merits. I think it must receive that consideration in the future.

Madam President, I ask unanimous consent that the entire article written by Walter Lippmann be printed at this point in the RECORD.

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

THE PHILOSOPHY OF THE BUDGET

(By Walter Lippmann)

WASHINGTON.—The 1963 budget, which President Kennedy has just delivered to Congress, is likely to be remembered as a considerable landmark. That is not because of its size which, in spite of our special responsibilities for defense, as compared with the other budgets of the Western World, is about normal in relation to our population and wealth. This 1963 budget is noteworthy because for the first time in our history it states that balancing of the budget—whether with a surplus, a deficit, or with neither—is a question of economic policy and of deliberate decision. It is not, as so many regard it, a question of right and wrong.

It happens that the estimates for 1963 show a trifling surplus in what is known as the administrative budget. But what is much more significant is the President's statement that "under present economic circumstances a moderate surplus is the best national policy." It follows that if present circumstances were different, if there were not a recovery from the 1960–61 recession, a moderate surplus would not be the best national policy. On the contrary, the best national policy would be, as it has been in the past year, to choose to have a deficit sufficiently large to overcome the recession.

I am well aware that the economic philosophy of the budget is unfamiliar to many and that they look on it as dangerous and wicked. But the fact is that while Mr. Kennedy is the first President to make it the avowed official American fiscal policy, it has been the unavowed working philosophy of every administration, Democratic and Republican, since the great depression some 30 years ago. It used to be a heresy to ask whether a budget should or should not be balanced with a surplus or a deficit. In this generation to ask the question has become the new orthodoxy.

Its central theme is that in the business cycles of recession and recovery, the budget can be and should be used to make the downswing short and shallow and the recoveries long and noninflationary.

How this works is not made altogether clear by the budget we are all talking about, the budget which is called by the experts the administrative budget. There are two main reasons why this kind of budget does not tell the real story. For one thing, it states the receipts from taxes when they are collected and not when they are incurred. Yet corporations and larger taxpayers are saving for taxes and, therefore, withholding money from the economy during the whole fiscal year. And second, the administrative budget excludes the trust fund transactions because they do not require appropriations from Congress. Yet these transactions for highway grants-in-aid, for unemployment compensation and for social security payments, amount to almost $25 billion a year.

There are in use two other budgets—the consolidated cash budget and the national income budget. It is this latter budget which throws the most light on the influence of the Government's fiscal policy on the condition of business.

What does the national income accounts budget show? It shows that for the year ending July 1, 1960, the Federal Government took from the public a little over $94 billion, and paid out to the public about $92 billion. For the year we are now in, which ends in July 1962 the Government is estimated to be taking away $105.6 billion and paying out $106.1 billion. For the fiscal year 1963 (which begins on July 1, 1962), estimates are that the Government will take in $116 billion and pay out about $112 billion.

These are the significant figures about the budget and what they show is that the present fiscal policy is not inflationary; in fact, it is mildly deflationary.

The budget is being severely criticized by such meen as Senator HARRY FLOOD BYRD, Democrat, of Virginia, and Senator KENNETH B. KEATING, Republican, of New York. They are predicting that the budget will not, as the President predicts, be balanced, and that there will be a deficit which may run as large as $5 billion. They may be right. But if they are right, they will be right primarily because the President is overestimating the strength of the present business recovery. If he is doing that, then the decision to balance the budget will have come too soon.

He will have made the same kind of mistake that former President Dwight D. Eisenhower made in 1959 when he imposed deflationary measures on the economy which was recovering, but had not recovered fully from the recession of 1957–58. Mr. Eisenhower's mistake deepened the recession.

I am not intending to suggest that the President has made this mistake. There is impressive expert support for his decision. But it is reassuring to read in the budget message that he is aware that he may have made a too optimistic prediction and is prepared to take measures accordingly.

AUTHORIZATION FOR PRESIDING OFFICER TO SIGN ENROLLED COPY OF HOUSE BILL 8847

Mr. MANSFIELD. Madam President, I ask unanimous consent that the Presiding Officer be authorized to sign, during the adjournment following today's session, the enrolled House bill 8847, as passed today by the Senate.

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

GREAT BASIN NATIONAL PARK, NEVADA

Mr. MANSFIELD. Madam President, I move that the Senate proceed to the consideration of calendar 966, Senate bill 1760, to establish the Great Basin National Park, in Nevada, in order that the bill be made the pending business.

The motion was agreed to; and the Senate proceeded to consider the bill (S. 1760) to establish the Great Basin National Park in Nevada, and for other purposes, which had been reported from the Committee on Interior and Insular Affairs, with amendments, on page 2, at the beginning of line 17, to strike out "5 miles over unsurveyed land to a point which is due east of the northeast corner of section 1, township 12 north, range 67 east;

"Thence due west 1 mile to a point; thence due north approximately 2 miles to a point which is due east of the easterly common corner of sections 24 and 25, township 13 north, range 67 east; thence due west 1½ miles to a point;" and insert "7 miles over unsurveyed land to a point which is due east of the northeast corner of section 25, township 13 north, range 67 east; thence due west 2½ miles to a point;"; on page 4, line 2, after the word "approximately", to strike out "three-quarters" and insert "one-half"; in line 4, after the word "of", where it appears the first time, to strike out "the south half of"; at the beginning of line 6, to strike out "south one-sixteenth latitudinal" and insert "east-west quarter"; in line 7, after the word "the", where it appears the first time, to strike out "northeast corner of the south half of the southeast quarter" and insert "east quarter corner"; in line 9, after the word "approximately", to strike out "one-quarter" and insert "one-half"; on page 6, at the beginning of line 11, to strike out "124,500" and insert "123,360"; on page 8, after line 5, to strike out:

SEC. 7. Where any Federal lands included within the Great Basin National Park were legally occupied or utilized on the date of approval of this Act for grazing purposes pursuant to a lease, permit, or license, issued or authorized by any department, establishment, or agency of the United States, the person so occupying or utilizing such lands, and the heirs, successors, or assigns of such person, shall upon determination of such lease, permit, or license, be entitled to have the privilege so possessed or enjoyed by him renewed from time to time, subject to such terms and conditions as the Secretary of the Interior shall prescribe, for a period of twenty-five years from the date of approval of this Act, and thereafter during the lifetime of such person and the lifetime of his heirs, successors, or assigns, but only if they were members of his immediate family on such date, as determined by the Secretary of the Interior: *Provided*, That grazing privileges appurtenant to privately owned lands located within the Great Basin National Park established by this Act shall not be withdrawn until title to lands to which such privileges are appurtenant shall have vested in the United States, except for failure to comply with the regulations applicable thereto after reasonable notice of default. Nothing contained in this Act shall be construed as creating any vested right, title, interest, or estate in or to any Federal lands.

And in lieu thereof to insert:

SEC. 7. Where any Federal lands included within the Great Basin National Park are legally occupied or utilized on the date of approval of this Act for grazing purposes, pursuant to a lease, permit, or license issued or authorized by any department, establishment, or agency of the United States, the Secretary of the Interior shall permit the persons holding such grazing privileges on the date of approval of this Act, their heirs, successors, or assigns, to renew the privileges from time to time subject to such terms and conditions as the Secretary may prescribe: *Provided, however*, That no such privilege shall be extended beyond the period ending twenty-five years from the date of approval of this Act except as specifically provided for in this section. The Secretary shall permit a holder of the grazing privilege to renew such privilege from time to time during the holder's lifetime beyond the twenty-five-year period, subject to such terms and conditions as the Secretary may prescribe, if (1) the holder is the person who held such privilege on the date of approval of this Act, or (2) the holder is the heir, successor, or assign of such person and was a member of that person's immediate family, as determined by the Secretary of the Interior, on the date of approval of this Act. Nothing contained in this Act shall be construed as creating any vested right, title, interest, or estate in or to any of the Federal lands. The Secretary, by regulation, may limit the privileges enjoyed under this Act to the extent that they are appurtenant to the private lands owned by the persons who held such privileges on the date of approval of this Act, and may adjust such privileges to preserve the park land and resources from destruction or unnecessary injury. Grazing privileges appurtenant to privately owned lands located within the Great Basin National Park established by this Act shall not be withdrawn until title to lands to which such privileges are appurtenant shall have vested in the United States, except for failure to comply with the regulations applicable thereto and after reasonable notice of any default.

On page 10, after line 16, to insert a new section, as follows:

SEC. 8. There are hereby eliminated from the Humboldt National Forest all those lands comprising the Snake Division of the forest which lie in:

NEVADA

MOUNT DIABLO MERIDIAN

Townships 10, 11, 12, 13, and 14 north, range 68 east;

Townships 10, 11, 12, 13, and 14 north, range 69 east; and

Townships 10, 11, 12, and 13 north, range 70 east.

And, on page 11, line 2, to change the section number from "8" to "9"; so as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That in order to preserve for the benefit and inspiration of the people a representative segment of the great basin possessing outstanding ecological resources and significant geological and scenic values, there is hereby established the Great Basin National Park in the State of Nevada which, subject to valid existing rights, shall consist of lands and interest in lands within the following described boundary:

Commencing at the quarter section corner of sections 17 and 20, township 11 north, range 70 east, Mount Diablo meridian, Nevada; thence west 1½ miles along the south boundaries of sections 17 and 18 to the westerly common corner of sections 18 and 19; thence due west 8 miles over unsurveyed land to a point; thence due north over unsurveyed land to a point which is due east of the easterly common corner of sections 5 and 8, township 11 north, range 68 east;

Thence westerly over unsurveyed land to said easterly common corner of sections 5 and 8; thence north along the east boundary of section 5 to the northeast corner of said section; thence due north approximately one mile over unsurveyed land to a point which is due east of the easterly common corner of sections 25 and 36, township 12 north, range 67 east, thence due east one mile over unsurveyed land to a point; thence due north approximately 7 miles over unsurveyed land to a point which is due east of the northeast corner of section 25, township 13 north, range 67 east; thence due west 2½ miles to a point; thence due north approximately 3 miles over unsurveyed land to the quarter section corner on the south boundary of section 6, township 13 north, range 68 east; thence 2 miles north through the center of section 6, township 13 north, range 68 east, and section 31, township 14 north, range 68 east, to the quarter section corner common to sections 30 and 31;

Thence east 1½ miles along the south boundaries of sections 30 and 29 to the common corner of sections 28, 29, 32, and 33; thence north 2 miles along the east boundaries of sections 29 and 20 to the common

corner of sections 16, 17, 20, and 21; thence east 1 mile along the south boundary of section 16 to the common corner of sections 15, 16, 21, and 22; thence north 1 mile along the east boundary of section 16 to the common corner of sections 9, 10, 15, and 16; thence east 3 miles along the south boundaries of sections 10, 11, and 12 to the easterly common corner of sections 12 and 13 on the east boundary of township 14 north, range 68 east;

Thence north approximately three-quarters of a mile along the west boundary of township 14 north, range 69 east, to the westerly common corner of sections 7 and 18, said township and range; thence east approximately one-half mile along the north boundary of said section 18 to the north quarter corner of said section 18, thence south approximately one-half mile along the north south quarter line of said section 18 to the northwest corner of the southeast quarter of said section 18;

Thence east approximately one-half mile along the east-west quarter line of said section 18 to the east quarter corner of said section 18; thence south approximately one-half mile along the east boundary of said section 18 to the southerly common corner of said section 18 and section 17; thence east approximately one-half mile along the north boundary of section 20 to the north quarter corner of said section 20;

Thence south approximately one mile along the north-south quarter line of said section 20 to the north quarter corner of section 29; thence east approximately one-half mile to the northeast corner of said section 29; thence north approximately 4.89 chains along the west boundary of section 28 to the northwest corner of said section 28; thence east approximately one mile along the north boundary of said section 28 to the northeast corner of said section 28;

Thence south along the east boundaries of sections 28 and 33, township 14 north, range 69 east, and of what probably will be when surveyed section 4, township 13 north, range 69 east, to the east quarter corner of said section 4; thence east approximately two miles along the east-west quarter lines of sections 3 and 2 to the east quarter corner of said section 2; thence south approximately one-half mile along the east boundary of section 2 to the common corner of sections 1, 2, 11, and 12.

Thence east approximately two miles along the north boundaries of said section 12, township 13 north, range 69 east, and section 7, township 13 north, range 70 east, to the common corner of sections 5, 6, 7, and 8; thence south 5 miles along the west boundaries of sections 8, 17, 20, 29, and 32, to the southerly common corner of sections 31 and 32, township 13 north, range 70 east; thence east 1 mile along the south boundary of section 32 to the northerly common corner of sections 4 and 5, township 12 north, range 70 east;

Thence south 1 mile along the west boundary of section 4, to the common corner of sections 4, 5, 8, and 9; thence east 1 mile along the south boundary of section 4, to the common corner of sections 3, 4, 9, and 10; thence south 5 miles along the west boundaries of sections 10, 15, 22, 27, and 34, to the common corner of sections 3 and 4, township 11 north, range 70 east, and sections 33 and 34, township 12 north, range 70 east; thence west 1 mile along the north boundary of section 4, to the common corner of sections 4 and 5, township 11 north, range 70 east, and sections 32 and 33, township 12 north, range 70 east;

Thence south 1 mile along the west boundary of section 4, township 11 north, range 70 east, to the common corner of sections 4, 5, 8, and 9; thence west one-half mile along the north boundary of section 8, to the quarter section corner common to sections 5 and 8; thence south 2 miles through the center of sections 8 and 17 to the quarter section corner common to sections 17 and 20, township 11 north, range 70 east, the point of beginning, containing about 123,360 acres.

SEC. 2. The Secretary of the Interior within the boundaries of the Great Basin National Park, as described above, is authorized to procure by purchase, by donation, with donated funds, or by such means as he may deem to be in the public interest, lands and interests in lands. The Secretary is authorized further to convey Federally owned lands and interests in lands within the park in exchange for non-Federal lands and interests in lands of approximately equal value within the park if, in his judgment, such exchange is in the public interest. Federal lands lying within the boundaries of the Great Basin National Park, as established pursuant to this Act, are hereby transferred to the administrative jurisdiction of the Secretary of the Interior for preservation and administration as a part of such park.

SEC. 3. The Lehman Caves National Monument, established on January 24, 1922, by proclamation of the President pursuant to authority contained in the Act of June 8, 1906 (34 Stat. 225), is hereby abolished. Lands and interests in lands heretofore comprising such monument shall, from the date of approval of this Act, be a part of the Great Basin National Park.

SEC. 4. The Great Basin National Park shall be administered pursuant to the Act of August 25, 1916 (39 Stat. 535), entitled "An Act to establish a National Park Service, and for other purposes", as amended.

SEC. 5. Nothing contained herein shall affect any valid existing claim, location, or entry under the land laws of the United States or the right of any such claimant, locator, or entryman to the full use and enjoyment of his lands.

SEC. 6. Within the Great Basin National Park, all mineral deposits of the classes and kinds now subject to location, entry, and patent under the mining laws of the United States, exclusive of the land containing them, and minerals subject to leasing under the mineral leasing laws of the United States shall be subject to exploration and disposal under such laws, with right of occupation and use of so much of the surface of the land as may be required for all purposes reasonably incident to the mining or removal of the minerals: *Provided*, That the Secretary of the Interior may prescribe such general regulations for the control of these activities as he deems necessary to preserve the scenic, scientific, and recreation values of the area. The provisions of the Act of July 31, 1947 (61 Stat. 681), as amended, shall have no application within the Great Basin National Park.

SEC. 7. Where any Federal lands included within the Great Basin National Park are legally occupied or utilized on the date of approval of this Act for grazing purposes, pursuant to a lease, permit, or license issued or authorized by any department, establishment, or agency of the United States, the Secretary of the Interior shall permit the persons holding such grazing privileges on the date of approval of this Act, their heirs, successors, or assigns, to renew the privileges from time to time subject to such terms and conditions as the Secretary may prescribe: *Provided, however*, That no such privilege shall be extended beyond the period ending twenty-five years from the date of approval of this Act except as specifically provided for in this section. The Secretary shall permit a holder of the grazing privilege to renew such privilege from time to time during the holder's lifetime beyond the twenty-five-year period, subject to such terms and conditions as the Secretary may prescribe, if (1) the holder is the person who held such privilege on the date of approval of this Act, or (2) the holder is the heir, successor, or assign of such person and was a member of that person's immediate family, as determined by the Secretary of the Interior, on the date of approval of this Act. Nothing contained in this Act shall be construed as creating any vested right, title, interest, or estate in or to any of the Federal lands. The Secretary, by regulation, may limit the privileges enjoyed under this Act to the extent that they are appurtenant to the private lands owned by the persons who held such privileges on the date of approval of this Act, and may adjust such privileges to preserve the park land and resources from destruction or unnecessary injury. Grazing privileges appurtenant to privately owned lands located within the Great Basin National Park established by this Act shall not be withdrawn until title to lands to which such privileges are appurtenant shall have vested in the United States, except for failure to comply with the regulations applicable thereto and after reasonable notice of any default.

SEC. 8. There are hereby eliminated from the Humboldt National Forest all those lands comprising the Snake Division of the forest which lie in:

NEVADA

MOUNT DIABLO MERIDIAN

Townships 10, 11, 12, 13, and 14 north, range 68 east;

Townships 10, 11, 12, 13, and 14 north, 69 east; and

Townships 10, 11, 12, and 13 north, range 70 east.

SEC. 9. There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act.

CIVIL RIGHTS LEGISLATION

Mr. JAVITS. Madam President, on previous occasions I have called attention to the fact that the President has not honored in the way I believe he should, and as is wise for him and for the country, his campaign promises with respect to civil rights legislation. Therefore, there is something a little sardonic about an article published in the New York Times on Sunday, January 21, which includes a dispatch from Memphis, Tenn., to the effect that an Assistant Secretary of State—Carl T. Rowan, a Negro—was refused service and was asked to leave a restaurant at the Memphis Municipal Airport; and following that dispatch there is a dispatch from Washington, D.C., which states:

> It was the second time in 2 days that a top Negro official of the Kennedy administration had been involved in a discrimination controversy. George L. P. Weaver, Assistant Secretary of Labor, said yesterday that he had been denied a room at the Shamrock-Hilton Hotel in Houston because of discrimination.

Madam President, I call attention to these embarrassments to our country because they illustrate what I have been arguing constantly; namely, that the job which needs to be done, in terms of the segregation and the discrimination picture which unfortunately still obtains in this very important part of our country, the South, cannot be done unless Congress is brought into the effort, and that there simply will not be acceptance of the fact that we are determined to get on top of this problem in an effective way unless Congress does its part. I call attention to the fact that here we find that two distinguished officials of the Government—and, Madam President, I

stress the point that one of the proudest claims of President Kennedy's administration, for which I pay it all honor and respect, is that Negroes have been appointed to high Federal offices—have themselves been submitted to embarrassment, because of the fact that there are areas, such as Houston and Memphis, where people still do not believe we mean it.

I deeply believe that if the President went forward with recommendations to the Congress in respect to civil rights legislation, as did President Eisenhower, we would have a much better opportunity to come abreast of this problem.

In the days ahead I shall press for action on this matter, as I promised to do at the time when the session was concluded last September, by offering, first, a literacy amendment—as I promised—to a bill which I believe will be before the Senate very shortly; and I shall do my part in having the Congress take action—which I consider essential—in regard to this very vital issue.

THE NEW HAVEN RAILROAD

Mr. JAVITS. Madam President, I invite attention to an editorial in the New York Herald Tribune on Thursday, January 18, 1962, on the New York, New Haven & Hartford Railroad, which is important in New York, as it is in other States. The editorial points out the urgent need for Federal Government participation in an effort to do something about the grave consequences which face the commuter roads.

Madam President, it seems to me, if there is to be a hope of enabling these railroads to carry through in this very grave transitional period for them, it will be necessary for our Government, as the Herald Tribune editorial says, to be quicker to appreciate the handicaps of high taxation, overregulation, and consistent favoring of the railroads' competitors, from which the New Haven is suffering so very seriously.

I ask unanimous consent that the editorial to which I have referred be printed in the RECORD.

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

A BAND-AID ISN'T BIG ENOUGH—U.S. RESCUE NEEDED FOR THE NEW HAVEN

What happens next with the New Haven Railroad?

Well, according to the bankruptcy trustees' prognosis, the road will begin folding up this summer unless new forms of assistance develop from somewhere.

Cash is running out fast. New borrowings seem unfeasible. Outgo exceeds income. All of it sounds bad.

At Tuesday's four-State huddle there was some talk of merger as a long-range solution, but none of the participating Governors (or Mayor Wagner either) seemed to know of anybody wanting to merge. And as for increased State aid, nobody was bidding just yet. In fact, Governor Rockefeller commented that the States had already helped considerably, but that this was "only a band-aid."

So the net result is that everything tried so far—new management, State and local concessions, bankruptcy trusteeship—has proved inadequate. If the natural course is allowed to run, the New Haven would seem to be headed straight for liquidation and demise.

But in this final emergency there is still a great deal of hope. Certainly the railroad is essential to commuters, cities, commerce. Help must come from the great remaining source—the National Government. It should have come long ago in the enunciation of national transportation policy to make all railroads strong and able to meet rival methods on equal terms.

If Government had been quicker to appreciate the handicaps of high taxation, overregulation and consistent favoring of the railroads' competitors, the New Haven for one wouldn't be crying the mortuary blues now.

But since the crisis has been so long and so largely of Washington's making, it is only fair to expect the cure from that source. And indeed there is no other place left to look.

Which is why President Kennedy's soon-to-come message to Congress on transportation is highly important.

UNITED NATIONS ISSUES

Mr. JAVITS. Madam President, the spirit of bipartisanship in foreign affairs should not preclude critical examination of our policies and actions at the United Nations. Clarification of issues such as the question of the Congo and the proposed U.N. bond issue will help to strengthen the United Nations rather than weaken it. I have consistently advocated support for the U.N. because I believe it is one of the strongest forces available for the maintenance of international peace and human rights. The spirit of beneficial scrutiny is advocated by Roscoe Drummond in his column entitled "Three Issues in Dispute: New Look at the U.N. Is Needed."

I ask unanimous consent to have printed in the RECORD his column, which appeared in the Washington Post, January 21, 1962.

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

THREE ISSUES IN DISPUTE—NEW LOOK AT U.N. IS NEEDED

(By Roscoe Drummond)

It is all to the good to have a congressional investigation of foreign policy with special reference to the Congo and the United Nations.

U.S. foreign policy will be kept under searching scrutiny. We need more and better debate. A thorough congressional investigation is one of the best means of getting it.

Bipartisan foreign policy should not mean adjourning debate over the conduct of foreign policy. When there is wide agreement between the two parties on the objectives in foreign affairs, a recurring reexamination of methods and means is all the more needed.

This is why the hearings before the Senate Foreign Relations Committee on the Congo, on the plan to purchase U.N. bonds and on our whole relationship to the U.N. is healthy.

Such an investigation is a good means of reshaping policy—if it needs to be reshaped—and of clarifying public opinion on issues which become confused through lack of debate.

There are three major issues now in dispute:

1. Has the U.N. exceeded its mandate in using force against Katanga to prevent it from seceding from the central Congo government?

The original U.N. resolution was approved by all the big powers and by the overwhelming majority of the General Assembly. Its purposes were to avoid civil war and internal chaos, to prevent the competing military intervention by the United States and Russia—which we want to avoid—and to help the Congo get ready to govern itself.

These are desirable objectives. The U.N. has shown itself just as firm in acting to curtail the secessionist course of pro-Communist Gizenga as in curtailing the anti-Communist secessionist Tshombe. But isn't the U.N. going too far in forcing the provincial leaders of the Congo to accept particular terms of federation? Isn't this an improper interference in the internal affairs of the country? I think the answer is "Yes."

2. Should the United States buy a substantial share of the $200 million of U.N. bonds to keep it from bankruptcy?

The U.N. treasury is nearly empty largely because some nations, including Russia and France, have refused to pay their share of the special assessments to defray the military operations in the Congo and the Gaza strip. It is a fair question whether the bond issue is the best way to retrieve the U.N.'s solvency, but I would doubt that the U.S. would want to see two U.N. operations, which it has supported from the beginning, precipitately fold up for wrong reasons.

3. Is the United States resting its foreign policy too heavily on the U.N., turning to it to accomplish ends the U.N. is too weak and divided to accomplish?

This question will be raised again and again in the Senate investigation. It arises, because the way it is now organized, the U.N. permits the selective use of national force contrary to the principles of the charter. The Security Council could not act against the use of Soviet force against Hungary, but it did act against the British and French use of force against Nasser. The Soviet veto permitted India to use force against Goa.

It is evident that many, if not most, of the newly independent African and Asian nations are disposed to support the use of force when they like its purposes (as in the case of Goa) and oppose it when used by Western countries.

But we are no more shackled by the U.N. than any other great power. The U.N. Congo operation goes forward because the United States believes that on balance it is desirable, not because we are forced to support it. We could have brought it to an end.

A whole new look at the U.N. is needed, but nothing could be more harmful than for the United States to desert the U.N. in a huff.

STOCK DISTRIBUTION TREATED AS RETURN OF CAPITAL

Mr. COOPER. Madam President, because there was no yea-and-nay vote on H.R. 8847, the so-called Du Pont bill, and therefore my vote was not recorded, I wish to make my position clear.

I voted for the Douglas amendment because I thought it would give equal treatment to all groups of stockholders, but I wish to point out that I supported passage of H.R. 8847 in the final action on the bill.

ADJOURNMENT TO THURSDAY NEXT

Mr. PROXMIRE. Madam President, in accordance with the agreement previously announced by the majority leader, and the order entered, I move that the Senate stand adjourned until 12 noon on Thursday next.

The motion was agreed to; and (at 6 o'clock and 10 minutes p.m.), in accordance with the previous order, the Senate adjourned until Thursday, January 25, 1962, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate January 23, 1961:

UNITED NATIONS

The following-named persons to be representatives of the United States of America to the 16th session of the General Assembly of the United Nations:

Adlai E. Stevenson, of Illinois.
Francis T. P. Plimpton, of New York.
Charles W. Yost, of New York.
Philip M. Klutznick, of Illinois.
Jonathan B. Bingham, of New York.

U.S. DISTRICT JUDGE

J. Robert Elliott, of Georgia, to be U.S. district judge for the middle district of Georgia, vice T. Hoyt Davis, retired.

U.S. ATTORNEY

Almeric L. Christian of the Virgin Islands, to be U.S. attorney for the Virgin Islands for the term of 4 years, vice Leon P. Miller.

U.S. MARSHALS

Harry D. Mansfield, of Tennessee, to be U.S. marshal for the eastern district of Tennessee for the term of 4 years, vice Frank Quarles, deceased.

Daniel T. Donovan, of Washington, to be U.S. marshal for the eastern district of Washington for the term of 4 years, vice Darrel O. Holmes, term expired.

The following-named persons to the position indicated for the term of 4 years. They were appointed during the last recess of the Senate.

Joseph T. Ploszaj, of Connecticut, to be U.S. marshal for the district of Connecticut.

Tully Reynolds, of Texas, to be U.S. marshal for the eastern district of Texas.

HOUSE OF REPRESENTATIVES

TUESDAY, JANUARY 23, 1962

The House met at 12 o'clock noon.

The Chaplain, Rev. Bernard Braskamp, D.D., offered the following prayer:

John 10: 10: *I am come that they might have life, and that they might have it more abundantly.*

Most merciful and gracious God, in the plan and work of this day, may we be inspired to give democracy that larger expansion for service and human good which is inherent in the very principles which it professes and proclaims.

May our Nation never be guilty of stifling and stultifying the potential and creative abilities of any segment of society but seek to open the gates of opportunity more widely to all.

We pray that there may be confidence and cooperation among the executive, the legislative, and judiciary branches of our Government in the high vocation of statecraft and in our longings and labors to give to all the members of the human family the blessings of the more abundant life.

Hear us in Christ's name. Amen.

THE JOURNAL

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

A NATIONAL LOTTERY

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

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

There was no objection.

Mr. FINO. Mr. Speaker, in spite of all the partisan claims that the President's proposed budget of $92.5 billion is a sound and constructive budget, the fact remains that the American taxpayers are an unhappy lot.

Nowhere in this peacetime budget—the biggest and highest in the history of this country—is there a scintilla of hope offered for a tax cut or a reduction of our ever-mounting national debt.

This, Mr. Speaker, is indeed a sad day for every American wage earner.

It should be apparent by this time that, despite the tremendous prosperity we enjoy, all hope for tax relief or reduction of our debt is gone.

Yes, Mr. Speaker, all hope is gone unless we have the intestinal fortitude to provide the legislative means of raising painless and voluntary revenue for this purpose.

For 10 years, I have repeatedly urged the Congress to give serious and favorable consideration to a national lottery as the only means of bringing relief to our heavily burdened taxpayers. A national lottery in the United States would provide $10 billion a year in additional income which can be used to reduce our gigantic debt and cut our high taxes.

Mr. Speaker, is it not time that we give a little consideration to Mr. and Mrs. American Taxpayer?

YEAR OF THE GREAT DEBATE OVER WORLD TRADE

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

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

There was no objection.

Mr. ELLSWORTH. Mr. Speaker, we have been told over and over again that this is the year of the great debate over world trade; that it is vital for Congress to make the right decision; that every voice of responsible leadership in the Nation ought to be raised in responsible debate, over America's position as a leader in world trade.

Listening to the 6 o'clock news over the radio last Friday night, I was astounded to hear what purported to be a reproduction of the voice of our President, saying that if our exports were to rise by 10 percent, and our imports maintain their present level, our balance of payments problem would be solved. This is, strictly speaking, true, as a matter of theory—but it is masterfully misleading in fact, because in fact our imports cannot possibly be held to their present level—they must rise—in order to finance an expansion of exports.

The reason why the statement was made is clear: To draw the listener's attention away from the impact of the import problem, so as to avoid facing the tough consequences of lower tariffs, and to glamorize the possible pleasant consequences.

For the President to have done this is, to say the least, counterproductive of America's chance to make the right decision in this, our great debate of 1962.

CALL OF THE HOUSE

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

The SPEAKER. Evidently a quorum is not present.

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

A call of the House was ordered.

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

[Roll No. 4]

Blitch	Hosmer	Rousselot
Boykin	Lipscomb	St. George
Cannon	McCulloch	St. Germain
Celler	McSween	Scott
Chiperfield	Macdonald	Selden
Coad	Martin, Mass.	Shelley
Cooley	Mason	Sheppard
Curtis, Mo.	Meader	Smith, Va.
Davis, Tenn.	Merrow	Tupper
Finnegan	Miller, N.Y.	Ullman
Fogarty	Morrison	Van Pelt
Green, Oreg.	Norrell	Winstead
Harvey, Ind.	Rhodes, Ariz.	
Hoffman, Mich.	Rostenkowski	

The SPEAKER. On this rollcall 390 Members have answered to their names, a quorum.

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

POSTAGE REVISION ACT, 1962

Mr. MURRAY. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 7927) to adjust postal rates, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 7927, with Mr. PRICE in the chair.

The Clerk read the title of the bill.

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

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

Mr. Chairman, it is clear that H.R. 7927, the postal rate bill reported last year by the Post Office and Civil Service Committee and now before us, is completely unacceptable to the membership of the House. It is a drastically watered-down version of the original Henderson bill and was reported hastily in the rather remote hope of passing at least some kind of rate bill before the end of the first session. The large vote by which the House rejected the closed rule on this bill last September merely emphasizes the weakness and inadequacy of the bill.

That bill not only fails by a wide margin to meet the need for adequate postal financing but—and this is of vital concern—if the serious deficiencies in

the bill are not corrected it will have such an extremely adverse effect on the entire national budget as to endanger progress in critical defense and other major Government programs.

Accordingly, at the proper time following general debate, I will offer an amendment to strike all after the enacting clause of H.R. 7927 and substitute provisions for fair, realistic, and adequate postal rate adjustments and a firm public service policy—in short, a bill of the kind which must be approved if we are to meet the issue of fiscal responsibility and wipe out the tremendous postal deficit that now burdens the taxpayers. The rate adjustments, when all are placed in effect, will yield $621 million added postal revenue a year—the minimum required for a balanced postal budget. The new rates, together with the improved public service policy, will provide a postal rate structure based on fair and reasonable distribution of postage rates and fees to all classes of users of the mails covered by the bill, taking into consideration the value of the services they receive and the costs incurred in the rendering of such services.

The additional revenue provided by my amendment is a keystone of the President's program for a balanced budget for the fiscal year 1963 and he personally assigned it top priority among all new revenue measures when he said, in his state of the Union message:

> I am submitting for fiscal 1963 a balanced Federal budget.
>
> This is a joint responsibility, requiring congressional cooperation on appropriations, and on three sources of income in particular: (1) First, an increase in postal rates, to end the postal deficit.

The President in his budget message reaffirmed the necessity for the additional postal revenue provided by my amendment in these words:

> In line with the congressional policy that the users of the postal service shall pay the full cost of all other services, legislation is again being recommended to increase postal rates enough to cover such costs. * * *
>
> Budget expenditures for commerce and transportation programs are estimated to decline from $2.9 billion in 1962 to $2.5 billion in 1963. This decline reflects mainly a drop of $592 million for the postal service, based on my legislative proposal to increase postal rates to a level that will cover the costs of postal operations, except for those services properly charged to the general taxpayer.

Mr. Chairman, that is the fifth time in the last 8 months that President Kennedy has called for additional revenue to reduce the postal deficit. In his special message to the Congress on May 25, 1961, he said:

> Finally, our greatest asset in this struggle is the American people—their willingness to pay the price for these programs * * * to pay higher postal rates.

In a press conference on July 20, 1961, he said:

> I will suggest, however, while we're on it, that both the previous administration and this administration recommended nearly $840 million of tax increase in postal payment.
>
> This is a matter which * * * I'm hopeful the Congress will deal with.

In his radio-TV state of the Union speech address on the Berlin crisis 5 days later he said:

> The luxury of our current post office deficit must be ended.

During my entire period of service on the Post Office and Civil Service Committee since it was created, and before that on the old Post Office and Post Roads Committee, more of my personal time and attention has been devoted to strengthening the financial operations of the Post Office Department than to any other endeavor. The postal deficit has developed entirely in the period since World War II. Each year since 1947 has seen postal deficits ranging from $200 million to nearly $900 million, and the total of these deficits now has passed $8 billion—an astronomical figure when we consider it has to be financed by the taxpayers, rather than by the users of the mails.

From 1900 to 1940 the Postal Establishment operated in the black, if we exclude the former airline subsidy and costs of mail handled for other Government agencies, and there was even a modest surplus during the World War II years. This favorable balance has been sharply reversed in the last 15 years by spiraling costs for salaries, transportation, equipment, and supplies—while postal rate adjustments have lagged far behind.

We faced the same condition in the 86th Congress, when the former Postmaster General recommended rate increases well above those in my amendment today and I sponsored a bill for the purpose. The bill was not even reported, and the deficit problem was turned over unresolved to the new administration on January 20, 1961. Shortly thereafter I introduced H.R. 6418, based on the official recommendation of our present Postmaster General, to increase postal revenues by $741 million annually and eliminate the postal deficit.

The amendment I offer today was developed after careful review of our committee deliberations throughout most of the first session and in cooperation with the White House and the Post Office Department. The President also has consulted me in this connection and strongly supports my amendment. The amendment is a fair and reasonable compromise which gives full consideration to the sharply divergent views on postal rates and is identical in substance to H.R. 7927 when it was introduced by my colleague on the committee, the gentleman from North Carolina [Mr. HENDERSON], on June 29, 1961—before it was watered down to its reported form in September 1961. The Henderson bill was thoroughly considered by our committee in a number of executive sessions and failed of approval by only one vote—primarily because of an assertion which apparently convinced a number of Members that the other body would not take up the bill if it were to be reported and passed by the House.

The situation has undergone a marked change—and a considerable improvement—in that respect during the recess period, and the chairman of the Senate Post Office and Civil Service Committee has announced that he will schedule prompt action on H.R. 7927 as soon as it passes the House. He has been fully advised as to the provisions of my amendment and I am confident agrees with me that the amendment will receive overwhelming approval.

The postal rate hearings and executive sessions conducted by our committee last year are the most comprehensive, informative, and productive ever held on the complex and difficult problem of postal rates. The hearings began April 25 and ended June 7, and were followed by no less than 11 separate executive sessions extending up to September 6—the most ever held on postal rates.

The Postmaster General has submitted an official report dated January 16, 1962, urging approval of my amendment today, and the President has again given assurance of his strong support for the amendment. The Postmaster General's report summarizes the value of my amendment and the necessity for its adoption in these words:

> Enactment of the proposed [Murray] amendment to H.R. 7927 would be an important milestone in the history of postal finances. It would carry out the spirit as well as the substance of the Postal Policy Act by providing a fair apportionment of postal costs between taxpayers and users of the mail. In addition, costs ascribed to mail users would be assessed equitably among all mail classes. The proposed rate increases give due consideration to the value of service furnished to each mail class. Also, they recognize and provide fair reimbursement to the postal service for recent cost increases.

In order that the membership might be informed in advance with respect to my amendment, a committee print including the amendment, explanatory material, and the Postmaster General's favorable report was sent last Thursday to each Member of the House with a personal letter from me. I believe that additional copies of the print are available here on the floor today, if needed.

The amendment which I will offer is identical to that in the committee print, except that it incorporates the provisions of section 11 of the committee bill, under the heading "Communist Political Propaganda," beginning at line 6 on page 15 of the committee bill. This section, which is now included in my amendment as well as the committee bill, has the effect of preventing the receipt, handling, transportation, or delivery by the U.S. postal service of any mail matter determined by the Attorney General to be Communist political propaganda. It also provides that no postal rate established by my amendment should be available for the receipt, handling, and transportation, or delivery of mail matter found by the Attorney General to be Communist political propaganda financed or sponsored directly or indirectly by any Communist-controlled government.

Apart from the very desirable addition of the section on Communist political propaganda, my amendment makes changes in the committee bill which fall in two general categories.

First, the postal policy provisions of existing law are strengthened and im-

proved. Second, rate increases are provided at levels which, with the new policy, will wipe out the postal deficit and provide the full amount of the additional postal revenues which are required under the President's budget submitted to the Congress last Thursday.

The postal policy provisions of my amendment correct certain deficiencies in existing law and establish a firm and proper formula for the determination each year of the costs of postal services which are truly public services and, as such, should be charged to the general fund of the Treasury under well-established principles of public policy and the national interest. Examples of such public services are free mail for the blind, free-in-county mail, and mailings at reduced rates by qualified nonprofit organizations. Applying this formula, an estimated $247 million of postal costs for these public services will be borne by the general fund of the Treasury for the fiscal year 1963. This is about $95 million less than the $341 million public service charged to the taxpayers under the reported bill, which improperly designates as "public services" such historically sound, efficient, and necessary postal activities as rural routes and third- and fourth-class post offices, the cost of which it would have shifted to the taxpayers with no charge to users of the mails. The public service provisions of the reported bill thus would burden the taxpayers with a highly inflated portion of postal costs while excusing users of the mails from paying their full share.

While the public service allowance under my amendment is considerably higher than that provided by the bill I introduced last year, based on my comprehensive review of the record and after consultation with the Postmaster General and other representatives of the President I have concluded that it represents the best possible compromise of many strongly conflicting views which can be worked out. With this policy my amendment then proceeds to fix postal rates at the level required to wipe out the postal deficit and to provide the added postal revenue requested by the President in order that we may have a balanced national budget in the fiscal year 1963. I earnestly believe that this public service formula, arrived at through extensive and cooperative effort of the parties concerned, is distinctly in the public interest since it will settle the problem of public service charges in the future—a problem which, more than anything else, has delayed and defeated badly needed postal rate adjustments throughout recent years.

The rates in my amendment for first-class letter mail and airmail letters, as well as post cards and postal cards, are the same as those in the reported bill. Approval of these rates is imperative in order to provide the necessary measure of additional postal revenues. The first-class postage stamp at 5 cents will still be the best bargain in America. These rates are fully justified by priority of service and the absolute privacy guaranteed for a sealed first-class letter, as well as the fact that the postal service exists primarily to render the preferred first-class mail service to 181 million Americans.

The first-class letter increase from 4 to 5 cents is only a 25-percent increase, and the airmail letter increase from 7 to 8 cents is only a little over 14 percent. The first-class letter rate remained at 3 cents from 1932 until 1958, when it was changed to 4 cents—a 33⅓-percent increase. The legislation before us adds another 25 percent, or a total increase of only 58 percent since 1932—a very moderate increase, in comparison to the heavy increases imposed on second- and third-class mail.

Second-class, or publishers', rates for mailing commercial publications beyond county were increased by 30 percent in 1951 and again by 54 percent under the Postal Rate Increase Act of 1958—a total of 84 percent to which my amendment will add another 55 percent when both of the step increases are in effect.

The most important postage rate on third-class matter—the minimum charge per piece on bulk mailings of advertising circulars and so forth—already has been raised 150 percent since 1951, and when the adjustments in my amendment become effective will have been increased 170 percent during this period.

My amendment, therefore, will overcome the chief objection—and, in my judgment, a fully justified objection—to the reported bill during the debate on the rule last September 15. The watered-down version reported hastily in the closing days of the first session placed almost the entire burden of postal rate increases on users of first-class mail, with comparatively minor upward adjustments in second- and third-class rates. That unsatisfactory rate structure was coupled with an inflated public service provision that would have charged off to the taxpayers an arbitrary and excessive minimum of 7½ percent of the total postal budget for each year in the future. My amendment will correct these serious deficiencies. As pointed out in the Postmaster General's official report, under my amendment there will be a "fair apportionment of postal costs between taxpayers and users of the mail" and "costs ascribed to mail users will be assessed equitably among all mail classes."

The new rates will become effective July 1, 1962, except that the fixed charge per piece on second-class mail will be made in two steps; one-half cent will be effective July 1, 1962, and be increased to 1 cent a year later, on July 1, 1963.

My amendment makes no change on second-class mailings within county or on mail for the blind. It also continues the present rates on educational materials, on classroom publications, and on mailings of qualified nonprofit organizations.

Mr. Chairman, as I stated earlier, I shall propose an amendment to the committee bill at the proper time in the nature of a substitute, which I strongly urge the Members to support.

Mr. Chairman, under unanimous consent I insert following my remarks the full text of the letter from Postmaster General J. Edward Day to me dated January 16, 1962, which outlines in detail the administration's support of the amendment which I shall propose:

OFFICE OF THE POSTMASTER GENERAL,
Washington, D.C., January 16, 1962.

Hon. TOM MURRAY,
Chairman, Committee on Post Office and Civil Service, House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: This is in reply to your request for views on your proposed amendment to H.R. 7927.

The Post Office Department is pleased to endorse the proposed amendment. We urge its adoption for it would insure full compliance with the break-even directive of the Postal Policy Act (now 39 U.S.C. 2302(c)(4)).

Enactment of the proposed amendment to H.R. 7927 would be an important milestone in the history of postal finances. It would carry out the spirit as well as the substance of the Postal Policy Act by providing a fair apportionment of postal costs between taxpayers and users of the mail. In addition, costs ascribed to mail users would be assessed equitably among all mail classes. The proposed rate increases give due consideration to the value of service furnished to each mail class. Also, they recognize and provide fair reimbursement to the postal service for recent cost increases.

The subject bill, as reflected in the proposed amendment, would modify the Postal Policy Act (now 39 U.S.C. 2303) as follows:

(a) It deletes from the present list of public services the "loss resulting from the operation of such prime and necessary public services as the star route system and third- and fourth-class post offices." (39 U.S.C. 2303(a)(2).)

(b) For the enumerated public services, "loss" or "total loss" would be clearly defined as the excess of their allocated costs over revenues.

(c) By February 1 of each fiscal year, the Postmaster General would be required to estimate the public service losses for that year and the corresponding amount would then be deducted from the total costs of the Department for purposes of adjusting postal rates and fees.

The Department endorses these changes for the following major reasons:

(a) They would facilitate compliance with the Postal Policy Act (39 U.S.C. 2302(c)(4)) by recognizing total losses on public services before balancing costs and revenues. In the past 3 years, the fulfillment of the financial objectives of the Postal Policy Act has been hampered because of differences in the Congress concerning the amounts to be appropriated for public services. The subject bill corrects the underlying cause by clarifying the guidelines for computing the public service allowance.

(b) The precise amounts to be ascribed to public services would be determined routinely as a byproduct of Post Office cost ascertainment. The Postmaster General's report of February 1 each year would furnish the detailed record of public service costs necessary for an understanding of their nature and magnitude and for adjustment of the subsidies involved if the Congress determines adjustment is desirable in the public interest.

(c) Deletion of "losses" on star routes and small post offices would remove an objectionable feature from the present enumeration of public services. Star routes and small post offices are integral parts of a nationwide communications and transportation complex. Without these facilities the postal service could not fulfill its recognized responsibility, as stated in the Postal Policy Act, to "unite more closely the American people, to promote the general welfare, and to advance the national economy."

Retention of star routes and small post offices in 39 U.S.C. 2303(a) would result in a

partial double accounting of public service allowances under the proposed language defining these losses. Significant portions of the cost of star routes and small post offices have been allocated to the costs of handling free and reduced-rate mail and to special services such as money orders and c.o.d.'s. The losses from these mails and services are already stipulated as public service credits under 39 U.S.C. 2303(a). To count these costs again in determining the loss on star routes and small post offices represents an unjustifiable charge against the Treasury for public service credits.

Adoption of the more liberal public service provisions of the subject legislation would serve to reduce the amount of additional revenue from higher postal rates that otherwise would be needed to comply with the Postal Policy Act.

Under the provisions of the subject amendment, we estimate public service costs in fiscal 1963 would be $248 million, in contrast with $74 million if the appropriations policy of the past 3 years continues. When fully effective, rate increases under the subject bill would yield $621 million at an annual rate, based on estimated mail volume for fiscal 1963. Adjustment of rates and conditions of mailability proposed by the Department for fourth-class mail would bring an additional net gain of $85 million annually. This adjustment is subject to the consent of the Interstate Commerce Commission.

The proposed public service allowances and rate revisions will enable the postal service to cover its costs in fiscal year 1963.

In consonance with 39 U.S.C. 2302(c)(2), the subject amendment to H.R. 7927 provides first-class postage rates which are fair and reasonable based on the value received by mail users. First-class mail is the premium service of the Post Office Department, and the guidelines prescribed by the Postal Policy Act call for above-cost rates to cover the value of preferential service. Since 1959, the margin of revenues in excess of costs has narrowed steadily to the point where it is now nonexistent.

Because first-class mail is the Department's prime service, it has traditionally paid a premium rate substantially above its allocated costs. In the years prior to World War II, revenues averaged about 140 percent of cost. That revenue-cost relationship foreshadowed the present provisions of the 1958 Postal Policy Act which directs that postage for first-class mail should be sufficient to cover allocated expenses plus "an additional amount representing the fair value of all extraordinary and preferential services, facilities, and factors relating thereto."

The proposed 1-cent increase in first-class mail is necessary to enable lagging rates to catch up with cost increases. Since 1932, when a 3-cent letter rate was first approved, the Consumer Price Index has risen 118 percent and the cost of handling a first-class letter has increased 130 percent. But letter rates have gone up only 33 percent. A 5-cent rate would bring the total increases since 1932 to 67 percent.

In second- and third-class mail, the subject amendment proposes higher postage to adjust for cost increases which have arisen since rates were last modified in 1958. These further rate adjustments, together with the proposed modifications for computing public services, would result in substantially higher coverage of costs in both classes of mail.

After reflecting public service allowances, the Department's revenues would be roughly 50 percent of cost in second class and 85 percent in third class. The relatively low-cost coverage for second class, though substantially higher than in the past, is consistent with the established congressional policy of below-cost rates for newspapers and periodicals. From the very beginning of the U.S. Postal System, low postage rates for these media have reflected the belief of Congress that wide distribution of reading matter should be encouraged for the public good.

Rates for commercial-type mailings in second class (newspapers and magazines) would go up 1 cent per copy—an average increase of 55 percent. When fully effective, the increase would yield about $53 million in new revenues. There would be no increase in rates for hometown papers delivered within their counties of publication. Similarly, there would be no increases on publications for classroom use or publications of nonprofit organizations.

In third class, the minimum rate for circulars and other bulk mailings would rise from 2½ cents to 3 cents. There would be no rate increases for nonprofit organizations. In all, third class would yield $93 million of new postal revenues.

This Department approves enactment of the proposed amendment to H.R. 7927. We have been advised by the Bureau of the Budget that enactment of H.R. 7927, with the proposed amendment, would be in accord with the program of the President.

Sincerely yours,

J. EDWARD DAY,
Postmaster General.

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

Mr. MURRAY. I yield to the distinguished majority leader.

Mr. ALBERT. Mr. Chairman, may I ask the gentleman this question: Does the gentleman's amendment have the effect of retaining the committee amendment under the heading "Communist Political Propaganda" beginning at line 6, page 15, and ending with the line immediately following line 5 on page 16 of the reported bill?

Mr. MURRAY. Unquestionably it does.

Mr. ALBERT. I thank the gentleman.

Mr. MURRAY. Mr. Chairman, I think this is a very fair bill. I do not think it will put anybody out of business. Something must be done to eliminate this gigantic deficit in the Post Office Department. I trust the Members will vote for the legislation.

Mr. CORBETT. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I am going to support the substitute amendment to be offered by the gentleman from Tennessee [Mr. MURRAY]. I do this with great reluctance. The situation as it confronts us at the moment is that the gentleman has introduced an amendment which will provide rates considerably below what I know he thinks are justified. I had been strictly for the committee bill, but in view of his actions in agreeing to a compromise, I felt that I must go along with this and join forces with him in order that we may move this rate bill along to the other body.

Likewise because of the decision which was made, I suppose in the last hour, that the Cunningham provision which would bar the transmittal of Communist propaganda in this country is to be included in the substitute, it makes that substitute more attractive. Without the Cunningham amendment, I do not know how anybody could support a postal rate increase. We would find ourselves in the position of calling on the postal field service to handle Communist propaganda virtually free while we are telling American citizens you have to pay more to get your mail delivered. As we go through the amending process on this bill, it is very evident there are going to be all kinds of amendments offered to increase rates in some cases and to decrease them in others. I am now announcing that with, perhaps, very few exceptions I am going to oppose any of those amendments. I am going to do so because this subject of postal rates is just as complicated as any legislation that comes before this body. We have been days and weeks and months and, in the case of many of us, years listening to testimony in the committee—hammering out amendments and trying to keep the rates in balance so that we do not have great shifts at any point which would cause the users of the mails to suffer. This subject is complicated. The committee has worked hard. The staff has worked hard. We have been in consultation with users of the mail and we have been in consultation with experts from the Department. Out of it all has come a measure that is in balance and which, I believe, after it has been worked over by the other body will be a fairly satisfactory bill from all points of view. But, as I said in the beginning, I am reluctantly supporting this bill. Its impact on the users of the mail could be very damaging. It could be as has happened before that we will have to come back here and lower certain rates. But in that spirit of compromise, I am going to join with the chairman in trying to keep this substitute bill intact and send it to the other body and eventually the whole thing should result in bringing the post office deficit into balance.

Therefore, I rise in support of the Murray amendment.

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

Mr. CORBETT. I yield to the gentleman from California.

Mr. YOUNGER. Can the gentleman tell us what percentage of the first-class postal rate is paid by business institutions and subject to deduction on taxes?

Mr. CORBETT. Approximately 75 percent.

Mr. YOUNGER. And what about the percentage of the second-class mail?

Mr. CORBETT. I would say regarding the second-class mail, that close to 100 percent of it is paid by business.

Mr. YOUNGER. And as to the third-class mail; would it be about the same? About 100 percent?

Mr. CORBETT. Third-class mail is basically direct mail advertising but there is very much of this type of mail sent out by nonprofit institutions.

Mr. YOUNGER. So, so far as the net return budgetwise for the Federal Government is concerned, we would lose approximately 50 percent of the increase; is that not right?

Mr. CORBETT. Well, this gets into the tax business and I do not know how it would affect certain companies. Obviously, if a company were operating at a profit, I think the gentleman's position is correct.

If some of these rates are going to throw them into a situation where they

have a deficit or are losing, then they will not be able to deduct; you cannot deduct from a deficit.

Mr. YOUNGER. They will not be able to add much to employment either if they go broke, will they?

Mr. CORBETT. I think the gentleman should direct these questions to the Director of the Budget and to the executive head of the Government, who have been the strongest pushers for this bill.

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

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

Mr. GROSS. Is it not true that the proposed administration amendment to be offered by the chairman of the committee was rejected by the House Post Office and Civil Service Committee last year?

Mr. CORBETT. Technically that may be right. As the gentleman recalls, the bill was reduced by the gentleman from North Carolina [Mr. HENDERSON] and then we immediately started to amend it. There were all sorts of amendments to the Henderson bill; therefore, we never had a vote on the Henderson bill.

Mr. GROSS. Yes, because of a situation where we had four or five bills, and some of them came in overnight. Is that not true?

Mr. CORBETT. That is correct.

Mr. GROSS. So, very few people, if any, knew exactly what was going on. Is not that correct?

Mr. CORBETT. Let us say very few people knew.

Mr. GROSS. Is it not also correct that the chairman of the committee thought so much of the committee bill last fall that he asked for a closed rule for consideration of the bill last year?

Mr. CORBETT. He probably did this for reasons similar to the ones that cause me to support his substitute bill. The only chance we had last year to get a bill through, I believe the gentleman from Tennessee so stated, was to have a closed rule and get it over to the Senate; so he agreed to that procedure like I am agreeing to this one.

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

Mr. CORBETT. I yield.

Mr. JOHANSEN. It is my recollection, and probably the gentleman can bear me out, that what is now referred to as the Murray substitute amendment did lose in the committee, but it lost by one vote. Is not that correct?

Mr. CORBETT. I thought that was the original administration bill that was tabled and that we did not have a vote on the Henderson bill; anyhow that is essentially correct.

Mr. Chairman, I yield the floor.

The CHAIRMAN. The gentleman from Pennsylvania has consumed 8 minutes.

Mr. MURRAY. Mr. Chairman, I yield 10 minutes to the gentleman from Georgia [Mr. JAMES C. DAVIS].

Mr. JAMES C. DAVIS. Mr. Chairman, the essential provisions of this bill have been very adequately explained by the distinguished chairman of the committee and the distinguished ranking member on the minority side, so I will not impose on the time of the Committee to go into the general provisions of the bill.

Throughout the years in the past I have opposed rate increase legislation for several reasons. One was that through most of the years first-class mail was not only paying its way but paying a profit. That situation has changed now, and in order for first-class mail to pay its way now I think it is necessary to increase the rate from 4 to 5 cents an ounce on letter mail and to increase the postcard rate and the airmail rate.

I voted this year to report the committee bill out of the committee.

The bill we will be considering today, the substitute to be offered by the distinguished chairman, was not the bill reported out by the committee. It was not the committee bill. I listened with a great deal of interest to the remarks of the distinguished gentleman from Pennsylvania [Mr. CORBETT]. He said he opposes all amendments. I hope he will not oppose the amendments I intend to offer, because I am offering one to amend the Murray substitute in two respects which were not in the bill reported out of the committee, and not in the original bill; one is the provision fixing a surcharge on second-class matter of one-half cent effective July 1 this year and one-half cent effective July 1 next year. That provision was not in the bill reported out of the committee, and I hope the gentleman from Pennsylvania will support my amendment. I hope the gentleman from Tennessee will see fit to accept my amendment.

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

Mr. JAMES C. DAVIS. I yield.

Mr. JENSEN. Do I understand the gentleman intends to offer an amendment to strike out the surtax on newspapers now in the Murray bill?

Mr. JAMES C. DAVIS. I am offering an amendment to strike out the entire 1-cent surtax which takes effect in two stages, as it applies to newspapers.

Mr. JENSEN. I am interested in that because I have a letter here showing that many newspapers in my district will be very greatly penalized by that provision in the bill.

Mr. JAMES C. DAVIS. I intend to offer that amendment.

Mr. JENSEN. I certainly thank the gentleman, and I shall support his amendment.

Mr. JAMES C. DAVIS. I also expect to offer another amendment about which I will say a few words at this time. The substitute will carry a provision to prohibit the mailing of third-class mail matter between the dates of December 15 and December 25 each year.

The purpose of that amendment is to require Christmas cards to be mailed prior to December 15. That is not in the law at present, but it is a provision in this substitute to be offered by the gentleman from Tennessee.

I have conferred with the Post Office Department and they tell me they handled the Christmas card situation this year in such a manner that this provision now is not necessary. The provision will do a great deal of damage to certain business people, one of which is in my district, the F. W. Dodge Co., which gets out daily business reports. They mail them in December as in the other months of the year. If this provision restricting the mailing of third-class matter between December 15 and December 25 is not taken out of the bill, it will do incalculable harm to business people, such as the F. W. Dodge Co. which gets out construction news reports regularly each day. They would be prevented from getting them out for that period, if the bill is passed with that provision in it.

With these two provisions I expect to support the bill. I will support the bill if these two changes can be made, and I earnestly hope that the committee and the House will see fit to support me on these matters.

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

Mr. JAMES C. DAVIS. I yield to the gentleman from Alabama.

Mr. ROBERTS. I would like to compliment the gentleman on his amendment. As I understand it, his amendment takes care of the weekly newspapers with a circulation outside of the county of publication?

Mr. JAMES C. DAVIS. It certainly would.

Mr. ROBERTS. Most of these are family-owned and family-operated types of newspapers. That is the purpose of the gentleman's amendment?

Mr. JAMES C. DAVIS. The purpose of my amendment is to prevent this extremely heavy burden from falling on any of these small newspapers, some of which would be put out of business, so I am told by the Newspaper Publishers Association.

Mr. ROBERTS. In the absence of the amendment to be offered by the gentleman, under the Murray substitute how much of an increase would be placed on these small newspapers?

Mr. JAMES C. DAVIS. In the absence of the amendment there would be an increase of one-half cent per copy on each newspaper mailed out of the county of publication to take effect on July 1 of this year. Then another one-half cent to take effect on July 1 of next year. There would be a total increase, when fully effective, of an additional 1 cent per copy on every copy of a newspaper mailed out of the county of publication.

Mr. ROBERTS. How much of an increase have these weekly newspapers had since 1959?

Mr. JAMES C. DAVIS. I will have to speak from recollection because I do not have the record before me, but my recollection is that in 1951 we put on 30 percent in three annual increases. In 1958 three annual 18-percent increases were adopted, making 54 percent.

Mr. ROBERTS. I thank the gentleman.

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

Mr. JAMES C. DAVIS. I yield to the gentleman from Florida.

Mr. MATTHEWS. Could the gentleman give me some idea as to how much revenue would be lost from the bill if his amendment is passed?

Mr. JAMES C. DAVIS. Yes. The amendment as it is in the Murray amendment would mean an increase in

revenue of $53,400,000. This amendment would not take all of that revenue out. My guess would be, and it is only a guess, that it would take from this $53,400,000 maybe 40 to 50 percent.

Mr. MATTHEWS. I thank the gentleman.

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

Mr. JAMES C. DAVIS. I yield to the gentleman from California.

Mr. GUBSER. Did I understand the gentleman to say that the Murray substitute carries with it a provision preventing the mailing of third-class mail between December 15 and December 25?

Mr. JAMES C. DAVIS. Yes. The Murray substitute carries that provision.

Mr. GUBSER. May I inquire as to the reasoning behind that? Was that to encourage the mail to be dispatched at a time other than the Christmas rush?

Mr. JAMES C. DAVIS. It was to encourage the mailing of Christmas cards prior to December 15.

Mr. GUBSER. But the Post Office Department is not required to handle third-class mail on a priority basis, and if they are burdened with other mail, they do not need to handle it at that time of the year, or is it a matter of storage?

Mr. JAMES C. DAVIS. As a matter of practicality, they know that Christmas cards must be delivered before December 25, and consequently they have always done that. But, they have worked that out, and they say they have handled it wonderfully well last year without that provision, and they can do it this year and all other years.

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

Mr. JAMES C. DAVIS. I yield to the gentleman from Iowa.

Mr. JENSEN. We have, I think, in the neighborhood of a thousand of these so-called shoppers' guides. They send out papers generally once a week to all the box holders in the county or trade territory, and they pay 2½ cents a copy. Now, that is third-class mail. That is about the same rate paid for a heavy magazine sent from Boston to San Diego, Calif., for example. Simple justice demands that this inequality in rate should and must be corrected.

Mr. JAMES C. DAVIS. Well, in the short time I have here, I do not think I would be able to give the gentleman complete information on that, but I would refer the gentleman to this analysis of the proposed substitute and the committee bill, and you can see the rates here on third-class matter.

Mr. JENSEN. Yes. I have seen that analysis, and am not at all satisfied with it.

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

Mr. CORBETT. Mr. Chairman, I yield 10 minutes to the gentleman from Nebraska [Mr. CUNNINGHAM].

Mr. CUNNINGHAM. Mr. Chairman, and members of the committee, I personally would prefer the committee bill over the substitute proposed by the chairman if we must have a rate bill. I think it is a bill that does not please everyone, but it could be amended up or down to suit the wishes of the Congress. I favor it if it prevails, particularly because the committee in its wisdom added a provision to stop the free delivery to our people of Communist political propaganda. I am going to speak only briefly on rates, because I want to get into the other subject.

I want to say to this committee that this is a very technical and difficult problem. There are some people that say that the postal budget ought to be balanced. This is a new innovation. It was popularized by Mr. Summerfield when he was Postmaster General. I disagreed with him then and I disagree with the theory now. You are never going to be able to achieve a so-called balanced budget between outgo and income in the Post Office Establishment. It is a service institution. Following that theory to its logical conclusion, with all of the increases that are coming along—we are going to vote for a pay raise, transportation costs will rise, rent costs will rise, and so on—conceivably in 10 or 15 years we could have a 25-cent stamp.

So, you are never going to be able to balance expenditures and revenues. Therefore I discard that theory that we hear so much about. But that is not too important at the moment. We have gone at great lengths into rates at our hearings. I want to tell you that we raised the rates not too long ago. I am not going to oppose the amendment, if it includes the antipropaganda amendment, but I think there is something that we learned in our committee in which the Members of the House would be interested. You are raising the first-class rate from 4 cents to 5 cents on letters, and from 7 cents to 8 cents on air mail. This brings in the major portion of the additional revenue that is provided for in this bill. They are going to raise the rates on newspapers and magazines, which we call second-class material.

Mr. Chairman, I for one am not willing to penalize all of the little publications at the expense of the big daily papers who may be able to survive under the increase. But for every big daily that makes a lot of money there are probably thousands of little papers that are now just breaking even or losing money. Many of these little papers are run by man and wife, and they are going to be hard hit, if not put out of business.

Mr. Chairman, I have no brief for Life magazine or Time or Newsweek, or many other famous publications that we can think of which make money, but there are literally thousands of these publications that are not only losing money but are almost bankrupt. These rates can—and I think will—be the death blow to the small publications which are operated by small businessmen.

Mr. Chairman, with reference to third-class rates, which we call advertising mail, there is a story which has not been told so far as this great Nation of ours is concerned. They serve a legitimate function. Surely, perhaps you and I do not read all of the material that we receive under third-class mailing privileges. Perhaps people throw it into the wastebasket. However, figures will show, based upon testimony before the committee, that this advertising does produce business. First of all, it has to be prepared by small businessmen in a little printing shop somewhere, in a little direct-mail advertising operation somewhere, a little offset printing shop somewhere. They employ two or three pressmen or offset men. It involves the purchase of paper and materials and ink to print this.

Mr. Chairman, if only 1 or 2 people out of 10 that receive this material bought an article that was advertised, it certainly would stimulate and does stimulate business. But this increase may put them out of business. So, we are going to penalize the small businessman further. Therefore this is not a simple problem. It is a very, very complicated problem. I say that in our deliberations we should give serious consideration to this matter. There is not anybody that you are going to meet that is going to be happy about these postal rates and the increase that is proposed. This is in the form of a tax. Nobody likes to pay more taxes. We are all going back to our districts and are going to have to face that charge.

Mr. Chairman, I say that this budget can never be balanced in the Post Office Department. It never will be. It is a service institution, and it has to remain that way. Therefore I say to the Members of the House that you should give serious consideration to the very grave problem that confronts us at this moment, and which affects literally tens of thousands of small people, small businessmen.

As I said, we may believe Life and Time and a few others can pay more money, but there are only a handful of those; there are thousands of others that are on the brink of disaster. So you are going to make the richer ones richer and the little ones are going out of business. I do not think that is the trend that we should follow.

Mr. Chairman, I would like to speak about the anti-Communist proposal which has been mentioned, the amendment to the committee bill which from the parliamentary standpoint is before the Committee at this moment. We worked hard and long on this bill, as I said. We did not provide everything that everybody wanted, but we knew the bill could be amended up or down to suit the will of the Members. But it did have a provision that said that no longer are we going to deliver free of charge, at the taxpayers' expense, literally millions of pieces of Communist political propaganda.

Mr. Chairman, the country is in a dither, it is excited, it is mad about the free delivery of Communist political propaganda. You do not have to take my word for it. Here are letters that represent just 1 day's mail, and they are coming in like this every day. I did not count them but they are in the thousands and from all over the country. The people are incensed over the fact that they are going to be callled upon to pay higher rates and still we permit this material to come in here without any charge whatsoever.

Under President Truman, and President Eisenhower continued President Truman's program, we did have some type of effective means of screening this material. That meant that when this stuff came over it was checked and the people to whom it was addressed were sent a notice that this was evidently propaganda; did they order it and did they want to receive it? More than 90 percent of the people said no, they did not order it, did not know how their name got on the list and certainly did not want it.

The CHAIRMAN. The time of the gentleman from Nebraska [Mr. CUNNINGHAM] has expired.

Mr. CORBETT. Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. CUNNINGHAM. Mr. Chairman, I had hoped to get more time; I requested it, but did not get it but I thank the gentleman from Pennsylvania. There have been many figures about the volume of this Communist propaganda. Mr. Irving Fishman of the U.S. Customs Bureau said in 1958 there were 4,800,000 parcels, and a year later it was estimated by Mr. Fishman that 6 million parcels containing 10 million individual items came in. In 1960 it was testified that over 14 million packages or 21 million pieces were coming in.

Mr. Chairman, I want to say as a fact that nobody knows how much of this material is coming in. During the recess I spent most of my spare time checking into this, going to ports of entry, and let me say that when these figures are recited, they are only giving the amount of material that comes from Communist-bloc countries and they are only using figures for three ports of entry—New York, San Francisco, and New Orleans. First of all, more than 50 percent of this comes from Communist groups in the free world and they are not reflected in these figures. Secondly, there are 50 ports of entry in this country and there is a check made at only 3. They have checked only three of them and they do not have a staff to do a thorough job. That means that at 47 of these ports where the material may be coming in no check or inspection is made. There is no knowledge as to its volume.

There is positively no knowledge of the amount of Communist propaganda entering this country. No one in Government can supply this information, I am sorry to say.

I might add that the people are not only concerned that this material comes here but are equally, or, even more so, enraged that we should deliver it free and subsidize this inflow of Red propaganda.

I could stand here—I do not know if it is true—but I could stand here today and say 50 million pieces. I want to insist that these figures are not accurate. But nobody knows what they are, and nobody can dispute what I have just said to you here.

There have been committees of the Congress which have tried to reach this situation. They have tried to go after it through a different approach. We do not have to do that, this amendment is very simple and very clear cut and very definite. It can only come from the Post Office Committee. What we are doing here is working through the Universal Postal Union. This is a mail handling arrangement between this country and over 100 other countries throughout the world. We have a right to regulate the flow of anything that is adverse to this country. So all the anti-Communist proposal does is to place a section in that portion of the law involving the Universal Postal Union which says we shall no longer handle or deliver Communist political propaganda free of charge. I want to say this. The people of the United States are not only concerned that this propaganda is flooding this country in huge volumes—what incensed them is the fact that we allow it to be delivered free. I would not be so disturbed if we knew that what we send over there is delivered and distributed. But, ladies and gentlemen, it is not. So we are suckers here. We are distributing all their material which is going to our youth and to foreign language groups here while they are not distributing ours.

I had a man who came back from Russia just last week, just like many other people who come in and report to me because he knew I was interested in this subject. He went to three cities including Moscow. His primary purpose was to visit all of their newsstands to see what American material might be distributed or displayed. In not one single instance did he find any American literature, newspapers, or anything issued from this country except the Daily Worker. So I am saying to you, this is a matter of simple justice. This Universal Postal Union is a sort of treaty, unofficially; it is a mail handling arrangement. I am saying they have abrogated it unilaterally. We deliver their mail and we live up to the agreement, but they do not deliver and distribute our material and they do not live up to their agreement.

Mr. Chairman, there is much more to be said on this vital subject which I would like to say but unfortunately time is limited under the rule.

The CHAIRMAN. The time of the gentleman has expired.

Mr. GROSS. Mr. Chairman, I yield to the gentleman from Ohio [Mr. HARSHA].

Mr. HARSHA. Mr. Chairman, Americans throughout the country are calling on Congress to end the subsidy given Communist propaganda. The time for the House of Representatives to act on this serious problem is now. Now is the time to put an end to this unholy situation. If we are going to ask the American taxpayer to pay higher postal rates—how in good conscience can we do this and not put a stop to the delivery and subsidization of such trash.

It should be obvious to everyone by now that we are engaged in a life or death struggle for survival with the international Communist movement. We cannot hope to prevail in this struggle unless all Americans in every field of endeavor are absolutely convinced beyond any shadow of a doubt that we are not engaged in a popularity contest with a competing economic system; that we are not faced with certain annoying adjustments which should be made so that we may coexist with a different system of government; but that we are now in a death struggle with an enemy the like of which we have never before encountered.

One of the most effective weapons used against us in this onslaught has been the intensive, massive, and vicious Communist propaganda assault on the United States.

Since 1948 the U.S. Customs Bureau has been under orders to screen Communist propaganda coming into this country and to intercept unwanted and unsolicited material. On March 17, 1961, this order was rescinded which now permits tons of Communist propaganda to flow freely throughout this country.

This propaganda is very cleverly and subtly written with the avowed purpose of brainwashing, warping, and destroying the minds of our citizens, both young and old. And the ironic, unbelievable fact is that you, the taxpayer, are subsidizing this effort to destroy the very thing you cherish the most—freedom.

High school and college students throughout the United States are supplied with Communist propaganda delivered free of charge by the U.S. Post Office. The House Un-American Activities Committee reported that "every school and college in the United States is directly or indirectly the recipient of some of these Communist propaganda publications." Thus, the Communists have discovered how to make American taxpayers finance a Red pipeline to the minds of our students.

The U.S. Bureau of Customs in a 12-month spot check of Moscow's literature through New Orleans counted at least 300,000 packages of Communist propaganda destined to schools and colleges. Each package contained 5 to 15 different publications of youth leadership for communism.

New Orleans is one of the lesser ports of entry from the standpoint of Communist propaganda. A heavier volume of this material is coming into the United States via approximately 50 other ports of entry.

The endless lists of our students are compiled and addressed through the World Federation of Democratic Youth, a pro-Communist front organization, and by the International Union of Students in Prague, Czechoslovakia. Both of these major international Communist-controlled youth organizations publish at least 40 periodicals which are disseminated regularly in schools and colleges.

The Communists' propaganda campaign has all the priority and impressiveness of their missile program. Russia and Red China can produce about 3,600 million books a year, more than 1 book for every person on earth. The Senate Internal Security Committee reported:

> The various forms of Communist propaganda throughout the world involve a personnel of about 500,000 and an annual expenditure of approximately $2 billion.

This propaganda has created the intellectual climate for the San Francisco

student riots against the House Un-American Activities Committee, for the movement of certain Smith College students in petitioning Members of Congress to curtail the activities of this committee, and for the mushrooming on the campuses of Communist fronts in support of unilateral disarmament, Castro, recognition of Outer Mongolia and Red China, and against nuclear testing, ROTC, and loyalty oaths.

Under international postal agreements, the country of origin collects the postage, and our mailmen deliver mail from door to door without any charge in the United States and our territories. With non-Communist countries, this is a satisfactory arrangement, because we collect postage here for mail going overseas. With Soviet-bloc countries this reciprocal agreement is a farce. Does anyone believe that Soviet Russia, the master of deceit and prevarication, will deliver first-class letters from the United States without first censoring them? Certainly we are not naive enough to believe she will deliver American propaganda to Russian citizens.

Our postal deficit for fiscal 1961 was approximately $843 million. Contributing greatly to this deficit is the great volume of Russian propaganda and mail shipped into this country. Less than half of this Red propaganda actually comes from Soviet-bloc nations. The balance comes from subversive groups within the so-called free world.

During the year 1960 there was imported into the United States from Soviet-bloc countries printed matter, whether or not propaganda, averaging 1,341,298 pieces per month. To date there is no accurate count of how much comes to the United States from the free world. The lifting of the ban in March of 1961 will permit additional unsolicited tons of subversive material to be delivered to our citizens. No other country in the free world would permit Moscow's subversive material to be delivered at the expense of its own taxpayers.

Our greatest treasures are the minds of our youth. The future of America lies in their hands, and we certainly should not allow them to be unwittingly victimized by Communist propaganda subsidized and delivered by U.S. citizens and taxpayers.

To ask the American taxpayer to pay increased postal rates while at the same time permitting this Red propaganda to be distributed in this country free of charge is sheer hypocrisy.

If the free distribution of this propaganda were stopped, an increase in first-class rates would not be needed. To argue as the Post Office Department does that because we send out more mail than we receive is not a valid reason for continuing to accept Red propaganda. To accept such an argument is tantamount to saying that because we send out larger quantities of perfume we should continue to accept smaller quantities of poisonous gas.

During the balance of this session we shall hear impassioned pleas about how foreign aid is needed to defeat communism and how the President's request for authority to cut tariffs should be granted to combat communism, yet if this amendment is not accepted we will continue to subsidize the Red propaganda drive. It just does not make sense.

Members of the House, I earnestly urge your full support of this effort to stop the delivery of Communist propaganda. Let us save the minds of our citizens and youth from this destruction and at the same time help balance the postal deficit.

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

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

There was no objection.

Mr. ASHBROOK. Mr. Chairman, I certainly want to associate myself with the remarks of the gentleman from Nebraska [Mr. CUNNINGHAM] and the gentleman from Ohio [Mr. HARSHA]. I have joined them during the past year in the fight to block Communist propaganda mail from pouring into our country and being delivered free of charge. My own bill, H.R. 9281, will be largely adopted in the postal rate bill we are considering today. It is a companion bill to those introduced by the gentleman from Nebraska [Mr. CUNNINGHAM] and the gentleman from Ohio [Mr. HARSHA].

I believe that every Congressman found an aroused citizenry at home during the recess last fall. People are absolutely unable to comprehend why the Kennedy administration has opened the dike to this flow of poisonous propaganda. It is but one of the appeasing overtures that have been made toward our professed and undeniable enemy, the Communist bloc. I am very pleased that we today will strike a blow which has been needed for some time and I hope the sentiment expressed will serve as a call to our State Department and administration to stiffen its posture in our dealings with the enemy.

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

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

There was no objection.

Mr. BEERMANN. Mr. Chairman, I am very pleased that the administration is so concerned about balancing the budget. It is a concern many of us have held for many years, and I, for one, am delighted to have this new and welcome company. I am tempted to take heart at this great affection for a balanced budget, but I cannot. The approach is not the right one. The amendment introduced by the gentleman from Tennessee [Mr. MURRAY] is a "spend more, and tax more" approach to balancing the budget. It overlooks completely that the Post Office needs modernization and efficiency. Last summer, the Deputy Postmaster General, Mr. Brawley, said $300 million could be saved by modernization. I would like to see that done without delay.

A businesslike operation in the Post Office does not mean only that the income balances the outgo. It means that the Post Office operation is carried on at the lowest possible cost for which the best service can be provided.

There is another thing that bothers me about this sudden get tough policy by the administration. It is a get tough policy that again is toughest on American private enterprise. There seems to be a pattern of trying to make it just a little more difficult for businessmen to operate. This pattern is all too plain in Agriculture, where the schemes of the Secretary are trying to put all farmers under the tight control of the Federal Government.

In this postal bill, we are jeopardizing a very important segment of American business—the free press. I notice from advertisements in the newspapers during the past week that both businessmen and their employees are worried about whether or not magazines and small newspapers can survive another set of postal increases. We all should know they are paying twice what they did for postage 10 years ago.

This leads to the most important point that my colleague, the gentleman from Nebraska [Mr. CUNNINGHAM], is trying to make. The United States is subsidizing Communist countries like Yugoslavia and Poland, and very questionable neutrals like India and Indonesia, while getting tough with American business. This gets to be pretty silly. Here we are, considering a measure that seems likely to eliminate a part of America's great free press, and subsidizing through our foreign aid the controlled press in Communist countries. And if this is not enough, we are delivering free—in the United States—the very propaganda that is seeking our downfall.

I wholeheartedly agree with the gentleman from Nebraska [Mr. CUNNINGHAM]. Why in the world do we dare allow our Post Office Department to deliver Red propaganda at our own expense—or if you please, by using some of the money we hope to get by increasing the rates on second class mail? I will absolutely have nothing to do with a postal-rate bill until we stop delivering Communist propaganda through the mails. I think the Members should join in insisting that any consideration of higher postal rates should be based on adoption of the amendment just presented by the gentleman from Nebraska [Mr. CUNNINGHAM].

One more thing. We should not overtake what might happen to what is left of our farm newspapers and magazines. Some, while doing great work for the American farmer, are just hanging on, and I am fearful of what the added expense of a big increase in postal rates would do.

I have been reading some university extension service surveys to find out where farmers get their information on new farming techniques. In other words, where do they learn? Some of you might be surprised to discover that in every research project, farm newspapers and magazines were the principal source of information. Farmers even relied on farm magazines more than on their county agents, and certainly more than on Government handouts.

The farm publication is the greatest ally the people have against the plan-

ners who constantly try to manipulate and control American agriculture. Here the vital area is information—not as the Department wants us to have it, but pure information. For every farm publication that disappears, there also disappears a little bit of freedom, and there is a little more dependence upon the Government's adulterated propaganda.

Farm publications are particularly endangered, because they are not sold on the newsstands. They are delivered on rural routes, and no one has yet devised a way to make rural routes pay their way. Farm publications likewise must use the mail to solicit subscriptions, and to handle renewals. They are dependent on the postal systems. They are dependent on low second class rates that have been basic to a free press in America since our country was founded.

Mr. Chairman, we must not be stampeded by the crocodile tears of the administration whose pious claims of budget balancing are misleading and which avoid the real issue. Let us join the gentleman from Nebraska [Mr. CUNNINGHAM] in making the elimination of Communist propaganda from our mails a prerequisite to consideration of postal rate increases.

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

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

There was no objection.

Mr. WALLHAUSER. Mr. Chairman, the balancing of the budget is important to maintain the fiscal integrity that has helped our great Republic to grow so influential and important in world affairs.

A raise in postal rates is but one step that can be taken to accomplish this objective. Another is a reduction in the operating costs of the Post Office Department. An important reduction can be effected, I believe, if the Communist propaganda that is flooding our ports of entry remain undelivered free of charge.

An important step for this Congress to take, in my opinion, is to provide the tools that will enable the executive department to legally close off the flood of unwanted, unrequested mail that our citizens are being exposed to.

Mr. MURRAY. Mr. Chairman, I yield 5 minutes to the gentleman from North Carolina [Mr. HENDERSON].

Mr. HENDERSON. Mr. Chairman, it is my intention to support the amendments which the distinguished chairman of the Post Office and Civil Service Committee, the gentleman from Tennessee [Mr. MURRAY] will propose when the bill is read for amendments.

The gentleman from Tennessee's [Mr. MURRAY] amendment, as he has explained, includes the same postal rate provisions and public service policy contained in H.R. 7927 when I introduced the bill on June 29, 1961. As explained in my statement in volume 107, part 9, page 11833 of the CONGRESSIONAL RECORD, my bill was introduced by general agreement of the Committee on Post Office and Civil Service so that its provisions could be considered by the committee in detail, after I had informally discussed, at a committee meeting the previous day, certain rate and public policy revisions that I felt might be a suitable compromise in lieu of the original postal rate bill, H.R. 6418, which was based on an official recommendation of the Post Office Department.

My suggestions for compromise provisions were developed after careful review of the extensive record of public hearings and the deliberations of the committee in executive session on H.R. 6418. I felt then, as I do now, that the public service formula and the rate revisions in my bill, which are now contained in the amendment to be proposed by the gentleman from Tennessee [Mr. MURRAY], represent a fair, moderate, and effective measure to establish a firm and lasting foundation for a postal rate structure which will return postal revenues equal to postal expenses, after a suitable writeoff of expenses to public service, and will ascribe postal costs to the various classes of users of the mails in an equitable manner, with full consideration to the value of the service they receive and the costs incurred in rendering that service.

The Postmaster General officially reported last year, and again has reported with respect to the proposed Murray amendment, that H.R. 7927 as introduced, and the amendment, provide the very minimum postal rate adjustments which should be enacted. In my judgment, approval of the Murray amendment is essential if we are to meet the issue of fiscal responsibility. These proposed increases have been developed after full consideration of the many issues brought out in our public hearings last year on the postal rate question.

I am very gratified to note, also, that one of the strongest impediments to final action on postal rates last year, evidently has been removed by assurance we have received through a public statement by the chairman of the Post Office and Civil Service Committee of the other body that he will schedule prompt action on postal rate legislation, including an appropriate public service policy, when such legislation is passed by the House.

The amendment to be proposed by the gentleman from Tennessee [Mr. MURRAY] includes a firm, effective, and highly equitable provision which will relieve users of the mail from any burden for the costs of public services performed by the Postal Establishment such as free-in-county mail, free mail for the blind, and mailings at special reduced rates by qualified nonprofit organizations.

I became convinced while in my district during the recess that the overwhelming sentiment, of the people I represent, is that if we in the Congress find it necessary to increase first-class postal rates, we must also increase second- and third-class mail far more than is proposed by the bill, without the adoption of the Murray amendment.

I recognize that some of the second- and third-class uses of the mails will find the increases to be a heavy burden, but any postal rate increase will probably do this, and the present burden of the postal deficit upon the taxpayers is also of great concern.

I believe that when the Murray amendment is passed by the House it will be acted on promptly by the other body, so that the additional postal revenues which the President of the United States has given first priority among all new revenue measures this year will be assured as a first step toward the anticipated balanced Federal budget for the fiscal year 1963.

I hope that the membership will give its overwhelming support to the Murray amendment.

Mr. GROSS. Mr. Chairman, I yield 5 minutes to the gentleman from Virginia [Mr. BROYHILL].

Mr. BROYHILL. Mr. Chairman, I rise in support of a balanced Federal budget. I would like to have been able to state that I rise in support of H.R. 7927 as reported by the Committee on the Post Office and Civil Service, but I do not think that the bill is sufficient, that it does the job well enough. The gentleman from Tennessee [Mr. MURRAY] will offer an amendment that will be an improvement. I will support that amendment, but I still do not think the bill even as amended will do the job that ought to be done.

As has been stated by previous speakers, this is a controversial and complicated measure; it is confusing, but there is no easy solution to the problem. I think that we can agree on two things. First of all, that there is no such thing as a perfect postal rate bill. It would be impossible to come up with a measure that everybody would agree with, a measure that would not affect some segment of our economy adversely or in which some industry would not be hurt. That is what suggests a compromise as a solution to the problem, and that is what we are attempting to do here today.

The Postmaster General did submit what I thought was a good bill, one that would meet the problem head on. It would raise the postal revenues in the amount of $741 million a year. But that was turned down by the committee. The committee reported a bill to the House that would raise revenues approximately $550 million, but it placed too much of the increase on the first-class users. The Murray amendment would help correct that inequity.

Another thing we can agree on is the fact that the deficit in the Post Office Department has to be met. Somebody has to pay for it. There are three ways that we can make up that deficit in the Post Office Department. One is to add it on to the national debt; two, charge it to the taxpayers in general; and three, have the users of the mail pay for it.

Insofar as adding this on to the national debt is concerned, we are now approaching a national debt of approximately $300 billion. It may be necessary at certain times to increase our national debt in order to meet any threat to our survival; but I think it is unconscionable in a time of progress and prosperity to pass on the deficit of operating the Post Office Department to future generations. That is exactly what we have been doing since the end of World War II. In fact, we have a total postal deficit since 1946 in the amount of $7½ billion. There has been

an increase in the national debt since 1946 in the amount of $18 billion, not including the deficit for the current fiscal year. Regardless of how much you juggle the figures, the net effect is, we have passed on the entire postal deficit since World War II to future generations to pay.

So far as charging this to the general fund is concerned, or having the taxpayers pay for it, may I ask, Who is this benevolent taxpayer we are asking to pick up the tab? Is it the individual who has withholding taxes deducted from his paycheck? Is it the corporations? Is it to come from inheritance taxes, excise taxes? I say that there have been plently of complaints already about the inequities in our general tax structure. In fact, it is a question of whether we have reached the point of diminishing returns.

The President, I understand, has asked for authority to actually reduce some of the income taxes. The funds are not available from the general revenue to make up this deficit. That would seem to be the easy way out, but it is the wrong way.

The fairest alternative is to have the users of the mail pay for it. It makes no difference whether we consider the Post Office Department a business or service. If it is a service, then it is the best bargain that the American people can receive, regardless of whether we consider the charge for use of the mail as a tax or not. It makes no difference. There is no better way of charging for this postal service than to charge it to the mail users. It is the thing that benefits so many people. Then in direct proportion to their benefit in the use of the mail, they should pay for it. Why pass the buck? Why not charge it directly to the users of the mail service?

I think that the American people overwhelmingly support that principle. I think they are willing to pay for this postal service that they receive. That has been the historical tradition since the turn of the century. From 1900 up until World War II the average postal deficit was $33 million a year, and, incidentally, that included all subsidies—airline subsidies in the amount of about $75 million, frank mail to Members of Congress, free mail to various Government agencies. We have since that time taken that out of the postal budget, yet the amount that the cost exceeded the revenues this year is amounting to $832 million, even with all of these subsidies removed. The cost of living since 1932 has increased by 118 percent. The cost of delivering mail has increased 130 percent, but yet in the first-class mail we have only increased the rate, the charge to the users as beneficiaries, 33⅓ percent. So I think it is fair and equitable to pass on some of the increase on to the principal users, the principal beneficiaries of the mail.

Mr. Chairman, there is no easy solution to this problem, as I said before. There has to be some give and take; there has got to be some compromise. I think, again, that the amendment offered by the chairman of our committee, the gentleman from Tennessee [Mr. MURRAY], is a good compromise. The administration supports it. It does not do the job, but it still helps to solve this problem somewhat. We will still have some deficit, regardless of whether we charge it as a public service or not. We will still have some deficit which today you are charging on to future generations.

Mr. MURRAY. Mr. Chairman, I yield 5 minutes to the gentleman from Montana [Mr. OLSEN].

Mr. OLSEN. Mr. Chairman, I voted against the gag rule that was attempted last September. I wanted to amend upward some of the rate provisions in the bill that was presented, that is, the committee bill that was presented last fall. I had some other faults to find with that bill, and today I would be happy if we were considering the committee bill and I had the opportunity to present amendments to that bill. I do not find fault with my chairman and his procedure, but it kind of shortcuts some of the things that I would like to do. There is an increase in rates in the committee bill which I am for, but that increase is being eliminated in the Murray amendment. Mr. MURRAY's amendment would have no increase applied to the controlled circulation magazine. It would be the only class that would not have a substantial increase. The committee bill would increase that particular class $1.3 million. Mr. MURRAY's amendment would have a minimum charge on that class that would bring in perhaps an increase of $100,000.

Now, in every other class there is an increase of a substantial amount except that one. I wish that we were considering the committee bill that had been considered after all, for 7 months and had put an increase on that class and had put an increase on every class. As I say, perhaps all the Members are not content with all of the increases, but if we had the committee bill, we could increase where we wished.

Now, I think that the original committee bill, that is, the bill before us, does not increase second or third class as much as perhaps it ought to. On the other hand, I think that Mr. MURRAY's amendment is, in fact, a kind of Post Office Department bill that is too high in the class of newspapers that are doing business in my district.

Mr. Chairman, newspapers in my district do not have so much advertising or so much weight, nor do they receive such a revenue for a page of advertising as one of the great newspapers or magazines in more populated areas. Therefore I do not think that a 1-penny-per-piece charge—an increase, if you please, of 1 penny per piece on each newspaper in my area—should be the same as the per-piece charge of the larger, wealthier publications in a more populated area. There is a difference in the kind of service that the larger publications with a great deal more expensive advertising receives as compared to the kind of service received by the publications in my area.

Mr. Chairman, as a matter of history we have a law under which we have been increasing the rates for these kinds of publications on a per-pound basis—pound rates, if you please. There is a pound rate on the editorial matter, and there is a higher per-pound rate on the advertising material. In that way the load is with respect to the weight of the advertising and the weight of the editorial material in the respective kinds of publications.

Mr. Chairman, I think that that historical method of assessing the charge against newspapers and magazines is the one we ought to stick to, and that is the method that is in the committee bill which is before us. If there should be an increase, let us increase it by the historical method.

Mr. Chairman, I am of a mind to support the amendment that my friend, the gentleman from Georgia [Mr. JAMES C. DAVIS], plans to offer. However, if it fails, I have an amendment that will be a kind of compromise between the committee bill and Mr. MURRAY's amendment. My compromise would give recognition to the fact that we should emphasize the pound rates rather than the per-piece charge, and I would suggest a small per-piece charge as well. The amendment which I will offer is estimated to bring in about $41 million, according to the Post Office Department figures, as compared to the chairman's amendment of $53 million.

Mr. GROSS. Mr. Chairman, I yield for a unanimous-consent request to the gentleman from Michigan [Mr. JOHANSEN].

Mr. JOHANSEN. Mr. Chairman, the gentlewoman from New York [Mrs. ST. GEORGE], who is a member of the Committee on Post Office and Civil Service, is unavoidably absent.

Mr. Chairman, I ask unanimous consent that her remarks in support of the Murray substitute amendment may be entered in the RECORD at this point.

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

There was no objection.

Mrs. ST. GEORGE. Mr. Chairman, I support the amendment offered by Chairman TOM MURRAY. This amendment substitutes a more realistic postal rate increase bill than the one approved and reported by the House Post Office and Civil Service Committee.

At the outset, I should like to explain that for several years prior to 1961, the Eisenhower administration had submitted legislation which was designed to eliminate a major portion of the postal deficit. Since 1959, this deficit has quickly risen from over $600 million annually to $832 million annually in 1963. During those years prior to 1961 those of us who supported a postal increase bill could not get the Democratic leadership of the House to permit the bill to be voted on. I am pleased, however, that conditions have changed and that the present leadership in support of its President must now agree to fiscal integrity in postal operations.

In those earlier days there were only a handful of us, including the distinguished chairman of our committee, who recognized the need to reduce the tremendous postal deficit which was increasing our national debt at the rate of

from $600 to $800 million annually. Our delay in favorably acting on this legislation has meant that an unnecessary financial burden will be placed on future generations. In fact, our failure to act for more than 3 years has resulted in increasing the national debt by almost $2½ billion which is a substantial portion of the President's requested increase in the national debt ceiling. It is not my purpose to discuss the mistakes of the past or to remind my colleagues of their failures to face their responsibilities in former years.

If a postal rate increase bill had been approved several years ago when President Eisenhower requested its enactment there would not now be the need to consider the enactment of this measure which is before us today.

I have observed in the press comments to the effect that the enactment of this legislation is necessary if the President's budget is to remain in balance. I am unimpressed by this argument. It is my view that there are many items of expense in the President's budget which are unnecessary and should be eliminated. The principal reason for supporting Mr. MURRAY's amendment and the postal rate bill generally is because it will, in large measure, eliminate the unconscionable postal deficit and will fix rates and charges which the users of the mail should pay for the services they receive.

A large portion of the revenue raised by Chairman MURRAY's proposal will come from first-class mail rate increases. According to the information which we have received, for many years the principal users of first-class mail—that is, 75 percent of first-class mail—are the business people of our communities, and only a small fraction of the total volume of first-class mail is originated in the homes of our Nation. With the increase from 4 to 5 cents for first-class mail, there will be only a modest increase in the expenses of the average family which is estimated at about $1.80 a year.

Another basis upon which I support Chairman MURRAY's proposal is that it proposes a more fair and equitable rate increase for second- and third-class mail as compared to first-class mail. In the committee bill a greater bulk of the rate increase would fall on the first-class mail user and a disproportionate share of the increase would be allocated to second- and third-class mail. However, under Chairman MURRAY's proposal which failed by only one vote of receiving approval by our committee the revenue from second-class mail would be increased from $21 million to $53.4 million annually.

With respect to third-class mail which the Members know are circulars and advertisements which we all receive in quantity, the committee bill proposed a revenue increase of $57.3 million annually while Chairman MURRAY's proposal would increase this amount to $93 million annually. This is accomplished in large measure by increasing the minimum per piece charge for this class of mail from 2½ cents to 3 cents.

The remaining major difference between the committee's bill and the proposal of Chairman MURRAY is that the public service items enumerated in the Postal Policy Act would be established at approximately $248 million annually as compared to $342 million annually in the committee bill. In my opinion, Chairman MURRAY's proposal is more realistic and more equitable with respect to the provisions relating to public service items.

Thus, in terms of actual revenue the substitute bill of Chairman MURRAY would increase postal revenue $622 million annually while the committee bill would raise only $551 million. In summary I would suggest that the Members should support the measure which is proposed because it would provide a more fair and equitable rate adjustment for all classes of mail and would eliminate criticism of Congress for approving a measure which levied most of its increases in the first-class mail category.

Lengthy hearings were conducted by our committee last year at which time an opportunity was given to all the mail users to testify and present their views and, in addition, we heard the views of the Postmaster General and his staff.

It should be pointed out that the views of this administration are not unlike the views of the former administration.

I am pleased to learn of the general support which is being given this postal rate increase legislation. I hope its enactment does not provide a license for the administration to spend the new revenues which are raised in wasteful or irresponsible ways.

I should not be in favor of this measure if I felt that this would be the result. I am hopeful that those who are conducting the affairs of our Postal Establishment are firm in their belief—as were their predecessors—that the postal service should more nearly pay its own way and that the users of the mail should pay their fair share of the expenses for the services they receive.

Arguments have been advanced in favor of postal rate increases that almost every other major nation of the world provides a postal service with rates designed to pay for costs. I am not certain as to how compelling this argument is but I do feel that certainly the people of this Nation can afford a postal service without a deficit of $832 million annually in its operation.

Those of us who believe in fiscal integrity cannot turn our backs on this problem. I certainly welcome those Members and administration leaders who in the past few years have had a change of heart and now join with us in our endeavor to put the postal service of the United States on a sound financial basis. As I said earlier, I regret we could not have their help before this year because we would have relieved future generations from facing an increase of many billions of dollars in our national debt.

I earnestly solicit the Members to support the amendment of the conscientious and able chairman of our committee, the gentleman from Tennessee [Mr. MURRAY], and I hope that his substitute will be approved without any amendment which would distort the rate structure of the bill which he has proposed.

Mr. GROSS. Mr. Chairman, I yield to the gentleman from Washington [Mr. PELLY] for the same purpose.

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

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

There was no objection.

Mr. PELLY. Mr. Chairman, I would be less than honest if I did not express agreement with those Members of the House who take the position that in the interest of fiscal responsibility some adjustment in postal rates is overdue. Like other Members, I have been analyzing this situation. Certainly the amount of the deficit—the postal deficit exceeds $800 million—is unconscionable.

Certain experiences, Mr. Chairman, that I have had with the management of the post office, however, indicate that higher postal rates is not the only answer to this problem. There is an angle of management policies and practices. I have very much in mind, for example, that for years, in the interest of economy, I have sought competitive bids for carrying the mail to the Aleutian Islands. Instead of that, the Post Office Department has a sorry record of negotiating with their own favored individual contractor. I might cite, for example, that at one time bids were delayed and specifications were set up in order to prevent any except the one favored bidder from entering a responsible bid. In this case, shortly after his bid was received and accepted, the Department quietly negotiated an increase in his contract. Also, the Department supported legislation that would have established by law a virtual monopoly for this one individual.

If there are other situations such as the experience that I have observed with the carrying of the mail to the Aleutian Islands, certainly politics, favoritism, and I sometimes suspect actual corruption would contribute to the Department deficit. Last year, in connection with this same route, in response to my request the Postmaster General announced that the Department would award the contract by public bidding. Subsequently, this decision was reversed and the incumbent contractor was given the contract in the face of the fact that four other individuals had advised me that they wanted to bid. What is more, the favored individual was to use a vessel which was almost identical in size and capacity with one which years ago had been declared inadequate. Of the 12 postmasters in the Aleutian Islands, all but one had indicated that service by this particular contractor had been unsatisfactory, yet the Post Office Department maintained that they had never received any complaints.

Consequently, I cannot help but feel that a substantial part of the postal deficit may result from practices such as this and ill-advised policies under political management.

However, Mr. Chairman, my problem has been also one of trying to decide in my own mind which of the respective

proposals, if any, I could justifiably support, either the bill that was reported out of committee last year, H.R. 7927, or the administration's proposed amendment known as the Murray bill.

At the outset, let me say that H.R. 7927 as reported by the committee last year contains the so-called Cunningham amendment, which would reinstate the ban against distribution of Communist propaganda from abroad. In other words, on March 17, the Kennedy administration lifted the ban which had been ordered by President Truman and continued by President Eisenhower on unsolicited Communist propaganda being distributed at the expense of the American taxpayers in the United States. Personally, I favor the Cunningham amendment to the degree, and regard it as so important, that I cannot and will not vote for any bill that does not contain it, so if the Murray bill is offered as a substitute and no provision is made to ban Communist propaganda, I shall vote against the entire bill.

I have heard, Mr. Chairman, that the political situation is such that the high rates in the Murray substitute are favored by the administration under a plan whereby when this legislation goes over to the other side of the Capitol and is considered by the Senate, these rates will be cut back. Of course, Mr. Chairman, I would not infer that the administration was ever politically motivated or would stoop to such a scheme to help one of its favorite sons whose political fences may need mending. I, for one, Mr. Chairman, do not propose to aid or abet any such plan, if actually there is one, but disregarding such an undocumented allegation, I think that there is a real argument in favor of the committee bill as against the Murray substitute. Admittedly, it would not have such dire and adverse effects on certain businesses that use the mail almost completely. I have been told by representatives of the Post Office Department that the Murray substitute would put a great many small enterprises out of business, while H.R. 7927 would be less harsh by putting into effect modest increases in rates over a period of 3 years.

Mr. Chairman, I frankly do not know at this time how I am going to vote but I do want to make clear that neither bill seems to afford adequate protection to certain third-class postage users and I expect to support an amendment for a new type of bulk third-class rate for regular publishers who mail their publications at intervals as frequently as 26 times a year. This amendment, I understand, will be introduced by our colleague from Maryland [Mr. MATHAIS] and would save weekly newspapers across the Nation from being put out of business. I believe that the Post Office actually makes a profit by delivering weekly newspapers by third-class mail, because the newspapers themselves do all the preparatory work.

Mr. Chairman, as I have been informed, the administration proposal for postage increases anticipates a surplus even after allowing for a pay raise for postal workers. Now, I am the last one to object to surpluses, but I cannot feel that there has been enough thought given as to the adverse effect on business of this legislation. Of course, I have in mind that 75 percent of first-class postage is paid by businesses which in turn is tax deductible. Therefore, it seems obvious that three-quarters of the reduction in the postal deficit in the first-class category will be substantially offset by lower income taxes. Then in turn the deficit in the second and third class is all business, so again, approximately 52 percent of the postal rate increases would be offset by lower income taxes. Consequently, the overall net return to the U.S. Treasury by this legislation is not nearly as impressive as the administration would have us believe.

As for my position, Mr. Chairman, I want to reemphasize first that I am unalterably opposed to any bill that does not contain the provision to ban Communist propaganda from abroad being delivered by the Post Office Department.

Secondly, I cannot vote for a bill with provisions so harsh that it would make it impossible for many small businesses to survive. As the debate proceeds today and after amendments are offered, I shall diligently try to determine the merits of the final version of this legislation. Then, If I can in all conscience do so, I shall support legislation to increase postal rates on a fair and reasonable basis. Otherwise, I shall be forced to vote against the bill on final passage.

Mr. GROSS. Mr. Chairman, I yield 2 minutes to the gentleman from California [Mr. ROUSSELOT].

Mr. ROUSSELOT. Mr. Chairman, I rise in support of the Murray substitute amendments, though I would have preferred, myself, to support the committee bill, known as the Henderson bill—H.R. 7927—which I think was a more adequate bill.

Mr. Chairman, I am especially pleased to see that we have maintained what has become known as the Cunningham anti-Communist literature section of the bill. Last year I introduced here in Congress H.R. 9455 which was very similar to the section which the gentleman from Nebraska [Mr. CUNNINGHAM] has succeeded in placing in the bill voted out by the Post Office and Civil Service Committee and which the gentleman from Tennessee [Mr. MURRAY] has also included in his substitute provisions. I was privileged to have the opportunity to cosponsor with the gentleman from Nebraska [Mr. CUNNINGHAM] this particular section known as section 11 at the time the committee bill was being put in its final stages in executive session. This anti-Communist mail provision will go a long way in allowing the Post Office Department and the Attorney General to prevent the continued influx of large amounts of Communist literature into this country which in many cases is directed to our youth, various church groups and other fine American segments of our society which do not realize that it is, in effect, poisonous Communist literature.

Mr. Chairman, this literature reflects the technique that the Communists constantly use, at the expense of the taxpayers of our country, in trying to mentally condition our citizens to accept their insidious propaganda.

I believe that the gentleman from Nebraska [Mr. CUNNINGHAM], the gentleman from Tennessee [Mr. MURRAY], myself and others have done a great deal of research to be sure that there are adequate built-in protections to prevent unreasonable censorship. This anti-Communist literature section provides for a proper method of screening this literature through the Attorney General's office at the various ports of entry in this country. There are over 50 ports of entry and unless Congress takes this strong positive action, the screening process will only continue on a very loose basis in a small number of these ports of entry. This provision in the bill places the responsibility in the Attorney General's office to set up adequate facilities to screen out and identify Communist propaganda entering this country and yet does it in a way that constitutional rights are protected.

Mr. Chairman, I heartily support the Cunningham-Rousselot section of this bill, and I believe that the Committee on Post Office and Civil Service has shown great wisdom in including it in the bill. I am also glad that the gentleman from Tennessee [Mr. MURRAY] in his wisdom has decided to include it in his amendments.

Mr. MURRAY. Mr. Chairman, I yield 5 minutes to the gentleman from Arizona [Mr. MORRIS K. UDALL].

Mr. MORRIS K. UDALL. Mr. Chairman, I am happy to see the bipartisan support for the amendment to be offered by the chairman of this committee. I think this is as it should be, because his amendment is essentially the proposal that President Eisenhower urged on the House and the Senate for many years.

Mr. Chairman, we are faced with a deficit—call it what you will. The plain fact remains that the Post Office Department takes in less, by $900 million every year, than it has to pay out. This, like the unwanted cat, is going to be on our doorstep unless we do something about it in this debate.

One of the interesting things to me about this proposal is that no one is happy about it. I do not think there is a Member of the House who says that "this is the bill just the way I want it." I agree with the gentleman from Virginia and others who would go further in the increases on he second-class and third-class mail. The first-class users point the finger at second- and third-class users and claim they are getting an unfair break. The third- and second-class users say, "You are putting us out of business, put the increase on the first class."

To me this is some indication that maybe we have a fair bill, when none of the various people who are asked to pick up a share of the burden are happy about it.

Mr. Chairman, I have been deluged, as the other Members have been, with these black-bordered ads announcing the late departure from this world of 80 magazines. I feel somewhat like a mortician today. My face is not always this

long, but they have brought tears to my eyes. I do not quite know where to send the flowers or where to find the widows to whom to extend sympathy. But I will say to these people that there were 110,000 bankruptcies in this country in 1960. They do tell you in small print under the asterisk in this ad, that these are not magazines alone which have died, these are deaths and mergers. That is what they tell you in the small print. The newspapers and magazines are accustomed to give lectures on the benefits of a free enterprise society. I would say to them that this is a free enterprise society. If you have six drugstores in a community that can only support three, three of them are going to go under and the ones that remain are the efficient ones, the ones for which there is an economic need.

I do not want to sound harsh. It is harsh on the people who lose jobs; who have to go out of business. But none of us in this country, as long as we have this economic system, is guaranteed a job or that his business will succeed.

To my friends who support the first-class users and say we should not go higher, I say to you that a first-class stamp at 5 cents will be the best bargain in America. It was 3 cents in 1932. Everything else has doubled, wages and prices, but the first-class stamp has gone up only 33 percent. For 5 cents, if this bill passes, you will be able to send to any State or to any country, mail that is secret, that has priority service; and neither the President nor any committee of this House nor anyone else can open that letter. This is a real bargain. If we had no postal service and you wanted to get a message someplace you would pay much more. So I do not believe that the first-class amendment is unjustified.

Let me say to the third-class mail users that the housewives of America are tired of being the conveyor belt between the mailbox and the wastebasket. His is not a question of the special consideration we have traditionally given to newspapers and magazines; they perform an essential service in the exchange of information; they help our country to be strong. This is essentially a commercial enterprise for profit and today you only pay about two-thirds of the cost to the Postal Department for handling this mail. If the argument that the third-class interests make is good, then I suggest that they go to the man who supplies them with envelopes and tell him, "We cannot pay you $10 per thousand, your cost of the product, or even $10.50, so you can make a profit. We will only pay you $6. You must take a loss so I can make a profit." Third-class mail is essentially a commercial enterprise. I do not think the argument is valid, and I say to the third-class users, even under this bill you will still be paying only 85 percent and there will still be a 15-percent subsidy to the third-class mail industry. So, Mr. Chairman, I know it is not easy to vote for additional revenues. It is always easy to hand money out with one hand or with both hands. It is hard to impose essential revenue-raising measures and, yet, we must act and we must do our duty in this instance and do what has to be done.

The CHAIRMAN. The time of the gentleman has expired.

Mr. CORBETT. Mr. Chairman, I yield such time as he may desire to the gentleman from Washington [Mr. TOLLEFSON].

Mr. TOLLEFSON. Mr. Chairman, I am glad to know that the House will have an opportunity to express itself with regard to the question of whether or not the pending postal rate increase bill should contain a provision negating the Presidential order of last year which permitted the entry into our country of Communist propaganda and the free delivery thereof by our postal system. It seems strange that while we are engaged in great ideological battle to the death with the Kremlin we should permit the free use of our postal system which together with our whole system of government the Communists seek to destroy.

I will not vote for any postal rate increase measure unless it contains language which will prohibit the free use of our postal facilities for the distribution of Communist propaganda. Whether or not I vote for any rate increase bill will depend upon the manner and degree in which rates are increased, but in any event the bill in its final form must contain the above provision so far as I am concerned.

Mr. CORBETT. Mr. Chairman, I yield to the gentleman from Washington [Mr. HORAN] for such time as he may desire.

Mr. HORAN. Mr. Chairman, nobody denies the need to bring this unwieldy Post Office deficit under control and, of course, the main directions we must move in are just rate increases and reduced costs of operating the Post Office Department.

However, to me, the overwhelming persuasion is the forthright section of the bill which allows un-American propaganda from all over the nonfree world to be carried free in this country.

That this arrangement is not reciprocal in its operation merely adds greater conviction to any decision in this matter.

Mr. CORBETT. Mr. Chairman, I yield 5 minutes to the gentleman from Illinois [Mr. DERWINSKI].

Mr. DERWINSKI. Mr. Chairman, since the bill before us differs substantially from the proposal originally placed before the House, I feel it necessary at this time to clarify the issue. Regardless of any statements made by the Post Office Department or their congressional spokesmen here this afternoon, the bill before us will not effectively balance the Post Office operations.

The public service feature of the bill is purely fictional and basically deceives the public into thinking that through this postal rate proposal, we will end the Post Office deficit.

The facts are that the substitute offered by Chairman MURRAY will still leave the Post Office with a deficit in the vicinity of $300 million. In addition, the longevity bill vetoed by the President last fall has been reintroduced and when passed on the heels of a rate increase and approved by the President, will add over $60 million to the cost of postal operations.

In addition, this being an election year, a salary increase for Post Office employees is a certainty. Bills have been introduced calling for a 14-percent increase, which would cost the Post Office $490 million. Even if we could assume that the increase will be restricted to approximately 7 percent, the combination of increased costs plus the deficit that remains if the bill before us is passed in its entirety, will still leave the Post Office with a deficit of $600 million.

I insist that we tell the public the truth that we are raising rates on first-class and airmail since this is the path of least resistance. The increase in second- and third-class mail and the nonlegislative adjustments in parcel post are token measures in comparison to the 25-percent increase that the users of first-class mail will bear.

Mr. Chairman, the public would not object to an overall increase in postal rates if the end result is the elimination of the postal deficit. After all, the deficit comes out of their pockets as taxpayers, but I do believe that the Congress should provide the public, as I have indicated, with a clear explanation that despite the postal rate increase, our Post Office Department will continue to operate under a substantial deficit at the expense of the American taxpayer.

Personally, I feel that we would be following the wisest course of action by substituting the provisions of H.R. 6418, the original amount requested by Postmaster General Day. This would raise an additional $140 million in revenue. If we would then continue on a consistent path and develop practical salary increases based on performance and job standards, we could keep the Post Office deficit within minimum figures.

Obviously, I stand in a hopeless minority when taking this position since it is apparent that the temper of the Congress this year will be to restrict the rate increase, expand the postal salary increase, leaving as the end result a continued deficit of at least $600 million.

However, another aspect of this bill before us deserves as much if not more attention, and that is the Cunningham amendment to prevent the flow of Communist propaganda into the country through the U.S. mails. I have personally investigated this Communist propaganda and have spoken with dozens of recipients who have received this unsolicited mail containing glorious descriptions of Communist accomplishments and sharp criticism of the United States and its free world allies.

There is no reason whatsoever why the U.S. mail should be the vehicle for delivery of this Communist propaganda. I am most hopeful that the House will insist on the inclusion of this anti-Communist amendment in any postal rate increase proposal which passes this year. To delete this provision, either on technical grounds or under the argument that another bill will serve the purpose, would not be solving the situation, and would most certainly be working against our best interests.

Therefore, Mr. Chairman, I urge that we maintain the restrictions against the delivery of Communist mail as proposed

by the gentleman from Nebraska [Mr. CUNNINGHAM].

Mr. Chairman, the issue before us seems to be fairly clear. Everyone would like to do something about the postal deficit. Everyone has a slightly different formula. I am afraid in the debate over various formulas and in the debate over who shall and who shall not bear the burden of the Post Office deficit, we may forget one fundamental fact: that the Post Office deficit is taken from the pockets of the American taxpayers. We ought to relieve the taxpayer of this burden or tell the taxpayer that we are going to continue to stick him with a growing and consistent deficit. What we are doing here this afternoon, under the latest Murray proposal, is to continue a deficit of approximately $260 million. When we will add, in this present congressional session an increase in Post Office salaries, and when we will pass the longevity bill which the President vetoed in October, we will wind up with a new and recurring deficit in the vicinity of $600 million. I do not believe we have any right to foist on the American public an increase in first-class and airmail rates under the guise of ending the deficit when, in effect, we are perpetuating it. I believe the best bill before the Congress is the original bill which the gentleman from Tennessee [Mr. MURRAY] introduced back in March, the original bill which Postmaster General Day requested. This would raise an additional $140 million and would be of much more substantial effect in cutting this deficit. The American public will not object to paying 5 cents for a first-class letter and 8 cents for an airmail letter, if they know that the deficit had been ended. We are guilty of hypocrisy if we put through this postal rate increase and turn to the public, saying, you must pay increased postage because we are ending the deficit and then when we juggle the accounts each year, and when we use the gimmick of the postal public service feature and the postal salary increase and all the other things that enter into it, we will still tax the public with a $600 million deficit.

When Postmaster General Day appeared before our committee in the spring of 1961, he submitted a proposal almost identical to the rate increases advocated by his predecessor, Postmaster General Summerfield. I believe it is an ironic, yet revealing, situation that we see here today, the majority party forcing their Postmaster General to abandon a proposal of fiscal responsibility to accept a watered-down version of a rate increase which fails to eliminate the deficit and, as I have pointed out, deceives the public. This action on the part of the House Democratic leadership, in the expected coordination with the Senate Democratic leadership, is political hypocrisy of the worst kind. Obviously, I, as a member of the minority party, am in a hopeless position if I fought to reintroduce an amendment calling for the Postmaster General's original request. Therefore, I will reluctantly support Mr. MURRAY's pending amendment as the lesser of two evils and sweetened only by reluctant acceptance that the administration forces now give the anti-Communist propaganda provision. However, should the Senate refuse to include such an amendment and should it be rejected by a conference committee, I serve notice at this time that the battle will be fought here on the House floor to put into effect this amendment to stop the flow of free delivery of Communist mail.

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

Mr. MURRAY. Mr. Chairman, I yield 5 minutes to the gentleman from Virginia [Mr. GARY].

Mr. GARY. Mr. Chairman, I am torn between conflicting emotions as I consider this bill. As most of you know, this is a subject in which I have been deeply interested for many years. When I first came to the Congress 17 years ago I was placed on the Post Office and Civil Service Committee. Shortly thereafter I was transferred to the Appropriations Committee, and for the past 12 years I have been serving on the Post Office Appropriations Subcommittee.

I am one of those who feel that the users of the mail should pay their way. I believe that every class of mail should pay its way. We are not engaged in a philanthropy in running the post office; we are engaged in a public service, and the people of this country have the right to demand that this service be performed efficiently and economically. But it is a special service that the users of the mail receive and I have never believed that the taxpayers of the Nation should be called upon to pay for that service.

The Murray substitute is very much better than the bill reported by the committee, and I fear that if we do not adopt the substitute we might get worse. I must confess, however, that there are certain features of this bill that I do not like. One of them is that certainly—and I do not believe anybody will dispute it—we do have a tremendous deficit, as we all know; it now approaches $800 million a year in the postal service. To make up that deficit we are putting most of the burden on first-class mail, which is already paying its way. That, in my judgment, is not the proper way to make up the deficit. I think we ought to put higher rates on second- and third-class mail that are not paying their way, rather than on first-class mail.

Just a few moments ago reference was made to the gimmick of public service. That is a highly complicated problem. I agree that the users of the mail should not be required to pay for the cost of service that the Government gives away, but when you begin to determine the proper measure of public service that is a very difficult problem. The entire postal operation is a public service—if it were not the Federal Government would have no business in it—if it is not a public service it ought to be handled under our system of free enterprise—but when you begin to pick out certain types of the service and say "This is public service" it seems to me the only thing you can do is to say "We will classify as public service the preferred service which the Government gives to favored users of the mail." How would you measure that free service? It seems to me that you would measure it on the basis of revenue foregone. There are two theories.

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

Mr. GARY. I yield.

Mr. GROSS. The Congress has already established that in the act of 1958.

Mr. GARY. That is correct; and, what is more, they left it to the Congress each year to determine what the amount should be. This bill would take that right away from the Congress, fix a set amount not on the revenue foregone basis but on the total loss or total cost basis.

Let us take a situation of this kind: We give free service to the blind. What are we giving them? We are merely giving to them the difference between the free service and the amount a nonpreferred user would pay for that service. For example, suppose the blind send a package which would cost 10 cents to deliver, and suppose the other users of the mail, the nonfavored users, would pay 5 cents to send that same package—the Government would be giving the blind a preference of only 5 cents and not 10 cents as fixed in the Murray substitute.

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

Mr. GARY. Mr. Chairman, will the gentleman from Tennessee yield me more time?

Mr. MURRAY. I have but 1 minute remaining.

Mr. CORBETT. Mr. Chairman, I yield the gentleman 1 additional minute.

Mr. MURRAY. Mr. Chairman, I yield the gentleman 1 minute.

The CHAIRMAN. The gentleman from Virginia is recognized for 2 additional minutes.

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

Mr. GARY. I yield.

Mr. CORBETT. I just want to tell the gentleman briefly that we did in the act of 1958 specify the items that were to be classed as public service. That was a law passed by both branches of the Congress, and did it not specify it should be on the total loss basis not the revenue forgone basis?

So that the gentleman should not be bewildered as to what the law is.

Mr. GARY. The law left it within the discretion of the Congress to determine each year the amount to be appropriated to cover special services, and we have done it each year since that time.

Mr. CORBETT. The gentleman and his committee decided that the Congress did not know what it was talking about when they said the total loss and you appropriated on the basis of revenue foregone.

Mr. GARY. The Congress has appropriated on the basis of revenue foregone. Our committee did not say that the Congress did not know what it was talking about. The fact of the matter is the House did not have an opportunity to pass on that question when the law was passed in 1958. When the bill left the House it contained no reference to public service. The provision was inserted in the other body. The bill came back to the House and the conference committee

agreed to it because it left the amount to be determined each year by the Congress. I would much prefer that it remain that way.

Mr. CORBETT. Mr. Chairman, I yield 5 minutes to the gentleman from Iowa [Mr. GROSS].

Mr. GROSS. Mr. Chairman, I do not know of any legislation in recent years to come before the House that has been attended with more backing and filling than this proposal. After the short recess we had last fall, due to the extensive use of the Thursday to Tuesday club last year, we were confronted, when we came back, with a new bill, although we had a committee bill in the House which was previously supported by the chairman of the Post Office and Civil Service Committee. That bill was then so satisfactory to Mr. MURRAY that he demanded and obtained a closed rule in an effort to get the bill through quickly. Apparently the administration was equally satisfied with the bill last fall.

So we come back in January to find the chairman sending letters to members of the committee referring to an amendment, in the nature of a new bill which he proposed to offer.

I assumed this printed proposal that I hold in my hand was what we would be considering today. But, lo and behold, apparently something else is going to be offered. Frankly, I do not know where we are today. If Members can legislate properly in this climate there is not much need for a Post Office and Civil Service Committee. I am intrigued by all of the concern I have heard expressed today about deficits. Billions are voted for foreign aid and the same Members make no mention of a deficit. But when it comes to a postal rate increase, the deficit is the main topic of conversation. The gentleman from Virginia [Mr. BROYHILL] is concerned about the taxpayers and the postal deficit. I would remind him of the bridges that have been and are now under construction across the Potomac River, bridges that the taxpayers of the whole country built for the people of Virginia. Those contribute to the debt and deficit of the Federal Government.

Mr. Chairman, it is my understanding that the committee bill, taking into consideration the writeoff for public service, will produce a surplus of $146 million annually. Am I not correct in that, Mr. Chairman? Silence must indicate confirmation.

And the gentleman's bill, if I am able to even make an estimate of what he is about to offer to the House by way of an amendment, will provide a surplus in the second year, when the rates are fully effective, of $122 million. I thought the House was setting out here to put the Post Office Department on a balanced budget basis; that Congress is not in the business of accumulating profit from the operation of the Post Office Department. What is the purpose of the $122 million surplus in the proposed amendment to be offered by the gentleman from Tennessee [Mr. MURRAY]? Why the surplus? Are we being asked today to provide for a pay increase when no consideration whatever has been given to a pay increase bill? What is this surplus for? Does anyone know? One of the top officials of the Post Office Department, a year ago, promised in a speech to provide economies totaling $300 million in the operation of the Post Office Department. Now, add $300 million to a surplus of $122 million and you have a lot of money other than for collection and distribution of mail. I am opposed to the amendment to be offered by the chairman of the committee, with the increased rates he proposes. Let us go back to the committee bill, and send that to the Senate.

Let me say to the Republican Members of the House that the minority of the Committee on Post Office and Civil Service tried last week to get two executive committee meetings, with Department officials before the committee, to tell us why this sudden shift from the pending bill to the proposed Murray amendment in the nature of a substitute. We got absolutely nowhere; we were flatly refused and so we are here today with no explanation of why, in less than 6 months, the House is called upon to increase postal rates above the pending bill by $70 million.

Mr. MURRAY. Mr. Chairman, I yield 2 minutes to the gentleman from West Virginia [Mr. HECHLER].

Mr. HECHLER. Mr. Chairman, I really wish we could face up to this problem of raising substantially the rates on third-class mail, the so-called junk mail, because one out of four pieces of mail now is third-class mail. The volume of this mail has gone up since 1928 over 300 percent. At the appropriate time I intend to offer an amendment which will increase the rate on single pieces of third-class mail from 3 to 3½ cents, and raise rates proportionately for other than nonprofit organizations.

You know, I got a letter the other day from a fellow who said he could not understand how we here in the Congress of the United States, in conscience, at the last session of the Congress, could extend our franking privileges to cover occupant mail in cities and then turn right around and raise first-class rates. Well, I cannot understand it either and I know that lots of my colleagues are in the same boat. That is something that has not been mentioned here today. But I think it is a very, very serious and pertinent question. The people will understand the necessity for raising first-class rates if we really make a genuine effort to raise rates on junk mail.

Under the Murray amendment, first-class and airmail increases would provide 80 percent of the additional revenue from rate increases, while only 20 percent would be borne by other classes of mail. So passage of the bill as proposed would perpetuate the inequities of the present postal rate structure.

It is true that there have been rate increases on third-class mail in 1959, 1961, and in the current bill and Murray amendment, but even with these increases third-class mail revenues are still below the cost of handling.

There has been a lot of bleeding by third-class mailing organizations who claim that billions of dollars are invested in the direct-mail industry, and many people would lose their jobs if Congress should raise third-class mail rates. The lobbyists are swarming around Capitol Hill, and the big organizations that say they are on the verge of bankruptcy are placing full-page ads in the newspapers. Where do they get the money to place these ads? Where do they get the money to keep these lobbyists on their payrolls? When you figure it out, they are paid for by the taxpayers as part of the subsidy which the third-class mailers receive.

The average citizen who uses first-class mail has no organized lobby out pounding the corridors for him. The average citizen cannot afford to place full-page ads in the newspapers and start a big propaganda campaign. But it is up to us as Members of Congress and it is our obligation to stand up and fight for every man who has blown his top at the amount and worthlessness of junk mail, and who has had just about more than he can take when he figures he has to subsidize this junk.

To make a long story short, I hope that when I present my amendment it may receive some support from my colleagues who want to see justice done for the oppressed citizen with the overstuffed mailbox, not to mention the overburdened mailman.

Mr. CORBETT. Mr. Chairman, I yield 2 minutes to the gentleman from Iowa [Mr. JENSEN].

Mr. JENSEN. Mr. Chairman, there are a number of inequalities in this bill which to me, and I am sure to many Members of the House, are rank injustices to many small and some large users of the mails. The amendment which is to be proposed and I shall support it wholeheartedly, I refer the amendment to abolish the Communist propaganda free mail.

Mr. Chairman, one of the inequalities in this bill is that a heavy magazine can be shipped from Boston for example to San Diego, for the same price as a shopper's guide, a lightweight little paper mailed within a county for 2½ cents. If that is not an inequality then that word should be stricken from the dictionary. I agree with the gentleman from Iowa [Mr. GROSS], that there must be something wrong with some Members' thinking when we spend on an average of over $3.5 billion a year in the giveaway program to foreign countries and we are today spending the taxpayers' money to the tune of about $16 billion a year for Federal personnel just to be governed from Washington, D.C. In face of that we come here and shed great elephant tears about spending little comparatively speaking to carry on mail service, which is of great benefit and service to the people.

Mr. Chairman, I certainly hope that we can get at least some of these glaring inequalities taken out of this bill before the final vote comes, and I shall certainly support amendments to do so.

Mr. CORBETT. Mr. Chairman, I yield 10 minutes to the gentleman from Michigan [Mr. JOHANSEN].

Mr. JOHANSEN. Mr. Chairman, when the annual postal deficit was some $600 million under the administration

of a Republican President and that administration sought rate increases to reduce the deficit, I supported the recommendation.

A considerable number—indeed, a decisive number—of my Democratic colleagues could not see their way clear to go along. So nothing happened. And the deficit grew.

Now that the deficit is in excess of $830 million, I cannot find any valid basis for reversing my position in support of rate increases—least of all because this is a Democratic administration which now recommends a rate increase.

It seems to me that as a matter of consistency instead of deserting my own past position, I should be a member of the welcoming committee to greet some of the Democratic converts to the cause of postal rate increases. Having mentioned the matter of consistency, let me say that I make no claims of surpassing the consistency—or the consistent rightness—of the distinguished chairman of the committee, the gentleman from Tennessee [Mr. MURRAY].

The gentleman from Tennessee supported the rate increase under the past administration; he supports it now; he has been and remains firm in his adherence to principle. I am honored to associate myself with the distinguished chairman in this fight as I have in the past and I hope that the Members of the House on both sides of the aisle, and regardless of their individual views on this issue, will recognize and honor the stalwart consistency and courage of the gentleman from Tennessee and I hope that a majority of my colleagues will rally to his support and to the support of the Murray substitute amendment.

Now permit me to offer one or two rather broad observations regarding this subject of postal rate increases.

My first observation is that the real issue involved is very simple and very clearcut: Do we have the right, either as a matter of moral principle or sound economics, to pass a portion of our postage bills on to our grandchildren and our great grandchildren?

It is that simple.

And that is precisely what we have been doing.

Approximately one-half of the national debt increase since World War II is attributable to the postal deficit. Of course, that proportion would be somewhat reduced if the public service allocation proposed in the Murray bill were applied to the past postal deficits. But the fact and the principle remain.

The truth is that we are not only passing a part of our postage bill on to our grandchildren and great grandchildren, but we are also requiring them to pay interest on our postage bills.

I think that is unconscionable. I think that is a national scandal. I think that is a disgrace.

My second observation is that I know of no issue which seems to evoke the number and variety of expedient, popular, convenient, and self-serving allegations and alibis as to why we cannot, or should not, do anything about it. And I might add that the alibi makers have been unusually prolific in the current campaign against any rate increases.

Let us take a look at some of the roadblocks which are being thrown up against the rate increase.

First. There is, of course, the inevitable "Let George do it" argument.

This argument is employed, in varying degrees, by each class and category of mail users. They favor eliminating or reducing the postal deficit but they want the other classes and categories of mail users to do the job.

Perhaps the most popular form of this "let George do it" argument is directed against third-class mail and specifically against so-called junk mail. The popular and completely unrealistic argument runs to the effect that if the rates on this type of mail were raised to where they ought to be, it would take care of the deficit. Of course this is simply not true. The entire revenue deficiency of third-class mail is $265 million. The total deficit is $830 million plus. If rates for third-class mail were increased to absorb this total deficiency, one of two things—or a combination of the two—would occur. Either third-class mail would be priced out of the market or rates would be brought to a point which would require first-class preferential service for third-class type of mail.

The same principle applies to a rate increase which would absorb the $350 million revenue deficiency of second-class mail, and those who are now voicing such anguished protests against a reasonable rate increase would certainly have valid grounds for claiming that the Government was bent on their liquidation.

Those who object to the proposed $437 million increase in first-class rates ignore another basic fact. This increase would bring first-class revenues to 127 percent of basic allocated costs. This ratio is still below a past high of 140 percent and, of course, is in line with the historic recognition of the preferential treatment of first-class mail.

The "let George do it" argument is, of course, the sure road to stalemate. Its logic and its purpose is a do-nothing policy, and that, of course, is exactly what the advocates of this position want. The only solution is as equitable a distribution of the rate increases between the several classes of users as possible. That, in my judgment, is precisely what the Murray amendment does.

The unpopularity of any form of taxation is nothing new. George Washington summed it all up in his farewell address:

> Toward the payment of debts there must be revenue; to have revenue there must be taxes; no taxes can be devised which are not more or less inconvenient and unpleasant.

Second. The second roadblock to any action on the postal deficit is the argument which the magazine publishers' lobby and the third-class-mail users' lobby have been extensively promoting the last few days in full-page advertisements in Washington newspapers.

It is the cry of poverty.

It is the claim that the proposed rate increases will put the publishers and the third-class-mail users out of business.

To this line of propaganda there was added this morning a full-page ad of the International Printing Pressmen and Assistants Union of North America, AFL–CIO, with the horrendous title "A Vote for Unemployment?"

I am not clear from these ads whether the argument is that any rate increases will put them out of business or only the increase provided in the Murray amendment. I am not clear from these ads whether there is a compromise figure somewhere between no-rate increase and the Murray amendment proposal which the publishers' lobby and the third-class-mail users' lobby would find tolerable.

I shall be very interested to see whether any Member of the House will offer an amendment providing for some such compromise figure. I am advised that the parliamentary situation affords the opportunity to offer such an amendment and I am most curious to see whether it will be forthcoming.

There is, however, one aspect of this campaign to frighten Members of Congress into voting against the Murray amendment which I believe needs to be pointed out.

Believe it or not, postal rates are by no means the only production costs for either publishers or third-class-mail users. And believe it or not, postal costs are not the only costs that have increased in recent years. In fact, those increases have been substantially less than other production cost increases.

I think it comes with particularly ill grace that an AFL–CIO union attacks the rate increase proposal as "a bill to put us on the street." I have no quarrel with the efforts of organized labor to better the economic status of workers. I have a decided quarrel, however, with the kind of argument which attempts to place the entire burden of responsibility for the economic problems of any industry on the matter of postal rates, and totally ignores the possibility and the fact that exorbitant wage increases can also put businesses on the rocks and be a vote for unemployment.

When we return to the House I shall ask unanimous consent to place in the RECORD a chart showing comparative job pay rates in the magazine and newspaper industries for the years 1940, 1957, and 1960. These figures were provided me by the Department of Labor. They tell their own story.

Third. Another popular device for stalemating action on postal rates is that of injecting totally extraneous issues.

The same AFL–CIO page ad in this morning's Washington Post indulges in this device.

It refers to the fact that during the last 10 years, when it is alleged 100 U.S. magazines stopped publication, "we were giving Comrade Tito, of Yugoslavia, $2.5 billion" and "we were providing Gomulka of Poland with nearly $1 billion."

Now, I have always opposed this kind of foreign aid folly. However, I recall no full-page paid advertisements by the International Printing Pressmen and Assistants Union of North America, AFL–CIO, in opposition to this criminal folly when it was pending before this House. Where were those now vocal opponents of this foreign aid when it was an actual issue before the Congress?

Is foreign aid for Iron Curtain countries a pressing and relevant issue only when postal rate increases are under consideration?

Fourth. Still another roadblock is the perennial argument as to the amount, if any, which should be designated and allocated for public service.

For 7 years, as a member of the House Committee on Post Office and Civil Service, I have been bludgeoned with arguments by representatives of the publishers and third-class mail users lobbies that the factor of public service should be recognized in any appraisal of the postal deficit and in any process of postage rate fixing.

Repeatedly, I have heard these lobbyists say that if such a public service allocation were allowed, they would then be willing to accept a rate increase.

I am for calling their bluff. I am against buttressing and perpetuating this argument by futile and frustrating wrangling over the amount or formula for such a public service allocation.

I find no acknowledgment in the current flood of propaganda advertisements of these lobbyists that for the first time recognition is given to the public service item. So far as I am concerned, this silence is an acknowledgment that this argument is, and always has been, a phony, and that their commitment on this matter was not made in good faith.

Fifth. Let me mention one final roadblock which is being thrown in the path of any postal rate increase. I refer to the matter of a possible—if not certain—postal pay increase.

The argument is to the effect that we should not increase postal rates because it will make it easier to secure a pay increase.

Let me say first of all that those of my colleagues who offer this argument cast a serious reflection—quite unintentional I am sure—on the capacity of this House to render a prudent and reasoned decision on the subsequent independent issue of pay increases for postal employees.

Their argument seems to be that if we put our fiscal affairs in some kind of order by reducing or eliminating the postal deficit, we will have an irrepressible compulsive urge to start building another deficit. I happen to have a little higher opinion of my colleagues.

The simple truth is that if we have a postal pay increase, it will either be because there are valid reasons for it or because there are political pressures for it. It may be a combination of both. If we have that postal pay increase without any postal rate increase, we will simply be compounding the evil of the postal deficit.

I have long been one of those who has argued that increases in postal operations costs—including increases in pay for postal employees—should in all honesty and as a matter of fiscal prudence be matched by increased revenues.

I can conceive of no greater inconsistency than the argument that we should not increase postal rates—which increase by the way is in part for the purpose of offsetting past postal pay increases—simply because there may be now or hereafter some subsequent pay increases.

The issue before us remains what I stated it to be at the outset—whether we are going to continue to pass a part of our postage bill on to our grandchildren and our great grandchildren and whether we are going to embrace any alibi we can dream up for doing nothing about it.

The chart follows:

Average hourly pay rates in the printing industry

Job	1940	1957	1960
COMMERCIAL WORK			
Booking jobs	$1.13	$2.77	$3.08
Bindery women	.53	1.64	1.87
Bookbinders	1.03	2.83	3.18
Hand compositors	1.23	3.07	3.37
Electrotypers	1.43	3.30	3.64
Machine operators	1.27	3.07	3.37
Machine tenders	1.29	3.05	3.36
Mailers	1.08	2.45	2.96
Photoengravers	1.57	3.56	3.94
Press assistants	.95	2.49	2.75
Cylinder pressmen	1.25	3.04	3.33
Flat pressmen	1.03	2.74	3.02
NEWSPAPERS			
Stereotypers	--------	3.29	3.70
Hand compositors	1.38	3.22	3.49
Machine operators	1.39	3.24	3.52
Machine tenders	1.37	3.24	3.53
Mailers	1.00	2.88	3.19
Photoengravers	1.71	3.51	3.82
Journeymen pressmen	1.29	3.23	3.52
Pressmen in charge	1.43	3.51	3.83

Mr. MURRAY. Mr. Chairman, I yield 4 minutes to the gentleman from Michigan [Mr. LESINSKI].

Mr. LESINSKI. Mr. Chairman, I just want to remind the House of a little of the history of postal rates so that we will know what we are talking about here today.

First of all, the committee did come out with a compromise bill that did raise second- and third-class mail rates. The bill was not perfect. It was the best we could do in committee. Let us not forget that in 1926, the third-class rates were raised from 1 cent to 1½ cents and then Congress had to come back in 1928 and changed it back to 1 cent. In 1932, as the older Members of the House will remember, the Congress raised the second-class rates and in 1933, they had to come back and change them back to what they were in 1932.

Mr. Chairman, the Murray amendment, if adopted, is going to defeat the very thing that the Post Office wants and that the present administration wants. The President the other day said that he was very happy over the fact that there were a million more people working in this country than were working last year and the year before last. If you adopt the Murray amendment, those million people, if not more, are going to be out of work and I mean that sincerely because if you raise the third-class mail rates from 2½ cents to 3 cents, as is proposed here or to 3½ cents, as has been proposed by one of the Members, there will be no more third-class mail. If you raise the rates on second-class mail too high, you will destroy the very basis of America and that is the many small businessmen. If you believe in small business, do not vote for the Murray amendment.

The Murray amendment is going to take income away from the Post Office Department and it will take income away from the Federal Treasury, and it will not increase the income. Yes, there will be an increase in the first-class mail revenue, that is true. Some money will come from that source. But I just want to remind the House that the compromise bill which came out of committee last year was a very good compromise. I am one of those who believes that you should pay your way, but when you increase rates too rapidly and too much, you destroy the very thing that you are trying to do.

Mr. Chairman, as a former member of the House Post Office and Civil Service Committee, I wish to enter a vigorous warning against the move to restore to the postage rate bill, now pending before the House, the original schedule of rate increases for second- and third-class mail recommended by the Post Office Department.

Legislation which ignores the economic facts of life about a great industry like the publishing industry, or a growing business like the mail order business, is bad legislation.

The evidence before our committee established beyond a reasonable doubt that the proposed 79-percent increase on second-class mail will deal a crippling blow to the magazine industry and place heavy economic burdens upon the already pinched small city dailies, the rural press, and the farm journals.

In short, the potential harm of the Department's rate structure far exceeds its meager benefits. There is no evidence before our committee to dispute these conclusions.

First off, the Department's rate structure, if adopted, will mean a death sentence for some of the finest publications in the land. The estimated increase in revenue of $78 million on second-class mail exceeds the gross annual profits of the magazine industry. The added second-class mail costs will exceed the annual profits for many publications. If this seems surprising to some of my colleagues of the House, may I suggest that this surprise springs from a common misunderstanding of the nature of the magazine publishing field.

There are a few giants in the field called general interest magazines, and some of them report substantial earnings although far less than in former years. But the majority of the 6,000 privately owned journals which pay the full second-class rate are specialty magazines of limited circulation, barely able to get by financially, the continued publication of which is vitally important to their readers.

Our contention that the postage rate structure recommended by the Post Office Department will mean a death sentence, or financial liquidation, for many splendid publications needs documentation. These facts were adduced by witnesses before our committee.

As an example, the Curtis Publishing Co. has been preeminent in the publishing field for generations. It employs about 12,000 workers, and its operations

extend across the continent. It publishes among others such well-known publications as the Saturday Evening Post and the Ladies Home Journal, which over the years have become household terms to millions of Americans.

The Curtis Publishing Co. is a heavy user of the mails. In the year 1960 its total postage bill exceeded a whopping $15 million. The rate hikes recommended by the Post Office Department would up these costs approximately $10 million. With the present cost-price squeeze affecting the entire magazine field, no firm could survive such an increase. The only alternative would be to suspend publication, or order drastic reductions with consequent rollbacks in employment and payrolls. Such a development would reduce the tax revenue, thereby offsetting any gain in postal revenue.

It would be difficult to assess the many contributions to our cultural heritage made by Harper's magazine and the Atlantic Monthly. These publications have provided the outlet and the encouragement for some of America's finest writers. The publishers of these two magazines said the rate schedule proposed by the Post Office Department would put them out of business. Their balance sheets uphold that claim. Because of a relatively limited but select class of readers, these publications cannot offset the higher mail costs by upping prices or advertising rates.

The Catholic Digest, although nominally a religious publication, must make a profit in order to survive. Since the date of inception, its fixed purpose has been to bring home to its many readers the evils of the Communist conspiracy and the Communist way of life. A spokesman for the magazine gave this picture of what would happen under the Department's rate schedule:

> It is clear that we would have only two choices; first, to curtail our operations, dismiss half our personnel, and therefore become weak and ineffective, or to continue as we are and go bankrupt.

The magazine for children was a delightful feature of family life in the early days of this century. Now it has virtually disappeared and the few surviving publications which try to live up to the splendid traditions of the past are rapidly losing ground. The publisher of three of these children's magazines, Humpty Dumpty, Children's Digest, and Calling All Girls, said his firm will have to suspend these publications if the Department's rate schedule becomes law.

In the long run, the rise of 79 percent in second-class rates may do just about as much damage to the small city newspaper, the rural paper, and the farm papers.

Mr. Guy Easterly, speaking for the National Editorial Association, which includes in its membership about 550 small town dailies and more than 5,000 weeklies, offered tables which disclosed that the Department rates would double, and in some cases quadruple, the mailing costs for these smaller newspapers. This rate hike would be heaped on publishers who have been compelled to absorb six rate increases totaling 89 percent over the past 9 years. It is difficult to figure out what national interest would be served by putting these publishers in an economic straitjacket.

Mr. Vern Anderson, speaking for the Agricultural Publishers Association, made this comment about the Post Office Department's rate proposals:

> The publishers submit that these increases by the Post Office Department are coming with greater speed, greater frequency, than their business can absorb.

Here again, it is difficult to understand what national interest would be served by piling new economic burdens on the farm publishers.

We are conscious of the fact that the operations of the postal system showed a bookkeeping loss of more than $800 million for the last fiscal year. This is a matter for serious concern. We believe in a pay-as-you-go government wherever possible, and we subscribe to the policy that every reasonable effort should be made to make postal revenue equal postal costs.

However, the factors which go into postage ratemaking are extremely complex. There are hidden subsidies for the railroads in the annual Post Office supply bills. The postal service is still carrying a host of activities for other Federal agencies. The Postal Policy Act of 1958 said in substance that $300 million should be charged off annually to public service, yet the Department ignored this and put public service at a much lower figure. Spokesmen for the publishers assert that a fair accounting will show that they are already paying their costs. The truth is that no one yet has been able to fix definitely the exact cost of transporting each class of mail.

The overriding consideration is that the rate schedule proposed by the Post Office Department would drive publications out of business, cause serious unemployment in the publishing industry, and take taxpaying corporations off the tax roll.

For Congress to adopt such a policy would be repugnant to justice and commonsense.

The dilemma which faces Members of Congress was frankly recognized by Postmaster General Day in these words:

> The American publishing industry has been built and nurtured on the present system of very low postage rates. Only the Congress can decide to what extent this system should be modified. We believe the rate proposal before you is reasonable from the standpoint of a more equitable sharing of postal costs among the various users of the mail.

In reporting the postal rate bill to the House, the Post Office and Civil Service Committee substituted a schedule of moderate increases on second- and third-class for the stiff rates recommended by the Post Office Department. We believe it would be a mistake for the House to return to the original Department rates.

Legislation which would force the liquidation of some of the best-known business enterprises in the country is not in the national interest.

The worst thing Congress can do is to vote people out of work. And on the evidence at hand, the postal rate bill sponsored by the Post Office Department will do exactly that.

As coauthor of the postal rate bill, H.R. 7927, now pending on the House Calendar I oppose the substitute measure which Chairman MURRAY proposes to introduce during the coming debate.

Our committee held 17 days of hearings, heard 250 witnesses and then spent many hours during 11 executive sessions hammering out the terms of a bill which will raise over one-half billion dollars.

Naturally, no one agreed with every line of the bill. Some would like no increase in first class rates. Others would like to drastically increase newspaper and magazine rates. There are honest differences of opinion on the controlled circulation rate. The miracle is that we succeeded in getting a half-billion dollar bill reported to the House floor by the decisive committee vote of 20 to 2.

My only fear is that any postal rate increases at this time might have an adverse impact on business. Certainly, we should not rashly change the terms of the bill without making certain it will not have the effect this administration is working to avoid—a business recession in any vital segment of the economy.

We are all aware that increased postage rates paid by business firms are a proper addition to the cost of doing business and have the effect of reducing income tax payments. Since 75 percent of all mail is used by business the increase in postal revenues from business mail will be offset by lower income taxes. Therefore, in my opinion, the net gain to the Federal Government from the pending bill may not exceed $300 million. Some newspapers of America have engaged in a bitter campaign against their principal competitor, direct mail advertising. This campaign has been going on for 10 years. It has resulted in our increasing the bulk third-class mail rate 150 percent since 1952. Our committee felt that such a steep increase—150 percent—was sufficient. The third-class rate structure is complicated, but we did readjust certain pound rates, the single piece rate, the permit fee, the odd-sized piece rate, all to the end of increasing third-class postage revenues from $532 million annually to almost $600 million.

I hope and pray the direct mail industry will be able to survive a new round of rate increases—first, third, and fourth class, not to mention those rates on special services such as c.o.d., special delivery, insured mail, and so forth, which the Postmaster General has recently readjusted upward.

This country needs the $20 billion of sales now generated by third-class mail. This country cannot afford to take away from any of the 1 million or more full-time employed Americans and over 3 million part-time employees whose jobs which are dependent upon the continuance of sales.

The creation by the Congress in 1928 of bulk third-class mail to keep valuable postal employees profitably occupied

during slack periods was one of the wisest decisions taken by Congress. We should not in 1962 undo the great good of that decision by further increasing the bulk rate. That rate was increased in 1952, 1959, and in 1960.

The effect of the latest increase in third-class mail was clearly reflected in the decline of volume in 1961 as compared in 1960. Total third-class was 17,568.8 pieces in 1961, a drop of 2 percent from 1960 when volume ran 17,910.2. This drop, in what has otherwise been a steady growth, indicates we may have already gone too far, too fast, in the three rate increases on third-class in the last 10 years. In my own area, the Detroit Post Office suffered a drop of more than 5 million pieces of third-class mail. This not only hurts the area economically, but will lead to a loss of jobs for postal clerks and letter carriers.

I might say that we have had no documented word from the Commerce Department regarding the impact of the 1960 rate increase. We have no official estimates on the probable impact of a further hike in the bulk rate. Until such documentation is forthcoming, the House should not entertain a rate increase which, in my judgment, would prove to be both punitive and destructive.

All increases should be on a graduated basis so as to not adversely affect any one segment of our economy.

Mr. CORBETT. Mr. Chairman, I yield 5 minutes to the distinguished gentleman from New York [Mr. BARRY].

Mr. BARRY. Mr. Chairman, since I have served in the Congress I have been a member of the Post Office and Civil Service Committee. During the last 3 years there has been an attempt made to get a responsible rate increase, and at last it seems that we may now have an opportunity to institute a long overdue increase in rates.

I intend to support the Murray amendment, but I hope also that it will be modified. I have an amendment to modify it in one particular. I hope also to support Mr. OLSEN in one of his amendments.

I would like to ask the House to consider as it votes on this legislation, that there may be an effort made in the other body to water down what we do here, and I ask that we resolve that in the conference we not recede from what we decide during the next day or two.

With respect to the amendment I propose to offer, I invite your attention to a type of circulation which cannot, by virtue of raising its advertising rates or getting another advertisement, make up the gap that is caused by a substantial increase in postal rates; I am speaking now of that type of publication that does not carry any advertising. I think special consideration is needed here, because of the very nature of these publications as they lend themselves more to an educational type of publication because none of them include advertising. The proposed increase in the Murray amendment would be 300 percent for certain of these publications that are now in existence. These publications number some 6 million in circulation. I will name one of them, the Catholic Digest, with a circulation of a million. Children's magazines do not carry advertising, because children basically do not create markets and advertisers are unwilling to advertise in them. This is the kind of publication I am speaking about and which my amendment will benefit.

The amendment which I shall propose will double the rates on this type of publication but not triple them as the Murray amendment would. So these publishers will not get by without a substantial increase, since it will be a 100-percent increase instead of a 300-percent increase. It is our responsibility to protect these publications so that they continue to live even though we substantially increase their postal rates.

Mr. MURRAY. Mr. Chairman, I yield the balance of the time on this side to the gentleman from Oklahoma [Mr. ALBERT.]

Mr. ALBERT. Mr. Chairman, this is the first legislative business of the 2d session of the 87th Congress. It is much-needed legislation. It is important legislation. It gives the Members of the House the opportunity to make the fulfillment of important fiscal responsibilities the first legislative business of the session.

The importance of this measure cannot be overemphasized.

Last week the President submitted the largest peacetime budget in history.

That budget was predicated upon the enactment of this measure.

If we are to provide our Nation with the kind of government services which we must have in our expanding economy in this decade, and if we are to provide the strongest national defense in the history of our Nation, it is important that we maintain a balanced budget.

To that end, we must face up to our responsibility of reducing substantially our tremendous postal deficit now and for future years.

The great Committee on Post Office and Civil Service, upon which I once had the honor of serving, has reported a bill for which the gentleman from Tennessee [Mr. MURRAY], chairman of the committee, has offered a substitute.

I hope the Committee of the Whole will accept the Murray substitute.

I favor the substitute in preference to the committee bill, first of all, because it will provide more income for the Post Office Department.

It will increase additional revenues from $551 million annually to $621 million annually.

This legislation is desperately needed to prevent a further increase in the postal deficit, which in turn contributes substantially to the national debt.

I favor the substitute because it is based upon the philosophy that the users of the mail should pay a fair share of the cost of the service which they receive.

For the first time in history the Postal Establishment is required to comply with the break-even directive of the Postal Policy Act by determining the costs of performing public services enumerated by law and charging these costs to the general fund of the Treasury.

All other costs shall be borne by the users of the mail through the payment of adequate postal rates.

Like the committee bill, the substitute increases first-class mail charges from 4 to 5 cents and airmail from 7 to 8 cents.

But the substitute will raise $53.4 million additional revenue in second-class mail, which consists largely of newspapers and magazines operated for profit, rather than $21 million as does the original bill, and $93 million additional revenue in third-class mail, rather than the committee bill's $57.3 million.

Free-in-county second-class rates and mail rates for nonprofit and classroom publications are not affected by the Murray substitute.

This will, within the framework of raising needed additional revenue, preserve a proper relationship between first-, second-, and third-class mail, bearing in mind, of course, that first-class mail received preferential treatment and that even with the increases of Mr. MURRAY's substitute, the Post Office Department's revenues would be roughly 50 percent of cost in second class and 85 percent in third class.

I am aware that there are some who contend that the increases in the second- and third-class mail are too much, and there are others who argue that they are too little, particularly in the light of the increases in first-class mail contemplated in both the committee bill and the Murray substitute.

But I favor the Murray proposal, because I believe it to be a fair and reasonable compromise between placing the entire needed increase in revenues on the shoulders of first-class mail users, and falling considerably short, as the pending bill does, of the recommendations made by both President Eisenhower and President Kennedy last year.

I propose to support the Murray substitute and to oppose all amendments to increase or decrease the amounts contained in it. I oppose the exemption of newspapers from the increases, as my friend Mr. DAVIS proposes. I oppose it, because, first, it will cost $21 million per year, and because it gives unqualified preferential treatment to one class of publication.

In this latter respect, let me emphasize the bipartisan nature of this endeavor.

During a press conference on June 20, 1961, President Kennedy stated:

> Both the previous administration and this administration recommended nearly $840 million of tax increase in postal payment.

Again, in his speech on the Berlin crisis, the President stated:

> The luxury of our current postal deficit must be ended.

This bill, as amended by the Murray substitute, has the support of the Post Office Department. It has the support of the administration. I think a majority of the Members of the House are convinced that the postal deficit requires that we raise postal rates.

It is my earnest hope that we will do the whole job and do it now.

I urge my colleagues on both sides of the aisle, by reason of the bipartisan nature of this proposal, to adopt the Murray substitute and pass the bill.

Mr. CORBETT. Mr. Chairman, I yield 1 minute to the gentleman from Iowa [Mr. GROSS].

Mr. GROSS. Mr. Chairman, I rise to propound a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. GROSS. The distinguished majority leader said that the chairman of the committee will offer a substitute to the committee bill. My question is: Will the substitute be open to amendments at any point? How many amendments may be offered to the substitute, and will it be open to amendment at any point?

The CHAIRMAN. The proposed amendment being an original amendment will be open to an amendment at any point.

Mr. GROSS. To an amendment?

The CHAIRMAN. And a substitute and an amendment to the substitute.

The time of the gentleman from Iowa has expired. All time has expired. The Clerk will read the bill for amendment.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Postage Revision Act of 1961".

Mr. MURRAY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MURRAY: Strike out all after the enacting clause and insert in lieu thereof the following:

"SHORT TITLE

"SECTION 1. This Act may be cited as the 'Postage Revision Act of 1962'.

"POSTAL POLICY

"SEC. 2. (a) Section 2302(c)(4) of title 39, United States Code, is amended by striking out 'deemed to be attributable to the performance of public services under section 2303(b) of this title' and inserting in lieu thereof 'determined under section 2303 of this title to be attributable to the performance of public services'.

"(b) Section 2303(a) of title 39, United States Code, is amended—

"(1) by amending the heading so as to read

"'§ 2303. Identification of public services and costs thereof';

"(2) by striking out paragraph (2) and renumbering the suceeding paragraphs accordingly; and

"(3) by adding at the end thereof the following new sentence:

"'The terms "total loss" and "loss" as used in this subsection mean the amounts by which the total allocated costs incurred by the postal establishment in the performance of the public services enumerated in this subsection exceed the total revenues received by the postal establishment for the performance of such public services.'

"(c) Section 2303(b) of title 39, United States Code, is amended to read as follows:

"'(b) The Postmaster General shall report to the Congress, on or before February 1 of each year beginning with the year 1963, the estimated amount by which, in the then current fiscal year, the cost incurred by the postal establishment in the performance of each of the public services enumerated in subsection (a) of this section exceeds the revenue received by the postal establishment for the performance of each such public service. The aggregate amount by which, in any fiscal year, the costs incurred by the postal establishment in the performance of each such public services exceed the aggregate amount of the revenues received by the postal establishment for the performance of such public services shall be excluded from the total cost of operating the postal establishment for purposes of adjustment of postal rates and fees.'

"(d) The table of contents of chapter 27 of title 39, United States Code, is amended by striking out

"'2303. Identification of and appropriations for public services.'

and inserting in lieu thereof:

"'2303. Identification of public services and costs thereof.'.

"FIRST-CLASS MAIL

"SEC. 3. Section 4253 of title 39, United States Code, is amended by striking out the words 'four' and 'three' wherever appearing in subsection (a) and inserting in lieu thereof the words 'five' and 'four', respectively.

"AIRMAIL

"SEC. 4. Section 4303 of title 39, United States Code, is amended—

"(1) by striking out the word 'seven' in subsection (a) and inserting in lieu thereof the word 'eight';

"(2) by striking out the word 'five' in subsection (b) and inserting in lieu thereof the word 'six'; and

"(3) by striking out the phrase '3 cents an ounce or fraction thereof' in paragraph (2) of subsection (d) and inserting in lieu thereof the phrase 'the rate of postage for other first-class mail matter'.

"SECOND-CLASS MAIL BEYOND COUNTY OF PUBLICATION

"SEC. 5. Section 4359 of title 39, United States Code, is amended—

"(1) by striking out so much of subsection (b) as precedes the table and inserting in lieu thereof the following:

"'(b)(1) Subject to the minimum rate provided for publications of qualified nonprofit organizations and classroom publications by section 4360 of this title, the rates of postage on publications mailed in accordance with subsection (a) of this section are fixed both by the piece as provided in paragraph (2) of this subsection and by the pound as provided in the following table: '[In cents]';" and

"(2) by adding at the end of subsection (b) a new paragraph (2), as follows:

"'(2) The piece rates of postage are charged on each individually addressed copy of a publication (except a publication of a qualified nonprofit organization and a classroom publication) mailed in accordance with subsection (a) of this section in addition to the pound rates. The piece rates are as follows:

"'Publications other than classroom publications and other than publications of qualified nonprofit organizations—½ cent, effective on and after July 1, 1962, and before July 1, 1963; and 1 cent, effective on and after July 1, 1963.'

"MINIMUM POSTAGE RATES ON SECOND-CLASS MAIL

"SEC. 6. Section 4360 of title 39, United States Code, is amended to read as follows:

"'§ 4360. Minimum postage

"'The minimum rate of postage is one-eighth cent for each individually addressed copy of—

"'(1) a classroom publication or a publication of a qualified nonprofit organization mailed under section 4359 of this title, or

"'(2) any publication mailed for delivery within the county of publication except when mailed free under section 4358(a) of this title.'

"CONTROLLED CIRCULATION PUBLICATIONS

"SEC. 7. Section 4422 of title 39, United States Code, is amended by striking out '1 cent' and inserting in lieu thereof '3 cents'.

"THIRD-CLASS MAIL

"SEC. 8. (a) Section 4451(a) of title 39, United States Code, is amended—

"(1) by striking out the word 'and' at the end of paragraph (2) thereof;

"(2) by striking out the period at the end of paragraph (3) thereof and inserting in lieu of such period a semicolon and the word 'and'; and

"(3) by adding immediately below such paragraph (3) a new paragraph (4), as follows:

"'(4) not mailed during the period December 15 to December 25, inclusive, of each year.'.

"(b) Section 4451(d) of title 39, United States Code, is amended by striking out '(a)(2)' and inserting in lieu thereof '(a)(3)'.

"(c) Section 4452 of title 39, United States Code, is amended—

"(1) by amending the table in subsection (a) to read as follows:

"'Type of mailing	Rate	Unit
	Cents	
(1) Individual piece	4	First 2 ounces or fraction thereof.
	1½	Each additional ounce or fraction thereof.
(2) Bulk mailings under subsec. (e) of this section of:		
(A) Books and catalogs of 24 pages or more, seeds, cuttings, bulbs, roots, scions and plants:		
(i) Qualified nonprofit organizations	10	Each pound or fraction thereof.
(ii) Others	12	Do.
(B) Other matter	16	Do.'

"(2) by amending the table in subsection (b) to read as follows:

"'Mailed by—	(In cents)
Other than qualified nonprofit organizations	3
Qualified nonprofit organizations	1¼';

and

"(3) by amending subsection (c) to read as follows:

"'(c) The minimum postage rate on pieces or packages of third-class mail of such size or form as to prevent ready facing and tying in bundles and requiring individual distribution is four and one-half cents.'

"(d) The third proviso in section 3 of the Act of October 30, 1951, as amended by the Act of June 23, 1959 (73 Stat. 89; Public Law 86-56), is hereby repealed.

"EDUCATIONAL AND LIBRARY MATERIALS

"SEC. 9. (a) Section 4554 of title 39, United States Code, is amended—

"(1) by amending that part of subsection (a) which precedes paragraph (1) to read as follows:

"'(a) Except as provided in subsection (b) of this section, the postage rate is 9 cents a pound for the first pound or fraction thereof and 5 cents for each additional pound or fraction thereof, except that the rates now or hereafter prescribed for third- or fourth-class matter shall apply in every case where such rate is lower than the rate prescribed in this subsection on—

"'(2) by amending paragraph (5) of subsection (a) to read as follows:

"'(5) sound recordings;';

"(3) by striking out the period at the end of paragraph (6) of subsection (a) and inserting in lieu thereof a semicolon and the word 'and';

"(4) by adding at the end of subsection (a) the following:

"'(7) printed educational reference charts, permanently processed for preservation.';

"(5) by inserting '(including cooperative processing by libraries)' immediately following 'loaned or exchanged' in paragraph (1) of subsection (b);

"(6) by striking out the word 'students' immediately preceding the word 'notations' in paragraph (1) of subsection (a) and in paragraph (2) of subsection (b);

"(7) by striking out:

"'(D) bound volumes of periodicals;

"'(E) phonograph recordings; and" in paragraph (2) of subsection (b) and inserting in lieu thereof:

"'(D) periodicals, whether bound or unbound;

"'(E) sound recordings; and'; and

"(8) by striking out 'and catalog of those items' in subsection (c) and inserting in lieu thereof 'scientific or mathematical kits, instruments, or other devices and catalogs of those items, and guides or scripts prepared solely for use with such materials'.

"(b) Sections 204(d), 204(e)(1), and 204(e)(2) of the Postal Rate Revision and Federal Employees Salary Act of 1948, as amended by the Act of July 14, 1960 (74 Stat. 479; Public Law 86-644), are hereby repealed.

"METHOD OF DETERMINING GROSS RECEIPTS

"SEC. 10. Section 711(c) of title 39, United States Code, is amended by striking out 'Public Law 85-426' and inserting in lieu thereof 'any Act of Congress enacted on or after May 27, 1958'.

"COMMUNIST POLITICAL PROPAGANDA

"SEC. 11(a) Section 505 of title 39, United States Code, is amended by inserting immediately after the first sentence and before the second sentence in subsection (a) thereof, the following sentence: 'In furtherance of this authority to counteract adverse usage of the mails and to reduce the domestic postal deficit, no international mail handling arrangement under which any postal rate, whether or not reciprocal, is established, shall permit the receipt, handling, transport, or delivery by the United States Post Office Department of mail matter determined by the Attorney General to be Communist political propaganda.'

"(b)(1) Chapter 51 of title 39, United States Code, is amended by adding at the end thereof the following section:

"'§ 4008. Communist political propaganda

"'No United States postal rate established by the Postage Revision Act of 1962 shall be available for the receipt, handling, transportation, or delivery of mail matter determined by the Attorney General of the United States to be Communist political propaganda financed or sponsored directly or indirectly by any Communist controlled government.'

"(2) The table of contents of such chapter 51 is amended by inserting

"'4008. Communist political propaganda.'

immediately below

"'4007. Detention of mail for temporary periods.'

"EFFECTIVE DATE

"SEC. 12. The foregoing provisions of this Act shall become effective on July 1, 1962."

Mr. JAMES C. DAVIS (interrupting reading of the amendment). Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. JAMES C. DAVIS. Mr. Chairman, I would like to inquire as to when it will be in order to offer an amendment to the amendment which is now being read, whether it must be offered as the section is reached in reading, or wait until the entire amendment is completed?

The CHAIRMAN. The Chair will state that the entire amendment must be read before an amendment would be in order.

Mr. JAMES C. DAVIS. I thank the Chairman.

(The Clerk concluded the reading of the amendment.)

Mr. MURRAY. Mr. Chairman, my amendment makes changes in the committee bill which fall in two general categories, and also includes section 11 of the committee bill on Communist propaganda.

First, the postal policy provisions of existing law are strengthened and improved. Second, rate increases are provided at levels which, with the new policy, will wipe out the postal deficit and provide the full amount of the additional postal revenues which are required under the President's budget submitted to the Congress last Thursday.

The postal policy provisions of my amendment correct certain deficiencies in existing law and establish a firm and proper formula for the determination each year of the costs of postal services which are truly public services and, as such, should be charged to the general fund of the Treasury under well-established principles of public policy and the national interest. Examples of such public services are free mail for the blind, free-in-county mail, and mailings at reduced rates by qualified nonprofit organizations. Applying this formula, an estimated $248 million of postal costs for these public services will be borne by the general fund of the Treasury for the fiscal year 1963. This is about $95 million less than the $341 million public service charged to the taxpayers under the reported bill, which improperly designates as "public services" such historically sound, efficient, and necessary postal activities as rural routes and third- and fourth-class post offices, the cost of which it would have shifted to the taxpayers with no charge to users of the mails.

The rates in my amendment for first-class letter mail and airmail letters, as well as post cards and postal cards, are the same as those in the reported bill. Approval of these rates is imperative in order to provide the necessary measure of additional postal revenues. The first-class postage stamp at 5 cents will still be the best bargain in America. These rates are fully justified by priority of service and the absolute privacy guaranteed for a sealed first-class letter, as well as the fact that the postal service exists primarily to render the preferred first-class mail service to 181 million Americans.

The first-class letter increase from 4 to 5 cents is only a 25-percent increase, and the airmail letter increase from 7 to 8 cents is only a little over 14 percent. The first-class letter rate remained at 3 cents from 1932 until 1958, when it was changed to 4 cents—a 33⅓-percent increase. The legislation before us adds another 25 percent, or a total increase of only 58 percent since 1932—a very moderate increase, in comparison to the heavy increases imposed on second- and third-class mail.

Second-class, or publishers', rates for mailing commercial publications beyond county were increased by 30 percent in 1951 and again by 54 percent under the Postal Rate Increase Act of 1958.

The most important postage rate on third-class matter—the minimum charge per piece on bulk mailings of advertising circulars and so forth—already has been raised 150 percent since 1951, and when the adjustments in my amendment become effective will have been increased 170 percent during this period.

My amendment, therefore, will overcome the chief objection—and, in my judgment, a fully justified objection—to the reported bill during the debate on the rule last September 15. The watered-down version reported hastily in the closing days of the first session placed almost the entire burden of postal rate increases on users of first-class mail, with comparatively minor upward adjustments in second- and third-class rates. My amendment will correct these serious deficiencies. As pointed out in the Postmaster General's official report, under my amendment there will be a "fair apportionment of postal costs between taxpayers and users of the mail" and "costs ascribed to mail users will be assessed equitably among all mail classes."

The new rates will become effective July 1, 1962, except that the fixed charge per piece on second-class mail will be made in two steps; one-half cent will be effective July 1, 1962, and be increased to 1 cent a year later, on July 1, 1963.

My amendment makes no change on second-class mailings within county or on mail for the blind. It also continues the present rates on educational materials, on classroom publications, and on mailings of qualified nonprofit organizations.

Mr. JAMES C. DAVIS. Mr. Chairman, I offer an amendment to the Murray amendment.

The Clerk read as follows:

Amendment offered by Mr. JAMES C. DAVIS to the amendment offered by the gentleman from Tennessee, Mr. MURRAY: On page 3, line 25, insert "and newspapers" immediately before "by section 4360 of this title".

On page 4, line 11, insert "and newspapers" immediately following "publication".

On page 4, line 23, insert "(a)" immediately before "'The minimum rate".

On page 5, line 6, strike out the quotation marks.

On page 5, immediately following line 6, insert the following:

"(b) The minimum rate of postage for each individually addressed copy of a newspaper mailed for delivery beyond the county of publication is one-half cent."

Mr. JAMES C. DAVIS. Mr. Chairman, when the rule on this bill was before the House last September the membership pretty decisively expressed itself as not wanting a bill of this nature crammed down the throats of the Members without having an opportunity to express themselves in the way of amendment. I hope we are not going to see an effort made to cram a bill down our throats today without opportunity

of offering amendment or due consideration given them, such amendments as may be in order to this bill.

The amendment which has just been read has this simple effect: You will see on an analysis of that part of the Murray amendment dealing with second-class mail, over in the right-hand column effective July 1, 1962, a one-half-cent-per-piece increase on newspapers mailed out of the county of publication; there is another increase of one-half cent per piece—a total of 1 cent per piece—increase on newspapers mailed out of the county of publication. The effect of this amendment would simply be to eliminate that provision as it applies to newspapers.

There are a number of small newspapers which exist just on the ragged edge. This Murray amendment, I am confident, would put some of those newspapers completely out of business. The American Newspaper Publishers Association gave me this statement: That this provision in this bill would impose a 100-percent increase on second-class postal cost of the Raleigh (N.C.) News & Observer; a 135-percent increase to the Aberdeen (S. Dak.) American News; a 66-percent increase to the Rutland (Vt.) Herald; and a 124-percent increase to the Dothan (Ala.) Eagle.

I have served on this committee for 15 years. I have heard testimony on postal rate increases year after year. I want to call your attention to the fact that newspapers have already had a very substantial increase imposed on them in recent years. In 1951 a 30-percent increase in postal rates was imposed on newspapers in the form of a three-stage increase, 10 percent per year. In 1958 there was an additional three-stage increase imposed on newspapers of 18 percent per year for 3 years, totaling 54 percent. The last annual increase just went into effect just last year. So they have had substantial rate increases, and these tremendous increases to which I have just called your attention on these small newspapers would be, in my opinion, exorbitant and almost intolerable.

This is an entirely new ratemaking proposal. We have never in the past placed any such burden on newspapers as the per-piece burden that is proposed to be placed on them now in this provision.

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

Mr. JAMES C. DAVIS. I yield.

Mr. JENSEN. Is it not a fact that to place an excise tax on anything except in time of war is a departure from congressional procedure? I do not remember of an excise tax ever before being proposed or imposed on anything in peacetime.

Mr. JAMES C. DAVIS. I do not know why it was thought advisable to place this type of increase on newspapers.

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

Mr. JAMES C. DAVIS. I yield.

Mr. ANDREWS. I want to commend the gentleman for offering this amendment. I intend to support it. I think should this tremendous increase be allowed to take effect it would work a great hardship on many newspapers, especially in rural areas.

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

Mr. ABBITT. Mr. Chairman, I ask unanimous consent that the gentleman from Georgia [Mr. JAMES C. DAVIS] may proceed for 5 additional minutes.

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

There was no objection.

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

Mr. JAMES C. DAVIS. I yield to the gentleman from Ohio.

Mr. HARSHA. As I understand the gentleman's amendment, it would reinstate the present rate that is now in existence on newspapers. Is that correct?

Mr. JAMES C. DAVIS. The current rate would remain in effect. It is based on sound principles, it is based upon the advertising content in the newspaper, it is based upon the zone to which the newspaper is mailed, and it is based on factors which have a reasonable application to the business of the newspaper.

Mr. HARSHA. I want to commend the gentleman and say that I will support his amendment.

Mr. JAMES C. DAVIS. I thank the gentleman.

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

Mr. JAMES C. DAVIS. I yield to the gentleman from Tennessee.

Mr. LOSER. Mr. Chairman, I rise in support of the amendment offered by the distinguished gentleman from Georgia.

Mr. Chairman, at the outset, let me say that I will support a postal rate increase bill today. I would be happy to support H.R. 7927, reported by the Committee on Post Office and Civil Service last year. I supported the rule in 1961. I am fully aware of the tremendous annual deficit now existing in the Post Office Department today which, I believe, amounts to something in the neighborhood of $830 million.

This gap between receipts and disbursements is unreasonable. The President says that a balanced budget for fiscal year 1963 is dependent in part on a postal rate increase. It is my considered opinion that a balanced budget is imperative. We all know that the interest on our national debt approaches $9 billion annually. However, I do not believe that a disproportionate increase in the rate exacted for the delivery of daily newspapers outside the county of publication should be exacted.

It is for this reason I support an amendment to the substitute offered by the distinguished chairman of the Post Office Committee which raises the rate about 55 percent on second-class mail. This increase is an unreasonable burden on daily newspapers. My colleague, the gentleman from Tennessee [Mr. MURRAY], seeks to raise the rates on newspapers some $30-odd million in excess of the rates fixed in his commitee bill of last year.

H.R. 7927, now pending before the House, raises the rates on second-class mail some $57 million, and under the proposed amendment of the distinguished chairman the rate is increased in such an amount as to raise some $93 million in excess of the present rate. I repeat, this, in my opinion, is a disproportionate burden to place on our great newspapers.

In 1958 there was a 54-percent increase on second-class mail. It was estimated then that this increase would produce $77 million. However, it only produced $25 million. This illustrates rather sharply a point I want to make. It has to do with diminishing returns.

When this increase of 1958 became effective our newspapers could not stand this 54-percent increase on second-class mail. What do they do? Many of our great daily newspapers throughout the country ceased to use the postal service for the delivery of their papers outside the county of publication. They employed trucks and newsboys to deliver these papers. This was the reason for the discrepancy between anticipated revenue and actual receipts. It was a loss of $52 million. The anticipated returns from the 1958 increase diminished from $77 million to $25 million. And if the Murray amendment is agreed to the $93 million anticipated revenue will diminish to a greater extent than that which occurred after the 1958 amendment became effective.

I realize that great dailies like the New York Times and the Wall Street Journal cannot resort to Greyhound buses and newsboys for the delivery of their out-of-county papers, but our great dailies that circulate for a radius of 100 miles outside of the county of publication will not submit to this unreasonable increase in postal rates.

In my own district, the capital city and county of Tennessee, Nashville, we have two great newspapers, and their circulation extends even beyond a radius of 100 miles from the county of publication. Under present rates their postal charges now approximate $160,000 annually. A 55-percent increase over the present rates will be unbearable. The traffic will not bear it. As a matter of fact my publishers tell me that if the Murray amendment is agreed to, and it becomes the law, the delivery of their papers outside the county of publication will be done by truck and carrier. As a matter of fact, they believe such a means of delivery can be employed at a lower annual cost under present rates.

Therefore, I support an amendment the effect of which will keep the present rate for daily newspapers the same as presently.

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

Mr. JAMES C. DAVIS. I yield to the gentleman from Virginia.

Mr. ABBITT. Mr. Chairman, I commend the gentleman on offering this amendment, and I desire to associate myself with him. I hope that the Committee of the Whole will adopt the amendment he has offered.

Mr. JAMES C. DAVIS. I thank the gentleman.

Mr. ROGERS of Colorado. Mr. Chairman, will the gentleman yield?

Mr. JAMES C. DAVIS. I yield to the gentleman from Colorado.

Mr. ROGERS of Colorado. As I understand it, the gentleman's amendment would leave second-class mail as it relates to newspapers at the present rate, is that correct?

Mr. JAMES C. DAVIS. Yes.

Mr. ROGERS of Colorado. Has the gentleman made any study to determine what the cost may be to the newspaper, the county newspaper, that sends newspapers beyond the county line, what that cost may be?

Mr. JAMES C. DAVIS. I have made a study as to the aggregate amount of revenue to be effected in this bill by my amendment. It has been calculated by our committee staff this amendment of mine, if adopted, would only take some $21 million out of this bill which in total provides for $550 million.

Mr. ROGERS of Colorado. $550 million?

Mr. JAMES C. DAVIS. The bill will bring in, as now written, $550 million. This amendment would take only $21 million out of that total, but it would be of incalculable benefit to these small newspapers which are now operating on such a small margin of profit that some of them would undoubtedly have to go out of business.

Mr. ROGERS of Colorado. Do I understand the $21 million would be newspapers alone?

Mr. JAMES C. DAVIS. Yes.

Mr. ROGERS of Colorado. Those newspapers may be mailed beyond the county where printed?

Mr. JAMES C. DAVIS. That is correct.

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

Mr. JAMES C. DAVIS. I yield to the gentleman from Kentucky.

Mr. CHELF. I understand the gentleman's amendment will affect more or less those small newspapers that have a circulation of 10,000 or less?

Mr. JAMES C. DAVIS. It would affect all newspapers. It would affect the small ones. It would have a much more beneficial effect on the small ones than the large ones because the larger ones distribute theirs by carrier.

Mr. CHELF. It would protect those in the category of the small country towns that have a circulation of 3,800, 4,000, or 5,000?

Mr. JAMES C. DAVIS. Yes.

Mr. CHELF. That is why I am going to support the gentleman's amendment.

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

Mr. JAMES C. DAVIS. I yield to the gentleman from Iowa.

Mr. JENSEN. Whether or not the newspapers affected by your amendment go across a county line?

Mr. JAMES C. DAVIS. This would affect those that do not come under the free-in-county provision. It would affect that part of them which does not come under the free-in-county provision.

Mr. JENSEN. I want to get this straight in my mind, and I think others do too.

You have many newspapers in your district, as I have in mind, small newspapers, weekly newspapers for instance, that go across the county line.

Mr. JAMES C. DAVIS. I will say this, if the bill as now proposed by the Murray amendment is adopted, every one of those newspapers which goes across county lines will have to pay an additional charge of 1 cent per copy. My amendment eliminates that 1-cent-per-copy charge.

Mr. JENSEN. Good; I thank the gentleman.

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

Mr. JAMES C. DAVIS. I yield to the gentleman from Colorado.

Mr. CHENOWETH. The gentleman recalls my conversation with him concerning the newspaper situation. I understand your amendment will take care of all newspapers going across county lines.

Mr. JAMES C. DAVIS. It will.

Mr. CHENOWETH. Regardless of the size of the newspaper, and the rate will remain as it is at the present time?

Mr. JAMES C. DAVIS. That is correct.

Mr. CHENOWETH. There is no increase for papers going across county lines. I commend the gentleman for offering the amendment, and he will have my complete support.

Mr. JAMES C. DAVIS. I thank the gentleman.

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

Mr. JAMES C. DAVIS. I yield to the gentleman from Iowa.

Mr. HOEVEN. I am heartily in accord with the gentleman's amendment, and I hope it will be adopted. It only gives a square deal to these country newspapers which otherwise would be adversely affected.

Mr. JAMES C. DAVIS. I thank the gentleman.

Mr. MARSHALL. Mr. Chairman, at the appropriate time, I intend to offer the following amendment to the amendment proposed by the distinguished chairman of the Committee on Post Office and Civil Service:

On page 3, line 25, insert the words "or religious" immediately before "publications";

And on page 4, line 10, insert the words "or religious" immediately following "a classroom";

And on page 4, line 14, insert the words "or religious" immediately following "other than classroom";

And on page 5, line 1, insert the words "or religious" immediately following "a classroom".

The purpose of the amendment, Mr. Chairman, is simply to continue our policy of encouraging the dissemination of religious publications in the national interest. The amendment will not greatly affect the revenues which the legislation is intended to produce. It is merely a minor, but logical, extension of the policies continued in the chairman's amendment.

Although they are not supported by the great wealth of the large mass-circulation publications, these religious magazines make an immeasurable contribution to the spiritual and moral strength of the Nation. Because advertising income is so small a part of their revenues, they must rely upon reasonable subscription rates both for operating income and for sufficient circulation. Their problems in this regard are identical to those of the educational and classroom publications we exempted in 1951 because increased rates would have been so burdensome as to force their discontinuation.

At the very time when so many of our constituents are especially concerned with more stringent legislation against obscene and pornographic literature, it would be foolhardy to impose penalties on those publications which are the best preventive and the best antidote. Even apart from this important consideration, these religious magazines make a special claim upon us because of their positive commitment to the moral values we have always regarded as basic to our national life and national purposes.

Like the classroom publications already exempted, these religious publications play an enormous role in the education of youth. Here again, their continued success depends upon maintaining subscription rates that will encourage as wide a readership as possible.

Like the publishers of classroom materials, these religious corporations have willingly assumed the responsibility of paying local, State, and Federal taxes. Their primary purpose for existence is to publish and distribute religious literature and their survival depends upon mail rates commensurate with their ability to pay and the high purpose for which they are organized.

It must also be noted that these religious publications often reach into other nations and the expense of such distribution must be borne by their domestic editions. Use of such publications in other countries fulfills one of the major objectives of our national policy by effectively demonstrating a central aspect of the life and culture of the people of the United States. There is no better way to give concrete evidence of our spiritual tradition. Few publications so well illustrate the richness and depth of the American heritage. They are potent weapons in the forefront of the ideological offensive against world communism. Often printed in the language of the countries they serve, their message is carried directly to the people.

All of us know that religious and educational publications are not lucrative enterprises. They fight for survival each year, seeking only to reach more and more readers with a message that has never lost its urgency. Their corporate organization and financial structures are largely a matter of legalism imposed by the complicated society in which we live. What we must do is balance the insignificant amount of revenue involved in this amendment against the tremendous contribution the religious publications make to the common good. Viewed in this light, Mr. Chairman, I am confident that the House will accept the amendment.

Mr. CORBETT. Mr. Chairman, will the gentleman yield at that point?

Mr. MARSHALL. I yield to the gentleman from Pennsylvania.

Mr. CORBETT. I think maybe the gentleman from Tennessee, Mr. MURRAY, could answer this, but I believe that the effect of the gentleman's amendment is contained in the Murray amendment which makes no change in nonprofit magazine rates.

Mr. MURRAY. Mr. Chairman, if the gentleman will yield, you mean profit or nonprofit magazines.

Mr. MARSHALL. I am talking about magazines that dispense religious information. Some of those are profit and some are nonprofit. Now, so far as your proposal is concerned, you talk about nonprofit organizations. Some of the most powerful and influential magazines dispensing religious information in this country are those that are profitmaking organizations and come under the guise here of being in the shadow zone. I am certain that the chairman intends to do exactly what I have in my amendment, but unfortunately at this time, in a world conflict, in a cold war, it does not do, I am afraid, what the chairman intends be done. A number of these religious organizations are using these publications to publicize the American way of life in foreign countries, and in order to finance them they are making a slight profit on their circulation in this country. This would stop that sort of thing from happening. I think one of the most powerful things that we have in this cold war, in this battle against communism, is the effect that these magazines that publish religious information have when they reach these foreign countries.

The United States of America as a Christian Nation in the cold war has a terrific responsibility on its shoulders. Mr. Chairman, the magazines that fall in the category of religious magazines are doing an immense good in this world of ours. We should not, in my estimation, cripple in a postage way the operation of those magazines.

Mr. Chairman, we are saying much about what we are doing. We are assuming an aggressive attitude in this battle against pornographic literature, against Communist propaganda, and against juvenile delinquency. This is one way in which we can do it.

Mr. LESINSKI. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, we have heard arguments here by Mr. JAMES C. DAVIS and Mr. MARSHALL about the second-class rates provided for in this amendment. I supported their amendments. However, these are reasons why I was opposed to the Murray amendment. I did not think it was properly thought out. We in the committee turned down that very amendment offered presently by the chairman.

Mr. Chairman, we held many months of hearings in order to come up with a proper postage rate which took into consideration what the gentleman from Minnesota has said, and what the gentleman from Georgia has said.

Mr. JAMES C. DAVIS. Mr. Chairman, will the gentleman yield?

Mr. LESINSKI. I yield to the gentleman from Georgia.

Mr. JAMES C. DAVIS. The gentleman does not mean that the committee turned down my amendment?

Mr. LESINSKI. No, sir. I did not intend to leave that impression. As I stated, in the committee we were very careful. The committee reported out my bill last year. It considered these very things. I happen to know what the gentleman from Minnesota [Mr. MARSHALL], said about the Catholic Digest is true. This publication is sent to Panama, France, East Germany, England, and other parts of the whole world. They translated into their respective languages. Therefore I again ask the House to turn down the Murray amendment and act upon the original bill.

Mr. MURRAY. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, although I hold the highest regard for the distinguished gentleman from Georgia [Mr. JAMES C. DAVIS], my colleague on the Post Office and Civil Service Committee, I am opposed to his amendment.

Mr. Chairman, the amendment is subject to three major objections: It would cost $21 million a year, and cut that amount out of the necessary additional postal revenue provided for by my substitute. It would be highly discriminatory as between the group of second-class mail users and would give special preference to all newspapers, including the great metropolitan newspapers. It also would create unnecessary and undesirable further complications in the already complex second-class postal rate schedule.

Mr. Chairman, I believe that the amendment exempting newspapers from the rate increase provided for by the substitute should be voted down.

Mr. JAMES C. DAVIS. Mr. Chairman, would the gentleman yield for a question?

Mr. MURRAY. Yes, I yield to the gentleman from Georgia.

Mr. JAMES C. DAVIS. The distinguished gentleman has just made the statement that this amendment would create new complications in handling second-class matter.

Mr. MURRAY. I said that it would cost $27 million; there would be a reduction of that amount of revenue.

Mr. JAMES C. DAVIS. I was not referring to that. I made that statement myself. But the gentleman just made the statement that my amendment, if adopted, would create new complications in the handling of second-class mail. I would like to ask the gentleman if it is not a fact that the situation that now exists would continue to exist if my amendment is adopted. Would my amendment create any new situation in handling second-class mail, or would not the situation remain just as it is?

Mr. MURRAY. It would create unnecessary and undesirable complications as I have stated. It would call for a recomputation of the rates.

Mr. JAMES C. DAVIS. Mr. Chairman, if the gentleman will yield further, if my amendment would create any complications, those complications already exist, because my amendment would simply retain the present status.

Mr. MURRAY. Our committee has been very fair to second-class publishers of newspapers and magazines. I certainly do not think that this rate, which is exceedingly reasonable for newspapers and magazines, should be lowered.

Mr. JAMES C. DAVIS. This would not lower the rate. It would simply retain it as it is.

Mr. BOGGS. Mr. Chairman, I rise in opposition to the Davis amendment.

Mr. Chairman, I think a study of the Murray amendment would indicate that the chairman of the committee has sought to assess these charges in the most equitable fashion possible. The only way one can consider the Davis amendment is to look at the whole package, not to look at one segment of the bill which is now before us for consideration.

This bill raises first-class rates, those used mostly by the housewife, the small businessman, and business generally, to the extent of almost half a billion dollars, or $455,100,000 per annum. The third-class rate would go up to raise approximately $100 million or $93 million.

In the other class, second-class mail—and this is what is under discussion in this amendment—the total amount to be raised over a 2-year period is $53 million.

The gentleman from Georgia just directed a question to the chairman of the committee in which he asked whether the adoption of his amendment would complicate the rate structure. The answer is yes, for the simple reason that what the gentleman from Georgia seeks to do is to amend only one part of the Murray amendment, namely: that having to do with newspapers. The Murray amendment is a twofold amendment on second-class rates. It deals with newspapers and it deals with magazines. What would happen if we adopted the Davis amendment to the Murray amendment would be that we would have the old rate for newspapers and another new rate to be administered by the same Post Office Department for magazines.

Mr. Chairman, I submit that the proposal of the gentleman from Georgia is discriminatory on its face in that it seeks to create for the first time one rate for newspapers and another rate for magazines. Congress has always recognized the fact that magazines and newspapers serve a good and vital public purpose. Since the inception of the Republic, they have been subsidized and properly so. Today, newspapers and magazines pay only approximately 21 percent of the cost of transporting such publications in the mail. We are not saying in the Murray substitute that we are for abolishing the subsidy to the newspapers and the magazines. We are simply saying, in a two-step basis not fully effective until July 1963, that subsidy should be reduced.

The effect of the adoption of the Murray substitute would be to up the cost from a subsidy which now amounts to as much as 79 percent or more than that to approximately a 50-percent subsidy. I submit that that is a fair proposition.

Let us look at this from the point of view of revenue. I cannot believe for one moment that the great newspaper industry in this country and, mind you this

makes no distinction between newspapers—I cannot believe for one moment that the newspaper industry which prides itself on freedom, and freedom from Government control—would come here and make this kind of plea for $21 million. That is what is involved here. For $21 million we move from a position of 79-percent subsidy to a position of 50-percent subsidy.

Then there is another area of discrimination which I am sure most of you are aware of. Many of the newspapers in our country have been somewhat abashed about this subsidy and they have moved away from the subsidy, they have moved to paying their own way and more and more newspapers provide their own delivery service. They do not use the Post Office. But, we are saying here, if we adopt this amendment, that we will penalize the papers that have shown that kind of initiative to cut off Government subsidies, and that we would reward those papers that have not shown such initiative. In my judgment, this is the very kind of thing that most newspapers are against, and I cannot believe for one moment that they would countenance this.

Finally, Mr. Chairman, I am not here to make a plea for magazines. But, if we are going to have a rate increase, I do not know how the House of Representatives of the United States can justify an increase in the rate of magazines of 1 cent a copy and not increase the rate on out-of-county newspapers at the same time. The magazines have had full-page advertisements in the newspapers describing and pointing out their plight. I do not know whether these figures are justified or not. I suspect that they are not because the total amount involved here is $53 million. But we certainly cannot make fish of one and fowl of the other. I hope, Mr. Chairman, that this amendment will be considered in the light of the whole bill and will be rejected by the Committee.

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

Mr. ROUSSELOT. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I was delighted to hear the distinguished gentleman from Louisiana speak so vigorously on the subject of reducing subsidies in this postal bill, especially in second- and third-class mail. That is a position for which we on this side of the aisle have always fought, and I now hope that he will fight as vigorously to reduce subsidies in the farm program which I think need to be reduced also.

Many of us who sit on the Post Office and Civil Service Committee listened to the vast amount of argument by the great number of people who came before our hearings pleading special dispensation because their particular publication was different. We heard all these arguments which had the effect of proposing subsidies for the use of mails at the expense of the other users including first-class patrons. I agree with the gentleman that we should eliminate subsidies and have each class user pay their own way. I hope that the gentleman from Louisiana [Mr. BOGGS] will work as vigorously to reduce subsidies in the farm program, because those of us who live in the urban areas are tired of paying these large farm price supports.

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

My unanimous consent the pro forma amendments were withdrawn.

Mr. JOELSON. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I believe it is high time we stop passing along rising postal costs to the users of first-class mail and that we should see to it that third-class commercial mail and magazines bear their fair share of the burden. If we are not willing to do this, we should let the cost be paid out of general tax revenues.

Since the Post Office Department concedes that first-class mail at four cents is just about self-supporting, it makes sense that we look elsewhere for the revenue.

The Post Office Department also concedes that second- and third-class mail produce large deficits. Therefore, as matters now stand, the average person who sends a letter is subsidizing the costs of business circulars and magazines. Why should those who use the mail exclusively for profit get favored treatment over those who do not?

If the Congress wishes to give subsidies to mail order houses and magazines, it should do so openly by providing the funds from general revenues rather than by an unjustifiable increase in first-class mail rates.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Georgia [Mr. JAMES C. DAVIS] to the amendment offered by the gentleman from Tennessee.

The question was taken; and on a division (demanded by Mr. JAMES C. DAVIS) there were—ayes 65, nays 106.

So the amendment to the amendment was rejected.

Mr. JAMES C. DAVIS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. JAMES C. DAVIS to the amendment to H.R. 7927 offered by Mr. MURRAY: "On page 5, strike out subsection (a) of section 8, lines 12 through 22, and redesignate the following subsections of section 8 accordingly."

Mr. JAMES C. DAVIS. Mr. Chairman, I hope that I will have better success with this amendment than the one just voted on.

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

Mr. JAMES C. DAVIS. I yield to the gentleman from Tennessee.

Mr. MURRAY. Mr. Chairman, so far as I am concerned I will accept the gentleman's amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Georgia [Mr. JAMES C. DAVIS].

The amendment to the amendment was agreed to.

Mr. OLSEN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. OLSEN to the amendment offered by Mr. MURRAY, of Tennessee: All of section 7 beginning on line 2 of page 8 and ending on line 4 is deleted and there is substituted therefor the following:

"SEC. 7. Section 4422 of title 39, United States Code, is amended by striking out '12 cents' and inserting in lieu thereof '14 cents'."

Mr. OLSEN. Mr. Chairman, I think my situation presents the fundamental objection to legislating in this manner.

The committee gave real sound consideration to the committee bill that has been before us. In that committee bill there was an increase in this particular section of the per pound rate for sending controlled circulation magazines through the mail. That increase was from 12 cents per pound to 14 cents per pound. The increase was made because it would be keeping an equilibrium between the controlled circulation magazines and the magazine that has subscribers.

I have in my hand a controlled circulation magazine. That is sent without subscriptions to trades or to business people of a given class. It is a kind of catalog magazine. It has no responsibility at all to the receiver. The responsibility is entirely to the advertiser.

For many reasons the history has been that the per pound rate of the controlled circulation magazine has some relationship to the cost of sending it through the mail, and it also has a relationship to the magazine which is subscribed for. That latter magazine has a responsibility to the subscriber.

In my left hand I have such a magazine. Its editorial policy has a responsibility to the subscriber because the subscriber invites it. He pays for this magazine.

We learn from the Post Office Department that the Post Office cost ascertainment report shows an income of 6 cents per piece from the controlled circulation magazine. That is the income from this magazine on the average. Now, the cost of sending it through the mails through the Post Office Department is estimated at 8.2 cents per copy. So, on the average the Post Office loses 2.2 cents every time it goes through the mails. I understand this is unsubscribed for—well, certainly wanted in many places, but it is not generally asked for. On the other hand, the other magazine which is subscribed for and which has a responsibility to the subscriber for its editorial content, that magazine on the average, according to the J. K. Lasser & Co. study made for Associate Business Publications, pays to the Post Office Department 5.8 cents per piece. The Post Office cost ascertainment report shows it costs 5.47 cents per piece to ship it through the mails. So, as a matter of fact, the Post Office is making a profit out of this particular type of subscribed-for magazine.

Now, the subscribed-for magazine is paying an increase in its rate of 1 cent a copy for going through the mails, but the non-subscribed-for magazine is going to experience the same rate as it had, namely, 12 cents a pound. Now, if the controlled circulation magazine rate was increased to 14 cents per pound, then it would have a corresponding increase to that of the subscribed-for magazine, and what is more, that would realize for the

Post Office Department $1.3 million increased revenue. If we leave this magazine at present rate of 12 cents per pound and place the 3 cents minimum charge upon it, which is contemplated by the Murray amendment—incidentally, most of these magazines are heavy enough that they would pay more than this minimum, so for the most part there would be no increase on the controlled magazine—the Murray amendment would realize an increase of only $100,000. Now, if we are talking sincerely about increasing the rates for all the classes proportionately, as has been the case in past history, we should reinstate the increase which the committee voted. By the way, the committee considered this for 7 months. I voted for this increase that I am offering as an amendment to Mr. MURRAY's amendment now. I am asking that we amend the Murray amendment to make it the same as it was in the committee bill that came to the floor and realize a $1.3 million increase instead of the $100,000 increase.

Mr. BARRY. Mr. Chairman, I rise in support of the Olsen amendment.

Mr. Chairman, I would like to substantiate what the gentleman from Montana [Mr. OLSEN] has said. Certainly this is the type of circulation which has ample advertising in it. There is probably a maximum of advertising in this type of controlled circulation. Normally this circulation goes to one segment of an industry or to some group activity where everything contained therein is of advantage to the reader, and the reader is an advantage to the advertiser. The idea of increasing the rates on all other publications and leaving this one isolated instance with only a nominal increase of $100,000 would not be in the public interest. It is our responsibility to, first, raise revenue and, secondly, to treat all classifications of advertising media and publications equitably. I heartily encourage and urge you to support the Olsen amendment.

Mr. OLSEN. Mr. Chairman, I ask unanimous consent to correct my amendment. I sent up an amendment which was addressed to the pages of the original bill rather than the Murray amendment.

Mr. Chairman, I ask unanimous consent to modify my amendment and address it to page 5, line 8, section 7, by striking therefrom section 7.

The CHAIRMAN. Is there objection to the unanimous consent request of the gentleman from Montana to modify his amendment?

There was no objection.

The CHAIRMAN. The Clerk will report the modified amendment.

The Clerk read as follows: On page 5, line 8, strike out all of section 7, lines 8 through 10, and insert:

"SEC. 7. Section 4422 of title 39, United States Code, is amended by striking out '12 cents' and inserting in lieu thereof '14 cents'."

Mr. JAMES C. DAVIS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, it refers to a category of mail known as controlled circulation. One of the reasons why the small amount of revenue to be brought in by the increase which will be placed upon this category of mail is that it is such a small portion of our mail. There are not many of these controlled circulation magazines in publication.

Mr. Chairman, several facts demonstrate that this amendment should not be adopted. Both the Post Office Department and the chairman of the Committee on Post Office and Civil Service, who has prepared this Murray amendment, agree that the rate carried here is the proper rate for controlled circulation magazines. It does not leave them at the current rate. This Murray amendment increases the per-piece cost of controlled circulation magazines from 1 cent minimum per piece to 3 cents minimum per piece.

Mr. Chairman, the great reason why this amendment should not be adopted is that the large magazines which have been referred to as paying so much revenue here by the proponents of the Olsen amendment actually pay a smaller percentage of postage than the controlled circulation magazines. The controlled circulation magazines now pay a rate of postage 2½ times as high as the second-class magazines. This amendment would seek to increase that rate still further. In 1958 the controlled circulation magazines had their postage rate increased from 10 cents per pound to 12 cents per pound.

Mr. Chairman, magazines such as Ladies' Home Journal, the Saturday Evening Post, and all the other magazines which do operate at a profit average now 4.5 cents per pound on their postage, whereas the controlled circulation magazines now pay 12 cents per pound, and their rate was increased from 10 cents to 12 cents in 1958.

Mr. Chairman, where is the equity when these magazines already pay 2.5 times as much as the Saturday Evening Post, which is subsidized by the Post Office Department, as the Ladies' Home Journal, which is subsidized by the Post Office Department, as Time and Life, and all these other highly profitable magazines which we all know are subsidized by the Post Office Department by millions of dollars every year? Where is the logic and justice of increasing the postage rate of these little controlled publication magazines which already pay 2.5 times the rate of postage that these highly subsidized, profitable magazines pay?

It is a matter of justice and equity. Also these profitable magazines get preferential treatment. You get your Saturday Evening Post on the same day each week. When it is put into the Post Office Department it gets what they call red tag treatment, preferential treatment. The same with Life and Time and other profitmaking magazines. These controlled circulation publications do not get that treatment. They get third-class-mail treatment, which is not preferential. They are handled when the post-office employees have nothing else to do.

With all due respect to the gentlemen who are promoting this amendment it looks like a dog-in-the-manger proposition. It is the profitmaking subsidized magazines undertaking to put out of business these smaller controlled circulation magazines which pay their own way.

Mr. CUNNINGHAM. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, these rate problems are very complicated and I can imagine they are quite boring to a good many Members. I have been a member of the committee for 5 years, now beginning my sixth year, and we members of the committee take a deep interest in these matters. We study them. We try to understand the problems involved in our work, as each of the Members of the House becomes a specialist in the field of activity of the committee of which he is a member. This is a very technical matter. We are not talking about any so-called little controlled publications. This is big business. Let me put this to you. Life magazine and Time, have no part in this discussion of this amendment. We are talking about a group of little business magazines, the type we call trade journals. That is what this amendment is about.

These business publications have editorial material in them and have interesting articles. Let us say it is about the hotel business. People in the hotel industry will subscribe to this magazine because it is a trade journal in which they are interested. They pay a certain rate for receiving this magazine. It is a legitimate operation. These publications are small; they are not large.

They are published at second class. On the other hand, we have a category that is not second class and it is not third class. It is a special class. It is called a controlled publication. These are primarily booklets composed of advertising. There may be a few articles, but very few; just a bunch of ads stapled together. This magazine is distributed free to a particular industry. Let us say again that it is the hotel industry. You can see what disadvantage that puts the small legitimate subscription people to. Controlled magazines are distributed free whereas the business magazines are paid a subscription fee. In addition they contain much editorial and news material for the industry to which they are available.

All we are asking here is that the controlled people who are a very severe and unfair competitor of the legitimate business publication receive the same rate increase that we are going to impose on the small business magazines.

There is another reason for this amendment. We think that all ought to be treated alike. I might say that the change in the piece rate from 1 to 3 cents for controlled publications means nothing, because the magazine weighs more than the minimum weight. So it goes by the pound rate and this amendment will put the pound rate for controlled publications, the ones distributed free, at the same rate that we are going to charge legitimate business publications.

Mr. Chairman, I would like to add one further statement. We are just beginning the amendments to this bill. Our President wants to raise a certain amount of money. There is a likelihood that some of these rates will be knocked down. I do not know that they

will be, but that is always a possibility. It has happened before. If you adopt the amendment offered by the gentleman from Montana [Mr. OLSEN] who has studied this very carefully in our committee, it will bring in an additional $1.3 million in revenue to the Post Office Department.

If you are thinking about this deficit and want to do something about it, here is something that will really help. As I said, there may be some reductions in rates. I have no notion that there will be, but it is always possible since it has happened before. In that event, this amendment ought to be adopted because here you are taking in an additional $1,300,000 and we all know that is a sizable sum of money.

The CHAIRMAN. The time of the gentleman has expired.

Mr. JAMES C. DAVIS. Mr. Chairman, I move to strike out the last word to make this additional statement before this amendment is voted upon.

Controlled publication mail is the only class of mail besides first-class mail which pays it own way. This is not costing the Post Office Department a penny. It does not receive preferential treatment that magazines receive under second-class rates. I have just discussed this with the staff of the committee and controlled circulation pays its own way. This is the only class of mail besides first-class mail that pays its own way and it would be grossly inequitable to put on this increase and make it pay a profit to the Post Office Department.

Mr. LESINSKI. Mr. Chairman, I move to strike out the last word and rise in support of the amendment.

Mr. Chairman, I support the Olsen amendment. It aims at solving some of the problems that were pointed out in the bill that was reported out last year. The points made by the gentleman from Georgia are correct, but on the other hand we, in the committee, felt that controlled circulation rates should have been raised from 12 cents to 14 cents. The reason for this is very simple. As the gentleman from Nebraska has stated, this is a special and separate advertising magazine. The manufacturers of a certain line of goods advertise in such a magazine. The magazine is then distributed to the members of that particular industry without their asking for it. It is true that controlled circulation is charged more for postage rates. On the other hand, the people receiving this mail do not ask for this magazine. That is point number one. Point number two is that controlled circulation industry is making more money than second- and third-class mail. Another point that you should consider is that second-class mail has certain concessions whereas controlled circulation does not. Therefore, it averages out. That is another point. Then still another point is that by leaving controlled circulation rates at 12 cents, it amounts to a move to put controlled circulation in second-class mail. I wish my colleagues would keep these points in mind. This is a move to put controlled circulation in second-class mail.

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

Mr. LESINSKI. I yield.

Mr. OLSEN. I only wanted to make this comment concerning whether or not controlled circulation is paying its own way: The Post Office cost ascertainment report shows an income of 6 cents per piece from controlled circulation against a cost of 8.2 cents per piece to the Post Office Department for handling it. Thus by the Post Office cost ascertainment report they are not paying their own way.

Now, I want to submit the comparison with the subscribed-for, invited magazine. The magazine invited by subscription pays on the average 5.8 because it goes through many zones. When it gets to the most distant zone it is paying a higher rate by far than its competitor.

Mr. LESINSKI. That is correct.

Mr. OLSEN. So it averages out that the subscribed-for magazine is paying 5.8 to be carried through the mails, yet the cost to the Post Office Department is less than that by almost one-half percent; 5.47 cents is the cost to the Post Office Department of moving it through the mails.

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

Mr. LESINSKI. I yield.

Mr. BOGGS. I have listened to the statements of the gentleman from Montana and I must say I am somewhat concerned by his last statement. The gentleman said that the distributors of these magazines were paying a possible charge of 8½ cents. Is that correct?

Mr. OLSEN. That is not right. It is about 5.8 cents.

Mr. BOGGS. The gentleman proposes to raise that, does he not?

Mr. OLSEN. It is in the Murray bill that second-class subscribed-for magazines be raised 1 cent per copy.

Mr. BOGGS. Does it not raise it on a percentage basis in comparison with other types of magazines? Is that not right?

Mr. OLSEN. No; the subscribed-for magazines are raised 1 cent per copy. The only raise in the Murray amendment wtih regard to controlled-circulation magazines is the minimum charge, for these magazines weigh so much.

Mr. BOGGS. I think the gentleman has missed the essential point which is that these magazines are already paying more than other types of magazines.

Mr. OLSEN. No, they are not. They are not paying as much as the subscription-type magazines.

The CHAIRMAN. The time of the gentleman from Michigan [Mr. LESINSKI] has expired.

Mr. BARRY. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, in reply to the statement by the gentleman from Montana [Mr. OLSEN], I want to refer to the last cost ascertainment report as contained in the hearings. It shows these figures: Revenues from controlled circulation were $7,519,724; whereas the obligations, or the costs, were $10,346,288. So there is a substantial deficit on this class of mail.

I think what the gentleman from Montana is attempting to do here is to restore what the Department itself says it wanted last year, because this amendment offered by the gentleman from Montana attempts to put into this bill by an amendment to Mr. MURRAY's amendment the same identical thing the Department came down to our committee last year and said they wanted. This would increase their revenues by $1.2 million and would knock out part of the deficit from controlled circulation the exact loss figures being those figures which have just been read to you from the most recent cost ascertainment report of the Post Office.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Montana [Mr. OLSEN].

The amendment was agreed to.

Mr. HECHLER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HECHLER to the amendment offered by Mr. MURRAY of Tennessee: On page 6 in the table immediately following line 4, strike out "16" and insert in lieu thereof "21"; strike out "12" and insert "18" in lieu thereof; and on page 6, in the table immediately following line 6, strike out "3" and insert in lieu thereof "3½".

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

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

There was no objection.

Mr. HECHLER. Mr. Chairman, this amendment, in the first place, does not affect in any way nonprofit organizations nor does it affect second-class rates. It deals only with third-class rates for other than nonprofit establishments. It merely provides for increases in the rates of so-called junk mail from a minimum per piece of 3 cents as proposed in the Murray amendment to 3½ cents. It also provides for increases of bulk mailings of material of 24 pages or more put out by other than nonprofit organizations from 12 cents per pound as provided in the Murray amendment to 18 cents per pound. On bulk mailings, the per pound rate goes up from 16 cents as provided in the Murray amendment to 21 cents per pound.

Mr. Chairman, I would like to pay tribute to the Committee on Post Office and Civil Service. It has done a very fine job, working for 7 months, after which they came out with exactly the rate I am proposing in my amendment.

The Murray amendment would lower the rate on third-class mail from what had been proposed in H.R. 6418, and I believe the third-class rate should be raised to 3½ cents minimum per piece for circulars, which would produce new revenues of $100.4 million.

Let me ask a question: Would you like to make a hundred million dollars for the U.S. Government?

The last amendment offered by my very good friend from Montana [Mr. OLSEN], for which I voted, will net $1.3 million in new revenues. My amendment, according to the figures I have received from the Post Office Department, will bring in something like $161 million

of revenue from third-class mail as compared with only $93 million under the Murray amendment.

Under unanimous consent, I would like to insert the following table prepared by the Post Office Department to indicate more precisely how my amendment would affect third-class revenues, as contrasted with the Murray amendment:

	Hechler amendment to Murray amendment		Murray amendment	
	Rate	New revenues	Rate	New revenues
		Millions		*Millions*
Single piece rate	4 cents 1st 2 ounces; 1½ cents each additional.	$34.5	Same	$34.5
Bulk rate regular:				
Circulars, etc	21 cents per pound	7.4	Present rate	0
	3½ cents minimum per piece	100.4	3 cents minimum per piece	52.7
Books, catalogs, etc.	18 cents per pound	14.8	12 cents per pound	3.8
	3½ cents minimum per piece	3.9	3 cents minimum per piece	2.0
Nonprofit	Present rates		Present rates	
	Total new 3d-class revenues, Hechler amendment.	161.0	Total new 3d-class revenues, Murray amendment.	93.0

The people are fed up to the teeth with the junk which stuffs their mailboxes in third-class mail. The people cannot understand why we should be raising first-class and airmail rates and in effect subsidizing the third-class mailers. The third-class mailers are businessmen, small and big. I believe that when a business firm advertises in a newspaper or magazine, or over the radio or television, or puts up a billboard, the business pays the full cost of such advertising. Why, then, should business expect the taxpayers of the Nation to subsidize their advertising which they do by third-class mail? I say we should stop these third-class subsidies and raise third-class rates so such mailings will more nearly pay for themselves. Only then should we talk about raising first-class and airmail rates.

The amendment I have proposed will bring the revenues from third-class mail more nearly in line with the cost to the Government.

And so it seems to me you have here this afternoon a wonderful opportunity to strike a blow for liberty: first, to take a swat at junk mail, which none of us likes; and second, to bring in vast new revenues to the U.S. Government. New revenues of over $100 million alone will come in to the Treasury if we raise the minimum piece rate on circulars to 3½ cents.

Mr. Chairman, I urge adoption of my amendment.

Mr. CORBETT. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from West Virginia [Mr. HECHLER].

Mr. Chairman, I was greatly surprised that a gentleman coming from a State which is supposed to have one of the higher rates of unemployment would propose the termination of a $20 billion a year business. That is what he is proposing here.

He is attempting to put direct mail out of business by charging the industry according to his figures with some $150 million or $190 million of new postal rates. He might as well have moved to eliminate direct mail advertising.

The Secretary of Commerce in testifying before our committee pointed out that this industry, from the time the first advertising goes out until the transaction is completed, aggregates over $20 billion a year. They directly employ some 41,000 people. And to think that a gentleman, who should be familiar with the woes of unemployment, would come along here and propose that a rate go up from what we believe is an extremely high figure—from 3 cents a piece to 3½ cents a piece—is amazing to me. Let us put this in terms of dollars.

Third-class mail used to go out at $10 a thousand. Then, through a series of raises, we put it up to $15 a thousand, then $20 a thousand. It is now $25 a thousand. This is the kind of direct mail many of you folks used in your campaign, so you are familiar with it. The Murray amendment puts it up to $30 a thousand.

Now the gentleman comes along and wants to make it $35 a thousand. I would say just offhand that I have heard of no amendment yet to be offered to this bill that deserves such a sound defeat as this one.

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

Mr. CORBETT. I yield to the gentleman from West Virginia.

Mr. HECHLER. The gentleman referred to the fact that I was trying to drive people out of business by this amendment. I certainly do not think so. The gentleman, when he was on the committee, and who originally participated in bringing out the original bill, which was precisely the same——

Mr. CORBETT. Listen, I am glad you brought that up, because I want to correct that error. The bill reported from committee, H.R. 7927, did not raise the minimum base rate. It left it 2½ cents.

Mr. HECHLER. I was referring to this figure on the analysis of proposed postal pay revision.

Mr. CORBETT. Well, the gentleman simply stated it wrong. This was a proposal that somebody made to the committee. The committee turned it down. And, instead of taking the 3½-cent rate, they took the 2½-cent rate with other increases.

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

Mr. CORBETT. I yield to the gentleman from West Virginia.

Mr. BAILEY. You are speaking now about what you say is a $20 million business.

Mr. CORBETT. Billion.

Mr. BAILEY. There must be some advantage to the groups engaged in that kind of business by utilizing the cheapest kind of advertising they can get, and that is this third-class mail.

Mr. CORBETT. I am going to ask the gentleman, Do you utilize this class of mail? Do you utilize third-class mail?

Mr. BAILEY. Most of it hits the wastepaper basket.

Mr. CORBETT. Do you utilize this class of mail, is the question.

Mr. BAILEY. No, I do not.

Mr. CORBETT. You do not know much about it, then.

Mr. BAILEY. Certainly, I do know enough about it. That kind of business that can be built up to the size you say must have been taking advantage of every possible means, and if they are taking advantage of this cheap rate, let them pay for it.

Mr. CORBETT. I think the gentleman would help himself if he utilized a little bit of this and understood it better. I think this amendment should be defeated.

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

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

Mr. JOELSON. This is a business whose only stock in trade is the use of the postal facilities, and this is what they are in business for, using the mails——

Mr. CORBETT. I refuse to yield any further. The gentleman is just illustrating what the gentleman from Montana said. Here is something that is not understood.

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

Mr. CORBETT. I yield to the gentleman from Michigan.

Mr. LESINSKI. That is the point. The fact is that this generates millions of dollars of revenue, which is important to America.

Mr. CORBETT. It is the come-on of the Post Office.

Mr. HERLONG. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, I just want to tell you folks a little story that happened to me one time which will give you some example of just how this mail is used. I happen to be associated with some people who are in the business of selling automobiles. They started blanketing the county with this occupant mail, and I had a lot of people send it to me during the time I was campaigning for reelection to Congress. "Is this the kind of stuff," they said, "that you are permitting to go through the mails?" It had my name on it, bless your hearts. I called up the company and said to the manager, "Why in the world are you sending this stuff through the mail?" He said, "We get a better return per dollar invested in this type of advertising than any other type of advertising we do." I said, "Well, then, if you do, you ought to pay the postage for it."

That is why I am in support of this amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from West Virginia [Mr. HECHLER].

The amendment was agreed to.

Mr. RHODES of Pennsylvania. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. RHODES of Pennsylvania to the amendment offered by Mr. MURRAY of Tennessee: (1) On page 5, immediately following line 6, add a new section 7 as follows:

"SEC. 7. The amounts of postage paid on nonadvertising and advertising portions of the publication during the preceding 12 months: No publication sold or distributed through the mails under the second-class mailing privilege shall be received, handled, processed, transported, or delivered by the Post Office Department or any employee or agent thereof, unless the annual postage paid by such publication equals the annual cost to the Post Office Department (subject to the exception below) of such receipt, handling, processing, transporting, and delivering of such publication, as based on calculations resulting from the reviews, studies, and surveys of the postal rate structure required by section 105 of the Postal Policy Act of 1958 (72 Stat. 137; 39 U.S.C. 270c), and the detailed analysis of each publication's revenue and cost of handling data which may be necessary to carry out the provisions of this paragraph: *Provided further*, That, during the first year after enactment of this subsection, the actual cost to the Post Office Department in receiving, handling, processing, transporting, and delivering any individual publication may exceed by not more than $5,000,000 the actual postage paid by such publication during such year: *Provided further*, That, during the second year after enactment, the cost may exceed postage paid by not more than $3,000,000; during the third year, by not more than $1,000,000; during the fourth year, by not more than $500,000, and during the fifth year and thereafter, the cost may not exceed $100,000 per publication per year. The provisions of this paragraph (5) shall become effective with respect to the 12 months preceding the first such report and subsequent periods and costs shall be based on estimates of the Postmaster General if no data are available under the operation of section 105."; and

(2) By renumbering section 7 through section 12 as section 8 through section 13, respectively.

Mr. RHODES of Pennsylvania. Mr. Chairman, before I discuss my proposed amendment, I want to pay a personal tribute to the committee chairman for his efforts in seeking the enactment of a fair postal rate adjustment bill.

As a former member of the Post Office and Civil Service Committee for 8 years, I have learned to respect the gentleman from Tennessee for his courtesy to members of his committee and for his knowledge of legislation pertaining to the Post Office Department.

Mr. Chairman, my amendment is a very simple one. All it does is put a limitation on second-class postal subsidies which are a major factor in the big postal deficit. It does not hurt small publishers in any way.

Under my amendment a 5-year sliding-scale subsidy limitation formula would be established. During the first year, Department costs would not be permitted to exceed by more than $5 million the actual postage paid by any individual publication. The cost ascertainment formula of the Department would be used for this purpose. During the second year, this subsidy would be reduced to a maximum of $3 million; the third year to a maximum of $1 million; the fourth year to a $500,000 maximum; and the fifth year and thereafter, to a $100,000 maximum subsidy per year per publication.

Arguments that this proposal is unworkable are not valid. Former Postmaster General Summerfield said that administration would be difficult but that it could be done. Several years ago the House passed my amendment to limit second-class subsidies to $100,000. In the other body the limitation was raised to $1,800,000. Although defeated, it received 33 votes in the other body. My amendment today considerably modifies my former proposal.

There is widespread public support for this legislation despite the silence treatment it has received in the publications which benefit most by this kind of Government aid. However, a number of newspapers throughout the country have supported such legislation in their editorial columns, including the Philadelphia Inquirer, one of the largest and most influential dailies in Pennsylvania.

I believe that every Member of the House received a letter today, from the National Federation of Independent Business, which for many years has polled its members on legislation before Congress.

In this letter, dated yesterday, the federation opposed a postal rate increase, making particular objection to an increase of first-class mail postage. My colleagues may be interested in a poll conducted by this organization when this issue was before the Congress about 2 years ago. In bulletin or mandate No. 252 at that time, this question was asked in their membership poll:

Are you for or against Congress requiring all large national magazines to pay their full share of post office mailing costs, the same as users of first-class mail are required to do?

The membership of the National Federation of Independent Business voted 84 percent for reducing second-class postal subsidies, only 13 percent against. In my own district, 94 percent of the members voted for reducing such subsidies.

Mr. Chairman, much of the opposition to the first-class mail increase will be eliminated if my amendment is adopted.

The CHAIRMAN. The time of the gentleman from Pennsylvania [Mr. RHODES] has expired.

Mr. RHODES of Pennsylvania. Mr. Chairman, I ask unanimous consent to proceed for 5 minutes additional.

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

There was no objection.

Mr. RHODES of Pennsylvania. Mr. Chairman, this is an amendment which should get the full support of my colleagues on both sides of the aisle.

It should appeal to everyone who has been critical of Federal giveaway programs and the big postal deficit. Those who receive large postal subsidies are among the top beneficiaries of Federal aid and Government handouts.

We are fully justified in enacting this proposal, for the giant magazines themselves, such as Reader's Digest and the Luce publications, have been the most powerful critics of Federal aid programs.

It may be interesting to my colleagues from Iowa if I quote remarks made over station WHO by Herb Plambeck, who was then farm director of that station, on the question of subsidies when this issue was before the Congress a few years ago:

Life magazine and Reader's Digest and other widely read publications which have gone all out, headlining what they describe as "the incredible farm scandal"—implying, in effect, that every rural resident is a parasite and a thief.

I don't recall Life in its scathing denunciation of agriculture, saying much about the $9 million or more it has received in a single year in the way of the postal rate subsidy. Nor does Reader's Digest say much about the $5 million it has acepted. Seldom is something written about the $38 million in annual subsidies estimated for just 14 of our major magazines, to say nothing of the hundreds of others.

It seems to me that if the magazines are going to condemn agriculture as criminals for accepting Government help, then the publishers who condemn us ought to have the decency to admit to the same crime.

I know two wrongs do not make a right, and that this sounds like the pot calling the kettle black; but I feel people who live in glass houses, even if they are on Times Square, have no right to criticize agriculture and to make whipping boys out of farm people, when they themselves are also accepting Government help, provided by you and me—the taxpayer.

What Mr. Plambeck said could be said about many other programs which these slick magazines oppose.

From the information I have received, it costs the Post Office Department $20 million annually for handling and mailing the Luce publications.

For this service, Luce magazines pay $8 million; an indirect subsidy of $12 million or a million dollars a month.

Most Members will remember the story in Life magazine dated June 6, 1960, shortly before final adjournment of the 86th Congress. Much of the story was rigged with fake pictures in an effort to discredit certain of our colleagues, including some of the most respected Members of the House. It was entitled, "How Congressmen Live High Off the Public."

Yet, few people know that the annual subsidy to Luce publications amounts to more than the combined yearly salaries of 437 Members of the House of Representatives.

I am sure, Mr. Chairman, that if my amendment is adopted we can all, in good conscience, vote for the rate increase.

Mr. BARRY. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I would like to take this time to read a Department letter from the Office of the Postmaster General dated August 21, 1961, pertaining to H.R. 7361 which is substantially the

same as the amendment offered by the gentleman. The letter is as follows:

OFFICE OF THE POSTMASTER GENERAL,
Washington, D.C., August 21, 1961.

Hon. TOM MURRAY,
Chairman, Committee on Post Office and Civil Service, House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: This is in reply to your request for a report on the bill H.R. 7361, proposing to establish an annual limitation on publishers' second-class mail subsidies.

We are opposed to the enactment of this bill.

The bill fails to recognize that cost analysis and rate design are distinct and separate steps of the ratemaking process. The application of full costs as a criterion for second-class rate deficiencies would be inequitable and discriminatory in denying certain publications a rate differential for reading or editorial content.

The purpose of the legislation is to exact additional postage payments on the basis of deficient cost coverage of individual publications. If this is to be accomplished, it would be necessary to undertake meticulous cost surveys for numerous individual publications of diverse size, advertising content, and geographic distribution. Since these characteristics change frequently, cost standards would have to be flexible and subject to frequent revision. Moreover, the necessity for substituting individual cost studies applicable to the several classes of mail and services would unduly complicate the Department's cost determinations and the problems of justifying adjustments in postal rates.

We estimate that substantial expenses would be incurred annually to maintain an adequate system of accounting for the handling costs of individual publications. Neither the Postal Policy Act of 1958 nor the hearings which preceded its enactment indicate it was the intention of the Congress that such detailed records should be maintained by the Department.

Should H.R. 7361 be enacted, the burden of additional administrative costs would not be limited to accounting functions. Publishers' protests against additional postage assessments would spark an endless chain of complaints and controversies, including lawsuits.

A literal interpretation of the proposal suggests that the Postmaster General would be required to modify these rates each time a significant change occurred in salaries, transportation fees, or other cost components. Not only would these fluid rates present serious management problems to the Post Office Department, but publishing companies would be unable to budget their mailing costs with any reasonable degree of certainty.

It must be recognized that the publications principally affected by the proposed bill are those of larger weight and size for which cost coverage is greater than the average for all second-class matter, or even for other "magazines and periodicals of general interest."

Preferential rates have been charged for second-class mail to promote the educational, cultural, and religious development of our people. The dissemination of information over wide areas and to large groups has been considered an important unifying influence to the Nation. The proposed measure would reverse this policy established by the Congress more than a century ago.

We believe the second-class rates encompassed in the bill H.R. 7927, now before the Congress, are reasonable from the viewpoint of a more equitable sharing of postal costs among the various users of this class of mail.

I might say the rate they suggest has even been increased by the rate which is before us in the Murray amendment.

The last paragraph reads:

We have been advised by the Bureau of the Budget that from the standpoint of the administration's program, there is no objection to the presentation of this report to the committee.

Sincerely yours,

H. W. BRAWLEY,
Postmaster General.

Mr. BOGGS. Mr. Chairman, I rise in opposition to the amendment.

Mr. CHAIRMAN, I shall not consume 5 minutes. I should like to reiterate that the distinguished chairman of the committee, the gentleman from Tennessee [Mr. MURRAY], has worked very diligently to perfect an equitable bill which attempts as fairly as possible to distribute these costs.

The proposal offered by the gentleman from Pennsylvania would constitute a gross discriminatory approach. The notion that something is really bad because it is large is one that the people of this country have never accepted. The notion that an operation is necessarily profitable because it is big cannot be verified by fact; and finally, the notion of legislating because you may or may not like a particular publication is one I think would do great harm. So I hope we will support the gentleman from Tennessee and vote down this amendment.

Mr. Chairman, I cannot endorse the approach recommended by the gentleman from Pennsylvania.

His proposal would place a ceiling on the postage concession extended to any one publication in any single year. I have several basic objections to that proposal.

First, there is implicit in it a full-cost-coverage approach for a major portion of second-class mail. I believe that is inconsistent with the intent of the Postal Policy Act. In that act the Congress directed that letter mail, like the premium services of any public utility, should pay premium rates proportionate with the preferential services it receives. The collateral conclusion is that secondary mail, like magazines and newspapers, should pay less than costs. That differential pricing approach is sound ratemaking, but it would be rejected by the proposed amendment offered by my colleague from Pennsylvania.

Second. The proposed amendment is discriminatory since it advocates a different postage rate for each major second-class publication, depending upon its circulation volume. The proposed amendment would penalize growth by assessing higher postage rates against those publishers who have the largest circulation volumes.

Third. My able colleague from Pennsylvania assumes apparently that the publications with the largest circulation are also the most profitable and, hence, best able to pay higher postage. I am quite certain it is not axiomatic that the largest magazines are invariably the most profitable. Just to mention a few that faded in recent years: American Magazine, Collier's, Liberty, Woman's Home Companion, and Coronet—all of them big in terms of volume, but apparently not in profits. Conversely, many small-circulation publications, serving specialized and limited markets, are highly profitable and better able to pay increased postage.

Fourth. In order to comply with the proposed amendment, the Post Office Department would be compelled to establish subsidiary accounting systems for numerous publications. There would be no way to avoid this onerous and costly recordkeeping system. Enactment of the proposed subsidy limitation bill would require continuous and meticulous surveillance of revenue deficiencies incurred for every large-circulation publication.

Each publication presents a unique accounting problem due to diversity of weights, density, advertising content, geographic distribution, and degree of premailing preparation by the publisher. With each issue of these publications, the Department would have to recompute its costs since publication characteristics which govern the Department's handling costs are highly fluid. Moreover, even if the publications' mailing characteristics were stable, the many elements comprising the Department's costs are subject to frequent change.

A literal interpretation of the proposal suggests that the Postmaster General would be required to modify the rates for individual publications each time a change occurred in salaries, transportation fees, or other cost components. Not only would constantly changing postage rates present serious management problems to the Post Office, but publishing companies would be unable to budget their mailing costs with any reasonable degree of certainty.

It is possible, of course, to approximate costs and revenues through less burdensome methods. But approximations can hardly serve as the basis for specific postage assessments which may amount to millions of dollars annually for some publishers. Supplemental postage charges based on estimated costs would surely invite an interminable chain of complaints, investigations, and adjudications. I believe it is no exaggeration to predict that the Department's cost justification problems would multiply as many times as there are individual records in place of the present single cost ascertainment standard. If the proposed amendment were enacted, a large share of the new postage revenues would be offset by additional administrative expenses.

It is my firm belief that the amendment offered by my distinguished colleague from Tennessee would be a much fairer approach consistent with the objectives of the Postal Policy Act. Through a general and uniform rate reformation, the cost-sharing burden in second class would be distributed equitably among all publications without added administrative costs and without recourse to a multiplicity of rates that single out the large publications for discriminatory and unduly heavy postage charges.

Mr. CORBETT. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, as the last two speakers have pointed out, this proposal would result in a nightmare of bookkeeping and all kinds of reevaluations every time the operation changed its salaries, prices, or whatnot. Along with that it seems almost punitive and confiscatory to apply rates like this to certain publications.

I believe, therefore, Mr. Chairman, that this amendment should be defeated for the reason that it is administratively impossible, and it is confiscatory and discriminatory.

Mr. GROSS. Mr. Chairman, I rise in opposition to the pro forma amendment in order to ask the gentleman from Pennsylvania a few questions. How much revenue would your amendment produce?

Mr. RHODES of Pennsylvania. I would say to the gentleman that in the first year the amount would not be large; there would be very little additional revenue the first year. Over the years the amount would be considerable.

Mr. GROSS. Cannot the gentleman give us some estimate of the increase in revenue?

Mr. RHODES of Pennsylvania. It depends on several factors. I understand the Murray amendment would raise the cost to Life magazine by approximately $5 million. My amendment would raise the cost to approximately $7 million the first year. There are going to be few magazines affected.

I think there is a principle involved here. We put a limitation on farm subsidies, and this matter of limitation is nothing new. It seems to me we can do the same in this field. Furthermore, I think the Post Office Department should set up some sort of ethical standards for these people who benefit from cheap rates, but that is another matter. What I am concerned with primarily is the principle involved. These people come here asking for Government subsidies for themselves, yet that is something they claim they are opposed to in other fields.

Mr. GROSS. I am surprised to hear opposition to the gentleman's amendment from his side of the aisle.

Mr. RHODES of Pennsylvania. I would say that over the long run it would produce considerable revenue. In the first year it might be just several millions of dollars.

Mr. GROSS. The House increased third-class rates a few moments ago to the point where it will drive many users of the mail out of business.

Mr. RHODES of Pennsylvania. I would have no objection to the gentleman offering an amendment, if he cares to.

Mr. GROSS. No; I am surprised that if it will produce the revenue indicated that there is opposition to the gentleman's amendment from his side of the aisle. I would not vote for it.

Mr. RHODES of Pennsylvania. I think there is a matter of principle involved. The gentleman has always been a consistent critic of Government subsidies, Government handouts. I thought I could count on the gentleman's support on this amendment.

Mr. GROSS. Is the gentleman speaking of me?

Mr. RHODES of Pennsylvania. Yes.

Mr. GROSS. I am just expressing surprise that there is opposition from those on his side of the aisle who seem bent on grabbing revenue no matter what the consequences.

Mr. RHODES of Pennsylvania. I am surprised that the gentleman from Iowa is not opposed to this handout.

I might say that these same magazines benefit in the so-called foreign aid programs by receiving certain subsidies.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania [Mr. RHODES].

The amendment was rejected.

Mr. MURRAY. Mr. Chairman, I ask unanimous consent that all debate on my amendment and all amendments thereto close at 5 o'clock.

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

Mr. GROSS. Mr. Chairman, I object.

Mr. MURRAY. Mr. Chairman, I ask unanimous consent that all debate on my amendment and all amendments thereto close at 5:15.

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

Mr. GROSS. Mr. Chairman, reserving the right to object, why must this bill be rushed through today? There are many Members who have amendments.

Mr. MURRAY. We are not rushing it through at all.

Mr. GROSS. If you are going to close debate at 5 o'clock, and if all of these gentlemen have amendments to offer, then you are rushing it through.

Mr. MURRAY. Mr. Chairman, I move that all debate on my amendment and all amendments thereto close at 5:30.

The question was taken; and on a division (demanded by Mr. BOGGS) there were—ayes 103, noes 59.

So the motion was agreed to.

Mr. ASHBROOK. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. ASHBROOK. Mr. Chairman, is it the understanding that the Chair will apportion the time between Members having remaining amendments?

The CHAIRMAN. The Chair will attempt to divide the time equally.

The Chair recognizes the gentleman from New York [Mr. RYAN].

Mr. RYAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. RYAN: Page 9, strike out all of section 11.

Mr. RYAN. Mr. Chairman, I rise in opposition to section 11 which in effect establishes a program of censorship and interception of incoming foreign mail.

President Kennedy on March 17, 1961, after consultations with the Secretary of State, the Postmaster General, the Secretary of the Treasury, and the Attorney General announced, "discontinuation immediately of the program of intercepting Communist propaganda from abroad." The President said that the program served "no useful intelligence function" but instead hindered "our efforts to improve cultural exchanges with Communist countries." During the Eisenhower administration the National Security Council's Planning Board unanimously recommended discontinuing the program.

Experience with the past program shows that this leads to censorship, interference and interception of the mails. The term "political propaganda" is so vague and all encompassing that a wide variety of mail would be subject to the provisions of this bill. There is no definition of the term "political propaganda" in this bill.

However, the Subversive Activities Control Act defines political propaganda as follows:

Any * * * expression * * * reasonably adapted to * * * prevail upon, indoctrinate, convert, induce, or in any other way influence a recipient or any section of the public within the United States with reference to political or public interests, policies, or relations of a government of a foreign country or public interests, policies, or relations of a government of a foreign country or a foreign political party or with reference to the foreign policies of the United States or promote in the United States racial, religious, or social dissensions.

In the past this program has held up mail addressed to students, scholars, journalists and persons of all political hues. The columnist, George Sokolsky, on being told that some of his foreign originated mail had been held up replied angrily:

The theory of your advice is that I am entitled to special privileges. But I do not want privileges. I want these publications because I subscribed to them. They can do me no greater harm than some American publications I buy. If I am to be saved from my reading habits, I do not want it done by the Post Office, the business of which is to deliver the mails. (The Saturday Review, Apr. 23, 1955.)

The Department of Justice has written to the House Un-American Activities Committee opposing similar legislation. Byron White, Deputy Attorney General, said:

It is clear that it is the purpose of the proposed legislation to require filing and labeling of political propaganda imported from Soviet bloc countries, but the provisions of the proposed amendments are in such broad general terms that they are applicable as well to material imported from democratic countries. Obviously this provision would be unduly burdensome on the public.

There is a serious question as to the constitutionality of section 11. On the floor of this House on September 18, 1961, the distinguished chairman of the House Un-American Activities Committee, Mr. WALTER, commented on this very amendment. I should like to recall his words:

But I am afraid if we adopt something that will not stand the test of the courts this futile gesture will delay the time when we can do something constructive. * * *

Any program such as that proposed by the Post Office and Civil Service Committee would create the false impression that the American people are so naive and gullible

that they cannot be exposed to Communist propaganda without the danger of their being adversely influenced or corrupted by Communist doctrine. Such a program would also create the impression that the American people are incapable of recognizing and rejecting Communist political propaganda much of which is false and absurd on its face. (CONGRESSIONAL RECORD, vol. 107, pt. 15, p. 20052.)

I firmly believe that the citizens of the United States have the good sense and judgment to evaluate the reading material to which they subscribe or which they receive gratuitously in the mail. The supporters of this proposal in effect accept the idea that in our democracy our citizens are unable to distinguish the true from the false. What are we afraid of?

Before approving this censorship proposal, the House should demand a thorough examination of the basic premise of this proposal and learn the views of the President and the Attorney General and appropriate Government agencies. The administration is not in favor of this. Anyone with confidence in our institutions and our free and open society should oppose it and support my amendment.

The CHAIRMAN. The time of the gentleman from New York has expired.

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

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

Ther was no objection.

Mr. LINDSAY. Mr. Chairman, I oppose the Cunningham amendment which would grant unlimited powers to the Postmaster General and to the Attorney General of the United States to censor the mails. Under the amendment the Postmaster General "shall not permit the receipt, handling, transport, or delivery by the U.S. Post Office Department of mail determined by the United States to be Communist political propaganda."

There are no definitions, no standards, no statutory guidelines. No Attorney General or Postmaster should have such broad, unlimited powers. I doubt its constitutionality.

This kind of amendment was opposed by the Eisenhower administration, as it is by this administration. Both administrations have agreed against its practical good, as well as its constitutionality. Further, what are we afraid of? Why should not the American people judge for themselves. Under this amendment an arbitrary Attorney General could bar the London Economist from being mailed into and in the United States.

Why is it necessary that we come to this?

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. RYAN].

The question was taken; and on a division (demanded by Mr. RYAN) there were—ayes 2, noes 127.

So the amendment was rejected.

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. BARRY].

Mr. BARRY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BARRY of New York:

On page 3, immediately following "Sec. 5." insert "(a)";

On page 4, immediately following line 18, insert the following:

"(b) The amendments made by subsection (a) of this section shall not apply to publications less than 5 percent of the contents of which consists of advertising.

"(c) Section 4359 of title 39, United States Code, is amended by adding at the end thereof the following subsection:

"'(f) Subject to the minimum rates provided by section 4360(h) of this title, the rates of postage on publications of which less than 5 percent of the contents consists of advertising mailed in accordance with subsection (a) of this section are fixed by the pound as follows:

"'Rates in cents per pound or fraction thereof

	Classroom publications	Other publications			
		Mailed during calendar year 1961	Mailed after July 1, 1962	Mailed after July 1, 1963	Mailed after July 1, 1964
Advertising portion:					
Zones 1 and 2	1.5	3.0	3.15	3.30	3.45
Zone 3	2.0	4.0	4.20	4.40	4.60
Zone 4	3.0	6.0	6.30	6.60	6.90
Zone 5	4.0	8.0	8.40	8.80	9.20
Zone 6	5.0	10.0	10.50	11.00	11.50
Zone 7	6.0	12.0	12.60	13.20	13.80
Zone 8	7.0	14.0	14.70	15.40	16.10
Nonadvertising portion	1.5	2.5	2.63	2.75	2.88
A publication of a qualified nonprofit organization		1.5	1.5	1.5	1.5'"

On page 4, immediately following "Sec. 6." insert "(a)";

On page 5, immediately following line 6, insert the following:

"(b) The amendment made by subsection (a) of this section shall not apply to publications less than 5 percent of the contents of which consists of advertising.

"(c) Section 4360 of title 39, United States Code, is amended by inserting '(a)' after '§ 4360' and by adding at the end the following subsection:

"'(b) The following are the minimum rates for each individually addressed copy of a second-class mail publication of which less than 5 percent of the contents consists of advertising:

"'Second-class minimum rates

[In cents]

	Mailed before July 1, 1962	Mailed on and after July 1, 1962, and before July 1, 1963	Mailed on and after July 1, 1963
For delivery within county of publication except when mailed free under sec. 4358(a) of this title	⅛	⅛	⅛
Classroom and nonprofit organizations publications	⅛	⅛	⅛
Other publications for delivery beyond county of publication	½	¾	1'"

Mr. BARRY. Mr. Chairman, in the general debate I mentioned that I wished to offer an amendment that pertains only to the classification of publications which have no advertising in them. I am sure that Members noticed when the Clerk read the amendment that there is a limitation of 5 percent. This 5 percent allowed in this type of classification is only so that they can advertise their own publication, because should they on one page of their publication say "Send in your renewal" that is classified as an advertisement. Therefore, my statement in general debate has not changed.

Mr. Chairman, what does this amendment propose to do? It basically preserves the children's magazines throughout the Nation, and it also, as I indicated in general debate, preserves the Catholic Digest with a circulation of 1 million copies.

Mr. Chairman, children's magazines are estimated at 6 million or 7 million monthly circulation. Now, the rate which they will pay under the proposal which I have made is double the rate that they have been paying. This prevents the rate going to triple the rate which they are now paying.

Mr. Chairman, the amendment which I have proposed to the amendment offered by Chairman MURRAY relates exclusively to an exception from the rate increase provided for second-class publications. In my judgment, those publications with more than 95 percent editorial content should not experience the rate increase provided in Mr. MURRAY's amendment. Accordingly, I have proposed by my amendment that all periodicals with less than 5 percent advertising content should have a 5-percent pound rate increase over the next 3 years with a minimum per copy increase from one-half cent to three-fourths cent effective July 1, 1962, and finally to 1 cent on July 1, 1963.

There are a number of periodicals and publications such as Child Life, Children's Magazine, Catholic Digest, Jack and Jill, and so forth, which are almost exclusively devoted to editorial content and are not designed for the purpose of advertising. These are all fine publications and in my judgment are entitled to separate treatment.

Prior to 1958 advertising zone rates of postage were not changed on publications with less than 5 percent advertising. The flat rate for editorial matter was charged on the entire publication. In the postal rate bill of 1958 this provision was eliminated from the law.

Publishers who carry 95 percent editorial content in their publications do not depend upon advertising to finance their publications. They must depend almost entirely upon subscription revenue. These publications are performing a service to their subscribers by furnishing them cultural material which justifies lower rates of postage than the rates for publications which carry large amounts of advertising.

Mr. Chairman, I propose that we adopt this amendment which will return to the policy existing prior to this date. It is estimated that the cost of my amendment in terms of reduced revenues below the revenue provided in Mr. MURRAY's amendment for second-class mail would be approximately $10 million annually. I feel this is completely justified and I urge the Members to support my amendment.

The CHAIRMAN. The time of the gentleman from New York [Mr. BARRY] has expired.

The question is on the amendment offered by the gentleman from New York.

The amendment was rejected.

The CHAIRMAN. The Chair recognizes the gentleman from Georgia [Mr. LANDRUM].

Mr. LANDRUM. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. LANDRUM to the amendment offered by Mr. MURRAY: On page 3, following line 16, insert the following:

"SEC. 5. Paragraph (1), subsection (a), section 4358, of title 39, United States Code, is amended to read as follows:

"(1) resides in the county in which the publication is published; and".

And redesignate the following sections accordingly.

Mr. LANDRUM. Mr. Chairman, this is a very short amendment which seeks to correct a very large inequity in the present law. Under postage rates, within county of publication, we find these provisions: One copy of each of a publication admitted as second-class mail matter may be mailed free to each actual subscriber if the subscriber first, resides in the county in which the publication is printed in whole or in part, and which it is published; and second, receives his mail at an office at which letter carrier service is not established.

Mr. Chairman, if the subscriber meets those two provisions of the law he can receive from the publisher of this county newspaper free mailing in the county. But with the increased cost for printing presses and with the great capital outlay necessary to maintain rural printing establishments, many newspapers—small weeklies—have found it necessary to go outside the county and contract for the actual printing of their paper. And, though, the paper is actually printed outside the county of its publication, it is nevertheless addressed and subscribed to through the mail and all advertising sold in the county.

Mr. Chairman, I submit that this puts an inequity on many of the small newspapers, and trust that we will correct it by adopting this amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Georgia [Mr. LANDRUM].

The amendment was agreed to.

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

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

There was no objection.

Mr. JAMES C. DAVIS. Mr. Chairman, I announced on the floor yesterday that I was prepared to vote for the postal rate bill with the exception that the Murray substitute carried an increase of 1 cent per copy on newspapers mailed out of the county of publication, to which I am opposed. I had hoped the Murray substitute would be amended to eliminate this increase, which is going to place an extremely burdensome rate on some small newspapers.

I offered an amendment to eliminate this burdensome increase on small newspapers. It was defeated.

When I made my statement yesterday the rate on controlled circulation publications was carried in the Murray substitute at 12 cents per pound. I was willing to vote for that, although that class of magazine now pays a rate of postage 2½ times as much as magazines such as Time, Life, Look, and so forth. The Murray substitute was amended to increase controlled circulation to 14 cents. That is a great injustice, and I cannot support the bill with that provision in it.

Mr. Chairman, for these reasons I cannot support H.R. 7927, and I will have to vote against it.

The CHAIRMAN. The Chair recognizes the gentleman from Ohio [Mr. ASHBROOK].

Mr. ASHBROOK. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ASHBROOK to the amendment offered by Mr. MURRAY to H.R. 7927: Page 3, immediately following line 16, insert the following:

"SEC. 5. (a) Section 4358 of title 39, United States Code, relating to postage rates within county of publication, is amended to read as follows:

"§ 4358. Postage rates within county of publication.

"'(a) Subject to the minimum rates provided by section 4360 of this title, the rate of postage on publications admitted as second-class mail when addressed for delivery within the county in which they are published and entered is as follows—

"'(1) if mailed for delivery by letter carrier at the office of mailing:

"'(A) publications issued more frequently than weekly, 1 cent a copy;

"'(B) publications issued weekly, 1 cent a pound;

"'(C) publications issued less frequently than weekly—

"'(1) weighing two ounces or less, 1 cent a copy;

"'(ii) weighing more than 2 ounces, 2 cents a copy.

"'(2) if mailed for delivery at the office of mailing through post office boxes, general delivery, or by rural or star route carrier, 1 cent a pound.

"'(3) if mailed for delivery at an office other than the office of mailing, 1 cent a pound.

"'(b) When copies of a publication are mailed at a post office where it is entered for delivery by letter carrier at a different post office within the delivery limits of which the headquarters or general business office of the publisher is located, the rate of postage is—

"'(1) the rate that would be applicable if the copies were mailed at the latter post office, or

"'(2) the pound rates from the office of mailing if those rates are higher'."

(b) The table in section 4360 of title 39, United States Code, relating to minimum postage, is amended by striking out "except when mailed free under section 4358(a) of this title".

And renumber the succeeding sections accordingly.

Mr. ASHBROOK (interrupting the reading of the amendment). Mr. Chairman, I ask unanimous consent that further reading of the amendment be dispensed with.

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

There was no objection.

Mr. ASHBROOK. Mr. Chairman, this is a rather simple amendment. We heard quite a bit of talk today about rates being too high. By this amendment I am endeavoring to increase a rate from zero to 1 cent per pound, to replace the free-in-county privilege of newspapers. Bear in mind that this is "free in county," and I emphasize the word "free." A great number of our newspapers are entitled to send all of their papers out on the day of publication free within the county of their publication.

I maintain that at a time when we are in financial embarrassment as far as our Government is concerned, it is absolutely inconceivable that we should allow any organization to send a profit-making paper free. I happen to be a newspaper publisher. To me it is inconceivable that I should be able to send 60,000 to 70,000 newspapers a year free when I am charging $4.50 per year subscription rate.

I would also point out that this is less than what was in the original bill, H.R. 6418. I appeared on Wednesday, June 7, to testify on a bill offered by the gentleman from Tennessee [Mr. MURRAY], which would have charged 1½ cents per pound and one-fourth of 1 cent per piece. This amendment seeks only 1 cent a pound. We have compromised quite a bit on it, but, as I said, any increase over zero is substantial. I ask your support.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio [Mr. ASHBROOK].

The question was taken and the Chair announced that the ayes appeared to have it.

Mr. MURRAY. Division, Mr. Chairman.

The CHAIRMAN. Division is demanded by the gentleman from Tennessee.

Mr. GROSS. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. GROSS. Did not the Chair state that the amendment was agreed to?

The CHAIRMAN. The gentleman from Tennessee [Mr. MURRAY], was on his feet and demanding a division at the time.

The Chair will count.

The question was taken; and on a division (demanded by Mr. MURRAY), there were—ayes 37, noes 91.

So the amendment to the amendment was rejected.

The CHAIRMAN. The Chair recognizes the gentleman from Minnesota [Mr. MARSHALL].

Mr. MARSHALL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MARSHALL of Minnesota to the amendment offered by Mr. MURRAY of Tennessee. On page 3, line 25, insert the words "or religious" immediately before "publications".

And on page 4, line 10, insert the words "or religious" immediately following "a classroom".

And on page 4, line 14, insert the words "or religious" immediately following "other than classroom".

And on page 5, line 1, insert the words "or religious" immediately following "a classroom".

Mr. MARSHALL. Mr. Chairman, this is the amendment I spoke of earlier in the day. It seeks to continue the present postal rates for religious publications just exactly as they are now. It does not make any change. The Murray amendment, unfortunately, places the future of these magazines in jeopardy. I do not think the Members of the Congress intend to do this.

Mr. Chairman, this is a question of vital importance. These religious magazines render tremendous service in the national interest, both at home and abroad. It seems to me that this amendment ought to be adopted so that these magazines will not be hindered in this most important work. I do not believe a Member of the Congress has ever received a letter from a constituent objecting to the exemption we have already granted to religious publications. These magazines make a real contribution far exceeding the insignificant revenues involved in the amendment.

Mr. Chairman, I urge the adoption of my amendment.

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

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

Mr. COLLIER. I am not opposed to the gentleman's amendment, but I would like to know how you would define a religious magazine? What portion of the matter contained in the magazine should be for spiritual guidance and what portion for other matters?

Mr. MARSHALL. I point out to the gentleman that the Post Office Department has experienced no difficulty in that respect in the past.

The CHAIRMAN. The Chair recognizes the gentleman from Louisiana [Mr. BOGGS].

Mr. BOGGS. Mr. Chairman, what the gentleman seeks to do is to change the basic law on the definition of profit and nonprofit organization. As long as these magazines are classified as nonprofit, they qualify. When the gentleman seeks to extend the definition of religion to profit organizations, it is not at all inconceivable that the Saturday Evening Post or any other magazine which runs a religious article might not seek to qualify. This would create pandemonium and I hope the amendment is defeated.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Minnesota [Mr. MARSHALL] to the amendment offered by the gentleman from Tennessee [Mr. MURRAY].

The amendment to the amendment was rejected.

The CHAIRMAN. The Chair recognizes the gentleman from Virginia [Mr. BROYHILL].

Mr. BROYHILL. Mr. Chairman, I rise in support of the amendment offered by Chairman TOM MURRAY which is in the nature of a substitute for the bill to increase postal rates which was reported by the House Post Office and Civil Service Committee.

The tremendous annual postal deficit which has now increased to $832 million annually is a condition which should be corrected immediately. Following the enactment of the postal rate bill in 1958, the Eisenhower administration recommended an increase in postal rates to eliminate the postal deficit in 1959. Again, in 1960, the Eisenhower administration recommended appropriate and reasonable increases in postal rates to eliminate the ever-increasing postal deficit. Had this action been taken by the Congress, the enactment of this postal rate bill would be unnecessary. However, those of us who believed in fiscal integrity in the postal service, including the distinguished chairman of our committee, could not find enough support for our position to have a bill considered by the Congress.

Conditions today are not much different except that the postal deficit has increased over the past 3 years to a point where further delay means not only further unbalancing the budget but it means a tremendous increase in interest payments on the national debt which is represented by the annual contribution to the national debt of the postal deficit.

The weak and completely inadequate bill which the committee has reported should be rejected and in its place should be substituted the proposal of Chairman MURRAY. The committee bill places the burden of increased postal rates almost entirely on the first-class mail users and only token increases were provided in second- and third-class postal rates.

One important difference between Chairman MURRAY's proposal and the committee's bill is that rate increases on second-class mail—magazines and profit publications—would be increased from $21 million annually to $53.4 million annually by reason of a per piece charge of one-half cent on each periodical, magazine, or publication effective July 1, 1962, and an additional one-half cent increase effective July 1, 1963.

The second important change proposed by Chairman MURRAY's amendment relates to third-class mail—circulars, advertisements, and certain books and catalogs. The revenue from rate increases on this class of mail would be increased from the committee's proposal of $57.3 million annually to $93 million annually under Chairman MURRAY's proposal. This is accomplished in large measure by increasing the minimum per piece charge for this class of mail from 2½ cents to 3 cents.

Chairman MURRAY's amendment makes no change with respect to the committee's recommendation on first-class mail which provided an increase to 5 cents per ounce for letters and 8 cents per ounce for airmail.

The other major difference in Chairman MURRAY's proposal is that $248 million annually would be allocated as the amount which represents the public service activities performed by the Post Office Department for other departments and agencies of the Government and for the mailing public generally. The committee's proposal, on the other hand, would have established the public service costs at $342 million annually. In my judgment, the proposal of Chairman MURRAY is more realistic and more accurate with respect to the provisions relating to these public service items.

In terms of actual revenue, Chairman MURRAY's proposal would increase postal revenues by $622 million annually while the committee bill would raise only $551 million annually. The proposal which I support would provide a more equitable distribution of postal rate increases for second- and third-class mail as compared with the rate increases in first-class mail. In my judgment, it is most improper for the Congress to ask the average first-class mail user which is the general public to accept the overwhelming burden of the postal rate increase and permit only token increases for second- and third-class mailers who use the postal service in their businesses and whose mailing costs are deductible as legitimate items of expense in connection with determining the amount of taxes they pay to Federal, State, and local governments.

Mr. Chairman, it is my earnest hope that the Members of the House will approve this amendment offered by Chairman TOM MURRAY and that it will reject amendments thereto which might distort the postal rate increases as was the case in the bill reported by our committee. As a practical matter, I was inclined to support the original bill introduced by the chairman which provided even higher rates than those in the amendment which he now proposes. However, after lengthy hearings on this matter, I am convinced that a rate increase such as that proposed in his amendment is fair to all of the users of the mail in view of the generous and liberal public service allocation of $248 million annually to postal operations.

In my opinion, the vast majority of the Members of the House are at last convinced that a postal rate bill is necessary. I am pleased that this appears to be the general conclusion of my colleagues, because it would be regrettable if, indeed, in this period of our history, we did not take whatever action is necessary to prevent passing this tremendous annual postal deficit on to future generations.

The enactment of this measure will merely say that the people who use the postal service should pay for that service. If they do not pay for it under these increased postal rates, all of the taxpayers of the Nation will go on having to pay the bill. In other words, revenues which are raised by the income tax and other taxation will necessarily have to pay for this postal service and thus the users of the mail will be the beneficiaries of such a policy.

The American people have the right to expect that the Post Office Department should be run on a sound fiscal basis. This legislation, particularly the amendment offered by Chairman MURRAY, is the only way this fiscal responsibility can be restored in the operation of the postal service. Mr. Chairman, I urge favorable action on this legislation and I solicit my colleagues to support the amendment proposed by Chairman MURRAY.

The CHAIRMAN. The Chair recognizes the gentleman from Alabama [Mr. ROBERTS].

Mr. ROBERTS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ROBERTS: On page 4, line 1, after publication insert "exceeding three ounces in weight which are".

On page 4, line 12, after rates, strike out the period and insert "applicable to publications exceeding three ounces in weight."

On page 4, line 14, after the word publications insert "exceeding three ounces in weight".

On page 4, line 18, after the period strike out the quotation and insert "Publications weighing three ounces and less other than classroom publications and other than publications of qualified nonprofit organizations—five-eighth cent effective on and after July 1, 1962, and before July 1, 1963; and three-fourths cent, effective on and after July 1, 1963."

Mr. ROBERTS. Mr. Chairman, this amendment would not favor or discriminate in favor of lightweight publications but would simply afford them the same treatment as far as rate increase and getting a mail subsidy is concerned that is now applied to what we call the slick magazines. They will still take almost the same rate, since under my amendment they will take five-eighths of a cent during the first step and it will be pegged at three-fourths of a cent instead of 1 cent as in the case of the Murray amendment.

This is designed primarily to protect the small weekly and monthly papers which are primarily concerned with local happenings, and get very little in the way of paid advertisement. I think the comparison is 20 percent for these little papers whereas the other magazines go as high as 63 percent.

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

Mr. ROBERTS. I yield.

Mr. WATTS. Mr. Chairman, I want to evidence my strong and wholehearted support and advocacy of the amendment offered by my friend and colleague, the alert and distinguished gentleman from Alabama, Congressman KENNETH ROBERTS, respecting the treatment to be accorded our newspapers under this proposed postal rate increase program.

To me, it is a choice between two evils. I have no alternative.

Representing as it does, the overall, comprehensive—though oftentimes politically controlled and slanted—information medium, there is some question in my mind as to whether or not the newspapers of our country should bear the burden of any increase in postal rates. Certainly, in weighing the equities of the problem, substantial consideration must be extended the great service that the press renders the Nation and its people.

It is my personal feeling—and a most strong one it is—that no one can reasonably deny the importance of the role of our newspapers in educating and sustaining the education of an informed, alert and intelligent public which is responsive to and knowledgeable about the daily affairs of its Government.

Certainly, in a democratic society such as ours, this role cannot be taken lightly, particularly in one which includes heavy concentrations of rural areas where the newspaper oftentimes represents the sole medium of communication with the world about them. Only an informed citizenry can undertake the responsibilities as well as enjoy the privileges of representative democracy. Given the significance of the press, it is intolerable and unthinkable to impose upon it additional financial burden, a burden which could seriously affect its continued existence in many areas of our Nation.

Financially, the old adage, "figures speak for themselves," is a truism. Thus, there can be no argument against the statement that the recent past has witnessed a heavy increase in the number of newspapers which have been forced to consolidate or discontinue their operations. Such action was not because of a profitable position, nor bad management. It was primarily due to increased costs of operations, materials, supplies, equipment, et cetera, and merging was the only way out for those dedicated publishers who desired to continue to be a party to this service to public and Nation. So, can we here, in the light of the record and these facts participate in giving birth to legislative action conceived with the idea of perpetuating this trend of failures and combines, but at a greatly accelerated pace?

Though not in accord with such thinking, I would say if postal operations and a sense of equity demand that this class of mail be included, then the 50-percent increase over an extended period of time which the amendment proposed by my friend from Alabama suggests is far more practical than the treatment accorded under H.R. 7027 as amended, and/or the Murray amendment. Thus, this great media of communication, would participate with other "mails" in sharing the increased operating expenses of the Department. Though representing little significance in balancing the operating budget of the Department, when the services are placed in proper perspective and comprehensively evaluated, I have no hesitancy in saying that the increase proposed by my colleague, Congressman ROBERTS, is just and equitable and in proper proportion.

Mr. MURRAY. Mr. Chairman, are these profitmaking magazines?

Mr. ROBERTS. My amendment has nothing to do with magazines—just small newspapers. I cannot conceive, Mr. Chairman, that a magazine that would not weigh more than 3 ounces——

Mr. MURRAY. I mean the nature of the magazine; are they profitmaking?

Mr. ROBERTS. You do not understand the amendment. The nonprofits are already exempt. We have certain organizations that fall in the twilight zone where they have some paid personnel and have not been granted exemptions by attorneys general of the various States.

Mr. MURRAY. Then, of course, they are not nonprofit.

Mr. ROBERTS. Not strictly. I can name the county weeklies and some with statewide farm and rural subscribers and some other groups that would be covered under this amendment They are not strictly nonprofit. Why do you want to impose the greater rate on small, family-type papers than you ask on weighty-slick-paper magazines which enjoy national advertising?

The CHAIRMAN. The question is on the amendment offered by the gentleman from Alabama.

The amendment was rejected.

The CHAIRMAN. The Chair recognizes the gentleman from Maryland [Mr. MATHIAS].

Mr. MATHIAS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MATHIAS to the amendment offered by Mr. MURRAY: On page 6, in the table immediately following line 4, strike out:

"(B) Other matter	16	Do."

And insert in lieu thereof the following:

"(B) Regular publications which are issued at stated intervals and as frequently as 26 times a year; which are mailed for delivery in the first zone; which are presorted and precanceled and delivered to the post office in bundles arranged in order of distribution	16	Do.
"(C) Other matter	18	Do."

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

Mr. MATHIAS. I yield to the gentleman.

Mr. ASHBROOK. Mr. Chairman, in this motion to amend the amendment of the gentleman from Tennessee [Mr.

MURRAY] I am offering the committee an opportunity to vote against a subsidy which has been in effect for over 100 years. We have talked a great deal about rates being too high. Here is a rate which is zero so any amount it is increased will probably seem large.

Newspaper publishers have enjoyed what is called a free-in-county mailing privilege for over 100 years. In other words, newspapers published in a county may be mailed free within that same county—regardless of number—to any subscriber providing he does not receive his mail at a post office which has letter carrier service.

In the last session of Congress, I introduced H.R. 7420 which would end this free mailing privilege. It seems inconsistent that we should allow a profit-making business to use the mails free at the same time we are asking the first-class mail user to pay for a 5-cent stamp instead of a 4-cent stamp. The provisions of my bill, H.R. 7420, are basically contained within this amendment with a few changes.

When I appeared before the Post Office and Civil Service Committee on June 7, 1961, to support my bill, there was before the committee at that time H.R. 6418, introduced by the chairman, Mr. MURRAY, of Tennessee, which would have abolished in free-in-county privilege and instituted rates of 1½ cents per pound and one-fourth cent per piece on these newspapers. My amendment would institute only a one-cent-per-pound charge. For some reason the new Murray amendment leaves this provision of the old H.R. 6418 completely out and continues this unexcusable subsidy.

Mr. Chairman, at a time when we admittedly have a financial crisis, it is inconceivable that we should have free mailing privileges to newspapers. The subsidy, like so many, was a good one when it was enacted in the mid-19th century to encourage the dissemination of news and information to a frontier people. I would suggest that there is no basis for it now. It is an indication of what happens to most subsidies. They perform their intended use and then are continued.

The other area we should attack is the junk-mail privileges of Members of Congress. A Congress which voted itself a big increase in this unnecessary privilege in the final day of the last session would hardly take it away now so I see no need of introducing an amendment on that point but I would urge all of the Members to support this amendment which is fair and equitable.

Mr. JENSEN. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. JENSEN. How much time will be allowed in support of this amendment?

The CHAIRMAN. The time has been allocated under the motion to limit debate.

Mr. JENSEN. Will I have any time in support of the amendment?

The CHAIRMAN. Not unless the gentleman's name is on the list.

Mr. FEIGHAN. Mr. Chairman, inasmuch as the time of the gentleman from Maryland has already been exhausted, may I yield my minute and a half to him?

The CHAIRMAN. If there is no objection.

Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. BOGGS. Mr. Chairman, I ask unanimous consent that the amendment may be reread by the Clerk.

Mr. GROSS. Mr. Chairman, reserving the right to object, is this coming out of the gentleman's time?

The CHAIRMAN. It is coming out of the time allotted for general debate which closes at 5:30. There will be a loss of time to succeeding Members.

Is there objection to the request of the gentleman from Louisiana?

Mr. GROSS. Yes; I object.

The CHAIRMAN. The gentleman from Maryland is recognized.

Mr. MATHIAS. Mr. Chairman, the purpose of this amendment is to define a category of third-class mail to which will be admitted community and shopping newspapers which cannot qualify for second-class privileges because they are distributed free or contain less than the required percentage of editorial matter.

Under my amendment the rate for this type of bulk third-class mailing would continue to be 16 cents per pound with a minimum rate of 2½ cents per piece. This is the present rate charged these publications and therefore is not a reduction in rates.

This type of newspaper originated many years ago to fill a need of the neighborhood merchant for an advertising medium to carry his sales message into every home in his trading area. As a specialized form of publication, they were too few in number to require special consideration by the Post Office Department. Since World War II, however, their growth has been rapid, keeping pace with the population explosion, the growth of suburban areas, and shopping centers to serve these areas.

It is estimated that there are now approximately 1,000 of these publications and it is felt that a separate mail category is now warranted.

All of these publications are strictly local in character and coverage. They carry community news, local pictures and service features. In many localities such publications are one of the limited media available to the small merchant to service his trading area with his advertisments at a cost he can afford. The fact that the same merchants use them week after week is evidence of their productivity and value to the economic life of the communities they serve.

I have been advised that postal officials and experts in the handling of mail concede that these publications pay the full cost of handling their mailings under the present rate of 16 cents per pound, 2½ cents minimum per piece. As a matter of fact, many feel that the post office actually realizes a small profit at the present rates because of the limited service these publications require.

They are mailed on predetermined days so the post office is geared in advance to handle them. They deliver their papers to the post office in the most convenient form for distribution, presorted and precanceled and in bundles by routes arranged in order of distribution on each route. The carrier merely chooses the correct bundle and distributes from the top down. The cost in time and money of sorting and racking, which is required by other third-class mail, is completely eliminated. This in itself is an important saving to the post office.

Under present postal regulations, these publications are handled as regular third-class mail, although they bear no resemblance whatsoever to other matter included in this category of mail.

These publications are mailed for delivery in the first or local zone only. Yet their cost of handling is figured as part of other third-class matter, which is mailed for delivery throughout the United States.

It is obvious that it costs the post office more to deliver a piece of mail to an address so far distant that the process of delivery requires the piece to be canceled and sorted at point of entry, sorted again and rerouted on the train, opened and sorted again at point of destination and then sorted and routed by the local carrier, than it does to deliver a piece locally with a minimum of handling.

The public has a right to know of the products and services available to it. In this day of new and improved products and services, whose production and sale promote employment, greater prosperity and a higher standard of living, advertising is news, very important news, the widespread dissemination of which should be encouraged.

I am informed that "shoppers" cannot absorb an increase in the present rate. Should they be driven out of business by failure of Congress to recognize their value to our economy, small businesses will be prejudiced, and thousands of citizens employed by these publications and allied businesses. In addition, the Post Office would lose one of the few customers which pays its full cost.

Under present regulations these publications are charged for delivery of their mail to local addresses on the same basis as third-class matter, which must be carried across the continent and handled many times before delivery to addressee. These publications want no subsidy. They want to pay 100 percent of the costs of handling their mail, but not costs for services which they do not receive.

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

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

Mr. JENSEN. Mr. Chairman, I rise in support of the gentleman's amendment. I would like to read a telegram which I

received from a shopper's guide publisher, as follows:

Additional raise in third-class bulk mail minimum change as proposed in Murray bill cannot be justified. I mail about 4,000 papers each mail. All delivered within 25 miles, and pay 2½ cents per copy. This same paper could be printed in Boston and all 4,000 copies mailed to San Diego, Calif., at the same rate per copy. This is unfair and demands correction.

Post Office Department already makes a profit on my paper and should not raise my rate further. This applies to all shopping guides and free newspapers because all such publications are delivered a few miles from the post office where they are mailed. I repeat, Post Office Department already makes a profit on this mail.

The Audubon Post Office in 1961 did total volume of $55,000, and 10 percent of this was paid by the Audubon County Shopping Guide which I publish. Is it reasonable to assume that 10 percent of the time and effort of all dozen or so postal employees here are devoted each week to handling my 4,000 papers? No reasonable person would think so.

Some special consideration by the Post Office Department—repeat, must—be given to the rate charged local shopping guide or many of us will be forced out of business. There are about 1,000 shopping guides in America today. This is an urgent problem for all of us.

JOE SKLENAR,
Publisher, Audubon County Shopping Guide, Audubon, Iowa.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Maryland [Mr. MATHIAS].

The amendment was rejected.

Mr. VANIK. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. VANIK to the amendment offered by Mr. MURRAY: On page 9, immediately preceding the effective date section, insert a new section 12:

"REFUSAL OF THIRD-CLASS MAIL

"Section (e)(1), chapter 53 of title 39, United States Code, is hereby amended by inserting at the end thereof the following new section:

"'4061. REFUSAL OF THIRD-CLASS MAIL

"'The Postmaster General shall issue such regulations as may be necessary to permit a postal patron to refuse all third-class mail destined for his address.

"'The Postmaster General may return such refused third-class mail to the sender under such conditions, and upon the payment of such charges, as he may prescribe, except that the charges shall not be less than an amount which will reimburse the Post Office Department for the approximate costs incurred by the Department for such special service.'"

Mr. VANIK. Mr. Chairman, the purpose of this amendment is very simple. It would reach most of the criticisms we find with respect to third-class mail. The recipients of unwanted third-class mail today have two alternatives: They must sort the mail and discard it, or they may mark it "Refused." It frequently happens that he discards important mail while sorting through the unwanted third-class mail. This amendment simply makes it possible for the patron to refuse his third-class mail at the post office before it is delivered to his home. The postal patrons burdened with unwanted mail would be relieved of this burden. The advertisers would in this process revise their mailing lists. This amendment will not increase the cost either to the Government or to the advertisers, but it will provide relief for those who seek it, and it may, in the long run, preserve the status of third-class mail.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio [Mr. VANIK].

The amendment was rejected.

The CHAIRMAN. The Chair recognizes the gentleman from Iowa [Mr. GROSS].

Mr. GROSS. Mr. Chairman, the gag rule applied to this bill is in keeping with the entire history of it. Here is a bill that will impose what amounts to a tax of more than half a billion dollars upon the majority of the citizens of this country with more than $400 million of this amount coming from first-class, airmail, and postal cards. Yet we are called upon to dispose of this bill in about 4 hours. I do not know whether the majority leaders have any business for tomorrow or the next day or the day after that. If so, it has not been announced, and if they have, I would like to know what it is. Why is this gag rule imposed upon the Members of the House, limiting the time for explanation of amendments to a minute and a half, with almost no opportunity for others to support or oppose amendments? Why do the Democrat leaders want to ram this down the throats of Members of the House today when there is no business scheduled for the rest of this week? I promise Members of the House here and now that if I can prevail you are going to be in session each day from now through next Friday.

The CHAIRMAN. The chair recognizes the gentleman from New York [Mr. SANTANGELO].

Mr. SANTANGELO. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SANTANGELO: On page 3, line 5, after "respectively", strike out the period and add the following language:

"Except that letters mailed for nonbusiness or noncommercial purposes shall be 4 cents an ounce or fraction thereof."

Mr. SANTANGELO. Mr. Chairman, this amendment is designed to bring equality of treatment to the users of first-class mail. We know that 80 percent of the users of first-class mail are business concerns or commercial enterprises and that 20 percent of the users are private people who use first-class mail for private purposes such as sending letters to members of their families across the country as well as in some instances paying their personal bills. But, we also know that the amount of money spent by business enterprises or commercial groups is a deductible item from income and comes off the top, and the Government stands 20 percent of the expense. This is not so with respect to the user who sends a private letter or a person who sends a letter to a friend. He absorbs the entire expense.

Now, this same issue arose in 1957 when I was a member of the Committee on Post Office and Civil Service, and in asking the question of Mr. Stans, who was the aid to Postmaster General Summerfield, he said that a different rate between the two groups was administratively feasible, although somewhat inconvenient. We find that condition obtains with newspaper rates. There is a different rate for different categories of newspapers. The postal service can determine between a letter for private purposes or business purposes by seeing whether the address is written in longhand or whether the return address is in longhand, or whether the names are printed, stamped or typewritten. This amendment brings equality of treatment to users of first-class mail. Why should 180 million people pay the increase when they cannot deduct it if they are not in business and those in business can deduct it? We should encourage communication by our citizens, not discourage. Remember that first-class mail returns a substantial profit and makes up the loss on other classes of mail. I trust that this amendment will pass.

Mr. MURRAY. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I hope this amendment will be voted down. I cannot see the need for it. It is discriminatory, as I see it. I therefore appeal to the membership of this body to vote it down.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. SANTANGELO].

The amendment was rejected.

The CHAIRMAN. The Chair recognizes the gentleman from Michigan [Mr. JOHANSEN].

Mr. JOHANSEN. Mr. Chairman, I take this time merely to make it very clear in the RECORD that I voted against the motion to limit debate. I spoke in favor of the Murray amendment, in spite of the exceedingly, in my judgment, unfortunate amendment that was adopted with respect to the third-class mail.

Mr. Chairman, I am going to vote for the Murray amendment. I think the realities of the matter are that this bill in the final analysis is going to be written in conference. I do want the record very clear, however, that I opposed the limitation of time on the debate. I think it represented a most serious deprivation of the rights of the Members of the House.

The CHAIRMAN. The Chair recognizes the gentleman from Montana [Mr. OLSEN.]

Mr. OLSEN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. OLSEN to an amendment offered by Mr. MURRAY: On page 3 delete everything on line 18 through line 25 and on page 4 delete everything on line 1 through line 5 and insert in lieu thereof the following:

"SEC. 5. Section 4359 of title 39, United States Code, is amended by striking out all of section (b), including the table therein, and inserting in lieu thereof the following:

"'(b)(1) Subject to the minimum rate provided for publications of qualified nonprofit organizations and classroom publications by section 4360 of this title, the rate of postage on publications mailed in accordance

with subsection (a) of this section are fixed both by the piece as provided in paragraph (2) of this subsection and by the pound as provided in the following table:

	" 'Rates in cents per pound or fraction thereof				
	" 'Classroom publications	Other publications			
		Mailed during calendar year 1961	Mailed during calendar year 1962	Mailed during calendar year 1963	Mailed after December 31, 1963
Advertising portion:					
Zones 1 and 2	1.5	3.0	3.15	3.30	3.45
Zone 3	2.0	4.0	4.20	4.40	4.60
Zone 4	3.0	6.0	6.30	6.60	6.90
Zone 5	4.0	8.0	8.40	8.80	9.20
Zone 6	5.0	10.0	10.50	11.00	11.50
Zone 7	6.0	12.0	12.60	13.20	13.80
Zone 8	7.0	14.0	14.70	15.40	16.10
Nonadvertising portion	1.5	2.5	2.63	2.75	2.88
A publication of a qualified nonprofit organization		1.5	1.5	1.5	1.5' "

and (2) by adding at the end of subsection (b) a new paragraph (2) as follows:

" '(2) The piece rates of postage are charged on each individually addressed copy of a publication (except a publication of a qualified nonprofit organization and a classroom publication) mailed in accordance with subsection (a) of this section in addition to the pound rates. The piece rates are as follows:

" 'Publications other than classroom publications and other than publications of qualified nonprofit organizations—one-fourth of 1 cent, effective on and after July 1, 1962, and before July 1, 1963; and one-half of 1 cent effective, on and after July 1, 1963'."

Mr. OLSEN. Mr. Chairman, in support of my motion I wish, first, to cite the fact that our committee after 7 months of hearing on the committee bill did conclude by vote in committee almost unanimously—I think with two dissents—that the determination of public service of the Post Office Department should be 7.5 percent of the Department's budget and that that figure was $342 million for public service.

Mr. Chairman, now we are considering a bill which provides for only $250 million in public service. I cite that figure—and I will extend my remarks in the RECORD on that subject so that the Members of the House may examine it in detail.

Mr. Speaker, when the Congress of the United States enacted the Postal Policy Act of 1958, we thought at long last we had resolved the principle of an adequate pricing for elements of public services in the Post Office Department that should not be charged to the mail users.

I recall that as early as 1954 a Senate committee found that public services amounted to approximately 12 percent of total costs; that in 1957 the same Senate committee made a determination that these costs might run as high as 14 percent. Since 1954, of course, air mail subsidies, and penalty and franked mail have been taken out of the Post Office Department for costing purposes and charged to the various Government agencies.

I believe the 7½-percent determination of the House Post Office and Civil Service Committee, amounting to $342 million, is a good determination. This provision was sponsored by my colleague, Congressman GEORGE M. WALLHAUSER, and received strong support on the part of the committee. Despite the amendment which has been offered here by our distinguished chairman, curtailing public services by approximately $94 million, I am of the firm opinion that our great Postmaster General recognizes the impact of public services and the necessity for pricing them out on a "total loss" basis, as required by law.

In this connection, I should like to call the committee's attention to a speech made by the Postmaster General in Houston, Tex., on December 6, 1961. Because of its recognition of the many public services provided by our great Post Office Department, including small post offices and rural routes, I ask permission to have this statement included with my remarks in the CONGRESSIONAL RECORD at this point:

ADDRESS OF POSTMASTER GENERAL J. EDWARD DAY BEFORE THE NIMS ADVISORY COUNCIL, HOUSTON, TEX., DECEMBER 6, 1961

Mr. Chairman, distinguished guests, ladies and gentlemen, Houston is to the U.S. Post Office Department what the Oilers are to the American Football League—well, almost, anyway.

While Houston is not the largest of our post offices, it is certainly one of the best, and it ranks among the 20 biggest postal installations in the country, which make up about one-third of the national post office business.

As of the beginning of this fiscal year, Houston reported gross annual postal receipts amounting to about $21 million and an annual mail volume of 878 million pieces—including 303 million pieces of first class originating mail.

The payroll for the Houston post office covers some 3,368 persons—more, incidentally, than are employed in several entire States.

Thus, Houston ranks favorably in a national establishment which employs some 580,000 men and women, and annually handles more than 65 billion pieces of mail a year—enough to fill a train of railroad cars stretched from Boston to San Francisco.

This represents two-thirds of all the mail handled in the world. In other words, we handle twice as much mail as all the other post office departments in the world put together.

Because of its size, the U.S. Post Office Department is often referred to as the biggest business in the world.

At a matter of fact, we are the largest civilian organization in the world. But we are not a business. Many of our operations and policies cannot be equated with private enterprise. They are, and should be, different. It is certainly not unusual for a postal operation to be compared to a private business. In some countries, indeed, the similarity is very close.

For example, in England, the post office not only sets its own postal rates and operates at a profit, but it pays income taxes on its profits and real estate taxes on the buildings it owns, just as a private business would.

There are some important parallels between the Post Office Department and a private corporation. But there are equally important differences. The Department's operations and mission are quite different from those of a private business and that is as it should be. But we seek to use the best techniques and ideas of private firms in the operation of the public's business.

First, let me cite one good example of the difference between the Post Office Department's public operation and the operation of a private enterprise.

Sixty years ago, we had over 70,000 post offices, most of them to serve rural America. Since that time, about half of that total have been closed up. These were mainly post offices serving very small communities, which shrank further in size or disappeared altogether.

But a great many of our post offices are still in small villages and many of our 30,000 rural delivery routes are in sparsely populated areas where there may be as few as two house to the mile.

Now were we a distribution and communications system operated purely for profit, we would have to discontinue a great many of these small post offices and rural routes. From a strictly dollars-and-cents point of view, many of them do pay their own way. But in fulfilling our obligation to provide service to all the people in all the 50 States, we in the Post Office Department quite properly keep them going.

Were we a private company engaged in intercity transportation and delivery of packages, we probably would not attempt to provide a regular service to small towns or rural areas. Such companies often skim off the cream of the parcel business by serving locations of big volume and concentrated population and leave the uneconomical routes exclusively to the Post Office.

The Post Office Department performs many functions which are in every sense—including a legal sense—of a public service nature. We carry much mail at sharply reduced rates, at only a small fraction of our cost, for religious, charitable, educational and other not-for-profit corporations. Special types of mail for the blind are carried free. Small-town newspapers are usually carried free or for an insignificant rate.

These are public services which are not parallel to an operation for profit. We perform many nonpostal services, such as handling the registration of 3 million aliens a year, selling migratory bird stamps to hunters, and distributing forms for the Census Bureau and the Peace Corps.

The count of game birds is even conducted by our rural carriers for the Fish and Wildlife Service and we even make a livestock census for the Department of Agriculture. We are reimbursed for some of the nonpostal services, but not for others.

Unlike private business, we are unable to control our own price structure. We are currently operating at a gross deficit of some $850 million. But we have not yet been able to get congressional approval for a rate increase, even though our 4-cent first-class rate has gotten as out of date as a nickel phone call.

We are in high hopes of obtaining congressional action when Congress returns next January on this question of rate increases which we regard as vitally important.

The first-class rate has gone up only 33 percent since 1932. During that time the cost of living has increased 118 percent. The 1-cent increase in the first-class rate would cost the average household less than one-half cent per day.

Time and again President Kennedy has urged enactment of a new, more equitable postage rate, but Congress, nevertheless, did not see fit to grant such an increase during its recent session.

We cannot increase our own rates for first-, second-, and third-class mail. But we can and do improve efficiency and effect economies.

As long ago as 1890 our Department had 100,000 employees. Today we handle 13 times as much mail as we did then, but have less than 6 times as many employees.

Thus, over the years, there has been a remarkable increase in productivity.

Since 1940 the number of pieces of mail handled by the Department has increased 128 percent, but the number of employees has increased only 59 percent.

In New York City alone we handle more mail each day than does the entire British postal system, which serves 80 million people.

Our volume goes up 3 to 4 percent each year, not only because of population but because of more pieces of mail per year per person. In 1940 we handled 210 pieces of mail per year per person.

Today, the figure is 355.

By 1970 it will be 420.

We have 580,000 employees. We operate 35,000 full-fledged post offices and over 9,000 stations and branches. We have over 30,000 rural routes, covering a total of 1¾ million miles. We operate a fleet of 45,000 Government-owned vehicles.

The productivity improvement of the American postal system is even more marked when one realizes that 150,000 of our employees are city letter carriers and despite increased use of mailsters and other vehicles, where they can improve service and efficiency, the number of city carriers must constantly grow to serve an expanding population.

Another place where we differ from, say, a manufacturing corporation is in our use of mechanization.

Although the Department has been experimenting since 1922 with mechanical mail-handling equipment, mechanization has not yet accounted for any significant part of our productivity improvement.

We are moving ahead with our mechanization efforts. A large California firm, Food Machinery & Chemical Corp., of San Jose, is developing for us greatly improved equipment for mechanical mail sorting.

But there are several very important differences between use of mechanization for a manufacturing operation and for mail handling. If a firm is using automated equipment for making cigarettes or ballpoint pens, there can quite properly be a tolerance for some damage or destruction if the machinery is not working properly.

But in handling mail, we must assume that every piece is important and that it must get through with certainty and without being cut or torn. We cannot allow a margin for error to accommodate defects or temporary failures of the equipment.

Early in our administration, we issued an invitation to the Nation's industrial engineering and research talent to join with the Government in tackling the fantastic mechanical problems involved in moving and delivering the mail.

Today's volume of 65 billion pieces of mail is expected to double in the next half century. This monumental task—the task of moving this mountain of mail—demands more attention than can be given it by one organization, private or public.

We have asked private industry to send their research men to us, to find out our requirements—and to come back to us with prototypes of fresh, new mechanized answers to our problems—answers promising enough to justify the investment of public money in further development.

For example, we need, and we believe private industry could develop, a simple, durable machine to read, face and sort mail by chemical or electronic operation—flexible, reliable and variable stamp dispensing equipment—a basic sorting machine to sort mail by States—mailboxes which will stack letters as they are dropped in—equipment to sort packages without Rube Goldberg installations and squads of hovering mechanics.

We have no interest in gimmicks or gadgets. We have no interest in pie-in-the-sky projects full of ifs for the millennium of another century. We do have millions of pieces of mail to move every day and we need help to do it better today.

Should industry accept our challenge, we believe these concepts would find a broad market among the large mailers of the country. They would have application not only in thousands of post offices, but in other thousands of offices where close cooperation with the post office in preparation of mail in bulk has been recognized by multimillion mailers as the first step toward better postal service. This, I am convinced, can be a demonstration of free enterprise at its best. No subsidies, no confusion of function, no intrusion of Federal influence, no bureaucratic complexities, but as challenging an opportunity for Government-industry cooperation and the creation of new markets as exists in the Nation today.

One of our major problems in the post office is that we do not have a steady flow of work which would make it possible to make use of expensive machinery during the full day. In many of our post offices, 80 percent of the mail comes to us between 5 p.m. and 9 p.m. All the first-class mail must be worked as soon as we receive it. Because of its priority status, it cannot be backlogged or held back until the next morning.

If we put in enough mechanical equipment to handle this huge peak load on a current basis, much of the machinery would be idle the other 18 to 20 hours of the day.

To meet this problem, as you know, we have launched a high priority program to get major users of first-class mail to space their mailings so we can process their nonpriority items outside of the peak load hours.

A test in the Wall Street district of New York City showed trucks sent through at 5 p.m. picked up 6 million pieces of mail, compared with only 300,000 on an earlier pickup at 3:30 p.m.

This same experience could be repeated in the bulk of our cities.

However, to show what can be done, we were able to persuade heavy mailers to change their pattern of posting mail. The midafternoon pickup increased to 3 million letters—a 1,000 percent boost.

Similar improvements can be made—and must be made—to provide an efficient, sound postal system with resulting benefits for all of us in every city in the Nation.

Although improvements have been made through "mail early in the day" programs, further steps must be taken. For example, great quantities of first-class mail of a routine, nonpriority nature could be held over until the next morning. The big mailing rooms of large mailers could just as well be equipped with improved mail handling equipment as our post offices.

We call our current effort to reduce the peak mail load problem, through cooperative arrangements with our large mailers, the NIMS program—short for the nationwide improved mail service program.

In this city—as we have done all over the country in major commercial centers—we have established mail users councils to assist us in eliminating the problem, and to advise us on new methods of speeding mail handling and delivery. The 135 members of the Houston Mail Users Council are responsible for 41 percent of the total volume of first-class mail originating in this city.

Annually you purchase almost $7 million worth of stamps—one-third of the gross receipts of the Houston Post Office.

In addition, big mailers of the Houston area have 2,250 postage meter accounts which generates $9,604,000 in receipts annually.

Reports from your postmaster, Mr. Elder, indicate that in October some 705,000 pieces of first-class mail, or 34.6 percent of the total, were deposited in the post office daily before 5 p.m., and 1,335,000 pieces of first-class mail, or 65.4 percent, were deposited after 5 p.m.

However, a more recent survey, just completed, indicates an increase in the peakload mail volume in Houston. This latest report shows 69.2 percent of your daily first-class mail volume being dropped in the post office after 5 p.m. and only 30.8 percent deposited prior to the 5 p.m. rush.

It is my sincere hope that this is merely a temporary setback, and that we will be able to make greater progress as time passes in cutting down our peakload problem in Houston.

With the assistance of such mail users councils as you have here in Houston, we are beginning to make some progress toward alleviating the alpine heaps of mail that clog our post offices during the after-5 rush hour, jeopardizing speedy and efficient movement of important mail.

In fact, a survey after the first 4 months of this program indicated that we have already shifted upward of 5 percent of the Nation's mail volume from late afternoon or evening processing to an earlier time.

This NIMS program is just one example of our approach to improved efficiency and better service. It is a good example of the progress that can be made by mutual cooperation between business and the Government.

Another example of the Government—the Post Office Department—and private enterprise working hand in hand to provide needed services for our citizens is our commercial lease post office program.

Under authority granted by Congress, the Post Office Department often uses arrangements similar to those used by private industry in acquiring needed new facilities.

The operations of the Post Office Department, and the Federal Government as a whole, have a significant impact on the economic activity and growth of most communities in the United States.

The Government relies on the private economy to produce the necessary public revenue, and the private economy cannot produce that revenue unless it is continuously growing and making a fair profit.

Traditionally, the vigor and thrust of our society has relied upon the creative drive of our private economy; that tradition is fully maintained by this administration. Indeed, to achieve the goals set by President Kennedy—goals capable of realization under this administration—will require serious, constant, and close cooperation between business and government.

Lower profits for business leaves government with the problem of curtailing necessary public services, risking our defense posture, or suffering a deficit. In the challenging times in which we as a free people are now engaged, we want none of these alternatives.

Because of the continued lag in the national economy until the spring of this year, we have a big deficit facing us for the current fiscal year. But income after taxes for 1961 will be up by more than $12 billion over 1960; and it is predicted that this increase will be doubled for 1962. Corporate profits have also shown strong gains, reaching an annual rate of $45,200 million in the second quarter of this year—a sharp rise from the first quarter low of $39,600 million.

The gross national product for the first quarter of this year, at the bottom of the

recession, was $500 billion. In the fourth quarter it is expected to rise to $540 billion. By the end of the second quarter of next year, it will probably be between $565 billion and $570 billion.

Inventories are building up; retailers are stocking up; auto prospects are excellent, with sales up an estimated 15 percent; housing will be higher; people are stepping up their buying, for both cash and credit. Profits are up sharply, and will exceed the record rate by the end of this year or the beginning of next.

Next year, profits will reach about $54 billion—topping the previous high of $46 billion.

Much of this is the result of the first-year effort of an administration convinced that in this era of history our economy can only remain strong if we have faith in private enterprise as the bulwark of our country's economic future.

As Treasury Secretary Douglas Dillon commented in a speech in San Francisco, "Unless we achieve steady and rapid economic growth with price stability, and full employment—unless we attain reasonable equilibrium in our balance of payments—we shall not have the capacity to cope effectively with international crises or to meet our urgent national needs here at home.

"The strength of our economy has a profound effect upon our future. Our place in the world of tomorrow depends upon the efforts we make today."

Two-thirds of the new money committed by the recent Congress was for increased national defense and space exploration. Our overall Federal expenditures are not historically high in comparison to the gross national product. Quite the contrary—in fiscal year 1962 they are expected to amount to some 16 percent of our gross national product—a proportion that has been exceeded in 8 of the last 10 fiscal years.

I am, by nature and by professional background, a businessman, as well as a lawyer. I am convinced that one of the keystones of this administration's governmental efforts is to encourage better business, not discourage it. For with a prospering economy our Nation prospers, and our Government fulfills its obligations to its citizens and to our friends in free nations throughout the world.

Our NIMS program represents a down-to-earth application of cooperation between business and Government. We are deadly serious about the necessity of making this program work. We know that billions of department store and utility bills, insurance notices, bank statements, dividend checks, and other items sent as first-class mail can be brought to our post offices in the off-peak hours. It only requires a top-level decision of management to bring it about and to make it last.

Our program was launched months ago. The results so far show we have only scratched the surface.

We know we can count on you for stepped-up cooperation. It is a good program that will help each of you and improve service for all mailers, large and small.

Now on the second point, and I spoke earlier of the fact that I would offer this amendment. This amendment would impose the pound rate increases on the newspapers so that the small publications of rural areas and smaller cities would have a differential by reason of weight—the weight of the editorial material and the weight of the advertising material—as against the corresponding weight of editorial and advertising material in the larger publications and in the larger magazines. Therefore, the revenue received would not be too far short of that proposed by the amendment offered by Chairman MURRAY, which would cut the surcharge in half and raise $41 million instead of $53 million.

Earlier here today, I pointed up the fact that the newspapers, both daily and weekly newspapers, operating in the larger cities of Montana as well as the rural areas are smaller in size and lighter in weight. Our newspapers do not compare in advertising revenue per page or per issue with the larger magazines and newspapers of the Nation. I think it is ridiculous that the smallest publications be charged the same 1 cent-per-piece surcharge as is charged the larger magazines or newspapers for service by the Post Office Department. As a matter of history, we have had per pound rates—that is, rates which charge per pound of advertising and rates which charge per pound of editorial material. By such rates a differential is maintained between the smallest publication with the smallest circulation and the largest publication with the largest circulation.

The amendment that I offer would increase the per pound rates in three stages, one each year of 5 percent. In addition, as a compromise, the per piece charge imposed would be one-fourth cent the first year which would be graduated to one-half cent the second year. The total revenue of my amendment would be $41 million increase to the post office as compared with a $53 million increase by Chairman MURRAY's amendment.

I urge this fairer kind of increase.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Montana [Mr. OLSEN].

The amendment to the amendment was rejected.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania [Mr. CORBETT].

Mr. CORBETT. Mr. Chairman, I announced at the outset of these proceedings that I fully intended to support the Murray amendment, but the way it has been altered here on the floor has put me in a position where I cannot possibly vote for it. I recognize that it is pretty late in the day and the temper of the Members is such that it would be pretty hard to accomplish anything rational here. But if the Murray amendment were defeated we would go back to the committee bill as it came from the committee and that would, I am sure, be open to amendment and then possibly we could get something that would be a little saner, in my estimation. So I must say that I have to change my position in view of the amendments that have been adopted.

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

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

Mr. BARRY. Mr. Chairman, I wish to say to the membership that I, too, was heartily in support of the Murray amendment. But in view of the gag rule imposed here we have not had opportunity adequately to explain the various amendments that represent the fine work of 3 years of study. In view of that I have to withdraw my support of the Murray amendment and urge all others to do so.

The CHAIRMAN. The Chair recognizes the gentleman from Missouri [Mr. ICHORD].

Mr. ICHORD of Missouri. Mr. Chairman, I am wholeheartedly in favor of the purpose of the Cunningham amendment. I believe that the gentleman from Nebraska should be commended for assuming the leadership in the effort to prevent the flooding of Communist political propaganda into the United States at the expense of the taxpayers. However, in examining the amendment I find that it only forbids the Post Office Department from receiving, handling, transporting or delivering mail that has been determined by the Attorney General to be Communist political propaganda. There is no procedure set up for the Attorney General or the Post Office Department to intercept mail before it is delivered. And, of course, it is not going to do any good for the Attorney General to determine that it is Communist political propaganda after it has been delivered. I should like the gentleman from Nebraska to comment on how he contemplates the enforcement of his amendment.

Mr. CUNNINGHAM. Very definitely the mail would be intercepted at ports of entry. It would be sent to the Attorney General and, through the use of what machinery he has available for other matters, such as the examination of pornographic literature, and so forth, he will determine whether it is Communist political propaganda.

Mr. ICHORD of Missouri. It will be intercepted and opened?

Mr. CUNNINGHAM. At the port of entry. You see, second- and third-class mail is open mail. You can open that any time you want to.

Mr. ICHORD of Missouri. Do you not think you should spell that out in the amendment?

Mr. CUNNINGHAM. No; I believe that the amendment will take care of that.

The CHAIRMAN. The Chair recognizes the gentleman from New Jersey [Mr. JOELSON].

Mr. JOELSON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. JOELSON to the amendment offered by Mr. MURRAY: Strike out section 3 in its entirety and renumber succeeding sections.

Mr. JOELSON. Mr. Chairman, I do not delude myself that this amendment is going to pass, but I feel impelled to offer it nonetheless. This amendment will do away with an increase in the first-class mail rates.

The Post Office Department tells us that first-class mail is self-supporting. It tells us that second and third-class mail are responsible for the deficit. Now this being the case, why on earth should we increase the rate on the first-class mail users? It just does not make any sense to me.

If you want to give a subsidy to the magazine industry and to the mail order industry, at least give it to them out of the general Treasury, but do not soak

the poor man who has no pressure groups or organizations to talk for him. If you want to give away money and if you want to subsidize magazines and mail-order houses, do it out in the open. Call it a subsidy and give it to them out of the general revenues of the country, but do not soak the man who is now paying his own way another penny for every piece of mail he sends. He is not profiting by the mail—he is communicating. Soak the ones who are profiting from the use of the mail.

Mr. Chairman, I urge the adoption of my amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New Jersey [Mr. JOELSON] to the amendment offered by the gentleman from Tennessee [Mr. MURRAY].

The question was taken; and on a division (demanded by Mr. JOELSON), there were—ayes 51, noes 115.

So the amendment to the amendment was rejected.

The CHAIRMAN. The Chair recognizes the gentleman from Louisiana [Mr. BOGGS].

Mr. BOGGS. Mr. Chairman, I will yield my time to the gentleman from Tennessee [Mr. MURRAY] when he is recognized.

The CHAIRMAN. The Chair recognizes the gentleman from Tennessee [Mr. MURRAY] to close the debate.

Mr. MURRAY. Mr. Chairman, I yield back my time.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Tennessee [Mr. MURRAY] as amended.

The amendment was agreed to.

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

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

There was no objection.

Mr. ROGERS of Florida. Mr. Chairman, there is great concern on the part of the people of Florida and the Nation about the flow of subversive Communist propaganda into the United States. This vicious material enters the country and is delivered to the doorsteps of unsuspecting citizens.

Steps have been initiated by the Postmaster General to curb this flow of propaganda, but their effect has not yet resulted in a halt of this material. Current practice has the Postmaster General authorizing the display of notices in the Nation's 45,000 post offices. These notices warn that unsolicited Communist literature is coming into this country and being delivered. The warning suggests Americans receiving this propaganda to mark it "refused," and then return it to the Post Office Department.

Despite these good intentions, the latest figures show 76 million pounds of printed material sent into the United States during fiscal year 1961. The port of New York alone was a transmission point for approximately 1,341,298 pieces of printed matter from Communist bloc nations, and most of this mail was handled through the New York post offices, then distributed to American citizens.

Mr. Chairman, in 1959 this material flowed in at an increase of 40 percent above the rate of the previous year. The Supreme Court decision of last year gave strength to the constitutionality of the Subversive Activities Control Act. The FBI is doing an excellent job in combating subversion and infiltration of America by the Communists. Clearly, it is up to the Congress to now take measures which will give our Nation a three-pronged attack on international communism.

I find it comforting, as I am sure the American people are comforted, to see that the committee has exercised its wisdom and made provisions in this bill to control the flow of communistic propaganda.

Mr. CAHILL. Mr. Speaker, I ask unanimous consent that the gentleman from Nebraska [Mr. WEAVER] may extend his remarks at this point in the RECORD.

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

There was no objection.

Mr. WEAVER. Mr. Chairman, I am not in favor of the proposed increase of postal rates which the present administration is trying to jam down the throats of the American people. I have nothing but admiration for the President's expressed desire to balance the budget, and I am aware of the fine presentation he made to the Congress only last week in this respect. However, it seems to me that he is starting in a poor place and is basing his hopes for a balanced budget not so much by fiscal responsibility as he is on a 20- to 25-percent tax increase upon those who use the mails.

It has always seemed strange to me that of all the services rendered to the people by the Government of the United States, only the postal service is expected to make money. The Post Office Department is one of the very few specifically created by the Constitution of the United States. And yet such other constitutional agencies as the Army, the Navy, or the Patent Office are not required or expected to show a profit each fiscal year.

The Post Office Department provides a real and beneficial service to the people of this country. This service is not limited by any means to those who send letters—it benefits both the sender and the receiver. In fact, it would be difficult in many instances to say which receives the greater benefit—as for example, the dealer who mails a book, or the person who receives and reads with relish and enjoyment that book. The one is using the postal service for profit in a monetary sense, and is paying in the form of stamps a direct tax for that service. The reader is using the postal service for intellectual profit but he, too, through general taxation, is paying for part of this service. The two cannot be separated and one be told, in effect, "you must bear the entire burden of carrying the mail," while the other is told that the service to him is completely free.

The same situation prevails in many other fields, such as newspapers, magazines, and the like. The mailer is using the postal service for monetary profit; the receiver is using the same service for intellectual profit or for enjoyment. The one cannot be told he and he alone must bear the full cost of the mail service while the other benefits from this same service at absolutely no cost. And yet, that is what we are being asked to do by the administration in the present bill before the House.

If the administration is so insistent that the Post Office Department show a profit at the end of each year, it would seem to me only sound and just that the President apply this same principle to all other departments. For instance, instead of asking the Congress to enact his Federal school subsidy program, financed through appropriations from the general fund, it would seem to me logical that the President would come to us and say, "give me a law making it mandatory for every citizen in the United States who sends a child to school to pay a tuition fee—over and above other taxes—of $100 or $200 per year. As the costs of school construction and teachers' salaries go up, the tuition will, of course, have to go up because we must make our school systems show a monetary profit."

This may sound to some farfetched; but it is exactly what the President is doing in his demand for a postal rate increase at this time.

Mr. Chairman, aside from the service aspect of the Post Office Department and this rate increase request, I would like to point out one glaringly unfair feature of this bill. For years we have been hearing—on the best of authority—that the first-class mail is paying its own way. The 4-cent letter, the 7-cent airmail letter, and the 3-penny post card are paying their just and honest debts. And yet, Mr. Chairman, the President is asking the people who use this type of mail to add 20 or 25 percent to their costs now. Obviously, this is designed to return a profit to the Treasury. If they were paying their own way before, why should their burden be increased now? It just does not make sense.

Mr. Chairman, the other day I received a letter from our good friend and colleague, the gentleman from Tennessee [Mr. MURRAY], chairman of the Post Office and Civil Service Committee. With that letter he enclosed a copy of an amendment to the present bill which he hopes the House will approve. I have no doubt but what that bill was carefully drawn but, to my mind at least, it has one terribly important defect. I refer to the business of the American taxpayers being asked to finance the distribution of Communist literature through our mails.

My friend and colleague, the gentleman from Nebraska [Mr. CUNNINGHAM], has long fought to end this disgraceful procedure. Last year he was successful in getting, as an amendment, his proposal banning such dissemination of Communist literature by our post offices. It appears now that the bill which has the administration's blessings will leave that important provision out. If the bill passes in its present form, our postal employees will be required to deliver and distribute this nefarious, subversive literature—and at taxpayers' expense. They will continue to find

themselves in the weird position of be-being forced to do during their working hours that which—if done on their own—would preclude them from ever getting a job with the Federal Government.

Now, it may be that the House will reinstate the Cunningham proposal in the bill and insist that this distribution of Communist trash and worse come to an end—at least on a free basis. I hope it does take such action and let me assure you I will support any such amendment now and in the future. However, even if such an amendment is adopted, I shall not support the bill. There is too much in this measure that is bad, is not compatible with the well-being of our citizens, to be overcome by this one good aspect.

The President blames rising defense costs and the postal deficits for the fiscal problems faced by the Nation today. And yet, communication between people and the common defense are so essential to the welfare of the Nation that the Founding Fathers took especial note of them in writing the Constitution and very specifically provided for these services.

It would seem to me the course of wisdom on the part of the administration to look elsewhere for areas in which to cut. The President does not complain about the costs of any of the special services to limited groups of people which the Government performs. In fact, he wants to expand these special services and to make them even more costly. For reasons known only to himself, the President chooses to make an issue of an essential service which is of benefit to every citizen.

Another point I would like to raise at this time is the fact that the President makes much of the rate of pay of our postal employees. He blames their salaries—in large part—for the postal deficit. And yet we find no such mention in any of the President's speeches or the speeches of his people when they talk about other departments of the Government. When the President tells us that there should be pay reform, say for the employees of the Department of Health, Education, and Welfare, he does not couple that statement with a warning that this will perhaps create a deficit. He does not ask the recipients of Hill-Burton hospital funds or the users of hospitals built by those funds to pay an extra tax so that employees of the Public Health Service might benefit by a Federal pay reform. He does not ask employers and labor unions to pay special and added taxes so that employees of the Department of Labor can benefit by a Federal pay reform. No, he reserves this gesture for the postal employees only. In my opinion this is a most unfair and unjust position; unfortunately, it is the position that the President has taken and one which he is demanding that the Congress impose upon the people.

Mr. Chairman, all in all this bill is unsound, uncalled for, and unnecessary, when it is placed in its proper perspective. I shall therefore vote against it and I call upon my colleagues in the House to do likewise.

The CHAIRMAN. Under the rule the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. PRICE, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 7927) to adjust postal rates, and for other purposes, pursuant to House Resolution 464, he reported the same back to the House with an amendment adopted in the Committee of the Whole.

The SPEAKER. Under the rule the previous question is ordered.

The question is on the amendment.

The amendment was agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time.

Mr. GROSS. Mr. Speaker, I demand the reading of the engrossed copy of the bill.

The SPEAKER. The Chair announces that further proceedings on the bill will be postponed until tomorrow.

EXECUTIVE ORDER ENDING RACIAL DISCRIMINATION IN FEDERALLY ASSISTED HOUSING IN THE UNITED STATES

The SPEAKER. Under previous order of the House, the gentleman from New York [Mr. LINDSAY] is recognized for 30 minutes.

Mr. LINDSAY. Mr. Speaker, on January 12, 1962, I wrote the President of the United States the following letter on the subject of his refusal to sign and issue an Executive order ending racial discrimination in federally assisted housing in the United States. The letter follows:

JANUARY 12, 1962.

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

DEAR MR. PRESIDENT: I share the disappointment of millions to whom it has become apparent that no Executive order ending racial discrimination in federally assisted housing in the United States will be forthcoming. This is an abandonment of solemn pledges made by you during the 1960 campaign, upon which many Americans relied. I can see no valid reason for the breach.

In your state of the Union message you expressed great satisfaction with your own full exercise of executive powers. I submit that the single most significant exercise of executive power, which you have chosen not to exercise, relates to housing. You said as much during the campaign, and you said further that if elected you would have the courage to move on this front by a stroke of the pen. A year has gone by since inauguration and you have allowed the matter to drift. This is not full exercise of executive powers.

Add this omission to your continued refusal to submit a legislative program on civil rights to the Congress, also promised by you as a first priority matter, and the failure is compounded.

There are hundreds of thousands of American families who because of their race or creed cannot enjoy their just share in millions of federally assisted housing units. This is a situation which cannot be disregarded any longer. The volumes of reports, both public and private, and the pleas of civic, religious, labor and patriotic organizations on this score need no further emphasis.

Legislative advances in the area of civil rights made in previous years, plus the personal popularity which you enjoy, make the climate right for the immediate issuance of a truly effective Executive order barring discrimination in all housing programs which are aided in any way by the Federal Government. This would include all mortgage activities of banking institutions aided or supervised by the Federal Government in addition to public housing, urban renewal, FHA, VA, college housing and housing for the elderly. The Civil Rights Commission has recommended this. It is entirely feasible and must be done, as you have yourself pointed out on past occasions.

I respectfully urge you to live up to your promise and execute such an order promptly.

Respectfully yours,

JOHN V. LINDSAY,
Member of Congress.

Under date of January 16, 1962, I received the following reply from Mr. Lawrence F. O'Brien, Special Assistant to the President, in answer to my letter to the President:

THE WHITE HOUSE,
Washington, January 16, 1962.

Hon. JOHN V. LINDSAY,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN: The President has asked me to reply to your recent letter discussing civil rights legislation generally, and the issuance of an Executive order to eliminate discrimination in housing in particular.

As I am sure you are aware, the President addressed himself to those questions in his press conference yesterday, and his statement sets forth clearly his views on the subject.

Sincerely yours,

LAWRENCE F. O'BRIEN,
Special Assistant to the President.

Mr. O'Brien's reply is no answer at all to my letter, any more than is the President's statement on the subject in his press conference, in which he vaguely intimated that he would issue the order when he considered it to be in the public interest.

Mr. Speaker, the public interest requires that such an Executive order be issued yesterday. The public interest is not being served by permitting rank discrimination to occur in federally assisted housing in the United States. The public interest requires that the President take a leadership position and move with vigor, in order to protect the rights of millions of Americans. The public interest requires that the President redeem a solemn campaign pledge that was accepted in good faith by the American people.

And what has happened to the thunder we heard from the majority side of the aisle on this subject on the eve on the 1960 campaign? Remember, they, too, talked about a President who would act with a stroke of the pen. They shook their fingers and filled the RECORD with talk about meaningful civil rights legislation. Now, suddenly, the silence is deafening. There is neither legislation nor a stroke of the pen. Where are the Tuesday-to-Thursday liberals? Do they assume the public has forgotten those wide promises as they sit smiling behind the protection of their well-oiled, big-city political machines?

Well some of us will not forget and we shall not be silent.

Mr. Speaker, I urge my colleagues in the House to join me in urging the President to live up to his campaign pledges—to sign the promised Executive order, and to bring about legislation in order to secure equal rights, under law, for all men, still the most important subject of our time.

REPORT ON LEGISLATION AS IT AFFECTS IOWA

The SPEAKER pro tempore (Mr. EDMONDSON). Under previous order of the House, the gentleman from Iowa [Mr. COAD] is recognized for 30 minutes.

Mr. COAD. Mr. Speaker, we are gathered here today at the beginning of the 2d session of the 87th Congress faced with some of the most perilous problems visited upon any generation. I am proud to be a Member of this Congress, and honored to serve under your leadership. As the days of this year unfold before us the people of this vast democracy will be watching with intense interest what we do here. I am confident that our Nation, under the guidance of a great President, John F. Kennedy, will prove again that we have the will, the determination, the courage, and the resources to remain a leader of the free people.

Mr. Speaker, this is the beginning of the sixth year of my membership in this body. During this time, we have witnessed the program which this democratically controlled Congress has voted into reality, the benefits of which are being enjoyed by the people of this Nation today. I am grateful for the opportunity of having been able to contribute to the passage of these beneficial pieces of legislation.

I am proud, Mr. Speaker, that I have supported programs helpful to the farmers of Iowa. The farmers of Iowa have seen the erosion of a proud and profitable way of life, and now we are attempting once more to return this industry to a position of economic strength.

Without hesitation I have championed the causes of the men and women of Iowa who work by the sweat of their brow for a living for themselves and their families. In these days of mergers and automation the lot of the working people is not an easy one, and I stand firm in my loyalty to those programs which better their standards of living.

The small merchants of the land feel the effects of the pressures and the squeezes of the economic change taking place all about us today. Our merchants are fraught with uncertainty and, without fail, I have sought to provide wider avenues of economic opportunity to those Iowa merchants who are the backbone of our mercantile industry.

Again, I have alined myself with vital programs for our elderly, so that they are not forced to face the sunset years of life floundering in a sea of uncertainty and insecurity. We can, in this prosperous Nation, do better than this, and I have, at all times, voted to make sure we do.

Mr. Speaker, during the 1st session of this 87th Congress, certain interests entered into a conspiracy to abrogate my usefulness to the people of Iowa. Using the immunity granted to them by constitutional amendment, the press conducted a vicious attack, motivated by political influences, levied against my reputation and my character. In a deliberate attempt to smear and belittle, they caused to be printed, time and time again, accounts which were absolutely private in nature and normally privileged as personal. Other stories were carried and repeated which were so slanted and lacking in fact as to make them beyond the reason of truth. These attacks were made without regard for the emotional consequences and disregarded all the rules of the unwritten laws by which we are governed. These attacks were without decency and fairplay. These conspirators fired their atrocious blasts, not at my record of service to my people, not against my associations and commitments in Congress, not on my voting record, but, on the contrary, they struck their low blow in an area where retaliation would be impossible if one were to stand on those principles of decency which, by the very application of this standard, would preclude an answer. I committed no wrong against society. I resorted, openly, to the laws promulgated and established by courts of justice, in order that individuals can seek, legally, a change in the status of their private affairs.

Every step that I have pursued was open and aboveboard, a matter of record. And yet, these prevaricators, alined with adverse interests, designed and plotted to destroy my effectiveness in the eyes of my people in Iowa.

This attack, made in the most scurrilous and vicious manner, replete with falsities and filled with animosities, was far the lowest in the history of Iowa politics.

Mr. Speaker, I do not stand here today claiming that I am perfect. I am not perfect, and I have never said that I was. Neither have I ever met an honest man who claimed perfection. And I do not stand alone, having faced the dark hour of personal despair and difficulty. Problems in human living are not confined just to Democrats or just to Republicans, but are visited upon both. But you would hardly be aware of this by reading the newspapers.

For a long time, I have maintained my silence in the face of this unprecedented barrage of unwarranted publicity against me. But, now that the wheels of the press are turning again to further attempt to destroy the innocent; to further attempt to destroy the Democratic Party in Iowa; and to further attempt to blacken my name, I can contain my silence no longer. The people of Iowa have a right to know that this attack has been organized and is now being continued by these same perverse interests.

I must admit that, at first, I thought of retaliation, even to the point of disclosing the names of those who instigated this vile and surreptitious attack on my good name.

I have in my files pertinent information which, if exposed, would incriminate these very same conspirators.

I have positive proof that they attempted to use and did use connections and associations with high Government officials to obtain concessions which they could not have obtained on their own merits.

Mr. Speaker, thus did I debate on the wisdom of such a disclosure but I arrived at the only conclusion possible, in fairness to the innocent who would become necessarily involved.

To strike back would, in effect, put me in the position of defending allegations and distortions of fact which are better left to the more delicate domain of private conscience, into which the crude processes of inquiry should not follow.

These contemptible and despicable people would not dare to fight me on my record here, nor on my service there in my beloved State of Iowa. They dare not. These despotic and power-crazy individuals cannot go to the farmer and say that MERWIN COAD did not jealously preserve and protect his interest. They cannot approach the small businessmen and say that "your Congressman is not looking out for you." They dare not compare my voting record for the working people, the laborer, and the employees who, more and more, are dependent upon congressional initiative to safeguard their future. They cannot say that COAD is not for all the people, all the time.

No, Mr. Speaker, they must confine their contemptible attacks to matters which are only of private concern.

Had I not cast my lot with the poor, the weak, and the repressed, and had I not sponsored and supported this Democratic Congress in a sincere and conscientious effort to promote our independent way of life, giving to each and every citizen his just and proportionate share of democracy, this scurrilous attack on me would never have happened. But had I, instead, compromised my principles and ideals or moderated my program, I would not be worthy of the high honor of this office.

Furthermore, Mr. Speaker, it is no secret that the Republican-controlled State Legislature of Iowa cut up the district of Iowa which I have represented for the past 5 years so that the possibility of my continued service in Congress would be nothing short of impossible. The old Sixth District, which I represent, was cut up into four sections, so that no large segment remained intact. This was done in a flagrant effort to reduce my chances of returning to Congress, for my continued record of voting for the farmers, working people, the merchants, and the elderly was a threat to the security of Republicans in Congress from Iowa. The Republicans have been unsuccessful in beating me at the polls, so they used the only device available—they took away my district.

This gerrymandering action was not at the request or demand of the people. This was a political maneuver in its rawest sense.

But, what of the people? Do not the people have a right to the representation of their choice in the Halls of Congress? Yes, Mr. Speaker, this right is guaranteed by the Constitution itself.

And again, I say that I am proud of the record which I have established here during the 5 years of my service to the

people of Iowa. My record of voting for the economic elevation of our family farmers, for the increased wage opportunities of our laboring people, for a better business climate with a more equitable tax structure for our merchants, and to ease the load of the twilight years of the elderly, is a record of achievement for my people. This is the record which threatens the Republicans of Iowa, and this is the record on which I stand.

Mr. Speaker, these are the reasons for the unprecedented and savage attack upon me by the Republican press, which was joined by the Iowa Republican machine. These are the reasons why they have launched this campaign to try to destroy me in the minds of the people of Iowa.

During the years of my service in Congress, and long before, I have been an Iowan without interruption and without deviation. I am proud to be an Iowan, for I have always found the people of Iowa fair and honest and not easily taken in by tricks of tactics in high places.

But, whatever may be my future fate in Iowa politics, I stand unashamed of my record of serving my people. With God as my judge I have maintained the sacredness of my oath of office and have been diligent to do the duties to which I have been charged.

Already, I have been warned that the mills of the Republican press and the Republican organization are being prepared to further attempt to grind away my character and to attempt to destroy the confidence of the people of Iowa in me. But, I have faith in the mentality, the fairness and the honesty of the people of Iowa to be able to divide truth from trickery and to recognize devoted service to the people when it is rendered.

I am proud that I have cast my lot with the Iowa farmer, with the Iowa laborer, with the small businessman of Iowa, and with those whose sunset years are upon them. I am proud I have voted to keep my country strong. And whether my political future lasts only 1 year, or 5, or 10, or more, I will always know that the greatest reward was the reward of serving mankind. I have constantly maintained that the Iowa people deserve more than mud and sweat and heartache. The people of Iowa deserve and must have equality of opportunity with an economy which is just and progressive. For these things I have fought and of this fight for the people I am proud.

And it is with this truth that I retaliate. With complete confidence in this Democratic administration, I continue my every effort to bring to the people of Iowa the representation they deserve. I cannot, I will not compromise.

UNCLE MICKEY

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

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

There was no objection.

Mr. OLSEN. Mr. Speaker, in the great Flathead country of my native Montana a youngster by the name of Uncle Mickey is celebrating a birthday. He turned a mere 93 today.

Uncle Mickey—Mike Berne—is the oldest active citizen of Columbia Falls, Mont. And by active I mean he is still fixing his own farm fences.

Uncle Mickey is also a Flathead tradition, and the unofficial historian of the area. But why should I be taking your time by telling you just a little about Uncle Mickey? Simply because I think—in contrast to him—we are often guilty of having short memories. We forget that it was not so very long ago that this country, including the West, blossomed with ugly signs, reading "No Irish Need Apply." There are still such signs in America, only other nationalities and races have been substituted for the Irish.

Well, Mickey, whose parents came from Tipperary, did "apply" nevertheless. He applied himself to starting a brickyard, and then building the town's first school, the first church, and the first hotels.

He remained a bachelor, but with his late brother, Billy, he raised two families. First were three children of a widowed sister. Then there were eight grandchildren.

Now, at 93, he is still kept busy helping to raise four grand nephews, aged 6 to 10 years.

The lore, the life, and the flavor of the Flathead are full of the tradition of Uncle Mickey.

For instance, in Bad Rock Canyon, along U.S. Highway 2, a few minutes from the west entrance to Glacier National Park and 3 miles from Columbia Falls, is Berne Memorial Park.

It is a roadside park with picnic tables nestled between canyon rocks and evergreens, with a year-round spring of mountain water.

According to Mel Ruder, editor of the prize-winning Hungry Horse News in Columbia Falls, it is Montana's nicest roadside facility.

Sometimes I think it would be refreshing if we could swap a few minutes of our crowded Washington days for a few refreshing, mediative moments in Berne Park. We might be more prone then to recall the real origins of our American pioneers.

When Uncle Mickey returned from his first trip to Ireland, the land of his folks, in 1949, he told Mel Ruder:

> From what I could see there for a man to do, I think it was a good thing the Irish came over here.

As a fellow American—though of Norwegian stock—I think it is a good thing, too—but a good thing for America.

Mr. Speaker, under unanimous consent, I include at this point in the RECORD a newspaper clipping from the Hungry Horse News, Columbia Falls, Mont., one of the finest small town papers in the country and published and edited by Mel Ruder:

MIKE BERNE SAYS: "IT'S A GOOD THING THE IRISH CAME OVER"

The Hungry Horse News published volume 1, No. 1, August 8, 1946, and unfortunately we did not know Billy Berne, who died in March 1946.

However, we've enjoyed knowing Mike Berne, now 92, who was born January 23, 1869. Uncle Mickey has been the subject of a number of stories in the Hungry Horse News. Here's one we wrote in 1949 following his return from an airplane trip to Ireland.

Ireland was an interesting place but 80-year-old Mike Berne was glad to get back to his Flathead Sunday.

He said goodbye to the stewardess, Marnie White, and then told his nephews, Martin Ladenburg, Richard and Jimmy Simpson about the Emerald Isle.

Uncle Mickey, who settled in the Flathead in 1890 and made the bricks for Columbia Falls (old) St. Richard's Church, took his first airplane trip June 3, 1949, at the dedication of the Flathead county airport.

With his niece, Mrs. J. P. Simpson, Tacoma, there was a 12-hour flight from the east coast to Ireland June 17, and Uncle Mickey told his nephews about the plane that weighed 80 tons.

"That wasn't nothing," he added, "on the way back we left London at 11 a.m. and had supper in Boston."

There was a 20-day stay in Ireland, and County Roscommon back from Dublin, brought sessions with the Sharkeys and the Bernes, cousins. Uncle Mickey's mother was born in Tipperary.

"Rock fences were all about, just as my father's time," he told his nephews.

"They haven't got much there. It takes four Irish spuds to fill a tablespoon, and there's no future for a young man. You don't see young men about. Many households seem to run something like this: a widowed mother, a 50-year-old spinster aunt and two single girls in their 30's. The men have come to the United States or the dominions.

"From what I could see there for a man to do, I think it's a good thing the Irish came over," he continued.

In stronger, western language, Uncle Mickey told of the absence of central heating; the fireplaces used for cooking, and the kettles on the iron arms.

The observant 80-year-oldster noticed an absence of freight cars—they're small in Europe—on the railroads, and his industrial tour included one stop that showed enterprise. It was the Guiness brewery in Dublin. "Big, fine place, and good beer."

As to farming, the places had 8 or 10 acres. They couldn't grow grain, and he noted an absence of gardens. The soil was poor, and farmers seemed to be importing grain to feed to a few cattle. He hardly saw a pig. After coming from the Flathead, Uncle Mickey saw no percentage in that.

As to the beauty of the Emerald Isle, he commented, "I didn't see a single brown spot, but those Irish lakes don't compare to the mountain lakes of the Flathead."

Leaving Ireland, the visitors went to London, and they were energetic tourists seeing London Tower and other sights. They visited with Col. and Mr. Allan Clarke. He's an attaché at the American Embassy; she's the former Katherine Sauntry, a niece.

Does Mickey knock the Irish? Well, he came off the plane with a bright green tie. He told his nephews things were much better over here, but when it comes to courtesy, humor, good naturedness, Old World charm and hospitality you can't beat the Irish in Ireland.

THE NATION'S ENERGY RESOURCES AND ECONOMIC GROWTH

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

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

There was no objection.

Mr. LANE. Mr. Speaker, I am pleased to call to the attention of my colleagues the speech on national energy resources and economic growth which was delivered in Boston, January 18, by James K. Carr, Under Secretary of the Department of the Interior. The occasion was the banquet concluding the 16th Annual Printing and Publishing Week in Massachusetts.

Mr. Carr is a professional engineer, a former engineering consultant to the Committee on Interior and Insular Affairs of the House of Representatives, onetime chairman of the California Water Commission, and engaged in water and power activities for the past 25 years.

His comments on the energy requirements faced by the Nation in the future are very timely and are an indication of the effort that must be made to sustain continuing economic growth throughout the Nation. His speech points out that in the electrical industry alone, investments in excess of $100 million will probably be required in the next 20 years to finance generation and transmission facilities. I am pleased to note that the Under Secretary assumes both private and public investments will accomplish this job. With an eye toward the protection of stockholders and taxpayers, he said:

With such an enormous requirement for capital, the stockholders and the taxpayers must be protected by the best possible planning, both private and public.

His talk covers further possibilities in the coal industry and discusses oil and gas requirements. The text of his speech follows:

THE NATION'S ENERGY RESOURCES AND ECONOMIC GROWTH

(By James K. Carr, Under Secretary of the Interior)

A magazine advertisement this month by a leading airline points out that man has been developing speed for about 8,000 years, but only in the last 80 years—100 of the time period—has he made substantial progress. As late as 1880, the cheetah was still the speed kind of the mammals, having been clocked at 70 miles per hour. Man surged ahead in 1893, when a New York Central engine ate up a stretch of track at more than 112 miles per hour. A scant 70 years later, the experimental X-15 reached 4,700 miles per hour speed—fast enough to go from Boston to Manhattan in about 3 minutes. This burst of speed resulted largely from great advances in knowledge of fuels and energy.

The substance of the magazine ad relates to mobile energy. The bulk of the energy consumed in our economy is at stationary facilities. The advances in nonmobile energy production and use, while not so dramatic as the X-15, have, in the past 80 years, made giant strides in the task of freeing man from the bondage of inadequate energy.

You are interested in the subject of energy because the relationship of energy resources to basic raw material, whether it be for the printing business, the publishing business, or the production of paper pulp, and other wood products, will have a determined effect upon the economic health of your industry. The application of energy resources to other basic raw materials will indirectly affect the entire industry which you represent. It's for this reason that your program chairman asked me to speak to you tonight on the Nation's energy resources, which are in many ways a responsibility of the Department of the Interior.

ENERGY DEFINED

Let me define more clearly the type of energy I am talking about. In a broad sense, anything with the inherent power to perform work may be called energy, but I am speaking about the commercial or efficient forms of energy and their effect on the national economic growth. The four sources of such energy are: oil, natural gas, coal, and waterpower. As yet, nuclear power does not rank as an energy source of major economic importance.

The commercial uses of energy I am talking about should also be defined. The four uses of energy significantly affecting the Nation's economic growth are for (1) industrial purposes, (2) transportation, (3) space heating and cooling, and (4) the production of electricity, as such.

RELATIONSHIPS—BETWEEN SOURCES—BETWEEN MARKETS

Petroleum is the dominant commercial energy source accounting for about 45 percent of the Nation's energy needs. Natural gas picks up another 28 percent, and coal takes 23 percent; the rest of the commercial and efficient energy supply, except for water power which is 4 percent of the total.

The primary energy markets run something like this: Industry, 35 percent; transportation, 25 percent; space heating and cooling, 20 percent; and generation of electricity, the remaining 20 percent.

ENERGY AND ECONOMIC GROWTH

This Nation's industrial progress, social progress, and its energy revolution are so tightly interwoven that it is almost impossible to separate them. A history of the economic growth of the United States could, I believe, be translated in terms of the changes in emphasis and the changes in patterns of energy supply and use. The steel industry which was the forerunner for other massive industries in this economy was based largely on coal.

Again, consider the relationship between transportation developments and growth in the energy sector of the economy. The establishment of the vast interlocking network of railroads in this country would have been impossible had it not been for the availability of adequate quantities of coal at widely separated points. Widespread use of the automobile, which has had such an impact on almost all phases of our individual lives, moved hand-in-hand with the growth of the petroleum industry.

ENERGY USES

I should like to discuss briefly the increase in use of energy; then the specific sources—oil, gas, coal, and water power; and some of the relationships between these sources and the particular uses.

On a per capita basis, the use of energy by the United States is approaching the equivalent of 45 barrels of oil per person per year, and the United States is responsible for one-half of the world's total energy consumption. The average for the rest of the world is one-tenth as much or the equivalent of less than 5 barrels per capita.

History shows that economic progress, social progress, and standards of living move forward wherever per capita peacetime uses of energy are greater. By the end of this decade per capita consumption of energy in the United States will have increased more than 10 percent with a corresponding population increase of 35 million people. The net result is an estimated increase in total national energy consumption of more than 35 percent in the next 10 years.

INVESTMENT IN PLANT WILL BE HUGE

You can readily realize the problems that confront us as we continue to promote and to sustain economic growth if you visualize the necessary investment in generating and transmission plants.

During the past 20 years the total expenditure for new construction of generation and transmission facilities in the electrical industry, both private and public, has been about $35 billion—I repeat, billion dollars. Engineers now estimate that the total expenditure, private and public, for the next 20 years to build the necessary generation and transmission facilities will be three times that amount. With such an enormous requirement for capital the stockholders and the taxpayers must be protected by the best possible planning, both private and public. Our success in this effort will measurably affect the Nation's economic growth and our ability to compete abroad.

The magnitude of the investment problems in large measure relates to population growth. I will not burden you with numerous examples to show how fast the United States is growing, but you can gain some idea of it if you realize that the population increase of the Nation this year will be approximately 3 million people or equal to four new cities as large as Boston. Economists tell me this also means $6 billion in new spending for consumer goods.

Under Secretary of State George W. Ball told a joint congressional committee recently that the United States can compete with anyone and can prosper and must trade if it is to grow. This means, however, a relentless and vigorous attack on all factors of production cost to determine that they are as low as possible. It means, as President Kennedy said in the state of the Union message: "We cannot 'hang back in deference to local economic pressures.'"

ENERGY AND THE DEPARTMENT OF THE INTERIOR

At this point you possibly ask why the Interior Department is so intimately involved with the Nation's energy needs and supplies. Some people erroneously think the Department of the Interior is a "western department."

The Federal Government's responsibilities in the energy field and more specifically with oil, natural gas, coal, and the marketing of waterpower, as well as certain development of waterpower, are delegated to the Secretary of the Interior. Thus, to a great extent, the Department of the Interior is the "primary energy Department" for the United States. There are, of course, other agencies involved, including the Atomic Energy Commission and the Federal Power Commission, but Interior has important responsibilities with respect to each of the commercial types of energy mentioned. The Department's Office of Oil and Gas, Oil Import Administration, Bureau of Mines, Geological Survey, and the Office of Coal Research, all have broad responsibilities for certain segments of our energy programs. On the waterpower side, we have the Department's Bureau of Reclamation, the Bonneville Power Administration, the Southwestern Power Administration, and the Southeastern Power Administration—four Federal agencies that market hydroelectric power in different sections of the United States. So you can see that the activities of the Department of the Interior touch upon almost every phase of commercial energy in the Nation.

The Department is assigned certain tasks which will assure that our country's energy resources of coal, oil, natural gas, and water, make their maximum contribution to the Nation's economic health and growth, as well as the Nation's security. The energy-oriented activities of the Department, however, vitally affect the strength of our economy and contribute significantly to the ability of this Nation to maintain its place

in the world. And let me say just parenthetically that Secretary Udall and the rest of us in the Department of the Interior are equally concerned over another resource—and I mean our disappearing open spaces that are so vital to this and future generations. That is why, as a conservation measure, we are proposing a last great effort to round out a system of national parks and provide aid to States embarked on similar programs. We not only owe it to ourselves, we have a responsibility to the 51 million young people in school today to see that we wisely manage this resource and hand on to them a land such as we are so fortunate to enjoy. The approval of legislation authorizing the Cape Cod National Seashore Park is a notable step forward.

CHANGING PATTERNS OF ENERGY USE

We naturally expect changes in energy use patterns over the next 10 years although the total amounts of energy used will increase considerably. Let us discuss each primary energy source separately.

PETROLEUM

The petroleum industry, until recently, was growing at a much faster rate than the total increase in energy consumption by moving into markets in competition with other energy sources. In the future, we expect a leveling out in the consumption of oil in this country, although there will continue to be rapid increases in its use in other countries.

World production greatly exceeds current petroleum requirements. Much of the new production in the world can enter markets at prices below those necessary to sustain the mature industry in the United States. Furthermore, political events in some petroleum-producing nations have injected a note of instability into the supply of oil. Against this background, we cannot afford, as a nation, to lose sight of the immense importance of petroleum in times of emergency.

In World War II, fully two-thirds of all the materials of war consisted of petroleum and petroleum products. Today, petroleum represents about 50 percent of the total waterborne tonnage in international trade. The sheer volume of petroleum requirements, and the overall situation in the world today, made it necessary for the Federal Government to institute a broad program of controls on petroleum imports into the United States. These controls are designed to provide petroleum exporting nations with access to the U.S. market, while at the same time preventing the unlimited flow of oil from abroad that could seriously injure our national security posture. This vital program is administered by the Department's Oil Import Administration.

NATURAL GAS

During the past 25 or 30 years, natural gas has grown from a stepchild of the petroleum industry to a prime source of energy. This growth has been especially impressive over the past 15 years since World War II. This year it is estimated that natural gas will approach 30 percent of the Nation's energy supply. The Federal Power Commission has the principal regulatory responsibility for the Nation's interstate commerce in natural gas. The Department of the Interior conducts a substantial program of research into natural gas production and use and is responsible for the mobilization phases of the natural gas industry.

COAL

Reserves of coal in the United States are immense—enough to serve our requirements at present rates of consumption for hundreds of years. Coal was the earliest beneficiary of this Nation's energy revolution. As other sources of power arose, coal lost its dominant position. Production has fallen and unemployment in traditional coal producing areas constitutes a serious economic and social problem.

Despite these losses in the energy market, there are two possibilities that hold promise for an early improvement in coal's position in our energy economy.

Coal is cheap at the mine compared to other fuels; its big handicap has always been the cost of transportation. For this reason, the Department is very much interested in the plan of the Consolidation Coal Co., of Pittsburgh, and the Texas Eastern Transmission Corp., of Houston, to build a 20-inch slurry pipeline from the coal fields of Pennsylvania and West Virginia to the large energy-consuming areas of Philadelphia and New York.

Coal in the form of a slurry has been moved by pipeline in Ohio for some years, from Cadiz to Cleveland. But in this operation the slurry has had to be put through a costly drying process before burning. Recently, a demonstration at South Amboy, N.J., proved that liquid coal slurry containing more than 30 percent water can be burned directly in a furnace, in much the same way as oil or gas.

It appears possible to increase the use of coal while better serving the energy needs of our country, by the construction of mine-mouth steam electric plants. Recent developments in extra-high-voltage transmission of electricity may make possible the movement of large blocks of power at lower costs. I will discuss this more fully as we talk about electric power.

ELECTRIC POWER

The development of hydroelectric power in this country had its beginning in the New England States. The first waterpower development of importance took place here in New England at Pawtucket, R.I., in 1790. By 1813, a city was created by the development of the Merrimack River at Lowell, Mass. In those early years, a canal was built around the falls and the water, or portions of it, passed successively over wheels or through turbines.

By 1900, we had learned to transmit power as far as 150 miles. In a moment, I will tell you of some of the programs our Government is now engaged in to encourage the private and public utility industry to better utilize and develop our electric power industry.

Hydroelectric power has provided a small but relatively stable portion of the Nation's energy requirements in the past 25 years—about 4 percent. This percentage, however, fails to convey the critical importance of hydroelectric power in some regions of the United States.

In the Pacific Northwest, fully 96 percent of electric power consumed in the area is produced from waterpower projects on the Columbia River, its tributaries, and coastal streams.

In years gone by, we, as a Nation, have not made sufficient use of our hydroelectric potential, a renewable energy resource that uncontrolled causes damage in many areas. This administration will not perpetuate this neglect and waste. We intend to move vigorously to develop those as yet untapped hydro resources which will yield measurable benefits to the growth of the national economy.

At the request of President Kennedy, the Department of the Interior is now reviewing the Passamaquoddy project and the potential of the upper St. John River in Maine. Department engineers are optimistic about the outcome and look forward to greater development of the water resource of New England.

EXTRA HIGH VOLTAGE—DIRECT CURRENT TRANSMISSION

The most modern and efficient transmission of electricity is vital to the ample supply of power at reasonable costs. A 5-man group drawn from the Department of the Interior has recently completed an important study on an extra-high-voltage, direct-current intertie to link the major private and public power systems in the Pacific Northwest with those of the Pacific Southwest. The study has already had a great impact on the electric utility industry and may show a way ultimately to reduce power cost in New England and other areas of the Nation.

The proposal would involve construction of lines from the Columbia River Basin to the vicinity of Los Angeles, Calif.—a distance of almost 1,000 miles. It would be a dramatic forward step, stimulating the electric industry to more efficient and effective use of the hydro- and thermal-electric power resources.

Great benefits would follow from the Pacific Northwest and southern California intertie. The Pacific Northwest's firm power supply, according to the report, can be increased by up to 400,000 kilowatts by exchanging energy.

In many parts of California peak power requirements occur during the summer months. In the Northwest, the peak energy need is during the winter months. Each of these regions now must maintain sufficient generation capacity and plant (which costs money) to meet its respective peak loads. The proposed intertie can appreciably lower the level of installed generating capacity (with investment of capital) by moving power back and forth between the two regions as required.

Also these extra-high-voltage, direct-current transmission lines might be used to take power from mine-mouth, steam-electric plant in Pennsylvania, West Virginia, and other areas to eastern population centers such as Boston and deliver it at lower cost.

President Kennedy in his special message on natural resources last February directed the Secretary of the Interior to develop plans for interconnections and further cooperative pooling of electric power supplies in both private and public systems. Secretary Udall is giving leadership to the electric utility industry by encouraging this bold, new approach.

In candor, I must tell you that the United States has lagged behind in the development and use of direct-current transmission of electricity. Sweden developed and has been using it to advantage since 1954. A direct-current underwater cable beneath the English Channel now connects the power systems of England and France. New Zealand will soon use direct-current transmission for a distance of 360 miles. It is reported the Soviets have been experimenting with direct-current transmission since the end of World War II and have one 300-mile experimental line already built.

Inevitably, it seems the entire United States will need an electric power complex of extra high voltage in which private and public agencies can and will operate. The combined efforts of the private and public utilities will be necessary to bring about economies in the production and distribution of electric power. This administration will continue to encourage these joint efforts and recommend to the Congress that we participate financially in programs associated with the development of our water and power resources whenever it's in the national interest.

The combined result should be a more efficient utilization of the country's total generating facilities, reduced requirements for the construction of new generating plants and significant reductions in capital investment. Savings to consumers of power should follow naturally from these advantages.

I have emphasized that energy is one of the most important elements in a dynamic economy. Your industry directly and indirectly is affected by what we do in the de-

velopment of low-cost energy for the entire Nation. We must continue as a nation to discard that which is outdated or obsolete. We must adopt new technical advances wherever they promise to decrease the cost of energy to the ultimate consumer. We must, with a sense of urgency, tackle our energy-resource problems. We must look forward and go forward.

If we proceed with this spirit, we shall continue to carry the banner of freedom throughout this fast-moving world with persuasive confidence and a widespread realization that America is still in the forefront of scientific progress.

TO GRANT WORLD WAR I VETERANS THE SAME OUTPATIENT SERVICES AVAILABLE TO VETERANS OF SPANISH-AMERICAN WAR

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

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

There was no objection.

Mr. LANE. Mr. Speaker, in relation to the standards of today, we have shown less consideration for the veterans of World War I than we have for the living veterans of any other war before or since.

This is difficult to understand, and impossible to excuse. Perhaps it was due to the conservative administrations that controlled public policy during the 1920's, when the legitimate rights of veterans were thrust into the background.

Their frustration found expression in 1932 during the last year of conservative rule, when a bonus army of impoverished veterans marched on Washington in a desperate effort to secure recognition of their claims. The memory of the squatters camp they established, and from which they were driven by the tanks and tear gas of the Regular Army, comes back to haunt a nation that failed then as now to fulfill its obligations to the veterans of World War I.

Unlike the veterans of World War II, and the veterans of the Korean war, the men who came back from World War I, received no educational aid, no paid-on-the-job training to develop new skills and opportunities, no guarantee of job restoration, and no $20 per week for 52 weeks as unemployment compensation. And there were no veterans' hospitals to care for those whose health was affected by the dangers and the hardships of their military service.

Because the Allied armies were hard pressed when we entered World War I, too many of our men were rushed overseas without sufficient training or adequate equipment. Influenza, poison gas, trench warfare, the stresses and strains of military life weakened the health of many young men who did not bear the visible scars of battle.

Their disabilities originated in service, but they were not able to prove service connection and secure disability compensation because the Government, in tracing their claims, found that it had misplaced or lost their medical records.

Unlike the veterans of the previous Spanish-American War, they were not declared eligible for outpatient treatment of disabilities, including dental service, and were not entitled to emergency medical care at home.

Too early for the GI bill of rights and too late for the benefits granted to the Spanish War veterans.

The average age of the World War I veteran is 67.

Five hundred of them are dying every day. Very few of the hundreds of thousands who survive are in perfect health. They have reached that stage in life where more frequent illneses and medical care needs should receive outpatient treatment to avoid the delays that jeopardize recovery, and necessitate costly hospitalization.

These men are not second-class veterans. Only legislative neglect in providing them with benefits and services available to veterans of other wars has made it seem so.

In order to correct that discrimination, I have introduced a bill to amend section 612 of title 38, United States Code, to provide the same medical care benefits for World War I veterans as are provided for veterans of the Spanish-American War.

Can anyone, in good conscience, deny them this right?

WOOL IMPORTS

Mr. LANE. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD, and to include a letter from Francis Schaufenbil, international secretary-treasurer of the United Textile Workers of America.

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

Thre was no objection.

Mr. LANE. Mr. Speaker, I include as a part of my remarks the following letter:

JANUARY 22, 1962.

Hon. THOMAS LANE,
U.S. House of Representatives, House Office Building, Washington, D.C.

DEAR CONGRESSMAN LANE: According to a news item in the Lawrence Sunday Sun of January 21, Assistant Secretary Frederick G. Dutton of the State Department has informed you that there was a sharp decline in wool imports from Great Britain, Italy, and Japan during 1961, as a result of a new tariff structure set up by the U.S. Government.

Assistant Secretary Dutton's optimistic statement is statistically accurate, but in my opinion it is a misleading assessment of the situation. He disregards alarming trends which warrant a conclusion opposed to his.

Three factors account for the reduced wool fabric imports:

1. The threatened boycott of Japanese worsted fabrics by the Amalgamated Clothing Workers of America, AFL–CIO.

2. The drop in U.S. production of tailored clothing due to the economic situation prevailing during the first part of 1961.

3. The new duties on woven cloths which were placed in effect on January 1, 1961.

Since the decline in wool imports was the greatest in the case of Italy, a study of the 1961 (January through October) Italian wool import figures is revealing:

[Total in square yards]

January	1,724,000
February	335,000
March	412,000
April	732,000
May	531,000
June	716,000
July	1,035,000
August	1,328,000
September	1,788,000
October	1,870,000

You will note that the January 1, 1961, duties at first seemed to act as a brake on imports, but we now know that this was merely a period of hesitation. The steadily growing Italian import totals indicate that Italian exporters are accommodating their products to the new duties and have already regained much lost ground.

There is growing evidence that the January 1961 duties are not as effective as claimed by the State Department.

The National Association of Wool Manufacturers claims that "there is manifest evidence that the search for loopholes in our tariff law and regulations is intensifying. The Bureau of Customs has under study the proper tariff classification for woven wool cloths on which the selvedges have been bound with braid.

"The purpose of this braiding is to qualify the cloths for entry through customs as articles in part of braid on which there is only an ad valorem duty of 42½ percent. This compares with the cloth duties of 37½ cents per pound plus ad valorem duties of 38 to 60 percent, dependent upon the value. In another case, woven wool cloths have been presented for duty-free entry into U.S. customs territory as a product of the Virgin Islands. The cloths in question were imported from Italy into the Virgin Islands where little if any further processing was performed on them other than showerproofing. Manufactures qualify as a 'product of the Virgin Islands' if foreign materials account for no more than 50 percent of their total value."

Another reason I am not impressed by the State Department's analysis of the matter is the fact that the new duties effect only a minority part of total wool imports.

Wool imports involve many categories in addition to wool fabrics, e.g., finished apparel, unfinished apparel, wool tops, wool yarns, knit apparel, etc. According to Government figures, 43,385,000 pounds of wool products were imported during the first 10 months of 1961. Of these, only 19,266,000 pounds were covered by the new tariff, and only 9 million pounds were affected by the new tariff.

The State Department cannot claim ignorance of these factors. I have the privilege of serving on the Department of Commerce Wool Advisory Committee. We met on January 8, 1962, with representatives of the State Department and the Commerce Department, and, at that time, called these matters to their attention.

On the same day the Wool Advisory Committee filed a unanimously adopted eight-point statement with the Government. Point 7 was as follows:

"The Committee has called to the attention of Government representatives present and here takes this means of noting:

(a) That the greater portion of wool textile imports do not enter under the paragraphs affected by the tariff adjustments referred to; and it is mistaken to base policy—if inaction may be deemed a policy—for the whole wool textile industry on factors which, even if valid, would affect only part of it; and

"(b) That the statistical data already on hand shows that such declines as were recorded in certain categories of wool imports

in the early months of 1961 were the brief and passing effects of the domestic recession, and that, in certain conspicuous and important categories, imports for the first 10 months of 1961 are already in excess of corresponding figures for 1960, and in other categories, the rise in the latter months of the year shows that the hitherto increasing trend of wool product imports is clearly continuing even beyond the levels previously deemed excessive."

Since 1947 more than 300 woolen mills have gone out of business. Employment in the industry in the same period has declined from 170,000 jobs to 65,000 jobs.

President Kennedy, though pursuing a goal of increased foreign trade, has recognized that the wool industry requires special attention. On May 2, 1961, at a White House conference with industry representatives he said: "The problems of the textile industry are serious and deep-rooted," and that, "it is time for action."

It seems to me that the State Department pursues the same laudable goal of increased foreign trade, but with a callous indifference to the effect of its policies and recommendations on thousands of textile workers, thousands of manufacturers, and thousands of workers in related industries. It seems to me that the State Department blinds itself to the damage being inflicted upon the woolen industry of our Nation. The Department publicizes and exaggerates measures designed to help the situation, but these measures—such as the new duties of January 1, 1961, and the new textile machinery depreciation arrangement—while sometimes meritorious, are ineffective and picayune when contrasted with the overall problem. Assistant Secretary Dutton's report to you is illustrative of this tendency. To use an overworked expression, "They are willing to sacrifice the industry on the altar of free trade."

The United Textile Workers of America, AFL–CIO, and its membership, are well aware of the tremendous efforts you have expended on behalf of the wool industry. We are deeply appreciative and encourage your continued commitment to the problem which is so vital to our textile community and to our whole country.

With sincere personal regards, I remain,

Fraternally yours,

FRANCIS SCHAUFENBIL,
International Secretary-Treasurer.

REVIEW OF USE OF COMMERCIAL AIR CARRIERS

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

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

There was no objection.

Mr. KASTENMEIER. Mr. Speaker, I want to take a few minutes today to discuss the report of the Comptroller General issued on January 9, 1962.

The report is entitled "Review of the Use of Commercial Air Carriers for Overseas Travel and Shipment of Unaccompanied Baggage of Department of Defense Personnel."

Many people are familiar with the general operation of military transportation. The Military Air Transport Service—MATS—is charged with the responsibility of providing the Joint Chiefs of Staff with an immediately available strategic airlift force for use in war or other national emergency. To meet its primary mission, MATS is equipped with a large fleet of military transport aircraft. Under Defense Department training and operations policy this transport fleet is required to operate at a relatively high rate of peacetime aircraft utilization. In its standard operations it provides greater airlift capability than that required for normal military peacetime carrying needs.

The Defense Department uses some of this excess capacity to provide transportation for personnel and baggage. Additionally, some commercial transport is contracted for MATS use.

The new report of the Comptroller General is a study of inefficiencies in the operation of these transportation programs.

I would like to quote at length from the report to indicate its general purpose and its general conclusions:

The purpose of our review was to inquire into the use of regularly scheduled commercial flights at published tariff rates for the oversea movement of personnel and baggage and to compare the use of these commercial facilities with the available space on scheduled oversea flights of the military air transportation system to the same points.

Our review disclosed that, in fiscal year 1960, the DOD spent over $13 million for transporting its personnel and unaccompanied baggage overseas on commercial flights at published tariff rates, while at the same time there was ample space on scheduled military and contract flights of the Military Air Transport Service (MATS) to carry a substantial portion of this traffic. MATS flights included scheduled service on military-owned aircraft and on civil aircraft under contract to MATS at rates much lower than the published tariff rates of the carriers.

Our tests showed that over 50 percent of all oversea travel and baggage shipments by commercial air originated or terminated at oversea areas, and in many cases the same cities, served by MATS. We estimate that the unused capacity of MATS scheduled oversea flights in the same year was equal to about 9 times the number of DOD passengers and 20 times the weight of DOD baggage carried by commercial air to or from the areas served by MATS. Consequently, after allowing for the approximate cost of using commercial air service to areas outside the military air transportation system, we estimate that passengers and baggage moved overseas by commercial air service at a cost of several millions of dollars could have been accommodated on concurrently scheduled MATS flights at little, if any, increase in the cost of MATS operation during fiscal year 1960.

The findings of this study are printed at some length in the body of the report. There is no doubt in my mind that the research done by the Government Accounting Office is of the highest quality, and I am convinced that the wasteful practices outlined by the Comptroller General are accurately reported. I would like to commend the report to the attention of other Members who may be interested in curbing wasteful Government expenditures.

Based on this research the Comptroller General has made three basic recommendations whose aim is the institution of more businesslike practices in this aspect of the Defense Department's operation. I believe that these recommendations are worthy of the support of every Member:

1. Transportation regulations for the Office of the Secretary of Defense and the three military services should be revised to specifically require the use of MATS for normal oversea air travel to, from, and between countries served directly by MATS and for all other oversea air travel where MATS military and contract planes are available for a substantial portion of the trip with significant savings in transportation costs.

2. The frequent failure of transportation officers to obtain passenger spaces on MATS flights, when in fact space is available, should be subjected to a thorough study by OSD to determine the cause of this problem and to institute remedial procedures and that consideration be given to revising the practice of limiting space reservations to the minimum cabin load on flights that usually depart with higher load limits.

3. The joint travel regulations and the implementing regulations of the military services should be revised to specifically require the use of military air transportation resources for the oversea shipment of unaccompanied baggage, when air shipment is appropriate, and that the type of air transportation resources available and the countries served be clearly described in these regulations.

The Comptroller General indicates that the Department of Defense claims to be taking steps to remedy present abuses in military transportation. However, he writes that his present limited testing of the success of these remedies has shown only moderate improvement in practices.

Mr. Speaker, after a close review of the GAO studies I am convinced that at least $7 million could be cut from this aspect of military operations alone. I believe that every effort should be made to do this.

A number of conscientious citizens and members have been disturbed at the growth of government expenditures in recent years. Many have called for cuts in Government spending. I believe there is good cause for many of these complaints, but I believe we can save a great deal of money without making cuts in essential services.

It seems to me, rather, that it would be wise to consult the excellent studies now available which indicate that there is a great deal of waste in existing programs.

The Department of Defense is notable in this regard because it is by far the largest spender in the Government. GAO studies show that it is also among the most inefficient of our Government agencies. I would respectfully urge that a more careful look be taken at the budget this year in order to take advantage of the information we already have. If we do this, I am sure that we can preserve the essential functions of our Federal Government and cut out wasteful operations such as the ones detailed in the latest report on military transportation.

THE PORTSMOUTH STORY

Mr. CAHILL. Mr. Speaker, I ask unanimous consent that the gentleman from Ohio [Mr. HARSHA] may extend his

remarks at this point in the RECORD and include extraneous matter.

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

There was no objection.

Mr. HARSHA. Mr. Speaker, as we start the new year with a program and a budget presented to us encompassing everything on this earth and the moon and promising to take care of everybody and every cause the world over, I would like to call my colleagues' attention to the Portsmouth story. I am including herewith an address delivered by the Reverend E. Leslie Pritchard of the Second Presbyterian Church, Portsmouth, Ohio, at the All America City Award finals, sponsored by the National Municipal League and Look magazine, at Miami Beach, Fla., on Friday, December 1, 1961, on behalf of all the people of the Greater Portsmouth, Ohio, community.

Reverend Pritchard very ably presented the Portsmouth cause in his own inimitable way and I think the Portsmouth story points out the fact that the American people, if given the opportunity, would prefer to look after their own problems on their own initiative.

There is nothing the American people cannot have if they want it. The only prerequisite is to apply themselves using their own resources and initiative to obtain the results desired. This is exactly what occurred in the Portsmouth area, yet we were in the heart of the depressed areas in this Nation, and I am particularly proud of the part the entire community played in the effort and I commend their action to my colleagues.

I earnestly recommend that before we embark upon this program of doing all things for all people, each of my colleagues give serious thought and consideration to how the people of Portsmouth helped themselves.

THE PORTSMOUTH STORY

This is the Portsmouth story. Within the framework of the past 12 months, we who live in the Portsmouth, Ohio, area have witnessed a most remarkable feat, an accomplishment so typical of the grassroot greatness that built and is America that it evoked the personal endorsement of the President of the United States.

So that you may fully appreciate the timeliness of the Portsmouth story, and grasp its full significance, I would like to begin with a quotation from the inaugural address of the President of the United States.

Challenging Americans to rise to new heights through their own individual efforts, the President said:

"Ask not what your country will do for you; ask what you can do for your country."

Nowhere, to my knowledge, has that challenge been accepted more wholeheartedly, under more adverse conditions, and been met with more success than in the Portsmouth, Ohio, community that lies along the banks of the Ohio River on the northern border of the Kentucky foothills.

If I were a movie director producing the Portsmouth story, I would begin with a series of harshly candid, deeply penetrating flashbacks.

First, I would show the community, the walled river town and the rolling countryside of southern Ohio and northern Kentucky.

Twenty years ago the scene would be a bustling city of 40,000 population—a city known nationally for its shoes and its steel—a city with a staid and solid past—with a bright and beckoning future.

The pages of the calendar fall away and it is suddenly 1960. We have lost 5,000 population. We have lost a shoe industry. And the candid camera moves in to focus on the Portsmouth of 1960. We see an area declared distressed by the Department of Commerce. We see a city where unemployment runs as high as 18 percent. We see a community where families queue up to receive their share of surplus commodities.

Slowly the candid camera moves in and we see the faces of the people, for the Portsmouth story is the story of people. We look carefully at that face and it is the face of despair, and depression and defeat.

It is at this point that the Portsmouth story begins to unfold. The need was tragically present. Something had to be done. Something had to be done to overcome the apathy of the people and forcefully and positively demonstrate that Portsmouth could come back and assume her place among the progressive cities of the Nation. All of this could be done if everyone—individually and collectively—could do his part.

Suddenly the camera moves backwards in time and we see the graduating class of Portsmouth High School in the year 1959. We look closely at their faces—pathetically aware that only 1 out of every 8 students will have the opportunity to attend college: for Portsmouth and Scioto County lie in an educational desert. The great preponderance of the available colleges lay beyond the minimum radius of 100 miles; and what opportunity was there for students whose parents had to stand in line to receive their daily allotment of food?

This was the place for beginning. Looking for progress, searching for progress, we selected the theme "Progress Through Education."

A 15 member board formed a nonprofit organization to spearhead the goal of bringing higher education to the Portsmouth area. The city of Portsmouth donated an unused school building and a minimum goal of $85,000 was established with which to renovate and modernize that unused building.

The candid camera appears again among the people of the Portsmouth area as they weld themselves together in an almost unbelievable unity of purpose.

Here is the face of a retired school teacher who gave $50: here is the face of a newspaper boy who turned in his weekly collection of over $10: here is the wrinkled face of an old colored woman as she makes her humble donation.

As the camera moves back, we see the faces of the graduating class of a county high school each one of whom made a contribution of no less than $2. This set the tone and the color of our campaign.

Quicker and quicker the camera moves and faces appear as if by magic. The PTA's, the Rotary, the Kiwanis, the Lions, the Exchange, the 4-H clubs, the Shawnee AFL-CIO Council, the social groups, the professional groups, the faces of men, women, and children from all walks of life—regardless of race, color, or creed—each intent on playing his part to meet the need and make the dream come true.

Gentlemen, this was Portsmouth's finest hour.

The result: over $100,000 raised from an area designated distressed: over $100,000 which was equivalent, per-capita-wise, to over $7½ million being raised in the city of Detroit, also a distressed area: a $100,000 which was more than enough to open the doors to Ohio University at Portsmouth and admit a freshmen class of over 150 full-time students—88 percent of whom might never have had the opportunity for higher education.

Conscious of the effort that had been made by the people of Portsmouth, the President of the United States of America, himself, sent the following telegram to be read at the dedication of Ohio University at Portsmouth.

"I want to congratulate the people of the Portsmouth area on the opening there of the new branch of the State University system of Ohio. I know that the voluntary contributions by which your community has made this educational opportunity possible for the young men and women of your region represents one of the sacrifices which Americans must and will make for the welfare and strength of our people. You have answered in a significant way what you can do for your country. Such an achievement is especially impressive in an area designated for redevelopment. I know that Secretary of Commerce Hodges, Undersecretary of Health, Education, and Welfare Nestigen, Interstate Commerce Commissioner Bush, and the Commissioner of Patents Ladd, all of whom are with you today, will personally express for me the appreciation of this Administration for your fine efforts to promote the progress of your areas and to provide an adequate opportunity for education for all our people."

THE LATE SENATOR SCHOEPPEL

Mr. CAHILL. Mr. Speaker, I ask unanimous consent that the gentleman from Maine [Mr. McINTIRE] may extend his remarks at this point in the RECORD.

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

There was no objection.

Mr. McINTIRE. Mr. Speaker, the passing of Senator Schoeppel, of Kansas, is a tragic loss to his State and Nation. The public service performed over a long period of time by this great citizen of Kansas is far beyond that generally realized by the average citizen. Senator Schoeppel combined great personal integrity and courage with deep devotion to the citizens of the Sunflower State and the Nation he loved so well.

Mrs. McIntire and I treasure the memory of our warm friendship with Senator Schoeppel and extend to the bereaved widow our deepest sympathy.

REASONS FOR EXTENDING CONSERVATION RESERVE PROGRAM CONTRACTS

Mr. CAHILL. Mr. Speaker, I ask unanimous consent that the gentleman from Iowa [Mr. SCHWENGEL] may extend his remarks at this point in the RECORD and include extraneous matter.

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

There was no objection.

Mr. SCHWENGEL. Mr. Speaker, this bill extends the term of expiring conservation reserve contracts. Here is a brief review of the conservation reserve program and some of the reasons for recommending its extension.

Five years of experience have shown that this approach to crop adjustment is attractive to many farmers and can be an effective tool for land, capital, and labor adjustment in our overexpanded agriculture. As of the end of 1960, when the program was terminated,

there were more than 306,000 conservation reserve contracts in effect, covering 28.7 million acres of reserve cropland in 47 States. The average size participating farm was 314 acres compared to the average 1954 census farm of 242 acres.

Virtually all of this conservation reserve land is cropland, or at least was being used for crop production before it was placed under contract. Had it not been idled by the program, this land would have added substantially to existing surpluses. Instead, it is being held in reserve at an annual average rental cost to the Government of $11.85 per acre per year. See table 1 for details by States.

The $11.85 per acre for the 28.7 million acres under the conservation reserve compared to $27.35 per acre average—USDA estimate—for the 26.7 million acres retired under the 1961 feed grain program, demonstrates among other things that: First, jacked up price supports in 1961 caused the Government to bid against itself and led to payments 2½ times as much per retired acre under the feed grain program as under the conservation reserve program; second, retiring cropland on a long-term, competitive bid basis is more workable, will accomplish much more for the money expended, and requires less administration.

Particularly effective in production adjustment is the whole farm conservation reserve contract, under which the farmer rests all his eligible cropland and produces no commercial crops. The farm family may continue to live on the farm if it wishes, and use the buildings, orchard, woodland, and garden as it desires. Further, by retiring the whole farm the temptation to increase output on land remaining in production, thus offsetting the effect of land retirement, is eliminated. Some 20.3 million conservation reserve acres, or 71 percent of the total, are under contracts of this type.

Conservation reserve contracts will begin expiring in considerable volume in 1962 and some will terminate each year through the end of 1969. All of this land will have been well protected with vegetative cover and will have a higher production potential than when retired. A question for both farmers and the Government will be what to do about this acreage as it emerges from the reserve and is again available for crop production. See table 2.

A breakdown of the 28.7 million acres under conservation reserve contracts, made by USDA, shows about 26.2 million under grass and legume cover. The remaining 2.5 million acres have been permanently shifted to such uses as forests, shrubs, cover for wildlife, and ponds and lakes for livestock, water, fish, and so forth. See table 3.

I am happy to introduce legislation to provide opportunity for farmers to extend contracts on the 26.2 million acres of conservation reserve land which otherwise will likely come back into crop productions as the contracts expire.

TABLE 1.—*1960 conservation reserve: Cumulative participation as to number of counties, farms, payees, reserve acres, and rental payment by States* [1]

State	Counties having contracts	Farms having contracts	Estimated payees	Reserve acres	Rental obligation for 1960 [2]	
					Total	Per acre
Alabama	67	8,338	8,550	410,033	$5,080,825	$12.39
Arizona	3	66	82	7,775	104,112	13.39
Arkansas	74	9,518	10,016	604,262	7,272,459	12.04
California	46	1,089	1,265	204,666	2,657,275	12.98
Colorado	50	4,760	5,861	1,295,917	9,944,168	7.67
Connecticut	8	196	196	4,702	91,575	19.48
Delaware	3	284	304	18,420	306,854	16.66
Florida	39	2,185	2,235	229,384	2,198,919	9.59
Georgia	158	15,227	15,847	1,061,731	12,146,685	11.44
Idaho	38	1,533	1,802	293,522	3,536,909	12.05
Illinois	102	6,140	6,766	440,425	7,592,183	17.24
Indiana	92	7,924	8,280	494,338	9,093,872	18.40
Iowa	100	7,726	8,557	663,087	12,017,608	18.12
Kansas	105	12,637	15,696	1,446,586	17,220,382	11.90
Kentucky	104	5,493	5,719	386,872	6,290,139	16.26
Louisiana	49	3,279	3,520	218,257	2,965,689	13.59
Maine	16	2,671	2,689	123,243	1,419,203	11.52
Maryland	23	1,484	1,574	84,753	1,437,538	16.96
Massachusetts	12	109	109	2,854	44,037	15.43
Michigan	83	11,706	11,913	720,985	9,437,842	13.09
Minnesota	88	20,772	22,012	1,944,476	21,835,752	11.23
Mississippi	82	5,826	5,909	335,277	4,537,377	13.53
Missouri	114	10,974	11,657	832,313	11,768,058	14.14
Montana	51	2,053	2,350	629,919	5,717,448	9.08
Nebraska	92	7,419	8,808	880,308	10,562,523	12.00
Nevada						
New Hampshire	10	447	447	11,768	$156,255	$13.28
New Jersey	16	1,081	1,086	50,041	876,807	17.52
New Mexico	23	3,510	4,382	866,798	7,067,010	8.15
New York	53	9,683	9,790	508,358	6,493,472	12.77
North Carolina	99	7,831	8,067	271,207	4,123,337	15.20
North Dakota	53	12,291	15,600	2,704,754	27,053,169	10.00
Ohio	88	8,959	9,195	524,785	9,044,126	17.23
Oklahoma	77	16,974	19,851	1,491,328	15,977,045	10.71
Oregon	33	2,315	2,534	236,350	3,349,088	14.17
Pennsylvania	66	7,375	7,488	373,093	5,758,347	15.43
Rhode Island	3	4	4	62	1,233	19.89
South Carolina	46	11,891	12,237	637,943	8,146,954	12.77
South Dakota	67	10,962	13,843	1,807,541	18,551,872	10.26
Tennessee	94	7,983	8,327	499,366	7,483,892	14.99
Texas	239	33,778	40,578	3,667,420	39,006,980	10.64
Utah	22	972	1,104	237,675	2,049,973	8.63
Vermont	14	989	995	32,523	429,721	13.21
Virginia	95	2,432	2,478	117,228	1,869,921	15.95
Washington	38	2,260	2,768	340,185	4,334,449	12.74
West Virginia	51	1,820	1,859	59,208	893,610	15.09
Wisconsin	71	12,662	12,913	763,468	10,511,801	13.77
Wyoming	16	554	624	124,767	1,087,847	8.72
United States	2,873	306,182	337,887	28,659,973	339,546,341	11.85

[1] All data are as reported July 15, 1960, and are cumulative for all 1956–60 contracts in force at that time.

[2] Net disbursements are somewhat less than obligations due to violations, penalties, and terminations. Due to controversies surrounding such cases some disbursements and penalty refunds are not resolved for several years.

TABLE 2.—*1956–61 conservation reserve program: Estimated reserve acres for which contracts expire each year, by States* [1]

State	Acres released as of Dec. 31—										Total acres in reserve
	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	
Northeast area:											
Connecticut	119	29	2,838	619	36	13	53	513	461		4,681
Delaware	356	95	8,662	3,023	92	352	166	5,053	524		18,323
Maine	7,725	8,148	19,339	16,584	173	1,636	8,586	31,740	27,867	756	122,554
Maryland	7,694	2,660	43,638	13,093	185	914	1,010	10,674	4,724		84,592
Massachusetts	73	28	1,254	380	27	25	10	455	442		2,694
New Hampshire	28	25	1,307	509		40	177	5,116	4,561		11,763
New Jersey	2,367	1,297	26,260	14,675	29	249	86	2,134	2,086		49,183
New York	29,741	15,657	147,679	75,619	1,111	5,340	7,267	107,372	106,467	6,084	502,337
Pennsylvania	16,336	7,926	150,697	82,492	615	1,713	2,491	50,236	53,602	54	366,162
Rhode Island	18		11	25				8			62
Vermont	31	44	4,011	2,497	220	155	1,359	13,398	10,946		32,661
Virginia	8,173	1,436	42,838	22,567	1,178	1,496	1,106	22,921	13,600		115,315
West Virginia	1,260	808	22,424	11,305	292	79	1,429	13,438	7,240		58,275
Southeast area:											
Alabama	8,148	3,534	81,911	40,292	382	17,911	29,982	133,577	92,198		407,935
Arkansas	25,351	19,888	198,871	83,136	1,338	7,494	24,827	159,785	77,700		598,390
Florida	6,924	3,170	12,818	18,653	256	38,851	21,543	68,439	58,554		229,208
Georgia	16,543	11,774	103,699	71,539	1,508	74,366	152,108	372,116	255,410		1,059,063
Louisiana	4,011	2,258	54,528	26,942	444	6,884	30,158	69,013	24,825		219,063
Mississippi	27,542	21,432	127,253	28,672	1,071	12,309	14,980	65,489	25,297	191	324,236
North Carolina	3,851	3,433	70,423	59,613	309	12,858	15,457	73,354	30,337		269,635
South Carolina	9,367	4,898	54,759	54,921	456	21,649	60,761	201,100	227,950		635,861
Tennessee	12,994	12,585	152,556	78,738	1,468	8,472	14,323	134,003	80,738		495,877

See footnote at end of table.

TABLE 2.—*1956–61 Conservation reserve program: Estimated reserve acres for which contracts expire each year, by States* [1]—Continued

State	Acres released as of Dec. 31—										Total acres in reserve
	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	
Midwest area:											
Illinois	11,835	2,846	275,624	87,183	918	2,032	749	43,734	11,445	345	436,711
Indiana	18,251	4,332	267,069	118,895	4,290	1,169	437	54,322	24,520		493,285
Iowa	47,804	13,789	372,195	168,150	2,308	1,026	942	34,998	17,019		658,231
Kentucky	8,726	3,949	168,804	68,802	1,085	1,349	2,218	99,962	32,911		387,806
Michigan	38,913	15,614	286,739	162,434	1,410	8,100	5,330	95,804	93,726		708,070
Missouri	33,645	30,727	283,410	160,507	2,095	5,568	4,270	221,317	87,323		828,862
Ohio	21,504	6,663	246,321	140,062	1,010	1,254	792	50,552	48,411	50	516,619
Wisconsin	42,657	14,004	306,083	171,622	1,026	11,831	6,927	105,678	88,987	105	748,920
Northwest area:											
Idaho	13,397	6,421	93,620	44,255	2,507	6,535	1,485	83,748	39,347	225	291,540
Minnesota	194,766	167,131	607,352	186,368	8,894	189,556	136,809	304,267	105,984	2,049	1,903,176
Montana	29,988	14,503	142,191	59,587	2,921	13,891	14,450	224,883	124,989		627,403
Nebraska	42,435	17,022	349,887	144,540	2,488	10,124	7,396	218,394	83,839		876,125
North Dakota	199,662	130,617	513,792	402,433	8,316	199,864	129,771	571,752	548,512		2,704,719
Oregon	19,066	10,365	84,959	36,372	1,418	8,987	6,453	40,714	24,735		233,069
South Dakota	151,661	85,374	410,602	335,511	5,911	54,448	37,831	425,490	315,245		1,822,073
Washington	9,860	13,761	114,268	45,332	3,871	3,056	10,971	95,616	39,299		336,034
Wyoming	14,322	2,935	32,503	10,756		3,827	1,396	44,342	14,325		124,406
Southwest area:											
Arizona	4,676	477	438			1,739	431				7,761
California	16,223	7,470	89,546	36,586	3,103	1,801	1,427	32,937	11,740		200,833
Colorado	99,576	40,891	137,784	30,497	3,434	178,528	82,845	604,114	122,212		1,229,881
Kansas	72,390	79,120	344,243	110,378	11,179	78,191	94,193	412,997	247,283		1,449,974
Nevada											
New Mexico	85,986	14,211	13,813	470	251,424	308,208	113,288	77,559	360		865,319
Oklahoma	136,561	83,952	334,079	155,760	4,938	129,087	81,612	341,844	225,842		1,493,675
Texas	647,503	205,321	644,624	255,606	211,250	495,680	220,696	697,746	276,691		3,655,117
Utah	22,352	6,399	44,201	13,955	841	45,293	10,077	66,858	24,089		234,065
United States	2,172,411	1,099,019	7,491,923	3,651,955	547,827	1,973,950	1,360,675	6,489,562	3,714,363	9,859	28,511,544

[1] Based on report from Data Processing Center of contracts on record Jan. 1, 1961, derived by dividing annual payment for each year of expiration for each State by the State average rental per acre for all land in the reserve in 1961.

TABLE 3.—*Conservation cover with cost-share assistance required under contracts in force July 15, 1960, by States, with total completions as of that date*

State	Conservation cover required to be established with cost-share assistance on contracts in force July 15, 1960 [1]						Estimated U.S. cost-share payment, dollars [2]
	Grass and legume cover, acres	Tree cover, acres	Ponds		Wildlife cover, acres	Acres flooded for wildlife	
			Number	Acres			
Alabama	165,713	218,670	112	313	1,544	25	4,162,144
Arizona	7,751						63,164
Arkansas	298,388	97,146	125	1,852	912	1,347	2,545,786
California	90,891	25	5	6	1,599	2,355	1,005,863
Colorado	1,272,902	826	19	35	278	20	4,840,411
Connecticut	930	312	1	1	10		20,713
Delaware	11,824	756	6	4	160	1	183,486
Florida	52,701	164,053	4	13	683		1,877,263
Georgia	308,254	694,938	85	261	2,101	9	9,827,906
Idaho	237,718	1,488	3	4	404	100	1,262,424
Illinois	329,838	4,188	99	146	2,915		2,901,737
Indiana	267,784	2,467	123	343	6,493	96	3,050,148
Iowa	265,715	4,616	152	633	22		1,708,839
Kansas	1,358,584	420	38	52	141	195	14,274,176
Kentucky	230,986	4,297	575	756	494		4,468,618
Louisiana	57,776	88,544	98	1,374	264	547	776,307
Maine	33,427	17,093					1,209,088
Maryland	27,059	3,366	27	25	6,021	3	448,183
Massachusetts	342	429			67		20,276
Michigan	148,791	31,005	45	254	4,496	115	3,271,989
Minnesota	1,160,396	28,337	3	4	124	65	6,816,070
Mississippi	192,957	65,153	24	287	1,043	111	2,021,735
Missouri	474,292	2,915	2,257	3,877	186	2,448	11,596,850
Montana	559,789	1,235	3	7	255		1,769,573
Nebraska	685,207	962	13	31	132		4,580,203
Nevada							
New Hampshire	99	4,651	22	37	1	1	124,121
New Jersey	23,898	438	4	4	174		517,304
New Mexico	862,503						4,323,124
New York	90,370	54,088	789	1,176	306	64	3,363,048
North Carolina	74,941	108,275	391	506	1,214	19	2,714,683
North Dakota	2,371,335	5,366	1	2	76,238	871	11,374,286
Ohio	154,181	2,468	259	517	21,174	51	2,319,089
Oklahoma	1,293,390	2,312	75	179	56,463	46	8,862,142
Oregon	148,829	5,973	14	20	5,214	556	1,332,536
Pennsylvania	49,484	11,558	87	198	285	3	1,208,859
Rhode Island	25						408
South Carolina	135,948	360,669	52	89	830	2,173	4,506,844
South Dakota	1,432,344	2,853	19	12	13,775	32	9,347,443
Tennessee	315,585	47,717	754	1,208	555	565	4,929,877
Texas	3,078,884	65,782	182	185	41,654		21,343,535
Utah	213,958	72					935,676
Vermont	90	11,657	38	51		4	281,877
Virginia	25,354	14,370	26	55	331	6	581,777
Washington	180,141	3,771	5	15	54,734	243	1,483,841
West Virginia	4,748	4,376	52	88	44	1	186,221
Wisconsin	228,235	28,829	18	46	1,744	27	1,942,290
Wyoming	91,939	74					235,175
Total [1]	19,016,296	2,168,540	6,605	14,666	305,080	12,099	166,617,108

[1] These columns exclude 7,143,292 acres of land in satisfactory cover when contract was signed or for which cover is established at no cost to this program.

[2] Items for each State reflect latest available estimate with adjustments for costs which have been found to be lower than original estimates.

THIRD-CLASS MAIL

Mr. CAHILL. Mr. Speaker, I ask unanimous consent that the gentleman from New Jersey [Mr. GLENN] may extend his remarks at this point in the RECORD.

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

There was no objection.

Mr. GLENN. Mr. Speaker, there have been a good many statements to the effect that people do not like third-class mail. It is also argued that nobody responds to the sales messages contained in the 18 billion pieces of third-class mail handled annually by the Postal Establishment. These arguments are pure poppycock.

As my colleagues may know, Atlantic City is a depressed labor area. The people of Atlantic City are proud to have in their community an outstanding mail order operation, Spencer Gifts. This company employs between 150 and 400 people during the year. The postal bill of Spencer Gifts is almost $1 million annually and is by far the largest customer of the post office in Atlantic City. The fact that this company sells merchandise having a value of almost $6 million each year certainly gives the lie to the statements of those who charge that nobody reads or responds to third-class mail. Spencer Gifts is a catalog house and gives full value to its many customers. The products sold through its catalogs are purchased from business firms in almost every State of the Union.

As Postmaster General Day, himself, has pointed out in press conferences, the rate of postage for third-class mail has

advanced 150 percent since 1952. The Congress has legislated three increases on this category of mail in the short period of 10 years; one in 1952, another in 1959, and the last in 1960.

I firmly believe that another increase in the bulk third-class mail rate would only serve to reduce the volume of such sales literature and cause a drop in sales, something neither I nor the administration wants.

The committee bill raises various third-class rates to a sufficient degree. I do not believe we should vote for the administration substitute bill which would increase third-class mail rates even further.

The Commerce Department was supposed to conduct a survey to determine the impact on bulk mailers of the 1960 rate increase.

This has not been done.

In view of this failure on the part of the businessman's arm of Government to advise the Congress of the probable impact of another rate increase, I do not believe we would be acting responsibly if we approved the administration's substitute bill.

I will vote for the committee-approved bill and against the administration substitute.

DISABILITY INSURANCE BENEFITS

Mr. CAHILL. Mr. Speaker, I ask unanimous consent that the gentleman from New York [Mr. BARRY] may extend his remarks at this point in the RECORD and include extraneous matter.

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

There was no objection.

Mr. BARRY. Mr. Speaker, there is at present a requirement in the social security law that a person must be disabled for 6 months before he can be paid disability insurance benefits. The purpose of this requirement is to allow time to clear up those conditions which are essentially temporary or to allow time to show improvement in order to determine whether or not the individual will recover.

Certainly it is wise to ascertain as clearly as possible whether an injury will result in a permanent disability before benefits are paid. However, there are certain cases in which the permanent nature of the injury is obvious from the start. For example, in cases where an arm or leg is amputated, there is no doubt that the injury is permanent and that disability benefits are in order. However, under the present law no exception to the rule is made and a 6-month wait is required.

Mr. Speaker, the disability is hard enough to bear, but the attendant financial hardship to the injured person's family makes the situation even more unbearable. In instances where the nature of the injury is clear and there is no doubt that payments will eventually be made, the 6-month waiting period is unjustified.

I have therefore introduced a bill to give the Social Security Administrator authority to remove the 6-month waiting period in cases where the severity of the disability is immediately determinable. I hope that the House will see fit to act favorably on this measure, thereby allowing relief to those whose suffering is needlessly compounded by provisions of present law.

THE REMEDY FOR DEFICITS IS SIMPLE: JUST SPEND LESS

Mr. CAHILL. Mr. Speaker, I ask unanimous consent that the gentleman from Maine [Mr. GARLAND] may extend his remarks at this point in the RECORD and include extraneous matter.

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

There was no objection.

Mr. GARLAND. Mr. Speaker, Mrs. May Craig, Washington correspondent for the Gannett newspapers, of Maine, has a national reputation for her shrewd reporting and analysis of the news in today's fast-moving world.

In the Sunday, January 21, 1962, Portland Sunday Telegram and Sunday Press Herald, Mrs. Craig discusses Federal spending. She concludes by saying:

It's simple, my friend—don't spent more than you take in.

So my colleagues may have the opportunity to study this penetrating column by Mrs. Craig, I include this article in the RECORD:

THE REMEDY FOR DEFICITS IS SIMPLE: JUST SPEND LESS

(By May Craig)

WASHINGTON.—It's not just the $93 billion budget the President has sent to Congress; it's the President's request for a $10 billion increase in the national debt limit past the present $298 billion that raises the blood pressure of conservatives. Year by year the national debt increases; year by year we pay out several billions in interest; year by year we run a deficit. We spend more than we take in. When Roosevelt came in he talked about how many governments are wrecked on the rocks of loose fiscal policy. He came in at the depth of the great depression and he had to spend for relief and recovery, and we have been spending ever since, under Democratic Presidents and the one Eisenhower Republican interlude.

There is one simple remedy for deficits—spend less than you take in. Kennedy talks about a balanced budget, as others have, but, in all the maze of figures and the false way we have of reporting actual spending, the public has no idea where it really stands.

Democratic Senator HARRY BYRD, of Virgiana (often called a Republican who lives in Virginia) is chairman of the Senate Finance Committee. Very conservative, he is out of tune with Democratic spending. The increase in the debt must come first from the House, where all money bills (tax and appropriation) must originate, but BYRD is extremely important in what the Senate does and no bill can become law without both Houses. The Senator says he is willing to go along with an increase in the debt limit to $300 billion right away, because by the first of March, not 6 weeks away, we won't have enough money to pay our bills.

What a thing to have to tell Congress. The President told the leaders of both parties when they went down to the White House just before Congress met. We were not told by the White House that this is what the leaders were told, in the watery-say-nothing statement they gave out. But we hotfooted it to the Capitol and they told us there. There is so much more secrecy now about Government affairs, I don't know what we would do if we did not have Members of Congress to tell us.

This financial situation of our Government disgraces us internationally; we were so bad off a few months ago, with the drain on our gold and its consequences, that we had to ask help of our friends and allies. That makes them mistrust our financial stability, and how much they can depend upon us. What do you think they think now—when the President says we can't pay our bills, a couple of months from now, unless Congress lets him borrow a lot more?

When you keep on spending more than you take in and have such enormous debt, you just are not solvent. We are a capitalistic system. We rest on financial solvency. Dollars are part of our political bible. What do you think the Comunists are saying about the capitalistic system we are trying to get the rest of the uncommitted world to adopt? Senator BYRD is going to let the debt go up the necessary $2 billion, but he says he is going to have a sweeping investigation of our whole financial situation—and a good thing, too, and long overdue.

Senator DIRKSEN, the Senate GOP floor leader, is going along with BYRD on this. Incidentally, the "EV and CHARLIE" show is on again for the congressional season. This is Senator EVERETT DIRKSEN, of Illinois, and Representative CHARLES HALLECK, of Indiana, GOP House floor leader. Every Thursday when Congress is in session they have a press conference and it is so interesting, so sharp, that radio and TV cover it faithfully. They are both picturesque and informed speakers and they do not pull any punches, so reporters flock in to the show—which is in the old Supreme Court room in the middle of the Capitol, between the two Chambers.

The GOP is going to pick on spending and on foreign aid, billions of it, year after year, to friend and foe. They are going to ask what good it does us to help other countries, if we "go broke" ourselves. They are going to pick on the President's proposals for free lunches for school children all over the world. They will say these philanthropic schemes sound fine and may be very humane, but we can't afford to keep on carrying the world on our financial back—because that back is broken—when the President says we can't pay our bills in March if he doesn't get $2 billion more on the debt limit, and $8 billion more in the next fiscal year—then the Nation, as well as J.F.K., has a bad back.

We are all guilty together in this spending; everybody wants some of the Federal funds. But the President has the responsibility for the Federal spending. Everybody is willing to spend for defense, though the GOP and some Democrats are criticizing the President's demand for $4 billion of the $40 billion to land on the moon. "Is this trip necessary?" many Congressmen ask. Defense men say "Yes." The idiotic spending for agricultural surpluses and giving it away to everybody, friend and foe, is another thing Senator BYRD wants to ask about. It's simple, my friend—don't spend more than you take in.

VFW: GUANTANAMO BASE

Mr. CAHILL. Mr. Speaker, I ask unanimous consent that the gentleman from Illinois [Mr. ARENDS] may extend his remarks at this point in the RECORD and include extraneous matter.

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

There was no objection.

Mr. ARENDS. Mr. Speaker, there is a growing awareness throughout the Na-

tion that the fall of Cuba into the Red orbit has created a threat to the security of the United States, the Americas, and the Western Hemisphere which is unprecedented.

The rise of Castro and his Communist regime in Cuba, and Castro's public oath of allegiance to the Kremlin underlines the deadly seriousness of what is going on on that island so close to the United States.

These are indeed days requiring sound thinking on the part of our citizens. Our Nation must fully understand, not only the course of events in Cuba, but what these events mean in terms of our national security.

In view of this funamental requirement for strong and clear thinking concerning Cuba, I recommend to the membership of the House an article, "Course of Events Supports VFW's Cuban Position," by Brig. Gen. J. D. Hittle, USMC, retired, director, national security and foreign affairs, Veterans of Foreign Wars of the United States, in the Illinois VFW News of January 1962.

The Illinois VFW News is the highly regarded official publication of the Department of Illinois, Veterans of Foreign Wars of the United States, and is printed under the supervision of Department Commander Arthur J. Muller. The editor of the Illinois VFW News is Mr. Francis J. Arnold, adjutant of the Illinois VFW.

The article, I would point out, accurately reflects the views of Mr. Robert E. Hansen, commander in chief of the VFW. Commander Hansen recently returned from the Caribbean area, and a visit to the U.S. base at Guantanamo.

This article emphasizes the reasons why the U.S. Naval Base at Guantanamo Bay is so vital to the United States. Not only is it of strategic importance, but, as the article explains, a determined U.S. position with respect to the Guantanamo Base is necessary because the base is, in the eyes of all Latin America, a symbol of how the United States is going to react to Castro's threats and pressures.

I believe that it is also significant, as the article points out, that the Cuban Government is creating a Communist no man's strip completely around the boundary line on the U.S. base at Guantanamo. Obviously, Castro expects that there will be eventually a flow of refugees from his police state to the sanctuary of the American base. He is taking this means to isolate the base and to block the refugees. As the article points out, it is only logical to expect that communism, both in Cuba and elsewhere, is going to increasingly demand the ousting of the United States from the Guantanamo Base. This VFW article, in setting forth the vital strategic facts with respect to the U.S. base at Guantanamo, performs a highly useful service to our Nation. It is another example of the manner in which the Veterans of Foreign Wars of the United States contributes so greatly to an understanding of our national security and foreign problems and thus helps strengthen our Nation.

In addition, I would like to invite attention to the fact that, as the article indicates, the disastrous course of events in Cuba were not only foreseen by the VFW, but the Veterans of Foreign Wars actions recommended through the mandates of the VFW national convention in Miami Beach in August of 1961, are completely justified by events as they have developed. Such farsightedness in national security and foreign affairs is indeed a rare occurrence, and the VFW is indeed to be congratulated.

The article, from the Illinois VFW News, follows:

COURSE OF EVENTS SUPPORTS VFW'S CUBAN POSITION—DELEGATES AT MIAMI BEACH ACTED WISELY

(By Brig. Gen. J. D. Hittle, director, national security and foreign affairs)

The disastrous course of events in Castro's Cuba continues to underline the farsightedness and wisdom of the national security and foreign affairs resolutions adopted by the 1961 VFW national convention.

At the time of the convention, it will be remembered, there were all too many Castro apologists in this country who were contending that Castro really was not a Communist, but a well-intentioned—if eccentric—reformer and humanitarian.

This, of course, had the all too familiar ring of the previously discredited claim that "the Red Chinese really were not Communists, but just agrarian reformers."

The VFW can take a real sense of satisfaction in that it was never misled as to the actual Communist nature of the Red Chinese. As events have proved the VFW was certainly not misled with respect to Castro and his bearded henchmen.

RECALL RESOLUTIONS

Castro's public pledge of allegiance to the Kremlin, world communism, and Marxism-Leninism establishes, beyond all doubt, the validity of the VFW resolutions urging a resolute and strong U.S. policy against the Red Cuban regime. These resolutions, by way of summary, call for strict application of the Monroe Doctrine; opposing financial or material aid to Cuba directly or indirectly through the economic development activities of the United Nations; also that the United States maintain its base in Cuba "at all costs."

These resolutions reflect a keen awareness on the part of the VFW as to the mortal danger posed by a militantly Communist government 90 miles from the United States.

The strategic implications of a Kremlin-allied government in Cuba are truly tremendous. There is very good reason to believe Red control of Cuba is the most fundamental specific threat to U.S. national security since the founding of our country. Following are two specific examples of the soundness of the VFW mandates regarding the Cuban problem:

1. Tractors for Castro. Some several months ago a deal was in the making to trade tractors for Castro's prisoners. Resolution No. 128 of our 1961 convention resolved that "We go on record unalterably opposed to giving aid to the dictator, Fidel Castro, in the form of loans, tractors, bulldozers, or any type of equipment." The VFW realized that such heavy engineering equipment could be used for military purposes just as well as for working in the canefields.

NEW DEATH STRIP

At this very moment the Cuban Government is clearing and leveling a Communist-styled no man's strip completely around the boundary line of the U.S. naval base at Guantanamo Bay. This is the same kind of "death strip" with which the Kremlin has scarred so much of central Europe. U.S. personnel who have had a chance to examine the bulldozers doing this ominous job around the Guantanamo base for the Red tyranny report they are of U.S. make. Undoubtedly these "dozers" were obtained by round-about, tricky deals, and reshipment. But, had Castro been successful in getting the hundreds of tractors he was dickering for, he would have had a much larger supply of this equipment for advancing his program of communization and oppression.

2. Retaining the U.S. base at all costs: This underlines the VFW's appreciation of the importance of the Guantanamo Bay naval base not only strategically, but also as a symbol of U.S. determination not to knuckle down in the face of Castro's threats and pressures. Also, this portion of Resolution No. 128 makes it abundantly clear that the VFW fully rejected the dangerous views that the U.S. base at Guantanamo Bay has "lost much of its strategic value." With a Red Cuba giving communism a position from which to jeopardize the Caribbean and place the Panama Canal in peril, the U.S. Guantanamo base today has an importance greater than at any time in history. It is vital to the security of the United States and the free world. To turn it over to world communism would be, on our part, an act of national suicide.

WILL CITE PRECEDENT

This issue of Guantanamo Bay is going to become more heated as Castro exerts increasing pressure and international communism focuses its propaganda on U.S. retention of Guantanamo Bay. Needless to say, Nehru's shift from idealism to militarism in attacking the tiny Portuguese holdings on the coast of India will set a precedent for Communist propaganda's insistence that the United States be ousted from Guantanamo Bay.

Thus, events of the past few months have demonstrated the intrinsic soundness of VFW resolutions with respect to Cuba. It is only realistic to anticipate that the events of the next months—and probably years—will underline even more heavily how important are the policies advocated by our resolutions. These, as other VFW resolutions, merit the energetic support of our entire membership.

UNITED NATIONS BONDS

Mr. CAHILL. Mr. Speaker, I ask unanimous consent that the gentleman from California [Mr. HIESTAND] may extend his remarks at this point in the RECORD.

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

There was no objection.

Mr. HIESTAND. Mr. Speaker, I have today introduced a joint resolution, urging that the United States refuse to purchase United Nations bonds until other U.N. members have paid their share of the organization's expenses.

Sound reasoning alone should prevent Congress from complying with the President's request that the United States should purchase $100 million of a pending U.N. $200 million bond issue. We should certainly expect other nations to pay their share rather than be the fall guy, a role becoming increasingly uncomfortable.

This joint resolution would express the feelings of millions of Americans who are raising serious objections to the U.N. bond proposal.

Why should Uncle Sam be the usual patsy? Why should we pick up the tab for those U.N. members who do not pay their share?

The payment record of many U.N. members is so shameful that they could not get credit at a 5 and 10 cent store.

Of the $48,500,000 assessment levied for 1960's Congo operation, only $25,651,017.75 has been paid. Of that sum, the United States has paid its full assessment of $15,745,211, or three-fifths of the total paid by all nations. Sixty-four nations never paid a dime. The situation with the 1961 assessment of $100 million is even more dismal. Of this amount, only $49,275,727.60 has been paid. And, of this sum, Uncle Sam has paid his full assessment of $32,204,061, or two-thirds of the total paid by all nations. Seventy-eight nations never paid a cent.

Mr. Speaker, the U.N. Congo operation's deficit was so critical that Congress only last year appropriated an additional voluntary sum of $15,305,596—above our assessment of more than $32 million. The Congo deficit is not the whole story, either. The United States is one of few who paid its share of the Gaza Strip operation and 57 nations are in arrears in annual budget assessments.

Purchase of the bonds would increase our national debt as we are currently operating at a deficit. The U.N. bonds will pay only 2 percent interest. As the United States raises funds to buy the bonds, we will be paying over 3 percent interest on our national debt. What a swindle.

AMERICAN EMBASSY BUILDING AT KARACHI

Mr. LIBONATI. Mr. Speaker, I ask unanimous consent that the gentleman from Connecticut [Mr. MONAGAN] may extend his remarks at this point in the RECORD.

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

There was no objection.

Mr. MONAGAN. Mr. Speaker, I was interested to read in the CONGRESSIONAL RECORD of January 22, 1962, the remarks of the gentleman from Tennessee [Mr. EVINS] concerning the agreement by the Government of Pakistan to contribute rupees for local labor toward the cost of constructing an American Embassy building at Karachi.

He went on to state that he was informed that this contribution constituted the only contribution of this type ever made by a foreign nation to the United States.

Without in any way detracting from the contribution of Pakistan—which we all applaud—I should like to point out that this contribution is not unique.

There is an example of even greater generosity in a somewhat similar contribution by the Government of the Netherlands Antilles. When our Foreign Operations Subcommittee visited Curacao in December of last year, we were entertained by the American consul general in the charming and beautiful consular building, Roosevelt House, at Willemstad. We were pleased and surprised to be told by the American consul general, Mervyn V. Pallister, that this lovely building had been constructed and presented to the United States of America by the Government of the Netherlands Antilles to express the appreciation of the people of these islands for the efforts of the United States in protecting their territory during World War II.

I am sure that the gentleman from Tennessee will welcome this addition to the RECORD.

CULTURAL AND EDUCATIONAL EXCHANGE PROGRAM

Mr. LIBONATI. Mr. Speaker, I ask unanimous consent that the gentleman from Connecticut [Mr. MONAGAN] may extend his remarks at this point in the RECORD and include extraneous matter.

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

There was no objection.

Mr. MONAGAN. Mr. Speaker, last year Congress passed the Fulbright-Hays Act. This important legislation codified and gave vitality to the cultural and educational exchange program. This program is an important phase of our foreign policy operations and it is based on the assumption that the exchange between countries of scholars, artists, intellectuals, and national leaders will lessen the tensions between nations; will educate other nations in the virtues of democracy and will create an improved image of the United States abroad.

One of the most effective expounders of democratic values is Hal Holbrook, the noted actor famed for his re-creation of Samuel Clemens in his celebrated solo performance of "Mark Twain Tonight." Holbrook did yeoman work in bringing his famous character portrayal to many of the countries of Europe. He had marked success in places as widely separated as Belgrade, Yugoslavia and a small country town in Finland.

A very descriptive picture of Mr. Holbrook's visit by Dick Moore recently appeared in the magazine Equity and I append this article to my remarks because of its graphic picture of the beneficial effect of this particular cultural exchange program and its emphasis thereby of the value of the Fulbright-Hays legislation.

HAL HOLBROOK

When Hal Holbrook gives his celebrated solo performances of "Mark Twain Tonight" a note on the program precedes a list of 32 selections. The note reads: "While Mr. Twain's selections will come from the list below, we have been unable to pin him down as to which of them he will do. He claims this would cripple his inspiration. However, he has generously conceded to a printed program for the benefit of those who are in distress and wish to fan themselves." The program further speculates that of intermissions there will be "one or two, probably," and dismisses the dearth of music by explaining that "a trombone player was engaged, but is unreliable and should not be expected." Then, just in case the audience is under the impression that Mr. Holbrook is permitting himself to be pinned down after all, the pamphlet goes on to caution that it is not really "official" and that the program is subject to change.

One might assume from the foregoing that Hal Holbrook is loathe to commit himself. Not true. For this 36-year-old actor-monologist-writer-ambassador has, on an exhaustive tour of Europe under the auspices of the American State Department, committed himself deeply to the task of making Americans understood, and to an attempt at understanding people in other countries, too.

Hal Holbrook's living incarnation of Mark Twain was conceived in 1953, and, after a gestation period of 2 years, was delivered in 1955 without assistance in the Greenwich Village night club, Upstairs at the Duplex, where it remained and grew for 7 months. Off-Broadway, concert tours, record albums and a 22-week Broadway sellout followed. Among Mr. Holbrook's engagements was a guest appearance at an annual birthday party given for President Eisenhower by the White House Correspondents Association.

Prior to this impressive chain of events there had been 7 years of stock; a two-person repertory company (organized with his wife) which gave 800 performances of Shakespeare for students, and a list of television credits (including a running part on a soap opera) which is respectable but not imposing.

Soon to be seen on Broadway in "Do You Know the Milky Way?" Hal Holbrook still regards his tour for the State Department as the most personally satisfying engagement of his career.

"Question. It's been reported that you're abandoning your role as Mark Twain. Is that true?

"Answer. I don't intend to give it up until I'm dead. What I would like to do is a play or two occasionally and then go back to Twain. I think the danger in doing a character like Twain is when you run it for a long time you begin to lose your spontaneity.

"Question. Will you visit other parts of the world to represent the State Department?

"Answer. Yes, I think so. I've been asked to represent them in several parts of the world and I've also received some very good offers to appear commercially all around the world. And what I would like to do in 2 years if I can be lucky enough to get what I want in the interim, is to go away for 10 months with my wife and two children and make a slow journey completely around the world, which is what Twain did, you see. I would like to re-create his trip, but add a lot more countries to it.

"Question. On your recent tour for the State Department you were completely sold out in most cases. Had your European audiences heard of your success in the United States, and what kind of preparation was made for you?

"Answer. I'm a little unsure how to answer that. My impression is that they really hadn't heard of me in most cases. For instance, in Belgrade, Yugoslavia, and even Oslo, they hadn't heard of me. But they knew Mark Twain extremely well and that's what I think drew them into the theater. However, what seemed remarkable to me was that just a little advance publicity in the form of newspaper releases, telling the public who I was and that I had been successful with this Mark Twain show, drew a whole houseful of people. They had to turn them away in many cases. That indicates two things, I think: a tremendous interest abroad in Mark Twain—they read him fully as much as we do—and that those people will go to see a live American actor on the stage the way children go to the zoo to see strange animals. An American actor, especially in a straight nonmusical play, is a strange freakish animal to most Europeans. They haven't seen many of us. In some of the European cities I visited I was the first American actor in a nonmusical production to be sent abroad by our country in 15 years. Even in a city like Vienna.

"Question. You make a distinction between actors appearing in musical and nonmusical plays. Do you feel that a straight play represents our culture better? Does it offer better communication?

"Answer. Well, the reason I make this distinction is that we have sent 'Porgy and Bess' and 'My Fair Lady' on a jaunt to Russia and we have sent many musicians over there. But until recently, we sent practically no straight theater. As for the matter of communication, I feel very strongly, especially after having taken this trip, that we underestimate the power which straight plays performed by good American casts can have in the matter of communication with those people abroad. It is not only our Government that overlooks this but our theater people, too.

"Question. Not long ago you were quoted as saying that Twain's 'satirical roasting of American foibles was taken in good spirits by the audiences.' Is this 'satirical roasting' used in Iron Curtain countries to discredit the American society, or can audiences accept it for what it is—legitimate self-criticism?

"Answer. Do you know what I think? I think that people are far more similar than most of us realize. I had never been over there before, to Europe, except for one brief little jaunt. And, naturally, when I went behind the Iron Curtain I thought the first thing somebody would do would be to rush out onto the airfield, corral me, and try to make me into a Communist. Well, nobody tried to do that. As a matter of fact, they talked very little about politics. But when we criticize ourselves—not just to show what great fellows we are or how broadminded we are—but when we honestly criticize ourselves, especially with humor, I think it's the most disarming approach America can take with other people.

"Question. You think this is understood on all levels?

"Answer. Absolutely. Those people over there are just the same as we are. They're people, they grow up, they go to college, they go out and buy groceries, they have children, their families sit around and talk politics, theater, one thing or another. They are not dumb people and just because somebody tells them something it doesn't always mean they're always going to believe it. If they go to the theater to see an American production it means they're interested in seeing an American production. That's one step already. They have an inquisitiveness; they go there to find out something, and perhaps they go there to find out something they haven't quite been told yet. It's a very hard thing to explain to anybody, but people who go to the theater, they're not dumb. Twain did criticize himself, but on a universal plane. All the time that I was playing Twain, especially in the Iron Curtain countries, my whole motivation, the whole thought in my head was, 'I wonder if you're gonna get the real point here. I'm not just talking about myself and my country. I'm talking about the human race of which you are a member.' And I think people got that very, very much. Mark Twain is tremendously popular abroad. Well, why? He couldn't be popular abroad just because he wrote pretty stories about the Mississippi River. He's popular because he's a universal spokesman for the human race. And the human race is the same.

"Question. Did most of the people who came to see you speak English?

"Answer. Most of them, yes, but not all. It's so disheartening to try to convince people in this country—startlingly enough, people in the theater—that cultural exchange is worthwhile. They have the damnedest notions about it. They know they could do it better and that it isn't being done right. Really, they have the most narrow minded vision toward the theater's role in cultural exchange, just so narrow minded that it's very disheartening to talk to them.

"Question. Could you be more specific?

"Answer. Well, take the press when I got home. I could sense from the reporters a real skepticism. 'They really understood you, huh?' This is the first question. Americans cannot quite conceive of the possibility that other nations learn another language and learn it well. Of course people over there speak English, that is, educated people, and these are the ones who would naturally go to the theater. I talked with people over there who spoke English beautifully—not so often behind the Iron Curtain, but in countries like Norway, Finland, Germany and Austria, and Holland, my gosh, they spoke wonderful English. And my show isn't just in English, it's in the American idiom. Sure, they missed some things, but you know I got the biggest response I've ever had in Oslo, Norway. Laughs.

"Question. More so than in New York?

"Answer. New York, hell. Biggest response I've ever had anywhere.

"Question. Then they got some things that Americans didn't get?

"Answer. Yes they did. They got many things American audiences didn't get. I don't like to generalize and this was only one case, in Oslo. In Warsaw I got no response at all, but at the end of the performance they gave me an ovation which was the biggest ovation I ever had, so how do you figure it? They must have gotten something out of the show. I don't know what it was, it didn't seem to me like they were getting the jokes. But they got something. I thought they didn't understand a word; maybe they didn't.

"Question. Were you able to talk with your audiences after the shows were over?

"Answer. No, except those who came backstage or arranged parties. But I did do one thing which I think artists going abroad should do, and which the Government should make it possible for them to do when they are representing us in the cultural exchange program: I took my time. We have to make money in this country and since they pay about one-fourth as much abroad for a show as they would here, in order to even clear expenses over there it seems they have to schedule at least one show a day. Well, nobody can do a good job doing one show a day, traveling from one town to another. One of the benefits of the cultural exchange program is that there's a certain amount of financial support from the Government which enables you to take care of your obligations at home while you're away. But these tours should be constructed so that the artists involved can spend some time going to universities and talking to the students, or going to any kind of group to meet people, to talk. You don't know what a cow looks like till you see the cow, inspect his fur and everything. You have to know the details and, to me the most startling revelation of the whole trip was that those people are precisely the kind of people I know. They're me. I'm them.

"Question. Did they ask you many questions?

"Answer. Well, at first they asked a lot about Mark Twain and I was anxious to get over that and talk about America. The one idea that seemed to come up more than any was that American youths are beatniks in leather jackets—knife-carrying kids. They think this is about the norm. Long live Hollywood. And they almost always refer to the 'rich people' and the 'poor people' in America. Even in places like Finland, which is a great friend of ours, the newspapers refer to our rich people and poor people as though there's a tremendous distinction. Well, this distinction has gone somewhat out of fashion in the past 60 years, let's face it, and they don't know it overseas.

"Question. What fosters these misconceptions?

"Answer. If you want to know that, then ask yourself, 'What do I know about them? What do I think about them?' We are several thousand miles away from those people. What do we really know about them? We know a little bit about what we read in the newspapers, mostly the headlines on an article. But, what do we know about them as people? We have tremendous suspicion about them, suspicion which is heightened by the very sensitive international situation. But this suspicion is an outgrowth of ignorance. They are as ignorant of us as we are of them. The minute you learn something about a thing you're afraid of you're not as afraid of it again. You never will be. Well, it's the same between people. The kids at the universities with the marvelous faces, tremendously eager, bright, leaning forward with faces sticking out, you know, looking right at you. Interested, every one of them. Packed classrooms. Asking questions, wanting to know and, underneath it all, responding to a kind of underplayed humor more than anything else. I didn't give any speeches, I just kind of ad-libbed, you know. There was this one incident at the University of Zagreb, when I was talking to the kids there. They were great, their faces. I've talked to university kids in this country, too. Students are wonderful. Their minds are still open. You can still blow a little fresh air through the hole in their heads; they haven't corked it up yet, so there are possibilities, see? And these kids were asking questions.

"And there was this one kid—I found out afterwards they were going to keep him out of the room because he was strongly communistic—he was standing along the wall and he finally interrupted me and he said: 'Mr. Holbrook, what do the youths in America break windows with these days?' That kind of shocked everybody into silence. I said: 'Bricks, what do you use?' And they all laughed. I said, 'I've found bricks are as good as anything else to break windows with. I've done it with a baseball sometimes when I was aiming at the catcher and missed, but I found bricks are pretty good. Don't you find them pretty good, too?' Well, he looked sheepish and didn't say anything. The class was enjoying it. We were all enjoying it in good humor. I wasn't trying to make a speech. So then I went into a rather lengthy explanation about what it's like living in New York, what makes people break windows with bricks. I tried to make them conceive of New York City, conceive of a place where there are so many millions of people packed together in one small place, on top of each other where there's no room, no room for emotional outlets. Why do people break windows? No place to play; kids, you know, nothing to do. We rip down a lot of old homes, real, crummy slums, to try to clean up the city. We're all the time cleaning up the city, we're building new houses, developments, etc., trying to make better conditions. And some kid whose family can't get into the new housing development—or maybe his crummy tenement building was torn down to make way for this new place and he's had to move around the block and make new friends and pull up his roots—he goes by this housing development and they've just put in those nice clean windows in the new building and, boy oh boy, he picks up a brick and, boy, he sees how many he can bust. That's what I told them.

"Question. How did they take to that?

"Answer. They took to that fine. Then this boy interrupted me again and he said, 'Why don't they move to the suburbs?' And I thought, my God, he's been reading "The Man in the Gray Flannel Suit,' and I laughed and I said, 'We would love to get them to move to the suburbs. We would love it,' I said. 'But, you know, they won't go to the suburbs. People come to America in migratory waves. Every several decades we have a wave. Right now we have a wave of Puerto Ricans. A hundred years ago or a hundred and fifty we have a wave of Irish people, or German people. Right now we are in the path of a great wave of Puerto Rican people

coming to live in our country. Where do they go? They go to New York City. We would love them to leave New York City and go outside. You know, we have across the Hudson River 3,000 miles of land that's practically unexplored. There's plenty of room for everybody.' Some girl in the third or fourth row started to grin and nod her head. I said, 'But you know of course it is very dangerous to go out there because you never want to get out in Wahoo, Nebr., or Seguin, Tex., or a place like that because you can't really call yourself safe. We still have Indian wars. There's a very vicious one going on out there now, but we don't tell about that sort of thing outside of our country because we don't want a bad name, but we're really fighting these wars very hard. And our beatniks, why, even in a civilized city like Wahoo, Nebr., why you can't walk down the street at 9:30 at night because you pass a bush and some fella' or some young kid will rush out with a big knife and slit you from ear to ear.' And then those students started to look at me. They didn't know whether to take this seriously or not. Some of them started to smile and others looked terribly serious and concerned. I said, 'Oh, it's very dangerous. You don't want to cross the Hudson River.' I said, 'My kid is 5 years old. I've given him for Christmas what he wants, which is a switchblade knife with a pearl handle on it. He's been using a wooden handle one now ever since he was 3 years old and he's got six notches in it. I think that's pretty damn good for a kid his age, don't you?' Then they laughed. They just burst out laughing. They're not dumb. They're no dumber than we are.

"Question. Why in Yugoslavia would they want to exclude a Communist student from your lecture?

"Answer. Well, it's a very simple and hospitable thing to do, and those people are very thoughtful. The people in Europe, I think, are generally far more thoughtful than we are, although I do think we would do the same thing in this country in a situation like that. This particular boy who started to heckle me had caused a lot of trouble before because he heckled visitors a great deal and they asked the cultural attaché at our Embassy in Yugoslavia whether he thought they ought to keep him out. Our man said, 'No, don't. Mr. Holbrook would want to have him there. He wants that. So, don't tell him anything about it.' And it all worked out beautifully. I was very impressed with the university. The head of the American literature department there is a wonderful man, the whole staff of the literature department was there. Poor, poor, crummy, crummy building. Awful, falling down building. Unbelievable. But they were packed in there and they were learning. They were really boiling with interest and energy, and when you arrive—hospitable. Well they invite you in to have a little slivovitz—this white gasoline they drink—and some of this coffee that would stand a cow up on its back feet, and they get you all in condition before they put you out in the room. They're very hospitable. They give you a lovely introduction. After it was over I stayed and talked. I have a nice picture you might want to use, incidentally, with the kids around me. Another point I wanted to make—Oh, yes. This kid, his young heckler, he said: 'Mr. Holbrook, you are an authority on Mark Twain. What do you think Mark Twain was criticizing in the book of the Connecticut Yankee? England or America?' And I could see what was on the other side of his brain with that particular question. I thought a minute and I said, 'That's a wonderful question. I don't think Mark Twain was criticizing Great Britain anymore than he was criticizing America or anywhere else, even over here, for instance. He was criticizing inhumanity to man, injustice, the subjugation of masses of people by a small group of people who took advantage of them, cruelty, meanness. He was satirizing all those things, and it seems to me that those aren't peculiar to England or America.' I said, 'You remember that scene where the king is out in disguise and he passes a long line of slaves all chained together going off to a kind of a work camp? Now that sort of thing has even happened over here in Europe. Hasn't it?' Nobody said anything so I said, 'No, he was just satirizing what he always satirizes, which is the human race.'

"Question. Do our films have much influence over there and, if so, what kind?

"Answer. God, we hear so much of this. I suppose the comments I'm going to make now, and the ones other people make, are just water off a duck's back. They don't seem to do a damn bit of good because everybody is so damned anxious to take care of themselves and get another car and all that sort of thing, washing machines and all—but it's true. There has got to be some sacrifice if you want democracy. Because it requires it. And those movies that we send abroad are not doing a very decent job of work for us. Now, the question arises, are they supposed to do a job of work for us? Well, no, it's free enterprise. The movies are made to make money and entertain people. But American movies are shown widely in other countries, and they create an impression of America which is not fair. They are too special. They deal with people who wear lovely clothes, go to nice night clubs, have wonderful cars, live in a very pretty home. You know how it is. You look at a film about a guy who's supposed to be earning about $6,000 a year and he's living in a place that looks like his old man must be giving him an additional $20,000 a year to make expenses. It's a little unrealistic. Now, naturally, to people who don't have that, there's a certain amount of resentment. People in Europe looking at that—they envy, they envy, and once you envy you dislike, you have fear, you have suspicion. And then of course so many of our movies deal with another specialty, which is violence, mobs, people shooting each other all the time.

"Question. In view of this situation, do you think that any kind of regulation by our Government in terms of what we do export in this especially critical time would be feasible or desirable?

"Answer. Well, this is a very complicated question and it's not easy to say what I think, but I'll try. Basically, I am completely against regulation by the Government of the affairs of the individuals who are called citizens of the United States. But there's no simple answer. It seems to me that our Government which is doing a good job under enormous circumstances, could do a better job in the area of culture and ideas. But in order to do that the Government has to have the urgency of the people's desire behind it, because the Government is us. And if people just don't give a damn, or if people don't inform themselves well enough about this historic war of ideas—which is and has been going on for several years now—if they don't, if we don't take this seriously enough, then we won't win it. The French people have great logic, you know, and one of their basic points of logic is that you have to give up something for everything you get.

"Question. You recently testified before Congress on a number of arts bills and told of your experiences abroad. Do you have any feeling about the temper of the legislative body in terms of its willingness to recognize the importance of ideas?

"Answer. Oh, yes. You know, it's amazing, life is such a revelation. Europe was a revelation to me, going to Washington to testify before a subcommittee was a great revelation to me. I knew, of course, that all Senators didn't wear string ties and act like buffoons and all that sort of thing. I knew that all of them weren't ignorant of the finer things in life. But it came as a considerable surprise to me to discover real earnestness, real desire to know and great sympathy for the information they had asked me to give.

"Question. Did you find this interest keenest among the Representatives of our so-called 'culturally oriented' regions?

"Answer. No. The subcommittee before which I appear is headed by a man named WAYNE HAYS from Ohio, from the poorest district of Ohio, the mining district. There was also Mrs. FRANCES BOLTON, who is also from Ohio, from Cleveland, a more culturally minded place. There was also JOHN MONAGAN, a Congressman from western Connecticut in the farming district, and there was also LEONARD FARBSTEIN, from 20th Street in New York City. Those four people represented a certain geographic spread and they were all very interested in seeing this bill get a proper chance. But in order to give it a proper chance to pass they need some facts. Now those people don't know much about the theater. God, you could put in a thimble what they know about theater. It does not make them ignorant; theater is not their job. They don't know—like the fuss that was raised over Helen Hayes earning $2,500 a week overseas, which she wasn't. They don't have any idea, for instance, that an actor or actress pays an agent a commission; that a person of Miss Hayes' stature, for instance, obviously must have a secretary to handle a great deal of mail; that she loses a lot of money on a trip like that; that some actors like myself have offices, if they've gotten into a position where they've got a lot of heavy paperwork; they have press agents to pay; that a person who makes a good amount of money in the theater has got to hire a good accountant, and they don't come cheap; and he's also got to have a smart lawyer; and by the time all these things are added up, plus other things that I haven't mentioned, it amounts to quite a financial obligation of which these people are unaware. Naturally, to them an actor is somebody that comes out and acts. He gets paid like a plumber, takes the money home and gives it to his wife, or spends it on sophisticated orgies. But, I'm very encouraged by Congress' interest in our cultural exchange. It's the people in the theater that need to be a little more intelligent about what our theater has to offer and why we should offer it to other countries.

"Question. What do we have to offer?

"Answer. We have the most vital, energized theater in the world. It's slightly disorganized, but maybe that's one reason it's got so much flair. But when we send plays abroad the purpose should be to show an honest picture of the American human being and to express the hope that he has and to show what's in his mind, how he thinks. And the beauty of this is that people abroad seeing a play in which these things are expressed are going to say 'My God, they're just like me.' Now this is not to underestimate the tremendous ideological differences which exist. But perhaps it's not necessary to go to war and destroy everybody just because you think differently. Perhaps there's room for differences of thought. If you like each other.

"Question. Did you find that there is as much utilization of self-criticism in the plays of other countries as there is here?

"Answer. I wasn't there long enough to find out. We saw classics, mainly, and in another language.

"Question. What about TV abroad?

"Answer. Well, I never saw any TV while I was abroad. I don't remember anybody asking me to see it, either.

"Question. Were they interested in our television?

"Answer. Interested, yes, but always in a kind of a critical way. I mean it came up in a lot of discussions.

"Question. How?

"Answer. 'TV watchers,' you know, 'TV viewers, married to television.' You see, they take the articles that we write about ourselves without the sense of humor that those articles sometimes have. This is one reason why we must send more plays over there. We must see those people face to face. We must show them there are various sides to our nature. I remember in Helsinki, at a big press conference we had there, this newsman was asking something about TV, bringing up the usual criticism of America, all a 'bunch of TV watchers.' He was asking me why I didn't want to do Mark Twain on television. That had apparently come out somewhere in the Finnish press. So I told him why: briefly, because I was afraid I couldn't do it the way I wanted to do it, and also that I didn't feel that television is theater, and that Mark Twain, as I do him, belongs to the theater. I have to have an audience. You can't call two or three people, one of whom has to go to the bathroom, an audience. So I told him these various things and blasphemed television a little bit just to show him there was at least one American who didn't love it. Told him that I took it away from my children. And this newsman back at the rear said, 'Mr. Holbrook, I wish my wife could hear you now.' And I said, 'Oh, my God, you've got one, too.' And he shook his head and said 'Yes.' So you see, it's universal. The only difference is we've got the money to buy more of them, that's all. The best way to defeat the rest of the world, to kill their spirit, is for us to send free television sets abroad. Oh, we'd capture them then. It's a funny thing about us. We think we're too commercial, they think we're too commercial. One of the reasons they're so convinced we're so commercial is that we're constantly telling them so. And then we're proving it by everything we do. But if we think we're too commercial, why in the hell don't we do something about it? Now, not next week. Maybe the truth is, we don't think we're too commercial. Maybe we love it."

It was 5:30 and Mr. Holbrook had to leave. "Of course as I walked down the street after our interview I thought of many things I should have said," he recalled a few days later. "One of them is this: I think every great star in our theater should take 1 year out of the peak of his career and go abroad in an American production. It would represent a large sacrifice to him financially; but it would reward him with perhaps the most satisfying experience of his life." This thought on the record, Mr. Holbrook left town again—this time it was Vancouver for a tryout of his play. For Mr. Holbrook (who, like Mark Twain, has used the incisive tools of his own imagination to carve his opportunity) was preparing to return to Broadway where, for the first time, he would star with someone else.

CONGRESSIONAL ACTION FOR HIGHER EDUCATION—REPORT OF THE ADVISORY GROUP ON HIGHER EDUCATION OF THE COMMITTEE ON EDUCATION AND LABOR, JANUARY 22, 1962

Mr. LIBONATI. Mr. Speaker, I ask unanimous consent that the gentleman from Indiana [Mr. BRADEMAS] may extend his remarks at this point in the RECORD and include extraneous matter.

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

There was no objection.

Mr. BRADEMAS. Mr. Speaker, for the last 4 months five members of the House Education and Labor Committee have been studying the unmet needs of higher education in the United States in those fields which contribute most directly to our national security and economic growth, particularly engineering, medicine, and the sciences.

The members of this Advisory Group on Higher Education of the Committee on Education and Labor were instructed to undertake this study by the chairman of the committee, the Honorable ADAM CLAYTON POWELL, and were asked to prepare by the end of January specific recommendations for congressional action in the field of higher education.

As chairman of the Advisory Group on Higher Education, I am pleased to include in the CONGRESSIONAL RECORD the report of our group and to say that the five members of the group, three Democrats and two Republicans, are unanimously agreed on the recommendations contained in the report.

The other members of the group are: Representatives ROBERT N. GIAIMO, of Connecticut, JAMES G. O'HARA of Michigan, ALBERT H. QUIE, of Minnesota, and CHARLES A. GOODELL, of New York. Four of the members of our group visited the Soviet Union during the fall of 1961 for the purpose of observing the Soviet educational system.

I should point out, Mr. Speaker, that our group profited a great deal from a series of informal discussions with leading members of the American scientific and university community as well as with representatives of professional associations and of Federal agencies concerned with higher education.

I would like to call particular attention to the recommendation of the advisory group for a program of Federal grants to the States for the establishment of technical institutes for the purpose of training engineering technicians at the college level. These semiprofessional technicians, who will have 2 years of college level education, are greatly needed to meet the needs of our economy and in particular to help fulfill our national commitment to the conquest of space.

The work of the advisory group has been carried out on a bipartisan basis and I hope that our unanimous recommendations will be considered in that light.

Mr. Speaker, I ask unanimous consent that the text of our report, in the form of a letter to the chairman of the House Committee on Education and Labor, be printed at this point in the RECORD:

CONGRESSIONAL ACTION FOR HIGHER EDUCATION,
ADVISORY GROUP ON HIGHER EDUCATION,
Washington, D.C., January 22, 1962.

Hon. ADAM C. POWELL,
Chairman, Committee on Education and Labor, U.S. House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: The Advisory Group on Higher Education of the Committee on Education and Labor is pleased to submit this report of its findings and recommendations for congressional action on higher education. The undersigned Members of Congress are unanimously agreed on the recommendations contained in this report.

In response to your instructions, we have given special attention in our work over the past 4 months to the problem of identifying the unmet needs of higher education in the fields which contribute most directly to our national security and economic growth—especially in engineering, medicine, and the sciences. Four of the five members of the Advisory Group also visited the Soviet Union during the fall of 1961 for the purpose of observing Soviet higher education in action, particularly scientific and technical education.

We feel we profited greatly from a series of informal discussions with leading members of the American scientific and university community. As a result of our study, we are in agreement that action is required to meet the following major national needs in higher education and specialized manpower:

I. The training of greatly increased numbers of engineering and other semiprofessional technicians to fulfill our national commitment to the conquest of space, to staff our vital research and development projects, to make the best use of our limited supply of engineers and scientists and to fill the rising demand for highly skilled technical workers in industry and government.

II. The immediate start of construction of classrooms, laboratories and libraries to help provide for the doubled enrollments anticipated in our colleges and universities in this decade.

III. The production of many more, better trained, new teachers and the improvement in the effectiveness of present teachers in order both to meet rising enrollments and raise the quality of instruction in higher education.

IV. The provision of new forms of financial assistance for promising but exceptionally needy students and for incentives for outstanding academic achievement.

V. The effective stimulation of high-quality basic research on the learning process itself, an important field in which research results have been disappointing.

The Advisory Group therefore presents the following findings and unanimous recommendations for congressional action:

I. TECHNICAL INSTITUTES

Recommendation (1):

"That a program of Federal grants to the States be authorized to stimulate the establishment and expansion of technical institutes for the training of semiprofessional technicians at the college level; and

"That the Committee on Education and Labor conduct legislative hearings on this subject at the earliest possible date."

We are convinced the Nation faces an alarming shortage of semiprofessional technicians, which will become increasingly acute in engineering and space technology. Because professional engineers and scientists will be in extremely short supply for the foreseeable future, we must take steps now to insure that the limited number of engineers and scientists can be utilized as effectively as possible. We therefore believe that it is essential to make immediate provisions for a program to stimulate the training of greatly increased numbers of engineering technicians, with approximately 2 years of college level training, to assist our engineers and scientists and to multiply their effectiveness.

Experts maintain that we should be training at least one engineering technician for each graduating engineer. We are now producing only about one such technician for every four engineers. The problem has become even more serious in the past few months with the mounting of a full-scale project for a space flight to the moon. Members of the university and scientific community fear that in order to recruit enough engineers for this project alone, the National Aeronautics and Space Administration will be forced to raid the Nation's universities and industrial organizations. The required engineering technicians are nowhere in sight.

The Federal Government has done much over the years to support vocational education of less-than-college grade through such programs as Smith-Hughes and George-Barden, but these programs are not suited to meet the urgent new demand for widespread technical training at the college level.

(NOTE.—The Advisory Group feels that the area vocational programs established under title VIII of National Defense Education Act to provide vocational and technical training of less-than-college grade would be made more effective in producing industrial technicians and craftsmen if the phrases "highly skilled," "scientific knowledge," and "national defense" were removed from title VIII. Because the area vocational programs provide training of less-than-college grade, we feel they are unsuited to the production of semiprofessional technicians who require training at the college level.)

The Advisory Group believes that the best way of meeting the Nation's rising requirements for semiprofessional technicians is to expand existing or create new 2-year technical institutes at the college level, whether operated as independent institutions or by universities and community colleges, and that Federal funds are necessary to stimulate the development of these institutes. We believe it is important that professional societies should have a role in approving the programs of such institutes.

II. ACADEMIC FACILITIES

A. Grants and loans for construction

Recommendation (2):

"That a 5-year program of $300 million annually be authorized in grants and loans for the construction of classrooms, laboratories, libraries, and other academic facilities by public and other nonprofit institutions of higher education;

"That the available funds be allotted to grants and loans in the ratio of 70–30; and

"That 50–50 matching of grants be required."

The Advisory Group found great concern over the problem of financing the expansion of academic facilities in all types of institutions, large and small, public and private. In our opinion a Federal program of grants and long-term loans for academic facilities at colleges and universities is clearly justified and deserves immediate action. It should be noted that the recommended ratio of 70 percent for grants and 30 percent for loans is based on recent surveys of the relative need for each type of financing.

B. Science equipment

Recommendation (3):

"That the National Science Foundation program of grants to colleges and universities for undergraduate science teaching equipment should be expanded more rapidly and appropriations for NSF increased accordingly."

The Advisory Group found general agreement that science education in colleges and universities could be considerably strengthened if the institutions had more funds available for the purchase of modern science teaching equipment. The National Science Foundation already has a small grant program ($5 million in 1962; $7 million in 1963) in operation for this purpose, but authorities say that the available funds are seriously inadequate.

C. Language equipment

Recommendation (4):

"That authorization be made under title VI of National Defense Education Act to provide Federal grants to be matched equally by institutions, to colleges and universities for language teaching equipment and that the appropriation authorization for title VI be increased by approximately $5 million for this purpose."

There is ample evidence that many colleges and universities could do a much more effective job of teaching foreign languages if they had funds for tape recorders, listening booths, and other electromechanical aids which have been proved extremely useful in language instruction. National Defense Education Act title III provides such equipment for high schools, but not for colleges. The result is that many high schools are now better equipped to teach languages than are the colleges whose job it is to train language teachers for these high schools. If this situation is not corrected the colleges will continue to produce teachers who will require expensive retraining in language institutes. Title VI of National Defense Education Act provides Federal support for language and area centers, but there are only 45 of these and they teach only the critical languages, not the commonly taught ones like French, German, and Spanish. In 1959–60, an estimated 1,675 colleges and junior colleges were conducting language training programs, but only about 700 had any substantial language learning equipment.

III. SUPPLY AND QUALITY OF TEACHERS AT ALL LEVELS

A. National Defense Education Act graduate fellowships

Recommendation (5):

"That the national defense graduate fellowship program be extended for 5 years (to June 30, 1967);

"That the number of 3-year fellowships (or their equivalent in 1- or 2-year fellowships) authorized to be awarded annually be increased to 3,500;

"That eligibility be extended to 'underutilized' as well as 'new or expanded' graduate programs;

"That the cost-of-education allowance be a flat $2,500 (instead of 'up to');

"That the Commissioner be given the power to set stipends by regulation, to appoint substitutes when fellows die or resign, and to award 1- or 2-year fellowships when appropriate;

"That special consideration be given to the field of engineering, with support going to master's degree candidates as well as doctoral candidates."

The Advisory Group believes that the graduate education of the men and women who will be the new college instructors of the 1965–70 period deserves very high priority. Existing Federal fellowship programs are already helping to attract well-qualified students into the graduate schools for programs of study and investigation which lead to the doctorate and toward subsequent teaching or research. It is our view that a significantly larger program of assistance to graduate students is warranted. We believe particular emphasis should be placed on engineering because of the urgent need for master's degree engineers in industry and government and for doctoral degree engineers in college teaching.

We have noted that the National Science Foundation, the National Institutes of Health and the Atomic Energy Commission already have flexible authority to determine the number and kind of their fellowship offerings, as well as to set the stipends thereof, in relation to the needs of the individual and available appropriations. The Office of Education, on the other hand, in administering its graduate fellowship program under title IV of National Defense Education Act, is restricted by existing law to a maximum of 1,500 3-year fellowships each year, with stipends specified by statute.

B. National Defense Education Act language programs

Recommendation (6):

"That the National Defense Education Act Language Institutes program be extended to college teachers and those preparing themselves for college teaching;

"That more language fellowships be awarded under title VI of the National Defense Education Act, particularly to present and future college teachers;

"That the annual appropriation authorization for National Defense Education Act, title VI, be increased accordingly."

The supply of well-trained college teachers in the field of language and area studies should be augmented, and the Advisory Group has recognized that a simple change in title VI of National Defense Education Act should do much to solve this problem.

C. Faculty development programs

Recommendation (7):

"That provision be made under National Defense Education Act for a program (similar to the present NSF science faculty program) of institutes, faculty fellowships, and visiting professorships to increase the effectiveness of college teachers in all fields; and

"That matching grants be provided to institutions of higher education for support of similar faculty development programs under institutional auspices."

The Advisory Group recognizes the need for further Federal programs for the purpose of updating and increasing the effectiveness of college faculty. The National Science Foundation has made great progress in meeting this problem with respect to college science teachers, but there is a need for similar programs in the humanities, behavioral sciences, and other fields as well.

The Advisory Group also finds that NSF is doing an excellent job of bringing high school science teachers abreast of modern developments through its summer and academic year institutes. Under National Defense Education Act, title VI, the Office of Education is also making great progress in retraining high school language teachers. The members of the Advisory Group regard these types of programs as extremely valuable and are pleased to note the recent indication that the administration shares our concern for improving the quality of education at all levels.

IV. FINANCIAL ASSISTANCE TO STUDENTS

A. Expansion of NDEA student loan fund

Recommendation (8):

"That the national defense student loan program under title II of National Defense Education Act be extended for a 5-year period through June 30, 1967;

"That the annual appropriation authorization for this program be increased from $90 million to $200 million; and

"That the ceiling on the annual Federal capital contribution to an institution's loan fund be raised from $250,000 to $750,000 or eliminated entirely."

The Advisory Group feels strongly that it is of great importance to the Nation to insure that all students with the ability to do college-level work have an opportunity to do so and that the talents of able students not be wasted because they lack the funds necessary to go to college. The Advisory Group believes it is extremely important not only to get able students into college but also to encourage outstanding academic performance by students in college.

The Advisory Group views the national defense student loan program as highly successful and believes it should continue to be the primary vehicle of direct Federal assistance to students. Discussions with panel members convinced the group that requests for loans from qualified and genuinely needy students will outrun available funds at most participating institutions under present appropriation authorizations and that considerably increased Federal contributions should therefore be authorized to meet the demand for loans anticipated over the next 5 years. The group also found evidence that the $250,000 ceiling imposed on the Federal contribution to the loan fund of a single institution was penalizing students at large institutions and agreed that the ceiling should be raised or eliminated.

B. Assistance to exceptionally needy students

Recommendation (9):

"That an institution of higher education may use up to 15 percent of the annual combined Federal and institutional capital contribution to its NDEA student loan fund to make financial assistance grants of up to $1,000 a year each to promising but exceptionally needy undergraduate students and that in order to insure that these grants-in-aid are awarded only to students who could not otherwise continue their education, no student shall be eligible to receive such a grant if the income and/or assets of such student and of his family or guardian exceed ceilings to be specified under regulations of the Commissioner of Education."

The Advisory Group has sought to find a way of helping promising young people from very low-income families who do not have the financial resources to go to college. Many students are helped by NDEA loans, but some able students from exceptionally needy families, particularly girls and especially in families where there are other children who must be supported, are unable to accept the risk and burden of substantial debt in order to continue their education. To meet their expenses these exceptionally needy students require grants-in-aid.

It is the opinion of the Advisory Group that the colleges themselves have the most experience in seeking out these students and evaluating their needs. The group feels that a program of grants-in-aid to exceptionally needy students should be made part of the National Defense Education Act student loan program. Including the grants in the student loan program would save administrative costs, allow the colleges flexibility in using loans and grants-in-aid in the combinations they deem most appropriate to their students' needs and would avoid any stigma that might attach to a separate scholarship program for the neediest. Accordingly, the group favors allowing participating institutions to use up to 15 percent of the annual combined Federal and institutional contribution to their loan funds for outright grants to promising and exceptionally needy students.

C. Incentives for academic achievement

Recommendation (10A):

"That an institution of higher education may cancel a portion of an undergraduate student's loan for any year or years in which his academic achievement is deemed outstanding under criteria established by the institution and approved by the Commissioner of Education provided that the total of such cancellations in any year does not exceed an amount equal to 10 percent of the annual combined Federal and institutional capital contribution to its National Defense Education Act student loan fund;"

In order to encourage academic achievement among college students, the Advisory Group favors allowing participating institutions to cancel a portion of some undergraduate student loans in recognition of academic excellence.

Recommendation (10B):

"That the provision for cancellation of up to 50 percent of a loan for public school teaching be eliminated with respect to all students whose first loan from a National Defense Education Act loan fund is received for an academic year beginning after June 30, 1962."

It is true that the Nation needs more teachers, but it also needs more doctors, nurses, social workers, engineers, and other trained persons. Forgiving the loans of all students who enter shortage or public-service occupations seems neither feasible, nor desirable and singling out public school teachers from other needed occupations is difficult to defend logically and may have the harmful effect of reducing the incentive for communities to raise teachers' salaries. Hence, the Advisory Group favors a phasing out of the teacher forgiveness provision of the National Defense Education Act loan program.

D. Special loan provisions for professional and graduate students

Recommendation (11):

"That the provisions of the national defense student loan program be revised so that all eligible students beyond the bachelor's degree level may borrow up to $2,000 in any one academic year to a total of $8,000, in addition to any borrowing they may have done as undergraduates;

"That loans to students beyond the bachelor's level be made repayable in equal annual installments over a 15-year period beginning 3 years after the borrower ceases to be a student."

In view of the urgent national need for doctors, dentists, engineers, and many other highly trained professional persons and of the high cost to the student of advanced professional training, the Advisory Group favors increasing the amounts which can be borrowed under the national defense student loan program by students beyond the bachelor's degree level and also lengthening the repayment period for such students. (At present, no student may borrow more than $1,000 in 1 academic year, or more than $5,000 in total, and all loans are repayable over 10 years beginning 1 year after the borrower ceases to be a student.) Graduate students and professional students beyond the bachelor's level need more money than undergraduates, since their tuition is usually higher and since they are older and more likely to have dependents. Many professional students, especially medical students, have excellent future income prospects and will be able to repay substantial loans without undue hardship if the funds are made available to them and if they are able to spread the payments over a sufficiently long period.

V. BASIC RESEARCH TO IMPROVE LEARNING AND TEACHING

Recommendation (12):

"That the Committee on Education and Labor give special attention to ways of fostering high-quality basic research on the learning process with a view to improving the effectiveness of teaching and learning at all levels and that hearings be held on this subject at an early date."

The group found widespread agreement among the panelists that there is an urgent need for basic research in the learning process as distinguished from applied research in education. The resources going into basic research in education are insignificant compared to the resources going into research designed to improve health or physical standards of living. At least until very recently, basic research in the learning process has apparently not attracted the attention of the most able behavioral scientists.

The group is convinced that a major effort should be made to channel more resources into high-quality basic research in education. The Advisory Group hopes the committee will give special attention to this proposal early in the session.

The Advisory Group on Higher Education wishes to give special thanks to the persons from the university and scientific community who participated in our panel discussions. We wish also to thank the representatives of professional associations and Federal agencies whom we consulted during the course of our work. We also received valuable comments in response to a series of letters of inquiry sent out by the members of the Advisory Group to educators and scientists in their own regions.

The Advisory Group wishes to acknowledge the able staff work of its technical director, Mr. Wray Smith, and its administrative assistant, Mrs. Mary D. Pinkard; the helpful assistance of Mr. Melvin W. Sneed, of the staff of the Committee on Education and Labor, Mr. John R. Walsh, administrative assistant to Representative Brademas, and Mrs. Vivian Gordon, of the Legislative Reference Service of the Library of Congress; and the valuable advice of its expert consultants, Dr. Alice M. Rivlin and Mr. Nicholas DeWitt.

Respectfully submitted.

JOHN BRADEMAS, *Chairman*.
ROBERT N. GIAIMO.
JAMES G. O'HARA.
ALBERT H. QUIE.
CHARLES E. GOODELL.

PANEL MEMBERS FOR THE ADVISORY GROUP ON HIGHER EDUCATION, DECEMBER 1961–JANUARY 1962.

H. Russell Beatty, president, Wentworth Institute, Boston.

Hilton C. Buley, president, Southern Connecticut State College, New Haven.

C. R. Carpenter, director, Division of Academic Research and Services, Pennsylvania State University.

John H. Fischer, president-elect, Teachers College, Columbia University.

Ralph W. Gerard, director of laboratories, Mental Health Research Institute, University of Michigan.

H. Bentley Glass, professor of biology, Johns Hopkins University.

Thomas S. Hall, former dean, College of Liberal Arts, Washington University, St. Louis.

Frederick L. Hovde, president, Purdue University.

J. R. Killian, Jr., chairman of the corporation, Massachusetts Institute of Technology.

George G. Mallinson, dean of the Graduate School, Western Michigan University.

Neal E. Miller, Angell professor of psychology, Yale University.

Paul C. Rosenbloom, professor of mathematics, University of Minnesota.

Paul A. Samuelson, professor of economics, Massachusetts Institute of Technology.

Theodore W. Schultz, professor of economics, University of Chicago.

E. A. Trabant, dean of the School of Engineering, University of Buffalo.

Byron K. Trippett, president of Wabash College.

M. H. Trytten, director, Office of Scientific Personnel, National Academy of Sciences, Washington, D.C.

Randall M. Whaley, vice president, Wayne State University, Detroit.

Benjamin C. Willis, general superintendent of schools, Chicago.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. FLYNT, for the balance of the day and tomorrow, January 24, 1962, on account of official business.

SPECIAL ORDER GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to Mr. FARBSTEIN (at the request of Mr. LIBONATI), for 15 minutes tomorrow.

EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the CONGRESSIONAL RECORD, or to revise and extend remarks, was granted to:

Mr. HOLLAND and include a speech by Mr. Carey, president of the IUEW, notwithstanding the fact that it exceeds two pages of the RECORD and is estimated by the Public Printer to cost $202.50.

Mr. ROOSEVELT and include extraneous matter.

Mr. DULSKI and to include extraneous matter.

Mr. O'NEILL and include extraneous matter.

Mr. PHILBIN and include extraneous matter.

(The following Members (at the request of Mr. CAHILL) and to include extraneous matter:)

Mr. DAGUE.

Mr. VAN ZANDT in two instances.

(The following Members (at the request of Mr. LIBONATI) and to include extraneous matter:)

Mr. CELLER.

Mr. DANIELS.

ADJOURNMENT

Mr. LIBONATI. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 54 minutes p.m.), the House adjourned until tomorrow, Wednesday, January 24, 1962, at 12 o'clock noon.

REPORT OF EXPENDITURES OF FOREIGN CURRENCIES AND APPROPRIATED FUNDS INCURRED IN TRAVEL OUTSIDE THE UNITED STATES

Mr. BURLESON. Mr. Speaker, section 502(b) of the Mutual Security Act of 1954, as amended by section 401(a) of Public Law 86–472, approved May 14, 1960, and section 105 of Public Law 86–628, approved July 12, 1960, require the reporting of expenses incurred in connection with travel outside the United States, including both foreign currencies expended and dollar expenditures made from appropriated funds by Members, employees, and committees of the Congress.

The law requires the chairman of each committee to prepare a consolidated report of foreign currency and dollar expenditures from appropriated funds within the first 60 days that Congress is in session in each calendar year covering expenditures for the previous calendar year. The consolidated report is to be forwarded to the Committee on House Administration which, in turn, shall print such report in the CONGRESSIONAL RECORD within 10 days after receipt. Accordingly, there is submitted herewith, within the prescribed time limit, the consolidated report of the House Committee on Banking and Currency.

There is also submitted a report transmitted to the Committee on House Administration by the House Committee on Post Office and Civil Service under date of January 19, 1962:

Report of expenditure of foreign currencies and appropriated funds by Committee on Banking and Currency, U.S. House of Representatives

[Expended between Jan. 1 and Dec. 31, 1961]

Name and country	Name of currency	Lodging		Meals		Transportation		Miscellaneous		Total	
		Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency
Edward J. Derwinski:											
Holland	Guilder	94	26.79	106	30.21	101	28.79	31	8.84	332	94.63
Germany	Deutsche mark	114	29.07	48	12.24	44	13.22	16	4.08	222	58.61
France	Franc	194	28.80	148	29.60	40	8.00	18	3.60	400	70.00
Poland	Zloty	1,182	21.50	1,240	22.60	5,319	60.30	559	10.16	8,300	114.56
England	Pound	6½	18.33	1¼	3.50	5½	15.51	3¼	9.17	16½	46.51
Gordon L. McDonough:											
England	do	35-1-6	98.21	8-3-0	22.82	3-6-0	9.24	4-10-0	12.80	51-0-6	143.07
France	Franc	955.10	194.93	141.9	28.77	58-95	12.40	68.4	13.92	1,224.35	250.02
Albert Rains:											
Brazil	Cruzeiro	22,635.20	80.84	15,812.60	56.47			6,552.20	23.40	45,000.00	160.71
Argentina	Peso	3,508.50	42.53	2,660.63	32.26	1,100.00	13.33	3,133.67	37.98	10,402.80	126.10
Peru	Sol	950.40	35.45	377.60	14.08			325.00	12.13	1,653.00	61.66
Germany	Deutsche mark					2,909.20	727.30			2,909.20	727.30
Clarence E. Kilburn:											
Brazil	Cruzeiro	22,636.00	80.84	14,776.00	52.77	1,568.00	5.60	6,020.00	21.50	45,000.00	160.71
Argentina	Peso	3,238.00	39.25	2,887.50	35.00	1,100.00	13.33	1,608.75	19.50	8,834.25	107.08
Peru	Sol	1,043.80	38.93	390.75	14.57	958.45	35.75	164.00	6.12	2,557.00	95.37
Germany	Deutsche mark					2,909.20	727.30			2,909.20	727.30
Austria	Schillings	3,501.50	134.67	7,818.50	300.72			780	30.00	12,100.00	465.39
Robert R. Poston:											
Brazil	Cruzeiro	9,882.50	35.29	2,827.50	10.46	4,050.00	15.00	3,240.00	12.00	20,000.00	72.75
Argentina	Peso	3,474.08	42.11	2,505.52	30.37	1,704.45	20.66	1,773.90	21.52	9,457.95	114.66
Peru	Sol	631.50	23.55	355.65	13.27	2,278.85	85.00	524.00	19.54	3,790.00	141.36
Germany	Deutsche mark					3,444.00	861.00			3,444.00	861.00
Total			971.09		709.71		2,651.73		266.26		4,598.79

BRENT SPENCE,
Chairman, Committee on Banking and Currency.

Jan. 16, 1962.

Report of expenditure of foreign currencies and appropriated funds by Committee on Post Office and Civil Service, U.S. House of Representatives

[Expended between Jan. 1 and Dec. 31, 1960]

Name and country	Name of currency	Lodging		Meals		Transportation		Miscellaneous		Total	
		Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency
August E. Johansen:											
Holland	Guilders					4,121.74	1,082.30			4,121.74	1,082.30
France	New francs	181.65	37.00	245	50.00	74.50	15.00	98	20.00	599.15	122.00
Austria	Schillings	1,560	60.00	1,040	40.00	260	10.00	390	15.00	3,250	125.00
Total			97.00		90.00		1,107.30		35.00		1,329.30

TOM MURRAY,
Chairman, Committee on Post Office and Civil Service.

Jan. 19, 1962.

COMMITTEE EMPLOYEES

JANUARY 11, 1961.

COMMITTEE ON AGRICULTURE

To the CLERK OF THE HOUSE:

The above-mentioned committee or subcommittee, pursuant to section 134(b) of the Legislative Reorganization Act of 1946, Public Law 601, 79th Congress, approved August 2, 1946, as amended, submits the following report showing the name, profession, and total salary of each person employed by it during the 6-month period from July 1 to December 31, 1961, inclusive, together with total funds authorized or appropriated and expended by it:

Name of employee	Profession	Total gross salary during 6-month period
John J. Heimburger	Counsel	$8,772.00
Francis M. LeMay	Staff consultant	8,051.46
Christine S. Gallagher	Clerk	8,051.46
Hyde H. Murray	Assistant clerk	7,172.76
Lydia Vacin	Staff assistant	4,727.28
Betty M. Prezioso	do	4,727.28
Pauline E. Graves	do	5,854.62
Gladys N. Ondarcho	do	3,998.22
Peggy Jean Lamm	do	4,403.28
Jane C. Wojcik	do	3,593.16
Subcommittee on Equipment, Supplies and Manpower:		
Martha S. Hannah	do	3,896.94
Haywood W. Taylor	do	3,306.22

Funds authorized or appropriated for committee expenditures	$50,000.00
Amount of expenditures previously reported	15,579.02
Amount expended from July 1 to Dec. 31, 1961	17,482.15
Total amount expended from Jan. 1 to Dec. 31, 1961	33,061.17
Balance unexpended as of Dec. 31, 1961	16,938.83

HAROLD D. COOLEY,
Chairman.

JANUARY 15, 1962.

COMMITTEE ON APPROPRIATIONS

To the CLERK OF THE HOUSE:

The above-mentioned committee or subcommittee, pursuant to section 134(b) of the Legislative Reorganization Act of 1946, Public Law 601, 79th Congress, approved August 2, 1946, as amended, submits the following report showing the name, profession, and total salary of each person employed by it during the 6-month period from July 1 to December 31, 1961, inclusive, together with total funds authorized or appropriated and expended by it:

Name of employee	Profession	Total gross salary during 6-month period
Kenneth Sprankle	Clerk and staff director.	$8,824.74
Paul M. Wilson	do	8,824.74
Carson W. Culp	Staff assistant	8,754.48
Samuel W. Crosby	do	8,754.48
Jay B. Howe	do	8,578.68
Ross P. Pope	do	8,578.68
Robert M. Moyer	do	8,578.68
Frank Sanders	do	8,051.46
Eugene B. Wilhelm	do	8,051.46
Robert P. Williams	Editor	7,260.60
Robert L. Michaels	Staff assistant	7,172.73
Aubrey A. Gunnels	do	6,909.12
G. Homer Skarin	do	6,337.95
Earl C. Silsby	do	5,634.96
Francis G. Merrill	do	5,634.96
Lawrence C. Miller	Assistant editor	4,605.78
Samuel R. Preston	Staff assistant	4,403.28
George A. Urian	Clerical assistant	3,188.10
James E. Moore	do	2,884.32
Stephen B. Miller	do	2,479.26
Randolph Thomas	Messenger	2,226.12
George S. Green	Clerk to the minority.	$8,051.46
Nancie Hammack	Clerk-stenographer	3,086.82
George P. Cossar, Jr.	do	3,086.82
Viola W. Grubbs	do	3,086.82
Jeanne C. Smith	do	3,086.82
Rosalind E. McGovern.	do	3,086.82
Suzanne S. Thomas	do	3,086.82
Patrick M. Hayes	do	3,086.82
Donald L. Bernard	do	3,086.82
Florence Pignone	do	2,681.76
Geraldine Watkins	do	3,086.82
William J. Neary	do	3,086.82
J. Suzanne Hubbard	do	1,517.80
Mary F. Wilson	do	2,884.32
Silas Taber	do	3,086.82
Robert Dunkel	do	3,086.82
Josephine Birdsall	do	3,086.82
David R. Hansen	do	3,086.82
Dorothy E. Sweeney	do	3,086.82
Ruth Mahder	do	3,086.82
Gayle C. Raver	do	2,985.56
John H. Murphy	do	2,884.32
William B. Gunger	do	1,475.40
Mary A. O'Connor	do	1,017.88
Elinor F. Bryson	do	96.42
Dorothy D. Borth	do	1,166.13
Catherine L. Kennett	do	1,290.27
Elinor L. Malaney	do	514.47

Amount of expenditures previously reported	
Amount expended from July 1 to Dec. 31, 1961	$211,689.49
Total amount expended from July 1 to Dec. 31, 1961	211,689.49

CLARENCE CANNON,
Chairman.

JANUARY 15, 1962.

COMMITTEE ON APPROPRIATIONS

(Investigations staff)

To the CLERK OF THE HOUSE:

The above-mentioned committee or subcommittee, pursuant to section 134(b) of the Legislative Reorganization Act of 1946, Public Law 601, 79th Congress, approved August 2, 1946, as amended, submits the following report showing the name, profession, and total salary of each person employed by it during the 6-month period from July 1, 1961, to December 31, 1961, inclusive, together with total funds authorized or appropriated and expended by it:

Name of employee	Profession	Total gross salary during 6-month period
Kenneth T. Delavigne.	Director, surveys and investigations staff.	$7,203.48
William B. Soyars	Assistant director, surveys and investigations staff.	7,203.48
Leonard M. Walters	do	6,944.28
Lillian M. Mackie	Stenographer	3,365.34
Helen C. Parrish	do	3,365.34

REIMBURSEMENT TO GOVERNMENT AGENCIES

Name of employee	Profession	Total gross salary during 6-month period
Agriculture, Department of: Baldauf, T. M.	Investigator	$4,362.80
Atomic Energy Commission: Taylor, George C.	do	4,522.64
Bureau of the Budget: Miller, C. J.	do	2,328.49
Commerce, Department of:		
Jarvis, Leon H	do	3,207.95
Keister, Ralph H	do	1,606.28
McPherson, J. L	do	5,338.11
Shafer, W. S	do	1,236.00
Tiedeman, Hollie J.	do	3,208.86
Corps of Engineers: Klein, Arthur A.	do	3,350.37

REIMBURSEMENT TO GOVERNMENT AGENCIES—continued

Name of employee	Profession	Total gross salary during 6-month period
Federal Bureau of Investigation:		
Bennett, Carl L	Investigator	$993.60
Brent, Aubrey S	do	5,481.68
Bruninga, H. J	do	2,289.28
Chisholm, Leslie B	do	5,092.48
Cogan, J. P	do	2,931.12
Debuck, H. L	do	2,238.32
Feuer, Robert W	do	4,293.92
Foley, R. W	do	3,676.32
Franklin, R. M	do	2,695.12
Halstead, Rowland C.	do	4,579.68
Harman, R. V., Jr	do	2,448.88
Hayden, Albert C., Jr.	do	50.72
Hayes, Edward J	do	5,641.84
Health benefits fund		537.77
Herrington, R. B	Investigator	3,676.32
Law, W. C	do	3,380.32
Lewis, P. H	do	2,185.92
Life insurance fund		263.16
Lipscomb, Woodrow P.	Investigator	4,669.92
McDowell, L. L	do	2,336.32
McEliece, Richard F.	do	4,979.12
Mares, Bernard M	do	3,744.16
Martinson, Walter G.	do	5,415.12
Murphy, Peter J., Jr.	do	228.40
Neale, Alexander W., Jr.	do	4,736.48
Retirement fund		5,130.34
Roberts, A. J., Jr	Investigator	2,434.32
Wood, H. Branch	do	5,415.12
Federal Communications Commission: Thelemann, E. C.	do	1,246.26
Federal Trade Commission: Wagner, Winfield F.	do	1,136.08
Health, Education, and Welfare, Department of:		
Bing, Peter S	do	991.24
Garrison, L. A	do	4,159.98
Library of Congress: Rose, John K.	do	3,122.76
Navy, Department of the: Goode, S. O., Jr.	do	4,779.70
Post Office Department: Kopp, Robert.	do	2,278.17
Public Housing Administration: Altman, C. B.	do	3,742.40
Travel and miscellaneous expense.		45,554.57

Funds authorized or appropriated for committee expenditures	$550,000.00
Amount of expenditures previously reported	
Amount expended from July 1 to Dec. 31, 1961	215,800.33
Total amount expended from July 1 to Dec. 31, 1961	215,800.33
Balance unexpended as of Dec. 31, 1961	334,199.67

CLARENCE CANNON,
Chairman.

JANUARY 2, 1962.

COMMITTEE ON ARMED SERVICES

To the CLERK OF THE HOUSE:

The above-mentioned committee or subcommittee, pursuant to section 134(b) of the Legislative Reorganization Act of 1946, Public Law 601, 79th Congress, approved August 2, 1946, as amended, submits the following report showing the name, profession, and total salary of each person employed by it during the 6-month period from July 1 to December 31, 1961, inclusive, together with total funds authorized or appropriated and expended by it.

Name of employee	Profession	Total gross salary during 6-month period
Robert W. Smart	Chief counsel	$8,824.74
John R. Blandford	Counsel	8,798.40
Philip W. Kelleher	do	8,798.40
Frank M. Slatinshek	do	8,227.20
Oneta L. Stockstill	Committee secretary.	4,676.70
Berniece Kalinowski	Secretary	4,676.70
L. Louise Ellis	do	4,676.70
M. Jane Binger	do	3,547.56
Edna E. Johnson	do	4,003.26
James A. Deakins	Bill clerk	3,547.56
Office of Special Counsel operating pursuant to H. Res. 78 and 79, 87th Cong.:		
John J. Courtney	Special counsel	8,824.74
William H. Sandweg.	Assistant counsel	6,975.00
Dorothy Britton	Secretary	4,403.28
Jane Wheelahan	do	3,456.42
Adeline Tolerton	Clerk	3,248.82
James Josey	Messenger	755.45

Funds authorized or appropriated for committee expenditures	$150,000.00
Amount of expenditures previously reported	27,722.70
Amount expended from July 1, 1961, to Jan. 1, 1962	33,129.49
Total amount expended from Jan. 1, 1961, to Jan. 1, 1962	60,852.19
Balance unexpended as of Jan. 1, 1962	89,147.81

CARL VINSON,
Chairman.

JANUARY 15, 1962.

COMMITTEE ON BANKING AND CURRENCY

To the CLERK OF THE HOUSE:

The above-mentioned committee or subcommittee, pursuant to section 134(b) of the Legislative Reorganization Act of 1946, Public Law 601, 79th Congress, approved August 2, 1946, as amended, submits the following report showing the name, profession, and total salary of each person employed by it during the 6-month period from July 1, 1961, to December 31, 1961, inclusive, together with total funds authorized or appropriated and expended by it:

Name of employee	Profession	Total gross salary during 6-month period
Robert L. Cardon	Clerk and general counsel.	$8,824.74
John E. Barriere	Majority staff member.	8,824.74
Orman S. Fink	Minority staff member.	8,824.74
Robert R. Poston	Counsel	8,824.74
Helen L. Rogers	Deputy clerk	5,204.16
Mary W. Layton	Assistant clerk	5,204.16
Marguerite Bean	Secretary to chairman.	6,030.36
Alicia F. Shoemaker	Secretary to minority.	4,838.70
Roger J. Brown	Editor	6,004.02
EMPLOYEES PURSUANT TO H. RES. 143 SUBCOMMITTEE ON HOUSING		
Kenneth W. Burrows	Housing economist	$8,249.16
John L. Fitzgerald	Attorney (Mar. 15 to Aug. 31, 1961).	1,604.76
Eleanor N. Hamilton	Research assistant	3,547.56
John J. McEwan, Jr.	Deputy staff director.	8,824.74
Grady Perry, Jr.	Clerk	5,854.62
Margaret E. Tucker	Secretary	4,307.04
Frances M. Yeakle	do	3,491.88

Funds authorized or appropriated for committee expenditures	$105,000.00
Amount of expenditures previously reported	$38,858.10
Amount expended from July 1 to Dec. 31	40,964.00
Total amount expended from Jan. 1 to Dec. 31	79,822.10
Balance unexpended as of Dec. 31, 1961	25,177.90

BRENT SPENCE,
Chairman.

JANUARY 8, 1962.

COMMITTEE ON THE DISTRICT OF COLUMBIA

To the CLERK OF THE HOUSE:

The above-mentioned committee or subcommittee, pursuant to section 134(b) of the Legislative Reorganization Act of 1946, Public Law 601, 79th Congress, approved August 2, 1946, as amended, submits the following report showing the name, profession, and total salary of each person employed by it during the 6-month period from July 1 to December 31, 1961, inclusive, together with total funds authorized or appropriated and expended by it:

Name of employee	Profession	Total gross salary during 6-month period
W. N. McLeod, Jr.	Clerk	$8,754.48
Hayden S. Garber	Attorney	8,056.46
Donald J. Turbridy	Minority clerk	5,713.92
Leonard O. Hilder	Investigator	5,942.52
Clayton D. Gasque	Assistant clerk	5,397.48
Ruth Butterworth	do	4,767.78
Ann L. Puryear	do	4,099.50
Ellen M. Coxiter	do	3,593.16
Lillian B. Hamilton	do	3,390.60
Patricia Ann Dempsey.	Stenographer	2,580.54

Funds authorized or appropriated for committee expenditures	$10,000.00
Total amount expended from July 1 to Jan. 1, 1962	206.33
Balance unexpended as of December 31, 1961	9,793.67

JOHN L. MCMILLAN,
Chairman.

JANUARY 15, 1961.

COMMITTEE ON EDUCATION AND LABOR
STANDING COMMITTEE

To the CLERK OF THE HOUSE:

The above-mentioned committee or subcommittee, pursuant to section 134(b) of the Legislative Reorganization Act of 1946, Public Law 601, 79th Congress, approved August 2, 1946, as amended, submits the following report showing the name, profession, and total salary of each person employed by it during the 6-month period from July 1 to December 31, 1961, inclusive, together with total funds authorized or appropriated and expended by it:

Name of employee	Profession	Total gross salary during 6-month period
Louise Maxienne Dargans.	Chief clerk	$8,824.74
Russell C. Derrickson	Staff director	8,824.74
Wray Smith	Education chief	8,824.74
Howard G. Gamser	Chief counsel for labor-management.	8,824.74
Livingston L. Wingate.	Associate counsel for labor-management.	7,502.28
Teresa Calabrese	Administrative assistant to the chairman.	5,000.70
Richard T. Burress	Minority clerk	8,807.16
Melvin W. Sneed	Administrative assistant.	8,504.04
Louise M. Wright	do	4,251.36
Cabell Waller Berge	do	3,833.66

Amount of expenditures previously reported	$72,142.27
Amount expended from July 1 to Dec. 31, 1961	$73,198.16
Total amount expended from Jan. 1 to Dec. 31, 1961	145,340.43

ADAM C. POWELL,
Chairman.

JANUARY 15, 1962.

COMMITTEE ON EDUCATION AND LABOR
(Investigating staff)

To the CLERK OF THE HOUSE:

The above-mentioned committee or subcommittee, pursuant to section 134(b) of the Legislative Reorganization Act of 1946, Public Law 601, 79th Congress, approved August 2, 1946, as amended, submits the following report showing the name, profession, and total salary of each person employed by it during the 6-month period from July 1 to December 31, 1961, inclusive, together with total funds authorized or appropriated and expended by it:

Name of employee	Profession	Total gross salary during 6-month period
General Subcommittee on Education (Representative Cleveland M. Bailey, chairman):		
Salig L. Bendit	Assistant subcommittee clerk (July 19–Dec. 31, 1961).	$1,802.41
Ruth P. Ebersole	Assistant subcommittee clerk.	3,000.78
Robert E. McCord	Subcommittee clerk.	7,502.28
General Subcommittee on Labor (Representative Carl D. Perkins, chairman):		
Gertrude L. Moser	Secretary (from Sept. 18, 1961).	1,717.11
Hartwell Duvall Reed, Jr.	Counsel	7,502.28
Peggy Lia Amburgey.	Secretary (June 13–Aug. 31, 1961).	834.86
Special Subcommittee on Education (Representative Edith Green, chairman):		
Betty R. Pryor	Subcommittee clerk.	5,252.46
Nicholas Zumas	Counsel (Mar. 1–Oct. 24, 1961).	3,326.56
Special Subcommittee on Labor (Representative James Roosevelt, chairman):		
Carolyn A. Latimer	Secretary (Aug. 1–Dec. 7, 1961).	2,334.68
Don Lowe	Director (from Sept. 1, 1961).	5,001.52
Doris G. Smith	Secretary (Apr. 1–Aug. 7, 1961).	719.86
W. Wilson Young	Counsel (Jan. 3–Oct. 31, 1961).	3,751.14
Select Subcommittee on Labor (Representative Herbert Zelenko, chairman):		
Harvey B. Cohen	Counsel	5,000.70
Mollie D. Cohen	Administrative assistant.	4,959.35
Select Subcommittee on Education (Representative Frank Thompson, chairman):		
Mary E. Corbin	Secretary	3,502.02
William P. Gerberding.	Counsel (Mar. 1–Aug. 31, 1961).	2,250.32
John D. Hawke, Jr.	Counsel (from Sept. 1, 1961).	3,333.80
Ad Hoc Subcommittee on the Impact of Imports and Exports on American Employment (Representative John H. Dent, chairman):		
Barbara Dash	Clerk (Mar. 2–Dec. 31, 1961).	3,000.78
James L. Gallagher	Counsel (from July 17, 1961).	5,470.33
Stanley D. Metzger	Counsel (May 1–July 10, 1961).	416.79
Mary Orndoff	Clerk (from Nov. 27, 1961).	378.28

Name of employee	Profession	Total gross salary during 6-month period
Ad Hoc Subcommittee on the National Labor Relations Board (Representative Roman Pucinski, chairman): James McConnell Harkless.	Counsel (Mar. 1-July 18, 1961).	$750.23
Full committee staff:		
Donald F. Berens	Administrative assistant.	4,251.36
Patricia Bergman	Secretary	2,251.44
Adrienne Fields	Receptionist	2,251.44
Corrine Annette Huff.	do	1,500.80
Mary D. Pinkard	Administrative assistant.	3,750.12
Jeanne Thomson	do	4,302.00
Charles E. Wilson	Assistant education chief (Feb. 1-Aug. 31, 1961).	1,334.42
Investigative task force:		
Leon Abramson	Assistant counsel (from July 15, 1961).	6,918.77
Ida P. Bailey	Secretary (from Dec. 1, 1961).	325.34
James E. Branigan	Counsel	8,750.04
Odell Clark	Assistant chief investigator.	6,250.08
Marvin R. Fullmer	Chief investigator	7,502.28
Olive M. Gibbons	Secretary	2,392.48
Johnnie L. Graves	Secretary (from June 26-Aug. 25, 1961).	801.10
Ann I. Jordan	Secretary (from Apr. 1-Sept. 30, 1961).	1,500.39
Waldo E. Parrish	Administrative assistant.	3,000.78
Jose Lumen Roman	Investigator (from Mar. 1—July 31, 1961).	833.45
Minority staff: Beverly Pearson.	Minority secretary	3,289.38
Travel and miscellaneous expense.		35,500.74

Funds authorized or appropriated for committee expenditures	$633,000.00
Amount of expenditures previously reported	122,306.06
Amount expended from July 1 to Dec. 31, 1961	168,514.95
Total amount expended from Jan. 1 to Dec. 31, 1961	290,821.01
Balance unexpended as of Dec. 31, 1961	342,178.99

ADAM C. POWELL,
Chairman.

JANUARY 10, 1962.

COMMITTEE ON FOREIGN AFFAIRS

To the CLERK OF THE HOUSE:

The above-mentioned committee or subcommittee, pursuant to section 134(b) of the Legislative Reorganization Act of 1946, Public Law 601, 79th Congress, approved August 2, 1946, as amended, submits the following report showing the name, profession, and total salary of each person employed by it during the 6-month period from July 1, 1961, to December 31, 1961, inclusive, together with total funds authorized or appropriated and expended by it:

Name of employee	Profession	Total gross salary during 6-month period
Boyd, Crawford	Staff administrator	$8,824.74
Roy J. Bullock	Senior staff consultant.	8,723.70
Albert C. F. Westphal.	Staff consultant	8,723.70
Franklin J. Schupp	do	8,644.62
Robert F. Brandt	Investigator-consultant.	3,968.55
Harry C. Cromer	do	8,306.28
Philip B. Billings	Special assistant	6,294.00
June Nigh	Senior staff assistant.	$6,647.70
Winifred G. Osborne	Staff assistant	6,184.17
Helen C. Mattas	do	5,527.98
Myrtie M. Melvin	do	5,397.48
Helen L. Hashagen	do	5,637.03
O'Brien, Mary Louise	do	5,542.59
Ann L. Clark	do	4,003.26
Mary E. Medsger	do	2,007.06
Robert J. Bowen	Clerical assistant	3,937.44

Funds authorized or appropriated for committee expenditures	$150,000.00
Amount of expenditures previously reported	21,406.05
Amount expended from July 1 to Dec. 31, 1961	34,954.05
Total amount expended from Jan. 1 to Dec. 31, 1961	56,360.10
Balance unexpended as of Dec. 31	93,639.90

THOMAS E. MORGAN,
Chairman.

JANUARY 15, 1962.

COMMITTEE ON GOVERNMENT OPERATIONS

To the CLERK OF THE HOUSE:

The above-mentioned committee or subcommittee, pursuant to section 134(b) of the Legislative Reorganization Act of 1946, Public Law 601, 79th Congress, approved August 2, 1946, as amended, submits the following report showing the name, profession, and total salary of each person employed by it during the 6-month period from July 1 to December 31, 1961, inclusive, together with total funds authorized or appropriated and expended by it.

Expenses, July 1, 1961-Jan. 1, 1962:	
Full committee	$1,686.70
Executive and Legislative Reorganization Subcommittee	30,515.16
Military Operations Subcommittee	38,767.38
Government Activities Subcommittee	20,987.31
Intergovernmental Relations Subcommittee	27,227.76
Foreign Operations and Monetary Affairs Subcommittee	38,083.63
Special Donable Property Subcommittee	16,900.85
Special Government Information Subcommittee	38,247.09
Special Subcommittee on Assigned Power and Land Problems	12,867.78
Special Subcommittee on the Home Loan Bank Board	12,307.74
Total	237,591.40
Salaries, full committee—July 1-Dec. 31, 1961:	
Christine Ray Davis, staff director	8,824.74
James A. Lanigan, general counsel	8,824.74
Miles Q. Romney, associate general counsel (July 15-Dec. 31, 1961)	6,545.99
Earle J. Wade, staff member	6,294.00
J. Robert Brown, staff member (July 1-Dec. 20, 1961)	6,359.30
Dolores Fel'Dotto, staff member	4,727.28
Ann E. McLachlan, staff member	4,467.37
Patricia Maheux, staff member	4,234.47
Helen M. Boyer, minority professional staff	8,051.46
J. P. Carlson, minority counsel	7,401.18
Expenses, July 1, 1961-Jan. 1, 1962: Full committee, travel, publications, telephone, stationery supplies, etc	1,686.50

Executive and Legislative Reorganization Subcommittee, Hon. William L. Dawson, chairman:

Elmer W. Henderson, counsel	8,134.94
Arthur Perlman, investigator	7,098.06
Daniel A. Kavanaugh, legal research analyst	3,750.12
Irene Manning, clerk-stenographer	3,732.40
Veronica B. Johnson, clerical staff	3,750.12
Orville J. Montgomery, associate counsel (July 1-Aug. 13, 1961)	1,695.65
Miles Q. Romney, counsel (July 1-15, 1961)	516.87
Expenses	1,837.00
Total	30,515.16

Military Operations Subcommittee, Hon. Chet Holifield, chairman:

Herbert Roback, staff administrator	$8,824.74
Earl J. Morgan, investigator	6,733.38
John Paul Ridgely, investigator	5,766.78
Douglas G. Dahlin, staff attorney	4,707.06
Robert J. McElroy, investigator	4,504.50
Mollie Jo Hughes, clerk-stenographer	3,998.22
Catherine L. Koeberlein, clerk-stenographer	3,998.22
Expenses	234.48
Total	38,767.38

Government Activities Subcommittee, Hon. Jack Brooks, chairman:

Edward C. Brooks, Jr., staff administrator	7,699.98
L. Russell Harding II, investigator	4,570.32
Daniel L. Power, investigator (Aug. 7-Dec. 31, 1961)	2,603.14
Irma Reel, clerk	3,547.56
John E. Moore, investigator (July 1-31, 1961)	986.03
Expenses	1,580.28
Total	20,987.31

Intergovernmental Relations Subcommittee, Hon. L. H. Fountain, chairman:

James R. Naughton, counsel	7,743.90
Delphis C. Goldberg, professional staff member	7,743.90
William Donald Gray, research analyst	3,896.94
Eileen M. Anderson, clerk-stenographer	3,998.22
Bebe B. Terry, clerk-stenographer	3,593.16
Expenses	251.64
Total	27,227.76

Foreign Operations and Monetary Affairs Subcommittee, Hon. Porter Hardy, Jr., chairman:

John T. M. Reddan, chief counsel	7,800.00
Walton Woods, investigator	7,022.63
M. Joseph Matan, counsel (Aug. 15-Dec. 31, 1961)	5,286.59
R. D. Young, counsel (Oct. 1-Dec. 31, 1961)	3,498.48
Charles Rothenberg, investigator (Aug. 21-Dec. 31, 1961)	4,672.59
Phyllis Seymour, clerk	3,998.22
Yvonne J. Kurtak, stenographer	3,390.60
Richard P. Bray, Jr., counsel (July 1-31, 1961)	1,232.07
Expenses	1,182.45
Total	38,083.63

Special Donable Property Subcommittee, Hon. John W. McCormack, chairman:

Ray Ward, staff administrator	8,345.58
Margaret B. O'Connor, clerk-stenographer	3,593.16
Clara Katherine Armstrong, clerical staff	3,608.34
Herbert Lee Goldblatt, clerical staff (July 1-Sept. 15, 1961)	750.40
Expenses	603.37
Total	16,900.85

Special Government Information Subcommittee, Hon. John E. Moss, chairman:

Samuel J. Archibald, staff administrator	8,051.46
Phineas Indritz, counsel	8,051.46
Harry S. Weidberg, assistant counsel	5,648.16
Jack Howard, professional staff member	6,513.66
Helen Beasley, stenographer	3,998.22
Catherine L. Hartke, stenographer	3,998.22
Expenses	1,985.91
Total	38,247.09

Special Subcommittee on Assigned Power and Land Problems, Hon. John E. Moss, chairman:

Sidney McClellan, professional staff member	6,452.16
Francis J. Schwoerer, staff member	5,000.70
Adrienne C. Masterson, clerical staff (July 1-Aug. 15, 1961)	1,181.82
Expenses	233.10
Total	12,867.78

Special Subcommittee on the Home Loan Bank Board, Hon. John E. Moss, chairman:

David Glick, counsel	6,294.00
Edith T. Carper, staff member (Aug. 1-Nov. 30, 1961)	2,419.06
Expenses	3,594.68
Total	12,307.74

Funds authorized or appropriated for committee expenditures	640,000.00
Amount of expenditures previously reported Jan. 4, 1961-June 30, 1961	223,282.20
Amount expended from July 1, 1961, to Jan. 1, 1962	237,591.40
Total amount expended from Jan. 4, 1961, to Jan. 1, 1962	460,873.60
Balance unexpended as of Jan. 1, 1962	179,126.40

WILLIAM L. DAWSON,
Chairman.

JANUARY 8, 1962.

COMMITTEE ON HOUSE ADMINISTRATION

To the CLERK OF THE HOUSE:

The above-mentioned committee or subcommittee, pursuant to section 134(b) of the Legislative Reorganization Act of 1946, Public Law 601, 79th Congress, approved August 2, 1946, as amended, submits the following report showing the name, profession, and total salary of each person employed by it during the 6-month period from July 1, 1961, to December 31, 1961, inclusive, together with total funds authorized or appropriated and expended by it:

Name of employee	Profession	Total gross salary during 6-month period
Julian P. Langston	Chief clerk	$8,824.74
Marjorie Savage	Assistant clerk	7,612.08
Mary F. Stolle	do	3,896.94

Funds authorized or appropriated for committee expenditures	$30,000.00
Amount of expenditures previously reported	12,320.40
Amount expended from July 1 to Dec. 31, 1961	3,839.21
Total amount expended from Jan. 1 to Dec. 31, 1961	16,159.61
Balance unexpended as of Dec. 31, 1961	13,840.39

OMAR BURLESON,
Chairman.

JANUARY 10, 1962.

COMMITTEE ON INTERIOR AND INSULAR AFFAIRS

To the CLERK OF THE HOUSE:

The above-mentioned committee or subcommittee, pursuant to section 134(b) of the Legislative Reorganization Act of 1946, Public Law 601, 79th Congress, approved August 2, 1946, as amended, submits the following report showing the name, profession, and total salary of each person employed by it during the 6-month period from July 1, 1961, to December 31, 1961, inclusive, together with total funds authorized or appropriated and expended by it:

Name of employee	Profession	Total gross salary during 6-month period
Professional staff:		
Sidney L. McFarland.	Professional staff director and engineering consultant.	$8,359.02
T. Richard Witmer	Counsel	8,051.46
John L. Taylor	Consultant on territorial and Indian affairs.	8,051.46
Milton A. Pearl	Consultant on mining, minerals, and lands.	7,875.72
Clerical staff:		
Nancy J. Arnold	Chief clerk	7,172.76
Laura Ann Moran	Assistant chief clerk	4,808.28
Dixie S. Duncan	Clerk	3,998.22
Penelope P. Harvison.	do	3,998.22
Virginia E. Bedsole	do	3,795.66
Patricia B. Freeman.	do	3,289.38

Funds authorized or appropriated for committee expenditures	$60,000.00
Amount of expenditures previously reported	9,472.87
Amount expended from July 1 to Dec. 31, 1961	14,242.16
Total amount expended from Jan. 1 to Dec. 31, 1961	23,715.03
Balance unexpended as of Dec. 31, 1961	36,284.97

WAYNE N. ASPINALL,
Chairman.

JANUARY 3, 1962.

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

To the CLERK OF THE HOUSE:

The above-mentioned committee or subcommittee, pursuant to section 134(b) of the Legislative Reorganization Act of 1946, Public Law 601, 79th Congress, approved August 2, 1946, as amended, submits the following report showing the name, profession, and total salary of each person employed by it during the 6-month period from July 1, 1961, to December 31, 1961, inclusive, together with total funds authorized or appropriated and expended by it:

Name of employee	Profession	Total gross salary during 6-month period
Clerical staff:		
W. E. Williamson	Clerk	$8,824.75
Kenneth J. Painter	First assistant clerk	7,322.11
Marcella Fencl	Assistant clerk	4,575.40
Glenn L. Johnson	Printing editor	6,206.12
Joanne C. Neuland	Clerical assistant	3,846.30
Mildred H. Lang	do	3,846.30
Mary Ryan	do	3,846.30
Roy P. Wilkinson	Assistant clerk	3,643.78
Professional staff:		
Andrew Stevenson	Expert	8,824.75
Kurt Borchardt	Legal counsel	8,824.75
Sam G. Spal	Research specialist	8,824.75
Martin W. Cunningham.	Aviation consultant	8,824.75
Additional temporary employees under H. Res. 108 and H. Res. 165:		
Gladys Johnson	Clerical assistant	3,846.30
Margaret J. Robinson.	Staff assistant	7,796.64
Elsie M. Karpowich	Clerical assistant	3,846.30
Robert S. Moore, Jr.	Messenger (from July 1 to 31).	362.58
James Quitman Burgess.	Messenger (from Aug. 1 to 31).	362.58
Catherine C. McLees.	Clerical assistant	3,846.30
Special Subcommittee on Regulatory Agencies:		
Charles P. Howze, Jr.	Chief counsel	7,893.29
George W. Perry	Associate counsel	7,172.73
Stuart C. Ross	Consultant	8,064.64
Rex Sparger	Special assistant	5,107.49
Robert E. L. Richardson.	Attorney (from Sept. 7).	3,154.61
Herman Clay Beasley.	Assistant clerk	7,163.99
Lurlene Wilbert	Clerical assistant	4,438.69
Elizabeth G. Paola	Clerical assistant (from Oct. 1).	1,821.90
Betty J. Lantrip	Stenographer-clerk (from Aug. 3 to Sept. 2 and from Oct. 9).	2,204.22

Funds authorized or appropriated for committee expenditures	$585,000.00
Amount of expenditures previously reported	59,653.18
Amount expended from July 1 to Dec. 31, 1961	79,725.45
Total amount expended from Jan. 1 to Dec. 31, 1961	139,378.63
Balance unexpended as of Jan. 1, 1962	445,621.37

OREN HARRIS,
Chairman.

JANUARY 15, 1962.

COMMITTEE ON THE JUDICIARY

To the CLERK OF THE HOUSE:

The above-mentioned committee or subcommittee, pursuant to section 134(b) of the Legislative Reorganization Act of 1946, Public Law 601, 79th Congress, approved August 2, 1946, as amended, submits the following report showing the name, profession, and total salary of each person employed by it during the 6-month period from July 1, 1961, to December 31, 1961, inclusive, together with total funds authorized or appropriated and expended by it.

Name of employee	Profession	Total gross salary during 6-month period
Bess E. Dick	Staff director	$8,824.74
William R. Foley	General counsel	8,824.74
Walter M. Besterman	Legislative assistant.	8,824.74
Murray Drabkin	Counsel	7,860.74
Herbert N. Maletz	Counsel (to Nov. 25, 1961).	6,910.61
William H. Crabtree	Associate counsel	7,612.08
Carrie Lou Allen	Clerical staff	3,998.22
Anne J. Berger	do	5,578.88
Jane Caldwell	do	4,099.50
Frances F. Christy	do	5,088.51
Garner J. Cline	Assistant counsel	6,294.02
Helen Goldsmith	Clerical staff	4,909.56
Velma Smedley	do	5,397.48

FUNDS FOR PREPARATION OF UNITED STATES CODE DISTRICT OF COLUMBIA CODE, AND REVISION OF THE LAWS

A. Preparation of new edition of United States Code (no year):	
Unexpended balance June 30, 1961	$40,091.19
Legislative Appropriation Act of 1962	100,000.00
Total	140,091.19
Expended July 1–Dec. 31, 1961	19,925.01
Balance Dec. 31, 1961	120,166.18
B. Preparation of New Edition of District of Columbia Code:	
Unexpended balance June 30, 1961	67,944.00
Expended July 1–Dec. 31, 1961	13,642.32
Balance Dec. 31, 1961	54,301.68
C. Revision of the Laws 1962:	
Legislative Appropriation Act 1962	19,515.00
Expended July 1–Dec. 31, 1961	8,824.74
Balance Dec. 31, 1961	10,690.26

SALARIES PAID, JULY 1, 1961, THROUGH DEC. 31, 1961, PURSUANT TO H. RES. 56 AND H. RES. 68, 87TH CONG.

Employee	Position	Salary
Appel, Leonard	Assistant counsel	$6,953.04
Beland, Lorraine W	Clerical staff	2,985.60
Burak, Gertrude C	do	4,065.78
Eisenberg, Roberta E	do	3,896.94
Finger, Alexander E	Assistant counsel	6,381.90
Fuchs, Herbert	Assistant counsel (through Dec. 30, 1961).	5,977.30
Gary, Leon, Jr	Clerical staff (through Aug. 31, 1961).	1,101.52
Greenwald, Andrew E.	do	600.32
Haardt, Alma B	Clerical staff	2,681.76
Hyman, Joseph	Counsel (as of Dec. 11, 1961).	889.24
Jett, R. Frederick	Assistant counsel	6,645.48
Kelemonick, Michael	Clerical staff	3,593.16
Marcus, Philip	Associate counsel (as of Dec. 11, 1961).	878.50
Meekins, Elizabeth G	Clerical staff	3,896.94
Peet, Richard C	Assistant counsel	6,381.90
Rosenman, Louis	Associate counsel (as of Dec. 19, 1961).	463.54
Simms, Regina H	Clerical staff	3,390.60
Singman, Julian H	Associate chief counsel—Antitrust (through Oct. 9, 1961).	4,234.99
Sky, Theodore	Assistant counsel	4,403.28
Walden, Jerrold	Associate counsel (through Sept. 19, 1961).	3,340.86
Williams, Stephen L	Messenger	2,479.26
Zelenko, Benjamin	Assistant counsel (as of Dec. 4, 1961).	712.89

Funds authorized or appropriated for committee expenditures	$200,000.00
Amount of expenditures previously reported	76,369.31
Amount expended from July 1, 1961, through Dec. 31, 1961	79,260.67
Total amount expended from Jan. 4, 1961, through Dec. 31, 1961	155,629.98
Balance unexpended as of Dec. 31, 1961	44,370.02

SPECIAL SUBCOMMITTEE ON STATE TAXATION OF INTERSTATE COMMERCE—SALARIES PAID, JULY 1, 1961, THROUGH DEC. 31, 1961, PURSUANT TO H. RES. 201, 87TH CONG.

Employee	Position	Salary
Ainsworth, Kenneth G.	Economist (as of Aug. 21, 1961).	$3,611.62
Bankester, Claude E.	Counsel	5,503.80
Breslow, Jerome W.	Assistant counsel	3,596.54
Dovel, Jewel B.	Clerical staff (Sept. 11, 1961, through Nov. 4, 1961).	834.91
Greess, Constance	Clerical staff	3,253.92
Hall, Patricia J.	do	3,102.00
Hammond, Martha G.	Clerical staff (as of Nov. 15, 1961).	792.73
Louria, Margot	Research assistant (as of Sept. 18, 1961).	2,003.93
Meek, Joseph P.	Economist (through Sept. 25, 1961).	1,718.28
Melville, Robert F.	Senior economist	6,500.52
Morss, Elliott R.	Clerical staff (through Sept. 15, 1961).	1,083.65
Partridge, Anthony	Counsel	6,500.52
Sutherland, David A.	Counsel (as of Sept. 18, 1961).	3,719.74
Zeifman, Jerome M.	Counsel	5,000.70

Funds authorized or appropriated for special subcommittee expenditures $150,000.00

Amount of expenditures previously reported 7,380.44

Amount expended from July 1, 1961, through Dec. 31, 1961 51,150.98

Total amount expended from Mar. 15, 1961, through Dec. 31, 1961 58,531.42

Balance unexpended as of Dec. 31, 1961 91,468.58

EMANUEL CELLER,
Chairman.

JANUARY 1, 1962.

COMMITTEE ON MERCHANT MARINE AND FISHERIES

To the CLERK OF THE HOUSE:

The above-mentioned committee or subcommittee, pursuant to section 134(b) of the Legislative Reorganization Act of 1946, Public Law 601, 79th Congress, approved August 2, 1946, as amended, submits the following report showing the name, profession, and total salary of each person employed by it during the 6-month period from July 1, 1961, to December 31, 1961, inclusive, together with total funds authorized or appropriated and expended by it:

Name of employee	Profession	Total gross salary during 6-month period
John M. Drewry	Chief counsel	$8,824.74
Bernard J. Zincke	Counsel	8,227.20
Robert H. Cowen	do	2,941.58
Ned P. Everett	Assistant counsel	5,025.30
W. B. Winfield	Chief clerk	7,612.08
Frances P. Still	Assistant clerk	5,030.16
Ruth A. Brookshire	do	3,998.22
Edith W. Gordon	Secretary	3,998.22
Vera A. Barker	do	3,998.22
E. M. Tollefson	Minority clerk	4,808.28

Funds authorized or appropriated for committee expenditures $75,000.00

Amount of expenditures previously reported 9,994.49

Amount expended from July 1 to Dec. 31, 1961 12,706.32

Total amount expended from Jan. 1 to Dec. 31, 1961 22,700.81

Balance unexpended as of Dec. 31, 1961 52,299.19

HERBERT C. BONNER,
Chairman.

JANUARY 10, 1962.

COMMITTEE ON POST OFFICE AND CIVIL SERVICE

To the CLERK OF THE HOUSE:

The above-mentioned committee or subcommittee, pursuant to section 134(b) of the Legislative Reorganization Act of 1946, Public Law 601, 79th Congress, approved August 2, 1946, as amended, submits the following report showing the name, profession, and total salary of each person employed by it during the 6-month period from July 1, 1961, to December 31, 1961, inclusive, together with total funds authorized or appropriated and expended by it:

Name of employee	Profession	Total gross salary during 6-month period
Charles E. Johnson	Staff director	$8,824.74
George M. Moore	Counsel	8,824.74
B. Benton Bray	Professional staff member.	8,139.36
John H. Martiny	do	7,919.64
William A. Irvine	Assistant clerk	7,414.38
Lillian L. Hopkins	do	4,909.56
John B. Price	do	4,504.50
Lucy K. Daley	do	4,504.50
Elsie K. Thornton	Secretary	3,998.22
Blanche M. Simons	do	3,643.80

Funds authorized or appropriated for committee expenditures $100,000.00

Amount of expenditures previously reported 19,652.03

Amount expended from June 30 to Dec. 31, 1961 33,377.03

Total amount expended from Feb. 28 to Dec. 31, 1961 53,029.06

Balance unexpended as of Dec. 31, 1961 46,970.94

TOM MURRAY,
Chairman.

JANUARY 15, 1962.

COMMITTEE ON PUBLIC WORKS

To the CLERK OF THE HOUSE:

The above-mentioned committee or subcommittee, pursuant to section 134(b) of the Legislative Reorganization Act of 1946, Public Law 601, 79th Congress, approved August 2, 1946, as amended, submits the following report showing the name, profession, and total salary of each person employed by it during the 6-month period from July 1, 1961, to December 31, 1961, inclusive, together with total funds authorized or appropriated and expended by it:

Name of employee	Profession	Total gross salary during 6-month period
Standing committee:		
Margaret R. Beiter	Staff director	$8,824.74
Richard J. Sullivan	Chief counsel	8,824.74
Clifton W. Enfield	Minority counsel	8,504.04
Joseph R. Brennan	Engineer-consultant	8,824.74
Stephen V. Feeley	Subcommittee clerk	6,294.00
Helen M. Dooley	Staff assistant	7,172.76
Helen A. Thompson	do	5,854.62
Dorothy A. Beam	do	5,204.16
S. Philip Cohen	do	4,504.50
Ester M. Saunders	Clerk-messenger	3,056.46
Investigating staff:		
Durward G. Evans	Subcommittee clerk	4,909.56
John A. O'Connor, Jr.	do	4,909.56
William B. Short, Jr.	do	4,909.56
Peter M. Gentilini	do	5,397.48
Agnes M. GaNun	Staff assistant	3,572.88
Mary C. Porter	Minority staff assistant.	4,403.28
Murray S. Pashkoff	Investigator	4,003.26
Flavil Q. Van Dyke, Jr.	Minority clerical assistant.	3,289.38
Sterlyn B. Carroll	Clerk-messenger	3,056.46
Elizabeth Ann Bowen.	Staff assistant (appointed Oct. 1, 1961).	1,252.29
Special Subcommittee on the Federal-Aid Highway Program:		
Walter R. May	Chief counsel	8,824.74
Robert E. Manuel	Minority counsel	7,809.84
John P. Constandy	Assistant chief counsel.	8,003.16
James J. Fitzpatrick	Associate counsel	6,996.96
Robert A. McElligott.	do	6,996.96
Special Subcommittee on the Federal-Aid Highway Program:—Con.		
George M. Kopecky	Chief investigator	$7,612.08
George M. Martin	Administrative assistant.	7,344.12
Baron I. Shacklette	Investigator (resigned Dec. 3, 1961).	5,947.42
James P. Kelly	Investigator	6,469.74
John N. Dinsmore	do	6,601.56
Sherman S. Willse	do	6,131.46
Charles A. Gannon	do	6,500.52
Kathryn M. Keeney	Chief clerk	3,876.66
Mildred E. Rupert	Staff assistant	3,491.88
Jean N. Cameron	Staff assistant (appointed July 24, 1961).	3,045.70
Erla S. Youmans	Minority staff assistant.	3,339.96
Helen K. Blanks	Staff assistant (resigned Aug. 11, 1961).	683.51
Sara L. Vollett	Clerical assistant	3,000.78
Clifton A. Woodrum.	Research assistant (resigned Sept. 15, 1961).	950.75
Salvatore J. D'Amico.	Associate counsel	6,250.08
Dolores K. Dougherty.	Staff assistant (appointed Oct. 23, 1961).	1,229.26
Shirley R. Knighten.	File clerk (appointed Oct. 1, 1961).	1,176.33

Funds authorized or appropriated for committee expenditures $950,000.00

Amount of expenditures previously reported 163,437.45

Amount expended from July 1 to Dec. 31, 1961 374,273.81

Total amount expended from Jan. 1 to Dec. 31, 1961 537,711.26

Balance unexpended as of Dec. 31, 1961 412,288.74

CHARLES A. BUCKLEY,
Chairman.

JANUARY 15, 1962.

COMMITTEE ON PUBLIC WORKS

To the CLERK OF THE HOUSE:

The above-mentioned committee or subcommittee, pursuant to section 134(b) of the Legislative Reorganization Act of 1946, Public Law 601, 79th Congress, approved August 2, 1946, as amended, submits the following report showing the name, profession, and total salary of each person employed by it during the 6-month period from July 1 to December 31, 1961, inclusive, together with total funds authorized or appropriated and expended by it:

Name of employee	Profession	Total gross salary during 6-month period
Ruth M. Heritage	Chief clerk (appointed Sept. 8, 1961).	$4,116.74
Henry H. Krevor	Chief counsel (appointed Oct. 1, 1961).	4,252.02
Robert L. May	Minority counsel (appointed Nov. 1, 1961).	2,730.68
Dorothy S. Martin	Secretary (appointed Dec. 19, 1961).	266.88
Meriam R. Buckley	Staff assistant (appointed Oct. 1, 1961).	1,340.88
Kathleen W. Lynch	do	1,543.41
Jack Tait	Administrative assistant (appointed Oct. 14, 1961).	2,542.08

Funds authorized or appropriated for committee expenditures $150,000.00

Amount of expenditures previously reported	
Amount expended from July 1 to Dec. 31, 1961	$17,000.19
Total amount expended from July 1 to Dec. 31, 1961	17,000.19
Balance unexpended as of Dec. 31, 1961	132,999.81

CHARLES A. BUCKLEY,
Chairman.

JANUARY 15, 1962.

COMMITTEE ON RULES

To the CLERK OF THE HOUSE:

The above-mentioned committee or subcommittee, pursuant to section 134(b) of the Legislative Reorganization Act of 1946, Public Law 601, 79th Congress, approved August 2, 1946, as amended, submits the following report showing the name, profession, and total salary of each person employed by it during the 6-month period from July 1, 1961, to December 31, 1961, inclusive, together with total funds authorized or appropriated and expended by it:

Name of employee	Profession	Total gross salary during 6-month period
T. M. Carruthers	Clerk, standing committee.	$6,733.38
Mary S. Forrest	Assistant clerk	4,605.78
D. E. Lukens	Minority clerk	4,650.78

HOWARD W. SMITH,
Chairman.

JANUARY 12, 1962.

COMMITTEE ON SCIENCE AND ASTRONAUTICS

To the CLERK OF THE HOUSE:

The above-mentioned committee or subcommittee, pursuant to section 134(b) of the Legislative Reorganization Act of 1946, Public Law 601, 79th Congress, approved August 2, 1946, as amended, submits the following report showing the name, profession, and total salary of each person employed by it during the 6-month period from July 1, 1961, to December 31, 1961, inclusive, together with total funds authorized or appropriated and expended by it:

Name of employee	Profession	Total gross salary during 6-month period
Standing committee:		
Charles F. Ducander.	Executive director and chief counsel.	$8,824.74
Charles S. Sheldon II.	Technical director (to Sept. 5, 1961).	3,186.91
Philip B. Yeager	Special consultant	8,824.74
Spencer M. Beresford.	Special counsel	8,824.74
John A. Carstarphen, Jr.	Chief clerk	8,293.14
Emily Dodson	Secretary	3,658.98
Eva F. Lopez	do	3,658.98
Jane J. Zetty	do	3,658.98
Mary Ann Robert	do	3,502.02
Mary L. Myron	do	3,253.92
Investigations subcommittee:		
Raymond Wilcove	Staff consultant	8,293.14
C. Otis Finch	Assistant clerk (to Nov. 30, 1961).	3,808.60
Richard P. Hines	Staff consultant	7,163.94
Frank R. Hammill, Jr.	Counsel	7,269.42
Mary Ann Temple	Secretary	3,253.92
Eunice A. Walker	Secretary (to Dec. 18, 1961).	3,036.99
Mabel McLaughlin	Stenographer (to Sept. 15, 1961).	1,026.90
Joseph Felton	Publications clerk	3,248.82
Denis Quigley	Assistant publications clerk (from Dec. 15, 1961).	169.06

Funds authorized or appropriated for committee expenditures	$300,000.00
Amount of expenditures previously reported	$45,692.94
Amount expended from July 1 to Dec. 31, 1961	52,622.23
Total amount expended from Feb. 28 to Dec. 31, 1961	98,315.17
Balance unexpended as of Dec. 31, 1961	201,684.83

GEORGE P. MILLER,
Chairman.

JANUARY 10, 1962.

COMMITTEE ON UN-AMERICAN ACTIVITIES

To the CLERK OF THE HOUSE:

The above-mentioned committee or subcommittee, pursuant to section 134(b) of the Legislative Reorganization Act of 1946, Public Law 601, 79th Congress, approved August 2, 1946, as amended, submits the following report showing the name, profession, and total salary of each person employed by it during the 6-month period from July 1 to December 31, 1961, inclusive, together with total funds authorized or appropriated and expended by it:

Name of employee	Profession	Total gross salary during 6-month period
Standing committee:		
Donald T. Appell	Investigator	$7,260.60
Juliette P. Joray	Recording clerk	5,678.88
Gwendolyn L. Lewis.	Administrative assistant.	5,971.80
Thelma S. Michalowski.	Secretary to investigators (resigned Oct. 31, 1961).	3,124.52
Isabel B. Nagel	Secretary to counsel	3,896.94
Rosella A. Purdy	Secretary to director	4,686.78
Frank S. Tavenner, Jr.	Director	8,824.74
Anne D. Turner	Chief of reference section.	5,722.80
Lorraine N. Veley	Secretary to investigators.	3,694.44
Vera L. Watts	Secretary (transferred Dec. 1, 1961).	571.85
William A. Wheeler	Investigator	7,084.86
Investigating committee:		
Sue Arbogast	Clerk-typist (July 5 to Sept. 2, 1961).	688.91
Beatrice P. Baldwin	Clerk-typist	2,681.76
John R. Benedict	Research analyst (appointed Nov. 15, 1961).	1,126.13
Gerard F. Burke	Clerk-typist (appointed Sept. 25, 1961).	1,160.26
Daniel Butler	Clerk-typist	2,175.48
Charlotte B. Carlson	Research analyst	2,888.80
Regina Marie Crissy	Clerk-typist (resigned Sept. 22, 1961).	991.05
Kathleen Fritz	File clerk	2,002.68
Raymond T. Collins	Investigator	5,010.84
Anniel Cunningham	Information analyst	3,719.70
Rosalyn B. DuVal	do	2,691.84
Elizabeth L. Edinger	Editor	3,694.44
Emily R. Francis	Information analyst	2,479.26
Helen M. Gittings	Research analyst	4,605.78
Robert Henry Goldsborough.	Investigator (resigned Aug. 15, 1961).	809.69
Sally Gorrindo	Clerk-typist (July 1 to Sept. 26, 1961).	1,039.40
Betty A. Gredecky	Clerk-stenographer	2,479.26
Kathleen L. Hagenbuch.	do	3,863.20
Katherine R. Holton	Research clerk (appointed Sept. 5, 1961).	1,614.06
Walter B. Huber	Consultant	7,172.76
Maura Patricia Kelly	Research analyst	2,965.32
Olive M. King	Editor	4,453.86
Evelyn M. Kocis	Clerk-stenographer	2,752.68
Charlotte R. Lewis	Legal research clerk (appointed Sept. 5, 1961).	2,096.96
Carolyn McGiffert	Clerk-typist (June 26 to Sept. 8, 1961).	882.28
Francis J. McNamara	Research director	7,143.44
William Margetich	Investigator	3,562.80
Vincent J. Messina	Research analyst	2,377.98
David Muffley, Jr.	Clerk-typist	2,251.44
Jane S. Muller	Information analyst	2,702.04
Alfred M. Nittle	Counsel	7,001.40
Maureen Ontrich	Information analyst	3,026.10
Alma T. Pfaff	Research clerk	2,479.26
Katharine Phillips	Switchboard operator.	2,555.22
Josephine S. Randolph.	Research clerk	2,884.32
Investigating committee—Continued		
Barbara E. Rettew	Editor (resigned Aug. 31, 1961).	$1,062.70
Louis J. Russell	Investigator	5,854.62
Olga Seastrom	Clerk-typist (resigned Sept. 1, 1961).	737.25
Lela Mae Stiles	Information analyst	3,026.10
Doris P. Shaw	do	2,702.04
Beverly E. Terry	Clerk-typist (July 1 to Sept. 26, 1961).	1,039.40
Geraldine Unangst	Clerk-typist	2,175.48
Mary Myers Valente	Secretary	3,315.25
John C. Walsh	Counsel	5,378.16
Vera L. Watts	Secretary (transferred Dec. 1, 1961).	2,859.25
Neil E. Wetterman	Investigator	4,403.28
Billie Wheeler	Clerk-stenographer	1,984.26
Regina M. Wilt	Clerk-typist	2,175.48
John A. Yohe	Staff member	5,015.64

Funds authorized or appropriated for committee expenditures	$331,000.00
Amount of expenditures previously reported	123,256.64
Amount expended from July 1, 1961, to Jan. 1, 1962	199,470.83
Total amount expended from Jan. 4, 1961, to Jan. 1, 1962	322,727.47
Balance unexpended as of Jan. 1, 1962	8,272.53

FRANCIS E. WALTER,
Chairman.

JANUARY 9, 1962.

COMMITTEE ON VETERANS' AFFAIRS

To the CLERK OF THE HOUSE:

The above-mentioned committee or subcommittee, pursuant to section 134(b) of the Legislative Reorganization Act of 1946, Public Law 601, 79th Congress, approved August 2, 1946, as amended, submits the following report showing the name, profession, and total salary of each person employed by it during the 6-month period from July 1, 1961, to December 31, 1961, inclusive, together with total funds authorized or appropriated and expended by it:

Name of employee	Profession	Total gross salary during 6-month period
Full committee:		
Oliver E. Meadows	Staff director (P)	$8,824.74
Edwin B. Patterson	Counsel (P)	8,824.74
Jack Z. Anderson	Professional aid to minority (P).	8,824.74
J. Buford Jenkins	Professional aid (P)	4,063.88
George W. Fisher	Clerk (C)	8,824.74
Paul K. Jones	Assistant clerk (C)	6,294.00
Helen A. Biondi	do	5,160.66
George J. Turner	do	4,302.00
Alice V. Matthews	Clerk-stenographer (C).	4,302.00
Joanne Doyle	do	3,496.98
Helen J. Peterson	do	657.87
Investigative staff:		
Adin M. Downer	Staff member	6,720.18
Mark L. Davis	Clerk-stenographer	725.16
William F. Ikard	Clerk-messenger	543.87
Wilma Jean Johnson	Clerk-stenographer	3,496.98
William T. McDonald.	Clerk-typist	898.35
John Billie Smith	Investigator	5,397.48
Kay N. Small	Clerk-stenographer	2,539.98

Funds authorized or appropriated for committee expenditures	$150,000.00
Amount of expenditures previously reported	16,918.32
Amount expended from July 1 to Dec. 31, 1961	31,228.96
Total amount expended from Jan. 3 to Dec. 31, 1961	48,147.28
Balance unexpended as of Dec. 31, 1961	101,852.72

OLIN E. TEAGUE,
Chairman.

JANUARY 3, 1962.

COMMITTEE ON WAYS AND MEANS

To the CLERK OF THE HOUSE:

The above-mentioned committee or subcommittee, pursuant to section 134(b) of the Legislative Reorganization Act of 1946, Public Law 601, 79th Congress, approved August 2, 1946, as amended, submits the following report showing the name, profession, and total salary of each person employed by it during the 6-month period from July 1, 1961, to December 31, 1961, inclusive, together with total funds authorized or appropriated and expended by it:

Name of employee	Profession	Total gross salary during 6-month period
Full committee:		
Leo H. Irwin	Chief counsel (C)	$8,824.74
John M. Martin, Jr.	Assistant chief counsel (P).	8,666.58
Thomas A. Martin	Minority counsel (P).	8,824.74
Gerard M. Brannon.	Professional assistant (P).	8,666.58
Raymond F. Conkling.	do	7,928.46
Alfred R. McCauley.	do	7,787.82
William E. Wells	Attorney (P) (to Oct. 31, 1961).	2,500.08
Virginia Baker	Staff assistant (C) (to Aug. 31, 1961).	1,425.56
Virginia Butler	Staff assistant (C)	4,383.00
Frances E. Donovan.	do	4,276.68
Grace Kagan	do	4,383.00
June Kendall	do	4,453.86
Margaretta G. Pestell.	Staff assistant (C) (to Sept. 30, 1961).	1,687.71
Elizabeth L. Ruth	Staff assistant (C)	4,150.08
Eileen Sonnett	do	3,289.38
Susan Taylor	do	5,300.82
Irene Wade	do	4,383.00
Hughlon Greene	Document clerk	2,894.40
Walter Little	do	2,894.40

Funds authorized or appropriated for committee expenditures	$25,000.00
Amount of expenditures previously reported	844.38
Amount expended from July 1, 1961 to Dec. 31, 1961	1,866.30
Total amount expended from Jan. 1, 1961, to Dec. 31, 1961	2,710.68
Balance unexpended as of Dec. 31, 1961	22,289.32

WILBUR D. MILLS,
Chairman.

JANUARY 1, 1962.

SELECT COMMITTEE ON SMALL BUSINESS

To the CLERK OF THE HOUSE:

The above-mentioned committee or subcommittee, pursuant to section 134(b) of the Legislative Reorganization Act of 1946, Public Law 601, 79th Congress, approved August 2, 1946, as amended, submits the following report showing the name, profession, and total salary of each person employed by it during the 6-month period from July 1, 1961, to December 31, 1961, inclusive, together with total funds authorized or appropriated and expended by it:

Name of employee	Profession	Total gross salary during 6-month period
Charles S. Beller	Assistant counsel	$6,667.48
Katherine C. Blackburn.	Research analyst	4,048.86
O. B. Briggs	Administrative assistant to chairman.	6,083.33
Dorothy F. Councill	Secretary-stenographer.	1,341.18
Frances F. Crane	do	1,653.73
Victor P. Dalmas	Adviser to minority members.	8,051.46
Miriam M. DeHaas	Secretary-stenographer	$1,300.34
Dean W. Dittmer	Research analyst	2,001.34
Jean W. Fender	Administrative assistant.	3,807.50
Justinus Gould	Counsel	7,612.08
Helen C. Hitz	Secretary-stenographer.	1,250.33
Bessie C. Harding	do	1,224.72
Harrison F. Houghton.	Chief economist	7,872.54
Adele E. Jaworwaski	Secretary-stenographer.	449.06
Gertrude W. Jonson	do	3,119.53
Sylvia U. Keel	do	732.69
Carolyn A. Latimer	Research analyst	674.81
Barbara W. McConnell.	Secretary-stenographer.	3,593.16
Alfonso Everette MacIntyre.	General counsel	4,134.06
Margaret Fallon Palmer.	Research analyst	3,584.94
Audrey Irene Redwine.	Secretary-stenographer.	1,988.51
J. Brooks A. Robertson.	Staff director	8,044.90
Joseph A. Seeley	Assistant counsel	3,008.71
Baron I. Shacklette	Consultant	1,049.54
J. Allan Sherier	General counsel	8,754.48
Lois B. Shupe	Secretary-stenographer.	3,750.12
Audrey Smith	do	3,374.05
Vern L. Stephens	Assistant adviser to minority members	1,729.13
Marie M. Stewart	Clerk	4,418.46
Carole Miriam Xander.	Secretary-stenographer.	2,470.72

Funds authorized or appropriated for committee expenditures	$580,000.00
Amount of expenditures previously reported	107,128.63
Amount expended from July 1 to December 31, 1961	131,659.93
Total amount expended from Jan. 4 to Dec. 31, 1961	238,788.56
Balance unexpended as of Dec. 31, 1961	341,211.44

WRIGHT PATMAN,
Chairman.

JANUARY 8, 1962.

SELECT COMMITTEE ON EXPORT CONTROL

To the CLERK OF THE HOUSE:

The above-mentioned committee or subcommittee, pursuant to section 134(b) of the Legislative Reorganization Act of 1946, Public Law 601, 79th Congress, approved August 2, 1946, as amended, submits the following report showing the name, profession, and total salary of each person employed by it during the period from September 7 to December 31, 1961, inclusive, together with total funds authorized or appropriated and expended by it:

Name of employee	Profession	Total gross salary during period
Fred Halliford	Staff director	$3,100.00
James J. Ryan	Staff investigator	2,650.00
Albert C. Hayden, Jr.	do	2,650.00
Joseph A. Gwyer	Consultant	2,000.00
Blanche R. Plant	Stenographer-clerk	1,695.30

Funds authorized or appropriated for committee expenditures	$40,000.00
Amount of expenditures previously reported	None
Amount expended from Sept. 7 to Dec. 31, 1961	$14,549.07
Total amount expended from Sept. 7 to Dec. 31, 1961	14,549.07
Balance unexpended as of Dec. 31, 1961	25,450.93

A. PAUL KITCHIN,
Chairman.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1582. A letter from the Clerk, U.S. House of Representatives, transmitting a report for the period July 1, 1960, to June 30, 1961, as prepared by the Committee on House Administration pursuant to the provisions of House Resolution 476, 87th Congress, pursuant to paragraph 102, of title 2 of the Code of Laws of the United States; to the Committee on House Administration.

1583. A letter from the Comptroller General of the United States, transmitting a report on the audit of the Export-Import Bank of Washington for the fiscal year ended June 30, 1961 (H. Doc. No. 308); to the Committee on Government Operations and ordered to be printed.

1584. A letter from the Governor, Farm Credit Administration, transmitting a draft of a proposed bill entitled "A bill to amend section 6 of the Agricultural Marketing Act, as amended, to reduce the revolving fund available for subscriptions to the capital stock of the banks for cooperatives"; to the Committee on Agriculture.

1585. A letter from the Director, Selective Service System, transmitting the Eleventh Annual Report of the Director of the Selective Service System for the fiscal year ending June 30, 1961, pursuant to the Universal Military Training and Service Act, as amended; to the Committee on Armed Services.

1586. A letter from the Assistant Secretary of Defense (Installations and Logistics) transmitting the July-November 1961 report on Army, Navy, and Air Force prime contract awards to small and other business firms, pursuant to the Small Business Act, as amended; to the Committee on Banking and Currency.

1587. A letter from the Chairman, National Labor Relations Board, transmitting a report containing certain information relating to the National Labor Relations Board for the fiscal year ending June 30, 1961, pursuant to the Labor Management Relations Act of 1947; to the Committee on Education and Labor.

1588. A letter from the Administrator, General Services Administration, transmitting a draft of a proposed bill entitled "A bill to amend the Federal Property and Administrative Services Act of 1949, to make title III thereof directly applicable to procurement of property and nonpersonal services by executive agencies, and for other purposes"; to the Committee on Government Operations.

1589. A letter from the Governor of the Canal Zone President, Panama Canal Company, transmitting a report of the disposal of foreign excess property by the Panama Canal Company and Canal Zone Government for the year ended December 31, 1961, pursuant to the Federal Property and Administrative Services Act of 1949; to the Committee on Government Operations.

1590. A letter from the Assistant Attorney General, transmitting a report of the administrative tort claims paid by the Department of Justice during the 1961 fiscal year, pursuant to 28 United States Code 2673; to the Committee on the Judiciary.

1591. A letter from the Chairman, the Renegotiation Board, transmitting a draft of a proposed bill entitled "A bill to extend the Renegotiation Act of 1951"; to the Committee on Ways and Means.

1592. A letter from the Assistant Secretary of the Interior, transmitting determinations relating to the 1962 construction payment due the United States from the Belle Fourche Irrigation District, Belle Fourche

project, South Dakota, pursuant Public Law 86-308; to the Committee on Interior and Insular Affairs.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. BUCKLEY: Committee on Public Works. Fourth Civil Service Report on Disposition of Right-of-Way Improvements on Highway Projects in Florida (Rept. No. 1285). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BEERMANN:

H.R. 9837. A bill to amend the General Bridge Act of 1946 with respect to the vertical clearance of bridges to be constructed across the Missouri River; to the Committee on Public Works.

By Mr. FINO:

H.R. 9838. A bill to amend the law relating to pay for postal employees; to the Committee on Post Office and Civil Service.

By Mr. GLENN:

H.R. 9839. A bill to amend title II of the Social Security Act so as to remove the limitation upon the amount of outside income which an individual may earn while receiving benefits thereunder; to the Committee on Ways and Means.

By Mrs. GRANAHAN:

H.R. 9840. A bill to adjust the rates of basic compensation of certain officers and employees of the Federal Government, and for other purposes; to the Committee on Post Office and Civil Service.

By Mrs. KEE:

H.R. 9841. A bill to amend the Internal Revenue Code of 1954 to increase the depletion allowance for coal and lignite; to the Committee on Ways and Means.

By Mr. LANE:

H.R. 9842. A bill to amend section 612 of title 38, United States Code, to provide the same medical care benefits for World War I veterans as are provided for veterans of the Spanish-American War; to the Committee on Veterans Affairs.

By Mr. MONAGAN:

H.R. 9843. A bill to provide reimbursement to a member of the uniformed services for transportation of his civilian clothing and personal effects from his first duty station to his home; to the Committee on Armed Services.

H.R. 9844. A bill to waive temporarily section 142 of title 28, United States Code, with respect to the U.S. District Court for the District of Connecticut holding court at Bridgeport, Conn., and at Stamford, Conn.; to the Committee on the Judiciary.

By Mr. MULTER:

H.R. 9845. A bill to amend section 1613 of title 38, United States Code, to provide that periods spent on active duty pursuant to recall occurring after August 1, 1961, and before January 1, 1962, shall not be counted in determining the period within which certain education and training must be initiated or completed; to the Committee on Veterans' Affairs.

By Mr. PATMAN:

H.R. 9846. A bill to provide assistance to business enterprises and individuals to facilitate adjustments made necessary by the trade policy of the United States; to the Committee on Ways and Means.

By Mr. ST. GERMAIN:

H.R. 9847. A bill to amend the Civil Service Retirement Act with respect to the retirement of firefighting personnel under the Department of Defense, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. SCHERER:

H.R. 9848. A bill to authorize appropriations for the fiscal years 1964 and 1965 for the construction of certain highways in accordance with title 23 of the United States Code, and for other purposes; to the Committee on Public Works.

By Mr. SCHWENGEL:

H.R. 9849. A bill to extend and amend the conservation reserve program; to the Committee on Agriculture.

By Mr. SPRINGER:

H.R. 9850. A bill to provide for the appointment of an additional judge for the juvenile court of the District of Columbia and to lower the age of application of the Juvenile Court Act from 18 to 17 years of age; to the Committee on the District of Columbia.

By Mr. THORNBERRY:

H.R. 9851. A bill to authorize the transfer of certain surplus real property of the United States situated within Camp Swift, Bastrop, Tex., to the former owners thereof; to the Committee on Government Operations.

By Mr. BARRY:

H.R. 9852. A bill to amend title II of the Social Security Act to provide that the waiting period for disability insurance benefits may be waived in cases where the severity of the disability is immediately determinable; to the Committee on Ways and Means.

By Mr. FASCELL:

H.R. 9853. A bill to amend chapter 17 of title 18 of the United States Code, relating to the white slave traffic, in order to extend its provisions to males; to the Committee on the Judiciary.

By Mr. HEALEY:

H.R. 9854. A bill to amend title II of the Social Security Act to provide that an individual may qualify for disability insurance benefits and the disability freeze with 15 quarters of coverage, regardless of when such quarters were earned; to the Committee on Ways and Means.

H.R. 9855. A bill to amend title II of the Social Security Act to provide minimum benefits under the Federal old-age, survivors, and disability insurance program for needy individuals who are 70 years of age or over and are not otherwise entitled to benefits under such title; to the Committee on Ways and Means.

By Mr. MILLS:

H.R. 9856. A bill to permit the exchange between farms of cotton acreage allotments for rice acreage allotments; to the Committee on Agriculure.

By Mr. O'NEILL:

H.R. 9857. A bill to amend section 4142 (relating to the definition of radio and television components) of the Internal Revenue Code of 1954; to the Committee on Ways and Means.

By Mr. SMITH of Mississippi:

H.R. 9858. A bill to permit the exchange between farms of cotton acreage allotments for rice acreage allotments; to the Committee on Agriculture.

By Mr. ASPINALL (by request):

H.R. 9859. A bill to provide that lands within the exterior boundaries of a national forest acquired under section 8 of the act of June 28, 1934, as amended (43 U.S.C. 315g), may be added to the national forest, and for other purposes; to the Committee on Interior and Insular Affairs.

H.R. 9860. A bill to amend section 8 of the Taylor Grazing Act of June 28, 1934 (43 U.S.C. 315g); to the Committee on Interior and Insular Affairs.

By Mr. FORD:

H.R. 9861. A bill to amend title II of the Career Compensation Act of 1949 to provide alert pay for members of the Strategic Air Command; to the Committee on Armed Services.

By Mr. FULTON:

H.R. 9862. A bill to amend the Civil Service Retirement Act, as amended, to provide annuities for surviving spouses without deduction from original annuities, and for other purposes; to the Committee on Post Office and Civil Service.

H.R. 9863. A bill to increase and equalize all rates of wartime disability compensation and to provide for payment of additional compensation to veterans with dependents when rated less than 50 percent in degree on the same basis as for those rated 50 percent or more in degree; to the Committee on Veterans' Affairs.

By Mr. HARVEY of Michigan:

H.R. 9864. A bill to amend the Tariff Act of 1930; to the Committee on Ways and Means.

By Mr. HIESTAND:

H.J. Res. 605. Joint resolution providing that the United States shall make no loans or grants to the United Nations until all members of the United Nations have paid in full their assessed share of the costs of the operations of the United Nations, including the expenses of operations in the Congo and the Gaza Strip; to the Committee on Foreign Affairs.

By Mr. HOLIFIELD:

H. Con. Res. 405. Concurrent resolution authorizing the printing of additional copies of hearings on civil defense for the Committee on Government Operations; to the Committee on House Administration.

By Mr. O'NEILL:

H. Con. Res. 406. Concurrent resolution expressing the sense of Congress in regard to United Nations Charter revision, and for other purposes; to the Committee on Foreign Affairs.

By Mr. GLENN:

H. Res. 521. Resolution to amend clause 3 of rule XIII of the Rules of the House of Representatives to require that committee reports include an estimate of the cost of bills, as reported to the House; to the Committee on Rules.

By Mr. LANE:

H. Res. 522. Resolution creating a nonlegislative select committee to conduct an investigation and study of the aged and aging; to the Committee on Rules.

By Mr. MOORHEAD of Pennsylvania:

H. Res. 523. Resolution creating a nonlegislative select committee to conduct an investigation and study of the aged and aging; to the Committee on Rules.

By Mr. MULTER:

H. Res. 524. Resolution creating a nonlegislative select committee to conduct an investigation and study of the aged and aging; to the Committee on Rules.

MEMORIALS

Under clause 4 of rule XXII,

The SPEAKER presented a memorial of the Legislature of the Territory of Guam, memorializing the President and the Congress of the United States to enact legislation authorizing and empowering the appropriate department to reopen land condemnation cases, which was referred to the Committee on Interior and Insular Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mrs. GRANAHAN:

H.R. 9865. A bill for the relief of Lili Li; to the Committee on the Judiciary.

By Mr. INOUYE:

H.R. 9866. A bill for the relief of Fred R. Methered; to the Committee on the Judiciary.

H.R. 9867. A bill for the relief of Luisa G. Valdez; to the Committee on the Judiciary.

H.R. 9868. A bill for the relief of Edward C. Valdez; to the Committee on the Judiciary.

H.R. 9869. A bill for the relief of Billy Hing-Tsung Shim; to the Committee on the Judiciary.

H.R. 9870. A bill for the relief of Jung Hi Park; to the Committee on the Judiciary.

By Mr. JOELSON:

H.R. 9871. A bill for the relief of Maria Nessim Djeddah De Ades; to the Committee on the Judiciary.

H.R. 9872. A bill for the relief of Hasan Ince; to the Committee on the Judiciary.

H.R. 9873. A bill for the relief of Luba Siedlecki Simon; to the Committee on the Judiciary.

By Mrs. KELLY:

H.R. 9874. A bill for the relief of Mrs. Hilda Eaves; to the Committee on the Judiciary.

By Mr. LANE:

H.R. 9875. A bill for the relief of Rosaria Gurciullo; to the Committee on the Judiciary.

By Mr. MORRISON:

H.R. 9876. A bill for the relief of Mary M. Kawas; to the Committee on the Judiciary.

EXTENSIONS OF REMARKS

In Commemoration of the 138th Anniversary of the Birth of Gen. Thomas Jonathan "Stonewall" Jackson, January 21, 1824

EXTENSION OF REMARKS

OF

HON. JENNINGS RANDOLPH

OF WEST VIRGINIA

IN THE SENATE OF THE UNITED STATES

Tuesday, January 23, 1962

Mr. RANDOLPH. Mr. President, Sunday was the 138th anniversary of the birth of one of America's most illustrious sons—Gen. Thomas Jonathan Jackson. History records him as General "Stonewall" Jackson.

He was born January 21, 1824, in the western region of Virginia in what is now the city of Clarksburg, W. Va. He was the son of Jonathan Jackson, of Clarksburg, and Julia Beckworth Neale. His great-grandfather, John Jackson, the first of the line in America, by birth a Scotch-Irishman, came to our country in 1748 and located in Maryland and later in the western part of Virginia.

General Jackson was graduated from West Point where he won the respect and confidence of his fellow cadets and it was said of him at that time:

"Old Jack will at some future day command an army."

The prediction was fulfilled and his name is honored and revered in every land where patriotic heroism is recognized.

I shall not enumerate the historical events associated with the era in which he lived nor recall his brilliant accomplishments on the battlefield which gained him world acclaim as one of America's greatest military geniuses.

But my heart prompts me to affirm the sincere esteem and admiration for his character which has inspired me since my youth.

General Jackson died May 10, 1863, at the age of 39. His life ended sadly and strangely as a result of wounds inflicted during the Battle of Chancellorsville by his own troops through an unaccountable and tragic mistake.

Perhaps it is of paradoxical importance to try to envision the role he might have assumed in West Virginia's early formative years, if his life had been spared. Man is prone to speculate on "what might have happened."

West Virginia was admitted to the Union as the 35th State on June 20, 1863, approximately 1 month after General Jackson's death.

Whatever part he might have performed in official life we know that his personal contribution would have included: unselfish dedication to the common good; a firm resolve and consciousness of duty; creed matched with deed, and underlining these qualities—invincible faith with absolute reliance in God.

His own words were revelatory:

> We must think of the living and those who are to come after us and see that by God's blessing, we transmit to them the freedom we have ourselves inherited.

It has been said of him:

> Stonewall Jackson was a Christian of the highest type. With him, religion was not speech, nor doctrine, nor mystic faith, nor martyr sacrifice but, rather and gloriously, love supreme to God and service unselfish to man. His was a remarkable illustration of the power that results from the union of lofty human attributes and unfailing religious faith—the prowess of the soldier and the piety of the Christian * * *.

And so it is with satisfaction that I join with many others in expressing sincere tribute to the memory of Stonewall Jackson. It is testimony to the measure of the man that both the sovereign States of Virginia and West Virginia claim him as a son.

History may do justice to him and his fame is, in degree, perpetuated in the National Hall of Fame where his tablet is inscribed with this maxim of his life:

> You may be whatever you resolve to be. Never take counsel of your fears.

But there is a monument which bears his name indelibly—and that is found in the hearts of his countrymen.

Results of a Questionnaire on the United Nations

EXTENSION OF REMARKS

OF

HON. JAMES ROOSEVELT

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, January 23, 1962

Mr. ROOSEVELT. Mr. Speaker, because of the extreme bitterness with which the United Nations has been attacked in recent weeks, in late December I conducted an "experiment" by mailing out within the 26th District of California 60,000 copies of a questionnaire on the U.N. Although in general I think very little of the value of such a poll, particularly those that require just a "yes" or "no" answer, no pretense was made that this was done on a scientific basis or was any more on my part except a desire to get an idea of how my constituents feel about the United Nations.

An attempt was made to hit all areas of my district, with no particular differentiation between men and women voters, or between Democrats, Republicans, and nonpartisans. Further, my office was more completely equipped with precinct rosters for what might be termed "conservative" areas of the district, than for the so-called "liberal" areas, so there is little doubt that, percentagewise, "conservatives" actually got more questionnaires than "liberals."

Of the 60,000 copies mailed, approximately 11 percent, or 6,600 envelopes, were returned as undeliverable. This presumably left 53,400 questionnaires actually delivered into voters' hands. Of these, 7,521, or approximately 14.1 percent, were returned, which direct-mail experts tell me is an extremely heavy return.

The questions asked and the percentage breakdowns of the replies are as follows:

	Yes	No
(1) Do you think that the United Nations offers the best hope of keeping peace in the world?	84.8	15.2
(2) Do you think the United States should continue its membership in the U.N.?	88.8	11.2
(3) Do you think that further strengthening of the U.N. would be apt to advance the cause of world peace?	87.6	12.4
(4) Do you think that the foreign policy of the United States should concern itself with attempting to achieve agreement on total disarmament under conditions of rigid international inspection?	85.0	15.0
(5) If you do, do you feel that such inspection, and the rules therefor, should be administered by a world court, backed up by an international armed force adequate to enforce the court's rulings?	87.2	12.8
(6) If you have answered these questions affirmatively, or largely affirmatively, do you think that the United States should propose such a program to the U.N., and to the world, regardless of the present intransigent position of the U.S.S.R.?	88.1	11.9

Vernon L. Talbertt

EXTENSION OF REMARKS

OF

HON. CLAIR ENGLE

OF CALIFORNIA

IN THE SENATE OF THE UNITED STATES

Tuesday, January 23, 1962

Mr. ENGLE. Mr. President, I ask unanimous consent to have printed in the CONGRESSIONAL RECORD a letter I

have sent to Mr. Vernon L. Talbertt who retired at the end of last year after more than 51 years of devoted service in the Senate.

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

JANUARY 22, 1962.

Mr. VERNON L. TALBERTT,
Washington, D.C.

DEAR VERNON: It is regrettable that the day of your retirement occurred while the Senate was in adjournment. This deprived your many friends in the Senate of the opportunity to bid you goodbye personally on your last official day with us.

The mark you have left in the U.S. Senate is indelible. There will be many moments in the turbulent years ahead when we will sorely miss your faithful and efficient services and, most of all, your kindly and gracious presence.

I want to wish you many years of health and contentment and to express the hope that you will come by often to see us.

Sincerely yours,

CLAIR ENGLE,
U.S. Senator.

Federal Aid to Education and Separation of Church and State

EXTENSION OF REMARKS

OF

HON. JENNINGS RANDOLPH

OF WEST VIRGINIA

IN THE SENATE OF THE UNITED STATES

Tuesday, January 23, 1962

Mr. RANDOLPH. Mr. President, on last December 8 it was my privilege to address the American Affairs Forum at West Virginia State College in Institute, W. Va. The purpose of the forum is to stimulate student thought and regard for the fundamental issues which confront American civilization today.

My contribution to the program was on the subject of "Federal Aid to Education and Separation of Church and State." Regardless of what the 2d session of the 87th Congress does or fails to do on the question of Federal aid to education—and it is my most fervent hope that we will enact a general educational aid bill for the States—the issue which I explored in my remarks will be with us for a long time to come. Nothing is more fundamental to the advancement of America than the improvement of our educational system, and nothing is more basic to the maintenance of American democracy than the separation of church and state. I therefore ask unanimous consent that my address to the American Affairs Forum at Institute, W. Va., be printed in the RECORD.

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

FEDERAL AID TO EDUCATION AND SEPARATION OF CHURCH AND STATE

(An address by Senator JENNINGS RANDOLPH, Democrat, of West Virginia, to the West Virginia State College, Institute, W. Va., December 8, 1961)

Officers and faculty members and students of West Virginia State College, you are to be most highly commended for initiating this American Affairs Forum and for maintaining a focused concern on the living problems of contemporary society.

Assuredly, none is of more topical interest and enduring significance than that of preserving inviolate the wall of separation between church and state. There are many areas in which this wall may be breached—at local, State and Federal levels—though the one in which the most pressure is currently being generated is that involving Federal assistance to education. In regard to this general problem, I shall differentiate this morning between the specific aspects related to Federal aid to primary and secondary education and those bearing upon aid to higher learning.

If I may be excused from quoting myself, in 1938, writing in the periodical Liberty, a magazine of religious freedom, I stated that ". . . when we speak of the separation of church and state in the United States, we do not mean simply the absence of a church supported by Federal taxes, nor do we mean simply the rights of all men, regardless of religious credo, to the privileges of citizenship. If religious freedom is to be triumphant in our Republic, its spirit must live within the constitutions of all the component States. The judge of every local court must be imbued with it. And above all, no one of us can afford to lose sight of it as being one of the pillars upon which our Republic is founded. Our belief in the freedom of conscience is the very material of that structure."

I would now add to that statement the caveat that each of us must exercise constant vigilance against any intrusion of the church upon state affairs or the state upon the affairs of religion.

Since my statement in Liberty, the U.S. Supreme Court has rendered many decisions giving specific content to this general philosophy. One of the most notable of these was in the case of *Everson* v. *Board of Education* when the Court declared that:

"The 'establishment of religion' clause of the first amendment means at least this: Neither the State nor the Federal Government can set up a church. Neither can pass laws which aid one religion, aid all religions, or prefer one religion over another. * * * No tax in any amount, large or small, can be levied to support any religious activities, or institutions, whatever they may be called, or whatever form they may adopt to teach or practice religion. Neither State nor the Federal Government can, openly or secretly, participate in the affairs of any religious organizations or groups and vice versa. In the words of Jefferson, the clause against establishment of religion by law was intended to erect 'a wall of separation between church and state.' "

In his dissent in this case, with the concurrence of Justice Frankfurter, Justice Jackson and Justice Burton, Justice Rutledge issued an opinion which is even more relevant for us today than that of the majority. Referring to the history of the first amendment and the meaning which the freedom of religion clause held for its framers, Justice Rutledge stated that its purpose:

"* * * was to create a complete and permanent separation of the spheres of religious activity and civil authority by comprehensively forbidding every form of public aid or support for religion. * * * In view of this history no further proof is needed that the amendment forbids any appropriation, large or small, from public funds to aid or support any and all religious exercises." (Ibid., at 31–32, 41.)

Those who would today attempt to breach this complete and permanent separation by offering governmental assistance to parochial and church-affiliated elementary and secondary schools justify their efforts principally on three arguments: national defense, nondiscriminatory treatment of parochial and church school students, and the public welfare concept on which some States furnish school transportation to parochial students.

I would reply that we may not allow unconstitutional practices to be smuggled in under the name of national defense or equal treatment if otherwise the first amendment would keep them out. To speak with complete candor, the national defense—in the sense that term is used in the present "cold war" context—is not involved here.

The National Defense Education Act, passed in 1958 in the wake of sputnik, was primarily a convenient and timely peg on which to hang Federal aid to education in order to overcome opposition from the conservative elements in the Congress and in the country at large. Its value is principally not in contributing to the immediate national defense, but in bolstering the foundations of intellectual life throughout the range of American culture. When viewed in these terms the role of education is seen to bear directly, not on national defense, but on the security and integrity of American freedoms—freedoms which would be put in grave jeopardy if we were to violate either the letter or the intent of the first amendment clause on the "establishment of religion."

Regarding the issue of nondiscriminatory treatment of parochial and church school students, I am not insensitive to the burden which the first amendment places upon those who choose to combine religious and secular education for their children. But this is a burden which is assumed by the free choice of the parent who determines not to send his child to public schools.

It is, therefore, not discriminatory in any legal sense to deny Federal assistance to parochial schools. The public schools are available for all who desire to attend them. And the fact that some parents do not choose to send their children to public schools does not lessen their obligation to support them any more than being childless relieves a person of this responsibility. The public school system, by providing the foundation for an enlightened and informed society, serves all its members, the parents of parochial students as well as others.

Perhaps Justice Jackson made the most trenchant observation on the question of nondiscriminatory treatment, when he declared that "* * * if these principles seem harsh in prohibiting aid to Catholic education, it must not be forgotten that it is the same Constitution that alone assures Catholics the right to maintain these schools at all when predominant local sentiment would forbid them." (*Everson* v. *Board of Education*, 330 U.S. 1, at p. 27).

The third argument, which is based on what I have termed the "public welfare concept," contends that because the welfare of society as a whole is advanced by educating all our children, it is justifiable to divert tax funds to the assistance of parochial and church affiliated schools. The question inevitably arises, therefore, if the state may provide the smaller elements of educational expense—transportation, books and supplies, or laboratory facilities—why not the larger as well, and where does the process stop?

The question was also addressed by the author of the first amendment to the Constitution, when, in his "Memorial and Remonstrance Against Religious Assessments," James Madison, in 1785, queried:

"Who does not see * * * that the same authority which can force a citizen to contribute threepence only of his property for the support of any one establishment, may force him to conform to any other establishment in all cases whatsoever?"

Madison then answered his own question—to his satisfaction and to mine—by declaring that "The freemen of America did not wait till usurped power had strengthened itself by exercise, and entangled the question in precedents. They saw all the

consequences in the principle, and they avoided the consequences by denying the principle. We revere this lesson too much, soon to forget it."

It is my hope and my belief that the majority of the American people and the majority of both bodies of the Congress still revere this lesson too much to forget it.

One of the clearest expressions of the intent of Madison, who authored the first amendment, and of the other founders of the Constitution who adopted it, was offered by one of America's most distinguished jurists, Jeremiah S. Black, when he stated in his essay, "Religious Liberty," that, "The manifest object of the men who framed the institutions of this country, was to have a state without religion, and a church without politics—that is to say, they meant that one should never be used as an engine for any purpose of the other. * * * Our fathers seem to have been perfectly sincere in their belief that the members of the church would be more patriotic, and the citizens of the state more religious, by keeping their respective functions entirely separate. For that reason they built up a wall of complete and perfect partition between the two."

It is to the credit of West Virginia and the benefit, I hope, of the Nation that Representative CLEVELAND M. BAILEY, as chairman of the House Subcommittee on General Education, has advanced a plan which offers aid to the States while still maintaining the partition between church and state.

The Bailey plan would stimulate and encourage State expenditures for education by authorizing Federal grants to each of the States of 2 percent of its total annual expenditure for public education from State and local sources. Thus, the greater the efforts of the State to advance its educational system, the more assistance it would receive from the Federal Government. In addition, the Bailey plan would offer safeguards against cutbacks by State and local governments by decreasing the Federal grant by a like amount. Finally, in order to provide additional aid to those States in greatest need, the plan would provide an equalization formula based upon the degree to which the personal per capita income of the State falls below the national average.

For example, West Virginia would receive its base allotment—on the basis of our 1959-60 expenditures—of $2,435,440 and an equalization allotment of $3,653,160 (under one of the formulas proposed) for a total of $6,088,600. This is substantially less than West Virginia would have received for fiscal 1962 under the School Assistance Act passed by the Senate last year; this measure, had it passed in the House, would have provided between $10,658,865 and $11,189,660. However, Representative BAILEY's plan offers a good point of departure, and the general method he proposes offers, in my opinion, the best prospects for cutting through the tangled web of opinions on so-called States rights and the fear of Federal control.

To turn now to the question of Federal aid to higher education, I do not propose to set forth any specific programs. Though our Senate Subcommittee on Education conducted hearings last August on several bills for aid to higher education, it is evident that there still exists a wide disparity of opinion regarding how such aid would be best utilized.

As Senator JOSEPH S. CLARK, of Pennsylvania, stated in an article in the Saturday Review, in February 1961, "The absence of any widely accepted plan, up to this very moment, is to a great extent the fault of those engaged in higher education. * * * In the past, they have been immobilized to some extent by internal divisions on the basic question, first, of whether Federal aid in any form is desirable and, second, of who, if it is desirable, should get it."

Both of these questions remain unresolved, though many provocative suggestions were presented during the course of our hearings. The West Virginia Association of College and University Presidents, in its Project Unity, offers, I believe, the right approach in achieving a consensus among administrators in the field of higher learning. Having put aside the conception of private and publicly supported institutions as competitive, the association—and all the professional groups in the field of higher education—will, I hope, begin to hammer out specific plans for achieving the most effective cooperative relationship between their institutions and for clarifying the role of Federal assistance therein.

Assuming that some form of Federal assistance will be forthcoming in the near future, I would now address the problem of separation of church and State in relation to institutions of higher learning. The problem is distinctly different from that which we encounter in regard to parochial and church affiliated elementary and secondary schools.

As Patrick Murphy Malin, former executive director of the American Civil Liberties Union, stated before our subcommittee.

"Church institutions are engaged in a number of other activities beside religious activities. The problem is to discover the nature of the activity rather than the nature of the sponsorship.

"The construction of churches or the maintenance of theological seminaries is obviously at one extreme a religious function and not suspectible of congressional support or restriction. Then you come to the question of the nonreligious functions of church-related colleges and universities; for example, in the maintenance and development of scientific research facilities."

It is generally acknowledged by the courts, by the public, and by ecclesiastical authorities that elementary and secondary schools maintained by church organizations are arms of the churches and are specifically designed for the inculcation and encouragement of religious faith. They are, therefore, to be thought of as religious enterprises and must be maintained free of State support or control.

With reference to colleges and universities, the question arises as to whether there is sufficient difference in degree in their activities to warrant a difference in the kind of treatment in Federal legislation.

The American Civil Liberties Union submitted to our subcommittee suggestions for establishing tentative criteria to determine whether an institution qualifies, for purposes of Federal aid, as an educational institution or a religious enterprise:

First, are students and faculty members required to be adherents of the religious group maintaining the college or university in question? If so, then it would seem that the institution in question is part of a religious enterprise. If not, then, as the ACLU statement suggested, "the college or university in question begins at least to be properly an educational institution rather than a religious institution."

Second, there must be no indoctrination in the tenets and beliefs of the particular faith as a required part of the curriculum toward earning a degree. This is not to say that the institution may not offer courses on religion for those who voluntarily enroll for them, but that such courses must not be required for graduation.

Third, the determination of curriculum and the instructional program must be in the hands of those charged with educational responsibility—the faculty and administration—rather than those outside the educational process who are charged with ecclesiastical administration.

Admittedly, these criteria are not watertight and foolproof, but I believe they offer a sound point of departure for exploring a complex field with many areas of ambiguity. The problem is complicated by the fact that around our Constitution we have developed a wide and varied pattern of religious organizations and activities, and a manifold educational system in which the churches have played an important role. The question now is to determine the essential meaning in a multitude of concrete situations of the conceptions of no restriction and no support of religious activities by the Federal Government.

This will offer one of the major tests of the quality of our democracy in the coming years. For it will require the utmost in patient examination and good will, in dedication to the goals of education, and in enlightened support of the letter as well as the spirit of the first amendment to the Constitution.

In facing these multiple issues, we would do well to bear in mind the remark of the Roman philosopher, Epictetus, who, when commenting upon the fall of Athenian democracy as caused by educating the few, observed that "The state says that only freemen will be educated; God says only educated men will be free."

A Recession-Proof America

EXTENSION OF REMARKS

OF

HON. THOMAS P. O'NEILL, JR.

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, January 23, 1962

Mr. O'NEILL. Mr. Speaker, I would like to call to the attention of my fellow Members of the House of Representatives the following article dealing with phases of the administration's legislative program for 1962. This story was printed by the Tribune Publishing Co., of Massachusetts, and is one of the 24 New England newspapers that features a weekly column prepared by me.

As brought forth in this article, President Kennedy's state of the Union address offered for the consideration of Congress a legislative program, which if adopted, will keep the Nation on the path toward "A Recession-Proof America."

The article reads as follows:

A RECESSION-PROOF AMERICA

(By Congressman THOMAS P. O'NEILL, JR.)

President Kennedy's program, if adopted by Congress, will keep the Nation on the path toward "A Recession-Proof America."

On domestic affairs, the President has plainly given top priority to medical care for the aged, aid to education and the establishment of a Department of Urban Affairs with Cabinet status.

The President correctly called attention to our economy when his message emphasized "The Nation is on the high road of recovery and growth. But improvement is still needed."

To do this Congress should approve legislation to retain workers displaced by machines and youths just entering the work force. It also should approve an 8-percent tax credit for investment in machinery and equipment as a spur to modernization and the Nation's ability to compete abroad.

MASS IMMUNIZATION

Of importance to all families, the President stressed the need for a mass immunization program against children's diseases, and promised a new program "stressing services

instead of just support." This project is urgently needed and will be the first of its kind in the Nation's history. This will provide vaccine for as many as 5 million babies born each year.

A spokesman for the Public Health Service presented figures that showed "if the 5 million children born annually are vaccinated childhood diseases would virtually disappear in 25 years."

Foreign affairs: As stated by the President, the Nation's military might has improved steadily last year. In the coming year, reserve programs will be revised. The Government expects to get nearly 300 more Polaris and Minuteman missiles this year.

The President affirmed this country's commitment to "a supreme effort to break the logjam on disarmament and nuclear tests." On disarmament, the President said: "World order will be secured only when the world has laid these weapons which seem to offer present security but threaten our future survival."

President Kennedy's solemn dedication to the cause of peace may be remembered in history after many other matters are forgotten.

In rejecting any patchwork on the Reciprocal Trade Act, the President called for a new law.

The President's words—speaking of the nuclear deadlock—will be repeated time and time again and will be foremost in the minds of peace-loving people. The statement was, "The world was not meant to be a prison in which man awaits his execution."

The adoption of President Kennedy's program by Congress will be a constructive step to ward off possibilities of future recessions.

Tax Relief for High Fidelity Industry

EXTENSION OF REMARKS

OF

HON. PHILIP J. PHILBIN

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, January 23, 1962

Mr. PHILBIN. Mr. Speaker, I have introduced in the House a measure, H.R. 9548, to amend section 4142 of the Internal Revenue Code of 1954 so as to exclude from the manufacturers excise tax the following high fidelity and television components: chassis, speakers, amplifiers, phonograph mechanisms and phonograph record players.

This measure, Mr. Speaker, was occasioned by reports reaching me from segments of the electronic industry that the Internal Revenue Service was considering lifting in part the exemptions heretofore granted under the act to certain manufacturers of electronic equipment.

It has also been reported to me that the industry has reason to believe that the Government is considering imposing these taxes retroactively and that would probably have extremely disastrous results to the industry, particularly to many small manufacturing plants all over the country that are making an outstanding contribution to the important space-age science of sound reproduction and electronics.

I think that this segment of the electronic industry is in large part responsible for the recent unprecedented advance in sound reproduction that has brought consequent cultural and educational contributions difficult, if not impossible, to measure, since certain recent innovations have sparked widespread interest in quality reproduction of music from records, tape and FM radio.

In addition to current possible tax problems the industry is faced with sharp, and possibly very serious, competition from growing imports from both East and West, that have come about as the result of migration and utilization of new ideas in the electronic business.

The small segments of the industry are also under heavy competitive pressure from larger domestic manufacturers who are able to capitalize on the pioneering efforts of many of the small companies.

The proposed increased tax burdens facing the high fidelity industry comes, it is clear, as a result of proposed new interpretations of sections of the law which were not heretofore anticipated by the industry.

Section 4141 and 4142, IRC, cover the subject matter of these taxes and define the meaning of the term "radio and television components."

The tax has been imposed, not upon all the articles listed in section 4142, but on those enumerated articles which meet the further test of being "suitable for use on or in connection with, or as a component part of, an article enumerated in section 4141, that is, a radio or television receiving set, phonograph, or combination thereof."

The Treasury regulations define an item as being suitable for use within the meaning of section 4142, if it is, first, commonly used with any of the articles enumerated in section 4141; or, second, if it possess actual, practical commercial fitness for such use.

For the most part, the articles involved in my bill are not "suitable for use" because they do not possess actual, practical commercial fitness for use with radio receiving sets, television receiving sets, phonographs, or combinations of these.

The articles manufactured by the members of the high fidelity components industry are by their very nature of such a type and quality as to preclude incorporation or use with the articles enumerated in section 4141. Compared to these taxable articles, high fidelity components are too expensive, too complex, too difficult to install and operate. They also require too much skill to service and are of too high quality and too inherently limited in their applications. It would be commercially impractical to attempt to produce and sell a "package" radio receiving set, phonograph, and so forth, incorporating these articles which are designed and manufactured for use in high fidelity sound systems.

This has been recognized by the Internal Revenue Service with respect to many of these articles in a series of rulings and administrative actions. The Internal Revenue Service now apparently proposes to revoke these rulings and actions and, in a number of cases, to impose taxes retroactively. In order to spell out clearly the original congressional intent in this situation and in order to prevent a great injustice to those involved, I am introducing appropriate legislation to assist this small industry by clarifying the intent of the present law.

The high fidelity industry is made up of some 45 or 50 small companies which employ, on the average, about several hundred employees. The industry has been in existence only since the end of World War II. The equipment it makes is designed, produced, and sold primarily for radio broadcasters, experimenters and high fidelity enthusiasts.

The high grade, high precision, technical equipment has brought the science of sound reproduction to a point formerly considered commercially impossible.

Many advances in sound reproduction appearing in "package" radio, television, phonograph, and combination sets now reaching the large consumer market can be directly traced to the pioneering done by these small companies in the high fidelity components industry.

While the so-called "package" industry, benefiting from the work of these small companies, has been enjoying unprecedented sales, the components industry is struggling for survival. In addition, there is a vigorous competition within the high fidelity components industry itself—a look into the early issues of High Fidelity magazine, published in Massachusetts, presents evidence that many fine names in the industry have already disappeared.

Thus, the small components manufacturers are faced with fierce domestic and foreign competition, by all the growth and financing problems characteristic of small business and by accelerating technological change in electronics.

To top it all, this small industry is harassed by these proposed new and adverse tax interpretations. This situation is compounded, so the industry states, by inability to obtain definitions from tax officials of "radio receiving set" as listed in the law, despite general agreement on such definition among technical authorities, the minutes of previous congressional committee hearings, and common usage within the industry.

As recently as 1958, the tax-free status of the magnetic tape recording manufacturers was safeguarded by the Congress. Committee reports indicate that this congressional action was motivated by the fact that tape recorder manufacturers were suffering from a competitive disadvantage.

The committee reports on Public Law 367, enacted in 1955, show that it was the intent of Congress to tax only those radio and television components that were sold as repair and replacement parts for radio and television receiving sets and phonographs.

It is indicated that sales of these articles, from which the tax would be removed, for repair and replacement of radio receiving sets, phonographs, and so forth are virtually nonexistent. Therefore, the revenue loss would be negli-

gible. In addition, the taxpayer would be relieved of the burden of paying taxes on articles which the Congress never intended to tax and the Internal Revenue Service would be relieved of the burden of interpreting the statute.

The effect of my bill would be to make the intent of Congress absolutely clear and plain with virtually no financial sacrifice to the Treasury. Actually, my bill may increase tax revenues over the long run by preserving this small industry and allowing it to continue making the innovations which continue to create mass interest in better music reproduction with resulting revenue gains from taxation of set manufacturers, as set forth in the law and as intended by Congress.

I urge early consideration of this meritorious measure and hope some appropriate clarifying solution may be found.

The text of H.R. 9548 is as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 4142 of the Internal Revenue Code of 1954 is amended to read as follows: "As used in section 4141, the term 'radio and television components' means cabinets, tubes, power supply units, and antennae of the 'built-in' type, which are suitable for use on or in connection with, or as component parts of, any of the articles enumerated in section 4141, whether or not primarily adapted for such use."

SEC. 2. The amendment made by this Act shall apply with respect to articles sold by the manufacturer, producer, or importer on or after January 1, 1955.

Two Thousand Five Hundred and Ninety-four Residents of the 20th Congressional District of Pennsylvania Participate in Post Card Survey of Public Opinion

EXTENSION OF REMARKS

OF

HON. JAMES E. VAN ZANDT

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, January 23, 1962

Mr. VAN ZANDT. Mr. Speaker, a recent post card survey of public opinion was conducted in my congressional district in Pennsylvania with the result that from 6,000 questionnaires mailed to the 3-county area, 2,594 persons responded by answering the 12 questions asked in the annual poll. The number of replies received represent a response from 43.2 percent of those polled. The result also discloses that the opinions voiced represent a good cross section of the residents of the Blair-Centre-Clearfield area.

The question receiving the greatest number of favorable replies was in response to the question, "Do you favor U.S. insistence of an adequate inspection system before disarming?" "Yes" answers totaled 2,548, while 46 negative replies were recorded, for an average of 98.2 percent "yes" and 1.8 percent "no."

The tabulation of the 12 questions representing the views of 2,594 persons in Blair, Centre, and Clearfield Counties follows:

	Percent	
	Yes	No
1. Do you favor the resumption of nuclear testing by the United States?	81.2	18.8
2. Should the United States go to war to prevent being forced out of Berlin?	76.7	23.3
3. Should the United States try to place a man in space ahead of the Russians, regardless of the cost?	14.9	85.1
4. Do you favor recognition of Red China?	6.4	93.6
5. Do you favor U.S. insistence of an adequate inspection system before disarming?	98.2	1.8
6. Do you favor revising reciprocal trade agreements to decrease the importation of foreign products?	72.6	27.4
7. Do you favor providing medical and hospital care to recipients of social security benefits and paying the cost by increasing payroll taxes?	33.3	66.7
8. Do you favor Federal aid to education?	31.7	68.3
9. Do you favor giving the President the right to veto or accept specific items in an appropriation bill instead of the present requirement that he accept all or nothing?	48.2	51.8
10. Do you believe that Government controls over agriculture should be eliminated?	83.2	16.8
11. Do you favor building the Interstate Highway System on a "pay-as-you-go" basis even if it requires higher taxes?	52.6	47.4
12. Do you favor approval of a GI educational benefits program for peacetime veterans?	37.4	62.6

Mr. Speaker, the result of the public opinion poll has given me the benefit of the views of persons in various walks of life. I am grateful to all those who took the time to record their opinion and to return the questionnaire to me.

The Water Crisis in America

EXTENSION OF REMARKS

OF

HON. PHILIP A. HART

OF MICHIGAN

IN THE SENATE OF THE UNITED STATES

Tuesday, January 23, 1962

Mr. HART. Mr. President, I ask unanimous consent that remarks prepared by me for delivery January 19, 1962, to the Michigan Association of Soil Conservation Districts, in Lansing, Mich., on the subject of "The Water Crisis in America," be inserted in the RECORD.

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

THE WATER CRISIS IN AMERICA

(Address by Senator PHILIP A. HART, Democrat, of Michigan, to the Michigan Association of Soil Conservation Districts, East Lansing, January 19, 1962)

This opportunity to meet with the representatives of the Michigan Soil Conservation Districts is one I appreciate and welcome. In addition to the more obvious reasons of personal friendship and esteem for the objectives of the organization, I have an indebtedness to your calling which I want publicly to acknowledge.

Back in October of 1959, there appeared at the hearing of the Senate Select Committee on National Water Resources, in Sioux Falls, S. Dak., a witness by the name of William E. Holiway. A lifelong farmer, Bill Holiway testified in his capacity as chairman of the Minnehaha Soil Conservation District. He gave the committee an analysis, classic in its clarity, brevity, and poetic quality, of why we have a water crisis. Directing himself, naturally, to the situation in his part of the country, he told us:

"History proves to us man cannot defy nature and survive. Our domestic cash crops do not have the vigorous root systems as compared to our native grasses. This has allowed our soils to solidify and pack, thus becoming more and more impervious to water. This does not allow the water to reach the underground streams the way nature meant it to—but sends it off over the top, taking the soil and plant foods with it and sending it downstream in flood proportions, making it poisoned and polluted and unfit for any purpose, devastating our neighbors in the lowlands, silting up and destroying the effect of the flood control works on our main streams, filling them with silt, till in time, they become useless. Now we must seek substitutes for nature's way."

I wish there were time to quote Bill Holiway in full. But the point is that this soil conservationist gave the Senate committee, and me in particular, an insight into our soil and water problem that a dozen volumes couldn't have duplicated.

What did we learn from those hearings, as we went from one end of the Nation to the other?

We learned first of all that there is no State of the Union that does not have a water problem: too little water, too much water, poor quality water—one way or the other, the time has come for all of us. When the Senate committee began its work 2½ years ago, most people in this "Water Wonderland" State saw little of importance in it for Michigan. When some of us tried to suggest that even for Michigan, water troubles were just around the corner, we didn't make much headway. But just these 27 months later, the story is quite different: A public beach is closed at Monroe due to pollution; complaints come to us that our rivers are becoming fouled from municipal sewage and industrial waste; our shoreline is beginning to suffer from the increased seaway traffic and greatly expanded recreational boating, a bitter struggle is waged as to whether a piece of our shoreline shall be set aside for industrial expansion or for wildlife and recreational purposes—and I'm not talking about Sleeping Bear; a controversy develops as to whether a pickle plant or a woolen mill shall continue to operate, providing much needed employment but also spewing sewage and poisonous wastes into nearby creeks.

The examples could be multiplied many times. It is now apparent to the most casual observer that in spite of the valiant and dedicated work of our fine Michigan Water Resources Commission, Michigan is no exception to the national water picture: it is a matter with which we must concern ourselves.

Second perhaps in importance to the nationwide character of the water crisis, our committee learned that pollution resulting from municipal and industrial wastes and from siltation is the most serious water problem confronting the Nation. This is particularly true of the industrial and relatively humid eastern and north central portions of the country. Because of huge demands for water for waste dilution, the western Great Lakes region was included among the areas in which by the year 2000 full development of available water resources will be required if the projected demands are to be met.

Our present technical knowledge is sufficient to cope with about 95 percent of the wastes which pollute our lakes and streams.

We need stepped-up research to discover how to treat the 5 percent which our new industrial processes have produced and which we do not yet know how to handle. But more importantly, we need the decisionmaking machinery and the funds to deal with the 95 percent for which we do have the know-how.

This calls for decisions that will place a higher priority on the importance of water quality and will assign the needed funds to permit us to move ahead. It also calls for decisions in the realm of governmental machinery, so that industry and local, State, and Federal Governments may all be geared to making their contribution to the cleansing of our streams—with a maximum of efficiency and a minimum of redtape.

When we held our water hearing in Detroit in October of 1959, Russell Hill made a very astute observation. He said, "I think the point that stands out in the hearings to date is the fact that people seem to represent the basis of much of our problems." He was referring to the growing numbers of people, their concentration in urban areas, their increased use of water, their expansion into areas where we have the most and best agricultural land. He could have added that just as in our quest for world peace our political ingenuity is way behind our technological ingenuity, so in this field our ability to resolve conflicts between people falls far behind our engineering capacity. As the demand for water increases—it will double by 1980 and triple by the year 2000—the conflicts will become sharper and the need for sound management greater.

A third fact of life which emerged from the hearings of the Senate committee was the growing importance of water for recreation and for conservation of fish and wildlife to support increased leisure time activities of the people. In the short life of our Nation we have seen emphasis focused on water for navigation, water for agriculture, water for power, water for industry, with a continuing recognition of the need for municipal water. Our committee heard repeatedly that outdoor recreation is rapidly becoming one of the most important uses of our lakes and rivers. As we said in our report, "public expression in the committee hearings made clear that the quality of American life is important as well as its capacity for growth."

Data furnished to the committee give us the following figures:

"The report contains estimates that visits to national parks will increase from 63 million in 1959 to 240 million by 1980, and well over 400 million by the year 2000. It is also estimated that visits to national forests and national, State, county, and municipal parks will reach 8 billion per year by 1980, and 13.4 billion by the year 2000. An estimated withdrawal of 63.7 billion gallons of water will be required for National, State and county parks in 1980 and 101.8 billion in the year 2000. Although the report indicates that the total volume of withdrawal water needed is relatively minor in comparison with water needs for agriculture, industry, and other uses, the quantity and quality of water surface needed for recreational activities is great and the need is steadily becoming more and more critical."

This whole question of safeguarding the beauties of our State for future generations to have and to enjoy is not to be categorized as a question of "minnows versus industry," of "ducks versus people," or of "vacationers versus property owners." It is just not that simple. We do not diminish our concern for the one because of our concern for the other. Rather we are trying to encourage the forethought which will make it possible for both to coexist. We are seeking to avoid damage to our land and water which cannot be undone.

Few groups practice this forethought to as great a degree as do the men and women of our soil conservation districts. You understand the need to plan for the future—to assess your needs and then to take the steps that will assure proper soil and water for those needs. You realize that until our scientists solve the mysteries of weather control, the management of the raindrops will still need to start on the land on which they fall.

One of our most successful programs to provide this kind of intelligent start is the small watershed program. Last summer I was assigned by the chairman of the Senate Agriculture Committee to a new Subcommittee on Watersheds. This subcommittee, composed of Senators TALMADGE of Georgia, COOPER of Kentucky, and myself was directed to consider several small watershed projects then before the committee for approval and report to the committee.

It soon became apparent to our subcommittee that this watershed program, enacted into law in 1954, has mushroomed to the point where we need more than a project-by-project green light. Twenty-six projects have now been completed; 368 have been approved for construction; 707 have been approved for planning; 1,625 applications have been filed (an average of 34 per State), and the Department of Agriculture has testified to the need for projects in nearly 8,300 watersheds covering 1 billion acres of farmland—over half of the land area of the 48 States.

Obviously, a program of these dimensions is on its way to becoming a major element in our soil and water conservation effort. Its very popularity is presenting problems: such a backlog has built up that the schedule for installation of projects after approval has been extended from 5 to 7 or 8 years, with resulting higher costs to both local and Federal participants. If this is indeed a worthwhile program, and if local initiative and interest are to be maintained, then we must devise ways to assure greater protection of local funds and effort. Since its inception, this program has had a high degree of cooperation between local, State, and Federal governments. It behooves all of us to develop ways in which its democratic character can be maintained while at the same time streamlining the procedures.

Michigan particularly would benefit from such efforts. We now have 11 applications for watershed assistance pending at the Department of Agriculture. We have a stake in seeing that personnel and funds are as available for these watersheds as they have been for other equally meritorious areas.

I hope we in Michigan will not be gun shy of Federal programs which have been approved by the Congress and the Chief Executive and which are designed to assist State and local governments and local citizens in solving problems they alone cannot solve. Rivers know no county or State boundary lines for example, nor does disease, nor ignorance. No one has put this point more effectively, in my book, than Dr. Roscoe Martin of Syracuse University when he testified at our Boston hearing. He said:

"I would like to say, first, that I regard the Federal Government as my Government. It is not a government by or for somebody else. It is a Government run by and for my neighbors and me. It is a responsible government. I suspect it might be developed that the Federal Government is as responsible as any unit of government there is, but I shan't take that one on at that point.

"I shall say just that I am not afraid to see the Federal Government do the kind of work which I think it can do best."

But in so many cases, we need not quarrel among ourselves as to whether this water job will be done by the Federal Government or by the State government or by local initiative. There is plenty for all to do. Indeed, the requirements of the future are such that they challenge us to exhaust all constructive approaches.

There are many new and useful ways of responding to this challenge. Through imaginative use of revamped and expanded Federal assistance to local governments and groups, new combinations of water programs are possible. New Mexico is doing a State water resources survey with urban planning funds. Area redevelopment and the rural development programs hold promise. The Farmers Home Administration will underwrite small community water facilities. The Community Facilities Administration and the U.S. Public Health Service are expanding their research and grant and loan programs. The really successful attack on our water problems will come as localities devise means to tap these and other opportunities in new and dramatic ways.

You are accustomed to look ahead. Ahead of us lies greatly increased demand: for soil, for water, for conservation of some of the beauty of this earth before the bulldozer crushes it. I hope we will have the vision and the strength to act responsibly.

I have toured the land together with you—have seen firsthand the product of your efforts. I am in sympathy with your cause. I congratulate you on your progress. I pledge you my full support.

Civil Rights

EXTENSION OF REMARKS

OF

HON. EMANUEL CELLER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, January 23, 1962

Mr. CELLER. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following statement delivered by me before the AFL-CIO Economic and Legislative Conference, Shoreham Hotel, Washington, D.C., Tuesday, January 23, 1962:

The President, at his press conference, when asked why he did not sign the Executive order concerning the prohibition against racial discrimination in housing, replied that it was his belief he should not get too far ahead of public opinion in pressing for civil rights. When the President says he does not want to hamper or delay consideration of important bills and that pressing for civil rights would wound the sensibilities of southern Members of Congress and, therefore, induce them to vote against important legislation, he may be on practical, understandable ground, but, on the other hand, the Nation has been always expectant of strong moral leadership by the President. He must bring the weight of his high office and personality to bear on public opinion. The President understands this. He understands it because he, himself, said:

"If the President does not himself wage the struggle for equal rights—if he stands above the battle—then the battle will inevitably be lost."

In 1960, when he was a candidate, he emphasized this point of view and stated that the President must provide the spur for legislation as well as executive action. He said:

"The President cannot wait for others to act. He, himself, must draft the programs, transmit them to the Congress, and fight for their enactment, taking his case to the people if the Congress is slow."

There is no doubt that the President and his administration have gone a great way toward the prevention of erosion of civil

rights. He has appointed many Negroes to high office; his Attorney General has shown exemplary wisdom and practicality in protecting the freedom riders; in causing the enforcement by the judicial process of the school desegregation case. In many ways, through executive action, the administration has rendered yeoman service to the cause of civil rights, in education, travel, employment, and voting. Those are only successive plateaus on the way to the summit. The administration cannot unduly tarry at any of these plateaus. The advance must be incessant and constant. The President, in his state of the Union message, said:

"A strong America requires the assurance of full and equal rights to all its citizens, of any race, of any color."

To bring about that assurance, much more needs to be done. There is a legislative program as outlined in the Democratic platform, which was espoused by the President, which must be carried out.

As chairman of the House Committee on the Judiciary, I have a duty to perform. I have offered a series of bills, together with Senator CLARK, of Pennsylvania, which would materially strengthen civil rights over and beyond the advance made by the administration through executive action. These measures include the following:

1. A constitutional amendment to eliminate payment of poll taxes as a requirement of voting in Federal elections;

2. A constitutional amendment to eliminate literacy tests as a requirement for voting;

3. A bill to require every school board operating a racially segregated public school to adopt a desegregation plan within 6 months of the date of enactment of the bill and to file the plan with the Secretary of Health, Education, and Welfare. The plan would state how the board intended to achieve desegregation with all deliberate speed in each of its schools and include a schedule showing the time and the manner in which desegregation would be achieved in each class and school. To meet the requirements of the act, the plan would have to provide for "first-step compliance" at an early date. Technical and financial assistance would be given under the bill to desegregating school districts, and court enforcement would be authorized in the cases of school boards which violated the duties set forth in the act;

4. A bill to authorize the Attorney General to initiate civil injunction suits in the Federal courts to prevent the denial of any civil right on grounds of race, creed, or color;

5. A fair employment practice bill to provide administrative and court remedies for those persons discriminated against as a result of race or color. The bill would make it an unfair employment practice for any business or labor union employing more than 50 persons to discriminate in its hiring, promoting or firing practices on the basis of race, color, religion, or national origin; and

6. A bill to make the Civil Rights Commission a permanent Federal agency with strengthened factfinding powers and a new directive to act as "a national clearinghouse for civil rights information." Of course, the Civil Rights Commission has already been extended for 2 additional years but it is my firm conviction and belief that it should be a permanent Federal agency with the powers I have just outlined.

I intend to press for the enactment of these legislative proposals. Regardless of present legislative priorities, I am confident that the time will arrive when all of these measures will be placed on the statute books of our country.

In particular, at the present time, the leading priority will be the constitutional amendment to eliminate payment of poll taxes as a requirement for voting in Federal elections. As chairman of both the full House Committee on the Judiciary and of the subcommittee which handles civil rights legislation, I will call for consideration of this proposal in the very near future. I am confident that this proposal will receive early and favorable consideration, not only in my committee, but in the House of Representatives as well.

There is a current development in the field of labor and management which involves civil rights of the laboring man. I believe that the right to organize is a civil right of labor. All of you present here today, I am sure, realize the movement which is presently taking place to amend our antitrust laws so as to bring labor within the provisions from which they have been exempted since 1914. This attack on so-called labor monopolies is designed to fragmentize and fracture collective bargaining on a national scale and force collective bargaining on local union levels.

Any such amendment to the antitrust laws falls within the jurisdiction of the Committee on the Judiciary. I can assure you here that I will vigorously oppose any such amendment and I am more than confident that this attack upon the civil rights of labor will meet defeat again as it has in the past.

Consistency requires that civil rights must be protected on all levels of American life. It would be inconsistent if they were protected on the political, housing, transportation and educational levels and not on the labor level.

Reserve Callup Program Presents a Bleak Picture of Muddled Understanding of the Nation's Reserve Forces

EXTENSION OF REMARKS

OF

HON. JAMES E. VAN ZANDT

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, January 23, 1962

Mr. VAN ZANDT. Mr. Speaker, I take this opportunity to bring to the attention of my colleagues in this House a development that has occurred during our absence which may have serious consequences. I refer to the unfortunate statements, some of them by high officials in the Defense Department, that have brought forth a plethora of slurs and misinformation relating to our Reserve programs.

I am concerned not only that such widespread comment was allowed to spread unchecked by the Department of Defense but also about decisions that are obviously being made relative to the future of our Reserve components without the knowledge of the Congress and without due process through legally constituted bodies established by the Congress only after exhaustive deliberations on the part of the Armed Services Committee.

Before going into these developments, I wish to emphasize that in my judgment the Armed Forces Reserve Act, as amended in 1955, has well withstood the test of time, and we should not be stampeded into radical changes to it because of the recent experience of the present administration with a partial mobilization that was hastily conceived and hastily executed.

Let me make it emphatically clear that I do not for one moment criticize its necessity. That decision was one of the heavy responsibilities of the President which the Congress wholeheartedly supported.

But when radical changes of national policy are made, they must be accompanied by responsible and sympathetic leadership when the lives of American citizens are suddenly affected.

The recent partial mobilization did represent a very radical change in national policy. It marked the first time in our history that Army, Navy, and Air Force Reserves were involuntarily recalled during peacetime without at least the declaration of a limited national emergency.

Even so, the Reserves of all services attached to drilling units responded magnificently.

The Army called a substantial number of units from the Army Reserve and National Guard, including three divisions. They all reported to their stations on time. An important segment of competent combat strength was added to the Army at once. Among these divisions was a Reserve training division which took over training missions which promptly freed several combat divisions for deployment.

The Navy's selected Reserve responded immediately. It provided 40 destroyer types, 18 air squadrons with 190 aircraft to the fleet. These ships and aircraft squadrons were and are manned and commanded by Reserves. They have taken their places alongside their professional contemporaries of the Regular Navy without incident and without any postmobilization training.

Some of the destroyers were off the coast of the Dominican Republic during that crisis. The naval air squadrons are antisubmarine types and commenced their ASW surveillance patrols on the day they reported. They are flying these patrols at the present moment.

This was accomplished smoothly, quickly and without complaint.

The Air Reserve Forces provided 11 heavy air transport squadrons with 88 aircraft, and 25 fighter and reconnaissance squadrons with 576 jet aircraft that became immediately operational. Many at the present time are overseas flying alongside their professional contemporaries, adding significantly to the coverage of our combat alerts and to the tonnage of our strategic airlift.

Their senior Air Force commanders have been exceptionally enthusiastic describing their competent, professional performance.

All of this marks an achievement unsurpassed in this Nation's history. It sets forth in bold relief a convincing demonstration of the readiness and effectiveness of our citizen soldiers, sailors, and airmen achieved through the provisions of the Armed Forces Reserve Act.

The complaints which caused so much unfavorable publicity emanated from the so-called fillers who were not members of units and who were called up to bring units up to strength. They were not paid reservists and they had little reason to expect to be mobilized at this time.

They came from pools of reservists with Ready Reserve obligations under

the Universal Military Training and Service Act. Many of them had just completed 2 years of active duty in the Army under the draft. Not being members of the organized units, they were, of course, not oriented and disciplined for the callup. Under these circumstances an almost certain climate for complaints was established.

This was clear enough to the Congress which cautioned against it.

Nevertheless, the complaints that were received were relatively few and were magnified out of all proportion.

The morale of these recalled reservists has remained high. Reports come in from all sides attesting to this.

One may be sure, however, that this morale has not been sustained by any leadership from the Defense Department with such statements from high-level civilian officials as "that's what we've been paying them for," "reservists have not oriented themselves to the thought that they are called up to prevent a war rather than to fight," and "we must increase the Regular forces since we cannot rely upon the Reserves."

Relatedly a "Why Me" pamphlet has been issued by the Defense Department—perhaps to offset a tempest in a teapot of their own making that got out of control.

But let us turn to even more serious matters—the future of the Reserves.

ARMY RESERVE

Rumors persist that a wholesale reorganization of the Army Reserve has been planned and approved. The President has indicated such action. This reorganization has not been processed through the General Staff Committee on Army Reserve Policy as required by law.

Section 3033, title 10, United States Code, requires that "Each policy or regulation affecting the organization, distribution, training appointment, assignment, promotion, or discharge of members of the Army Reserve shall be prepared by a committee of officers of the appropriate divisions of the Army General Staff and of an equal number of officers of the Army Reserve"—General Staff Committee on Army Reserve Policy.

This committee was not consulted even though it actually was in session during the time these decisions were being made.

This "end run" around the law has caused the Chairman of the Committee on Army Reserve Policy to write a formal letter of protest to the Secretary of the Army, according to newspaper reports.

The Reserve Forces Policy Board established by law as the advisory body to the Secretary of Defense on Reserve Affairs did not participate in this reorganization. In fact, as far as I can determine, this important statutory Board was not even consulted.

And finally the Congress, which is charged with the responsibility of raising, maintaining, and regulating the services, has not been informed.

NAVAL RESERVE

This fine component of our Reserves turned in an outstanding demonstration of professional readiness. They achieved the posture through serious, rugged drill participation. One would expect that the training of those in the Selected Reserve not yet called would be increased—but what has actually happened?

The Navy's Selected Reserve was set at 135,000. The Armed Services Committee has accepted this target established by the Secretary of Defense.

Yet, the present administration limited the Navy to a Reserve budget for 1962 to maintain its Reserve at 125,000. This marked a cut of $3 million from the 1961 budget.

This was further compounded by the use of the transfer authority by the Secretary of Defense to additionally reduce this training budget, along with endless restrictions by comptrollers at various echelons.

The result has been a reduction in drills during December for the Selected Reserve, the elimination of pay for commanding officers of the Naval Reserve officers schools and a denial of active duty for training to officers of the Navy's specialist component even though they volunteered to take this duty without pay.

From a morale viewpoint these reservists deserve better than this niggardly treatment. From a training viewpoint it is almost unbelievable that such action should be taken when the President has indicated the existence of a situation bordering on a national emergency.

THE AIR RESERVE FORCES

These splendid reservists equaled the Navy in producing a convincing demonstration of not only of readiness but also of the important position they fitted in the Air Force military posture. We all know of the manifest need for strategic airlift and these Reserves provided just that. The Air National Guard at the same time provided the essential augmentation to fighter squadrons in Europe.

Yet each year we see them slowly choked off by steadily decreasing funds for training, maintenance, equipment, and flying hours.

The Air Force Reserve has another important facet—the recovery component. This is an all-important feature which has had enthusiastic approval of the Congress. Yet several million dollars of the funds appropriated by Congress for their training has been impounded, even though other segments of the administration are emphasizing the essentiality of an overall national post-strike recovery and recomposition capability.

CONCLUSION

The succession of events, when put in perspective, presents a bleak picture of muddled understanding of the Nation's Reserve Forces. Implicit in this is a disturbing feature of constitutional evasion.

The abolition of the Assistant Secretaries for Reserve in each of the services, the hastily and poorly handled callup, the lack of leadership accompanied by ill-considered statements, the avoidance of the use of statutory boards and the inexcusable withholding of funds appropriated by the Congress are pieces that fall into a pattern of philosophy which if fully exploited may seriously weaken the Nation's mobilization base and the ability of the Congress to control it.

It is my fervent hope that the Congress will hold extensive hearings on this subject of overriding importance and restore the firm foundation of national security that lies in our strong mobilization base: the deterrent feature which its existence imposes upon any enemy, and the ability to achieve victory which its full use, if necessary, will insure.

Domestic Dictators: Our Greatest Menace

EXTENSION OF REMARKS

OF

HON. PAUL B. DAGUE

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, January 23, 1962

Mr. DAGUE. Mr. Speaker, in our preoccupation with the important business of meeting totalitarianism around the world we seem to give scant attention to its presence right here in our midst. We are spending fifty-odd billion a year to develop the deterrent force necessary to contain Khrushchev, Mao, and their ilk. And we are spending additional billions in the guise of foreign aid to placate or win lesser fry from attaching themselves to the Communist train.

But with all this attention to the dictators who flourish beyond our borders we seem oblivious to the threat to our freedom that is posed here at home by arrogant labor leaders of the stripe of Mike Quill and Jimmy Hoffa. The men who are enrolled in the ranks of labor—whether voluntarily or under compulsion matters not—are in the main loyal American citizens who want nothing more than the privilege of working at gainful employment at a return that will keep them and their families in decent comfort. And I know from conversation with them that they realize that every time they are called out on strike by some publicity seeking tyrant they wind up with a loss in earnings that is never made up.

In the current situation, Mike Quill aided and abetted by Hoffa, has threatened to shut down all traffic over the Pennsylvania and New York Central railroads in the event that these two companies proceed with their plans to merge into one system. Indeed Quill's arrogance is so great and his conceit so colossal that he is not going to await the routine procedures that both companies must follow before the Interstate Commerce Commission, but has indicated his intention to bring all trains to a stop on February 4 on the mere assumption that some of his nonoperating unionists might be adversely affected. And, incidentally, why should not they be laid off if they are not needed? Indeed, it has been featherbedding, retaining railroad employees in unnecessary or duplicating jobs, that has helped to bring the railroads to their present plight. To say

that men should be kept in any position on "made work" is also to argue illogically that the Commonwealth of Pennsylvania should not now be in the process of losing three Congressmen in the face of an increase in population. And by the same token to deny to railroads every possible economy of operation—such as consolidation and a reduction of the working force—will only serve to speed the day when our primary transportation system will grind to a halt simply because the washout of bankruptcy has swept away the tracks. But Quill, who has no concern for corporate responsibility or management's pressing problem of trying to make a reasonable return to its investors, says that human factors transcend all financial considerations, totally ignoring the fact that they are inseparably bound together—no profits, no jobs.

As usual in cases such as this the public welfare is completely ignored by the labor hierarchy who seek primarily the preservation of their own despotic sway at salaries that match their opposites on the management side. Having just put the city of New York in its place with the threat of a transit strike, Quill now moves on the national scene. In this instance it is hoped that the occupant of the White House will not allow this despot to intimidate him as he did the occupant of Gracie Mansion in New York. The Railway Labor Act embodies all of the machinery necessary to an orderly review of this controversy with complete fairness to both sides as well as the much-abused public. And in the event existing statutes are inadequate the Congress has the clear responsibility to enact laws that will henceforth prevent all work stoppages in the field of transportation, which is so vital to our defenses and the well-being of all of our citizens. As I have already emphasized, what is the use of girding ourselves to keep the Communist aggressors within bounds if we are to lose the battle—and our freedom—to these homegrown dictators?

Statement of Representative John R. Pillion, Fifth Anniversary of the Hungarian Freedom Revolution, Buffalo, N.Y., October 22, 1961

EXTENSION OF REMARKS

OF

HON. THADDEUS J. DULSKI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, January 23, 1962

Mr. DULSKI. Mr. Speaker, on October 22, 1961, the city of Buffalo, N.Y., saluted the fifth anniversary of the Hungarian freedom revolution. One of the speakers was the Representative of the 42d Congressional District of New York, the Honorable JOHN R. PILLION, whose voice rings out in the Halls of Congress forever warning us of the threat of the Communist regime. I commend his speech to the attention of the membership of this body.

STATEMENT OF REPRESENTATIVE JOHN R. PILLION, FIFTH ANNIVERSARY, HUNGARIAN FREEDOM REVOLUTION, BUFFALO, OCTOBER 22, 1961

Dr. O'Connor, Monsignor Szabo, Reverend Buto, Congressman Dulski, Mayor Sedita, my fellow Americans, I share with each of you a deep sense of sorrow on this occasion, the fifth anniversary of the tragic anti-Communist, anti-Soviet Hungarian freedom revolution.

Although 5 years have elapsed, time has not softened the brutalities and the atrocities of Budapest. Nor has time dimmed our memories of the bravery, the supreme sacrifices of the children, the men, the women of Hungary, in their heroic struggle to rid themselves of the Communist-Soviet tyranny.

No useful purpose is served, if we look back upon the Hungarian freedom revolution as, merely, another page in world history.

The same Communist-Soviet forces that machinegunned the children of Budapest are prepared to machinegun the children of Buffalo.

The Nikita Khrushchev, who ordered military mass murder attacks upon the Hungarian civilian population is the same Nikita Khrushchev who has repeatedly threatened the evaporation of the American people, you and I, with 50- and 100-megaton nuclear bombs.

The Hungarian freedom crusade should serve as a reminder to each of us, every day, every hour, that the same diabolical forces seek our destruction, too.

The United States happens to be only a few years further away, on Mr. Khrushchev's timetable.

The Hungarian revolution is more than a reminder, it is a verification of the total global war being waged by the Communist-Soviet forces against all freemen, against all free institutions, societies and nations of the free world.

Since the organization of the international Communist conspiracy in the year 1919, one nation after another has fallen into the orbit of the Soviet: Estonia, Latvia, Lithuania, Ukraine, Bulgaria, Czechoslovakia, East Germany, Poland, Hungary, China, North Korea, North Vietnam, Tibet, Cuba, British Guiana.

Another 20 to 30 nations are on the verge of Communist seizure, ready to follow Soviet direction and dictation.

We are confronted with crises in Laos, South Vietnam, Berlin, Iran, Ghana, and many other countries in every hemisphere.

The free world is entering its darkest hours. This Nation stands in its greatest peril.

The danger is now, today.

It increases every hour, every day.

The United States and the free world has completely failed to comprehend the magnitude, the scope, the weapons of the Communist-Soviet war.

It is a war of demoralization, disintegration and destruction; it is a relentless, incessant war; it is an unlimited war of indefinite duration, a war of orthodox and unorthodox methods, strategies and tactics; a war of total enmity, to which our enemies are irrevocably committed.

This total war has two parts—two campaigns.

The major campaign is being waged by the international Communist conspiracy.

This consists of 98 Communist parties organized in almost every nation. These parties serve under the leadership and direction of Nikita Khrushchev as First Secretary of the Communist Party of the Soviet Union.

The second phase of this total war is carried on by the Soviet and the Soviet bloc nations.

Both parts of this total war have one common purpose: our destruction.

Both campaigns have one commander in chief: Nikita Khrushchev.

Our failure to comprehend the nature, the totality of this war has resulted in one defeat after another for the free world.

The United States has been waging a unilateral campaign for peace, while the Communist-Soviet forces have been waging a unilateral campaign of economic, political, diplomatic, and psychomoral war.

We are steadily losing this war.

Our foreign policies, for the past 30 years, have completely failed to meet the realities and the practicalities of the Communist offensive.

Our foreign policies have not materially changed in the past 30 years.

They have been defensive—self-deceptive and self-defeating.

Permit me to remind you of a number of these policies:

1. Military superiority. Our heaviest losses, middle Europe, China, were sustained in the period between 1945 and 1953, when the United States had a clear military superiority.

At that time we were heavily infiltrated with pro-Communist influences in our Government and lacked a firm foreign policy to coordinate with and to match our military superiority.

2. Our military alliances, NATO, SEATO, have had some value, but they are not an effective answer to the Communist war of subversion.

3. The policy of massive retaliation has not proven to be an effective answer.

4. The United Nations is not a successful institution for blocking Communist aggression.

5. Summit meetings and negotiations have not proven effective.

6. Foreign aid, atoms-for-peace plans, international loans, disarmament negotiations are not adequate answers.

7. Peaceful coexistence is not the answer.

Our foreign policies, in the main, have been that of bribery of the Communists, direct aid to Communist countries, appeasement, negotiation, compromise, vacillation.

All of them defensive and all of them eventuating into retreat and surrender, bit by bit, nation by nation.

As a people, we have been confused, irresolute, naive, and gullible.

We have allowed ourselves to become divided, deceived, and diverted from the realities of the Communist dangers by fellow travelers, innocent dupes, and active Communists who follow the Communist mandates emanating from Moscow.

They exist in our churches, our schools and colleges, in the movies, on radio, on television, in the newspaper field, and in our Government.

It is my conviction that the steady decline of U.S. power and prestige is leading us into the desperate alternatives of either surrender or a preventive thermonuclear war.

There is a third alternative, if we have the will to accept the realities of our situation.

This third alternative is contained in my resolution, House Joint Resolution 447.

This resolution calls for a declaration of war against the international Communist conspiracy, lead by the Communist Party of the Soviet.

It would recognize every Communist, every 1 of the 98 Communist parties of the world, for what they are, sworn, implacable enemies of the United States.

This declaration would not create a new war, it merely recognizes an existing war in which we are the No. 1 target.

We cannot successfully defend this Nation, if we ignore the existence of this war against us.

We cannot survive if we limit ourselves to suffering all losses in this war and allow all victories to go to the Soviet.

We cannot formulate effective policies to counter Communist-Soviet aggressions, guerrilla wars, infiltrations and subversions, until we fully comprehend the magnitude and nature of this war, until we identify our enemies, locate the deployment of their forces.

Gentlemen, we are in a war.

Let us declare it.

Let us win it.

In the main, there are two fundamental requirements that this country must accept and adopt if we are to survive.

The first requirement is that of military superiority.

We have permitted our military power to erode until the Soviet has attained a relative parity.

The Soviet, today, is superior in the field of rocketry and intercontinental missiles.

Its army is vastly superior to that of the free world.

Although the United States excels in its Air Force, in its Navy and in its atomic capabilities, the question of overall superiority of total destructive firepower and war capability is in doubt.

Superiority depends upon the type of strategy that will be used in the event of war.

Unless we take immediate action to restore a clear military supremacy, we are inviting national and international suicide.

We should place our intercontinental missile program on a crash, 24-hour, 7-day-per-week basis.

We should proceed with full-scale atomic testing in order to further increase our lead in atomic forepower.

I have requested Chairman Seaborg and General Manager Luedecke of the Atomic Energy Commission to increase our production, not of clean bombs, but of maximum radioactive bombs with low ceilings to take advantage of the prevailing winds over Russia.

This would be a salutary answer to Mr. Khrushchev's threats to launch his 100-megaton bomb.

Our Navy is technologically obsolete.

We need a vast program to equip every vessel with nuclear power and nuclear missiles.

This program would give the United States hundreds of movable missile bases, dispersed around the world. It would divert Soviet missiles from the United States.

Our present concrete intercontinental missiles attract and invite a missile attack upon our land.

The recommendations of Governor Rockefeller and President Kennedy for the construction of fallout shelters is a confession of the gravity of our situation.

Fallout shelters may save 7 million out of 70 million. It is pennywise.

I believe in saving not 7 million but all 70 million of our citizens who might be killed in a nuclear attack.

We should not be pound foolish.

I believe that we should save every American.

We can do so only by having sufficient military power to prevent a Soviet miscalculation of our will and ability to completely eradicate the Soviet empire.

We must be prepared to not only wage a war and to win a war, but more important, to prevent against a war of any kind.

Our military superiority should be at least 1.5 to 1 over the Soviet at all times—a 50-percent superiority.

We have the wealth, the economy to maintain this supremacy.

It is the first essential for survival.

In the field of foreign policy, we need a complete reevaluation of our national goals, our foreign policies, our policymaking machinery.

There is a complete lack of orientation and coordination between our military capabilities and our foreign policies.

Our foreign policy and military capability are interdependent and must support each other to attain our national objectives.

The fiasco of Cuba is a classic example of the complete lack of coordination between the President's Office, the State Department, the Central Intelligence Agency, and the National Security Agency.

We cannot compete with the Soviet unless we can establish agencies for the development of coordinated, firm, offensive foreign policies to effectively counter Communist-Soviet subversions and aggressions in every nation of this world.

Our present policy of containment is wholly inadequate to meet the Communist-Soviet challenge.

A military supremacy, combined with a firm, tough, realistic foreign policy is the only hope for our survival.

It is the only hope for the liberation of the captive nations in Europe.

The sacrifices of the Hungarian people will not have been in vain, if we can remember freedom is not free, it demands vigilance, courage, and sacrifice.

Report on Foreign Trade

EXTENSION OF REMARKS

OF

HON. DOMINICK V. DANIELS

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, January 23, 1962

Mr. DANIELS. Mr. Speaker, recently one of our colleagues made a special report as a student of our trade and tariff policies.

The gentleman from Pennsylvania, JOHN H. DENT, has worked for over a year as chairman of a special committee studying the "Impact of Imports and Exports on American Employment."

I was privileged to sit with the gentleman from Pennsylvania [Mr. DENT] as a member of this committee during its many days of public hearings.

Since the subject of trade is one of vital importance to all of the people of our Nation, I ask that the following report by Representative DENT be inserted in the RECORD.

REPRESENTATIVE DENT REPORTS ON FOREIGN TRADE BATTLE

(By Hon. JOHN H. DENT, Democrat of Pennsylvania)

(EDITOR'S NOTE.—The first big fight in the 2d session of the 87th Congress will be over foreign trade and the vital question of the effect of imports from foreign countries on American jobs and American business. President John F. Kennedy is lining up his forces in the Congress—both Democratic and Republican—in support of a broad new foreign-trade program that would give the State Department virtually unlimited authority to negotiate tariff-free trade agreements without congressional approval. The forces opposing the proposed program include the UMWA, a number of other labor organizations, important segments of American business and industry, farm organizations, and top representatives of both political parties in both Houses of Congress. The spokesman for the forces in favor of protecting American jobs in the House of Representatives, where the real fight will come, is Representative JOHN H. DENT (Democrat, of Pennsylvania), chairman of the Subcommittee on the Impact of Imports on Employment of the House Committee on Education and Labor. Representative DENT, a friend of the UMWA, has prepared a special article for the Journal on the subject. The article follows.)

Recently, one of the many reports being publicized in the press by a congressional committee that is promoting the new free-trade bill in Congress contained some interesting propositions. This report apparently was prepared by a young foreign affairs expert named Sam Pisar.

This report suggests a plan of treaties between free nations that would have the U.S. taxpayers underwrite any losses sustained by our friends if they refuse to sell to Russia, if Russia undersells the free nations in the world market after a price has been set on a commodity by traditional traders or by gentlemen's agreements. We recall the case of gentlemen's agreements in the electrical industry in the United States. Some persons went to jail.

If Pisar's suggestions become law, our industries will have one code of ethics in the United States and another in world trade.

Imagine paying damages to a country based on losses because they don't sell a commodity. Who would pay the damages? The American taxpayer, of course.

Never in our history has the danger to our future been so great. No person living can even start to estimate the cost of the trade-shift program advanced by the Pisar report. His plan, simply put, means that the U.S. taxpayer would pay for losses incurred by any country that will agree to stop doing business with the Soviet bloc and if the Soviets undersell the world market price on any commodity on which the so-called free nations have set a selling price.

If ever a dead giveaway of a frameup on the American people was exposed by a premature and overly zealous rush to destroy this Nation's economic independence was presented to the people, this is it.

This trade-shift plan shows how each step must follow the other in the well-conceived plan that has suckered into its tenacles many good and sincere Americans. Most of us agreed that it was the humane and proper thing to do; yet we may have fallen into a trap by being good neighbors and good samaritans. We helped our allies to regain and then to surpass their former economic level. We then were led to believe that by helping our former enemies to regain their past stature we could build up a wall against the dreaded doctrines of communism. We forgot that man is still man just a few centuries older. The truth is that our friends have been trading with the Soviets right along.

We never stopped helping. As soon as we gave our allies as well as our former enemies economic stature and industrial capacity beyond their fondest dreams, we started giving every other country, some yet unformed, dreams of industrial capacities beyond their needs and the rich plums to be picked in the never-ending demand of the American home market.

The American worker was told that there was a "pie in the sky"; that unlimited markets for his products were being created in the faraway places. We all were told that by buying imports we created a market for our exports and riches flowed from the outside in, not the inside out. The plight of our gold supply soon exploded this fallacy. The plotters against our economy then learned another truth: Congress must be sold on this plan. The best way to keep Congress and, thus, the people lined up was to get directly to the Congress. Here, the new phenomenon appeared on the American scene.

LOBBYISTS BREED LIKE MOSQUITOES

The agents, the representatives, the native American lobbyists for foreign countries started to breed like mosquitoes in a swamp. They came from the best families, the highest echelons of the political parties, the biggest law firms and public relations experts.

Some were the friends of the powers that be, some were and are the friends or the friends of friends of Congress. Like a virus, they reached every vein and artery of the bloodstream of America.

Now we see the next phase in our walk down the one-way street to industrial, economic, and political oblivion. This phase (Pisar report) recognizes, even if the people do not, that once this country removes all restraints on imports, then the end of this Nation will be a matter of a few short years. Nothing the so-called European Common Market setup can do can stop the complete destruction of our economy by the trading deals between the Soviet bloc and the Common Market. The United States will be stuck in the middle, having to deal with the Common Market under both its favorite nation obligations and because of the antitrading-with-the-Soviet-bloc policy.

The Common Market with its free access to our market will dump consumer goods into this market while dealing with Russia. It will barter for those products needed for the European economy at prices we cannot match or meet with our free labor in competition with sovietized slave labor. Pisar recognizes that without a trade shift or economic treaty with other nations, this country will be destroyed as an economic power by the simple procedure of being squeezed between the cheap imports from the Common Market and the coal, steel, raw materials, wheat, and other American products we can produce cheaper than the Common Market but not cheaper than the slave labor economy of the Soviet bloc.

Even the expert Pisar states that one of the conditions that has made the Common Market the cause of alarm is "the currently massive procurement by the Soviet bloc from Western Europe of modern plant and equipment embodying the latest in Western industrial technology."

Where did our Western European allies and friends get their industrial technology and modern plants and equipment? From the United States, of course. What makes these so-called foreign trade experts so foolish as to believe that anything we do will stop our friends from dealing with the Soviet bloc after we enter the Common Market?

It must be assumed that our friends who, for the past decade, have been using our know-how, our money, and our markets to make themselves economically sound while at the same time trading with the Soviet bloc will not change their ways so long as there are profits to be made. Look at what happened to France. France was buying (?) 5 million tons of anthracite from Pennsylvania's hard coal region and the United States was pouring good will and American assets into creating a sizable small-tools and machine-tool industry in France.

As soon as the French were in a position to sell this equipment, they made a barter deal and now Russia supplies the coal while France sells Russia the tools. How do the free traders plan to sell France American hard coal while our market is loaded with machine tools? Or do we start buying machine tools the same as we buy the millions of consumer items which we also have in excess of our needs.

I want to see the character of the new deals with which Americans are to be saddled. Will we allow the free entry from other countries of cotton, tobacco, peanuts, wheat, and other agricultural products, and if so, who picks up the bill for the added unemployment in this country?

Any 10-year-old kid in grade school knows that production will flow to the low wage areas and trade will flow to the consuming market with the highest wage levels.

Sooner or later, the same disease that has destroyed many of our high cost communities will destroy the whole American high-income economy. Pisar and his ilk are afraid of the closed ultraprotectionist communistic economies—and insist that the consumer lay in "common ground rules designed to remove the distortions and dislocations which accompany commerce between free and competitive economies."

Does this young man—Pisar—honestly believe that Hong Kong and Japan, with their 11- to 25-cent-an-hour wages, Latin American countries emerging as industrial nations with 80 cents a day top wages and the European Common Market with $4 a day incomes to skilled workers, are free and competitive market economies, with our $1.15 an hour national minimum wage laws, our free-union economy, and our antitrust, antimonopoly industrial straitjackets?

Markets aren't measured by the size of population, but rather by the level of economy in a given market area. Asia has a great number of people; but it cannot compare with the U.S. domestic market. We are told by the free traders that the Common Market is a threat because of its size, yet these same people are adamant in their opposition to trading with Red China with twice as many people. The Common Market is not a threat. It is just what we made it. We planned it, we sold it to the European nations, we charged it off as a bulwark against communism. It is a good thing and should have been promoted; but only as a Common Market for the common good of the participating nations belonging to the same economic group.

This nation of ours prospered and grew with over 100 years of protective tariffs, trading freely in goods, services, and peoples among the States under a common bond of trade economics, language, laws, taxes, and defense. The European Common Market is made up of separate nations, each with its own laws, taxes, armies, economics, and sovereign governments. Nothing this market does can prevent any nation from withdrawing from one or more of the trade covenants if that nation's sovereign government decides it best for that nation to do so. No State in the United States can set up its own individual tariff or trade deal with a foreign country. No State can make a treaty or an alliance without the participation of each and all of the States.

But this is not and won't be true of the Common Market. The only nation that will be tied to the Common Market without the freedom of action allowed the European members will be the United States of America. If we wipe out trade barriers between the United States and the Common Market countries, how do we maintain tariff walls against Japan and other countries outside the Common Market?

Another thing that is as sure as life itself: The Common Market countries will never allow an American product to be imported into the marketplace of any of its component nations at a price below their own selling price unless that product is one not produced in the Common Market countries.

We will get the treatment we are getting on machine tools from Japan. Japan has reached a local production capacity to take care of most of its needs on machine tools up to $80,000 in value. Without too much fanfare, the Japanese have set a new tariff on machine tools up to $80,000 or 25 percent ad valorem. When a spokesman for Japanese interests was asked about reciprocity he made this astounding statement:

"The Japanese are great believers in reciprocity and while we raised the tariff on machine tools, we are lowering the tariff on bourbon whisky from 45 to 35 percent. You see, we are not unmindful of our obligations." It was pointed out that the Japanese do not import enough bourbon whisky to keep a respectable Irish wake going for 2 nights.

IMMIGRATION WALLS MIGHT TUMBLE

Unless there is a free movement of peoples, the aims of the dreamers can never be achieved by limiting freedom to the movement of goods. All Americans should be told that the tearing down of protective walls for jobs and profits carries with it the promise to the world that immigration walls will tumble in the very near future.

Does any person believe that the peoples of the world will be willing to work, to make life easier for Americans without the right to join us in our promised ease of living? Our standard of living cannot be reached by the world peoples in the measurable future unless we reduce our standards radically, while they slowly inch theirs upward.

No nation will or can respect any nation that neglects its own welfare no matter how many leaders are giving the signals. The people are ahead of the leaders and if the plans of the Pisars and other "free traders" are put into effect they will cause a political upheaval the likes of which this Nation has not seen since the depths of the depression.

In closing, consider the situation within our own free trade area of 50 separate, but united, States. You have to pay a tariff if you bring whisky from one State into another, but you can ship or bring home a gallon free from foreign countries.

Even furniture, automobiles, appliances or any other item sales taxed (tariffed) in one State cannot be purchased in another State without paying the tariff to the State in which the commodity is being moved. It's well known to Pennsylvanians that the State government adds customs officers for the holiday seasons to keep native Pennsylvanians from bringing in contraband liquors, cigarettes, etc., without properly declaring same and paying duty imposed by State law.

Why is this necessary? Simply because some States depend upon these taxes or tariffs for their payment of services rendered to the people of the State.

The new proposals which call for free movement of goods, and the payment of losses of profits for any nation refusing to do business with the Soviet bloc will make our present national debt look like a piggy bank payment on a Rolls-Royce.

United Nations Day Banquet in Martinsburg, W. Va., on October 18, 1961, Addressed by Minister Plenipotentiary of the Republic of China, Dr. Yi-seng Kiang

EXTENSION OF REMARKS

OF

HON. JENNINGS RANDOLPH

OF WEST VIRGINIA

IN THE SENATE OF THE UNITED STATES

Tuesday, January 23, 1962

Mr. RANDOLPH. Mr. President, on October 18, 1961, the citizens of the city of Martinsburg commemorated the 16th United Nations Day with a banquet sponsored by the Junior Board of Trade, the Kiwanis Club, the Lions Club, the Rotary Club, the Soroptimist Club, Traveler's Protective Association, and the Woman's Club.

It was my privilege to introduce the principal speaker, Dr. Yi-seng Kiang, Minister Plenipotentiary of the Republic of China, who spoke on the topic of "China and the United Nations." Dr.

Kiang discussed most effectively the contributions of that Republic to the founding of the United Nations and the maintenance of the continued integrity of that organization. He also explained with logic and clarity the reasons why the Chinese Communists should not be admitted to the United Nations as representatives of Government of China. In view of the continued significance of this issue, I ask unanimous consent that my remarks in introduction of Dr. Kiang and an article reporting his visit to the United Nations Day Banquet in the Martinsburg Journal be printed at this point in the RECORD.

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

REMARKS BY SENATOR JENNINGS RANDOLPH, DEMOCRAT, OF WEST VIRGINIA, IN INTRODUCTION OF THE MINISTER PLENIPOTENTIARY OF THE REPUBLIC OF CHINA, DR. YI-SENG KIANG AT THE UNITED NATIONS DAY BANQUET, MARTINSBURG, W. VA., OCTOBER 18, 1961

Not in the 12 years of its existence has there been a United Nations Day observance on which we faced more somber prospects for the maintenance and viability of the United Nations itself.

The present crisis of the U.N. has been precipitated and its possible consequences accentuated, by the tragic death of Dag Hammarskjold. Yet this was not the cause. The current peril has been germinating for the past 10 years at least, and it has been acute since 1959.

The central issue—which underlies all the major problems on the agenda of this assembly—is whether the United Nations shall be a mere forum of debate or whether, acting as an agency of the world community, it will be empowered, in the language of the charter, "to take effective collective measures for the prevention and removal of threats to the peace and for the suppression of acts of aggression or other breaches of the peace."

It was to this end that Dag Hammarskjold worked so tirelessly and courageously, and this ideal for which he made the final sacrifice that fatal night over the Congo. Dag Hammarskjold's mission was in part—as he wrote to a friend shortly before his death—in response to the need for a "deep sense for the spiritual basis—and responsibility—of the United Nations."

At such times as now, when the United Nations is riven by the disruptive tactics of the Soviet Union and threatened by paralysis of the Secretariat, it is difficult for us to maintain the vision of this spiritual ideal to which Hammarskjold was so fully committed. Yet we must, if we are to avert the unparalleled disaster of nuclear war, maintain the vision of what the U.N. must become—an effective agency for bringing the rule of law into international affairs. Thus it is precisely at this time that the U.N. most needs the informal and vocal support of such persons as yourselves.

For there is a growing ferment of confusion and frustration among the American people when we witness the increasing complexity and difficulty of coping with the aggressive designs of the Soviet Union and Communist China. And this has generated an increasing temptation among many toward rash actions of military reprisal or, equally perilous, toward withdrawing our support from the United Nations. There is, therefore, an urgent and compelling need to communicate to the apathetic, the frustrated, and the uninformed American the significance of this "last best hope of mankind." Each of us has a place in this task of awakening our fellow citizens, for, in the words of Ambassador Stevenson, "We must all be partners, all participants in the experiment of building a civic order for all mankind."

We are extremely fortunate tonight in having as our honor guest one who represents in his own person those values on which a "civic order for mankind" must be established, and one who has worked many years to that purpose.

Dr. Yi-seng Kiang, Minister Plenipotentiary and Acting Chargé d'Affaires of the Embassy of the Republic of China, is an especially appropriate speaker for this commemorative United Nations Day. Currently assigned to the 16th General Assembly as adviser to the Chinese Minister of Foreign Affairs, he is well versed in and deeply involved with the central problems which this session of the United Nations faces.

Dr. Kiang brings to this service the background of having been a participant at the San Francisco Conference in 1945 for which he drafted the Chinese version of the United Nations Charter. As Consul General in Los Angeles for 10 years thereafter, Dr. Kiang developed knowledge and insight into American culture and he helped to strengthen the bonds which unite Americans with the free people of China.

NATIONALIST CHINA MINISTER MAKES RED CHINA BAN PLEA

Yi-seng Kiang, Minister Plenipotentiary of the Embassy of the Republic of China, stationed at Washington, made a ringing plea for the cause of his Government in its current case before the United Nations; expressed confidence that the U.N. can and will find a satisfactory solution of the issue; and pleaded for full American support for the United Nations, when he spoke here last night at the Shenandoah to the more than 350 persons—men and women—attending the annual observance of the anniversary of the birth of the United Nations.

He appeared as speaker in the place of Ambassador George Kung-chao Yeh, envoy to this country, kept from keeping the engagement because he was at home on official business. He suggested Minister Kiang to U.S. Senator RANDOLPH, of West Virginia, who had been instrumental in scheduling the Ambassador. The speaker was introduced by Senator RANDOLPH.

Mr. Kiang is serving currently on assignment to the Chinese delegation to the U.N. as adviser.

He said though China is at the moment divided, he has full confidence it will be reunited on Nationalist policies, and his countrymen looked to the U.N. to help.

He also expressed his Government's appreciation for the friendship of the United States.

He spoke on the theme, "China and the United Nations."

He drew certain lessons from the old League of Nations; referred to China's contributions to the drafting of the U.N. Charter; specifically referred to article 141 of the Constitution of the Republic of China pledging respect to the U.N. Charter.

He pointed out that the ROC is an original and founding member of the U.N.; article 23 provides that the ROC is one of the permanent members of the Security Council.

He also listed certain reasons his Government feels should prevent the Chinese Communists being admitted to the U.N.: They are not peaceloving; have been condemned as an aggressor by resolution of the U.N. which still stands; being un-Chinese in origin, do not represent the will of the people; their acts of subversion and infiltration in Laos and South Vietnam.

He then turned to answering certain arguments which have been advanced for admission to Communist China, and undertook to refute them point by point—such as: universality of U.N. membership; political realism; isolation of Red China leads to intransigence; peaceful coexistence (China tried it three times); disarmament (he said failure of disarmament talks is due to the uncompromising attitude of the U.S.S.R. and has nothing to do with the nonparticipation of Communist China); opinion of Asian members is overwhelmingly in favor of admission (Asia is a vast and desperate continent—no one can speak for all Asians); that the ROC is a "lost cause" (he said ROC maintains friendly relations with 50 U.N. member-states whereas Communist China has such with only 35).

He also referred to congressional concurrent resolution in the 87th session (passed unanimously in both Houses) which stated it to be the sense of Congress that the United States shall continue to meet its commitments to the people and the Government of the Republic of China and shall continue to support that Government as the representative of China in the U.N.; that the United States shall continue to oppose the seating of the Chinese Communist regime in the U.N. so long as that regime persists in defying the principles of the U.N. Charter; that the American people support the President in not according diplomatic recognition of the Communist regime.

He said the preservation of the Charter and the U.N. will be for the statesmen of the world the crucial test; for the U.N. and for the world this will probably be the final test.

He was interrupted several times by applause.

Presenting Minister Kiang, Senator RANDOLPH recalled that the speaker had been present when the U.N. Charter was written in San Francisco and had helped in its preparation, and that his present assignment as a counselor to the National China delegation to the U.N. puts him in a position to speak authoritatively on its workings.

He also read a telegram from Ambassador Yeh, dated in Formosa, which explained that owing to an unforeseen prolonging of his stay there on official business he would be unable to keep his engagement to appear here. He said he would be glad to suggest Minister Kiang, a member of his embassy, now in charge. He wished the local meeting full success.

Mr. Kiang has been in Washington since 1960. He was born in Kiangsu in 1908, is married and has two sons. He was vice consul at San Francisco in 1931–32; held a similar post in Los Angeles 1932–37; consul in New York 1937–39; consul in Seattle 1939–46; consul general in Los Angeles 1945–46; secretary and chief, translation section, Chinese delegation to UNCIO, 1945; technical counselor, Chinese delegation to U.N. General Assembly in New York, 1946; member Good Will Mission to Central and South America, 1957; member, special mission for coronation of Pope John XXIII, 1958; member, special mission for inauguration of President Adolfo Lopez Mateos of the Republic of Mexico, 1958; director, information department, Ministry of Foreign Affairs 1956–59; Minister Chargé d'Affaires, Chinese Embassy, Santiago, Chile, 1959–60; Minister, Chinese Embassy, Washington, 1960. He has been assigned as counsel to the U.N. delegation for the current session.

Senator RANDOLPH used the occasion on presenting the principal speaker to explain his own position on the importance of the U.N.

He said that not in "the 16 years of its existence has there been a United Nations Day observance on which we faced more somber prospects for the maintenance and viability of the United Nations itself.

"The present crisis of the U.N. has been precipitated, and its possible consequenecs accentuated, by the tragic death of Dag Hammarskjold. Yet this was not the cause. The current peril has been germinating for the past 10 years at least, and it has been acute since 1959.

"The central issue—which underlies all the major problems on the agenda of this Assembly—is whether the United Nations shall be a mere forum of debate or whether, acting as an agency of the world community, it will be empowered, in the language of the Charter, 'to take effective collective measures for the prevention and removal of threats to the peace and for the suppression of acts of aggression or other breaches of the peace.' "

There was also a stand of U.N. flags at the northern end of the Gold Room. Carlton B. Stuckey led the assemblage in singing "The Star-Spangled Banner" at the opening of the program, and the United Nations Hymn (written by Rabbi Raphael H. Levine and sung to the tune of "America, the Beautiful," printed on the program) at the close.

The local observances are sponsored by local committees, named by the mayors, with the cooperation of the United Nations Association. Heading the committee here this year was former Mayor Paul B. Martin who acted as master of ceremonies last night.

Prefacing the program Mr. Martin said he felt the attendance demonstrated a high interest in the U.N., a sense of civic mindedness, and recognition of the U.N. as a world agency working for peace. He added that he felt the sentiment was on the side of the Republic of China in issues involving it and Red China now being debated at the U.N.

In extending official greetings to the group and the visitors Mayor Golliday expressed the hope that the United Nations would succeed in its mission. He said he interpreted the big attendance last night as well as the responses at previous dinners—as endorsement locally of the agency. He hoped the rule of reason would prevail and suggested the Golden Rule as a guide for its deliberations.

Mayor Golliday, at the close of the program, presented Martin a plaque setting forth his service to the cause. He presented a similar plaque to Attorney Robert Steptoe who headed up the committee last year.

He expressed his appreciation to all who had cooperated in the affair this year, and particularly the Norborne Garden Club, with Mrs. William G. Schneider and Mrs. William Rapp in charge of arrangements, which took care of decorations for the affair.

Mayor Golliday also presented Minister Kiang a package of Interwoven hose and a bushel of apples.

For a program of music Miss Shirley Parsons, this city, sang two numbers—"Look for the Silver Lining" (Jerome Kern) and "Ah, Sweet Mystery of Life" (Victor Herbert). Her accompanist was Mrs. William McBride, this city. She also played for the mass singing.

The invocation and benediction were by the Reverend W. W. Beale, pastor of Calvary Methodist Church.

Introduced informally by Mr. Martin and seated at the speakers' table were: Sol Fine, ticket sale chairman; former Mayor Carlton B. Stuckey; Charles Stroh, manager of the chamber of commerce; Mrs. Pauline Boxwell, treasurer of the local group for many years; and Lou Cohen, a past presiding officer of the movement, who introduced Senator RANDOLPH. Introduced from the floor were Dr. Corma Mowrey, of Washington, a present representative of National Education Association and a past president of NEA; and former Mayor William H. Peery, who originated the local observances when he was mayor.

Senator RANDOLPH has been spending 2 days in this area. He flew in with guests of Lake Central Airlines Tuesday afternoon, attended the dinner-reception, and witnessed the races that evening at Shenandoah Downs at Charles Town, spent the night at Hilltop House at Harpers Ferry, and came here yesterday for the post office building dedication. He had as his guest Postmaster General J. Edgar Day and used the morning yesterday to show him around Harpers Ferry historic spots and other places.

In the crowd last night were a number of teachers here to attend a regional meeting of the WVEA today and tomorrow, and a number from other points in the area.

Oil and War

EXTENSION OF REMARKS

OF

HON. ROBERT S. KERR

OF OKLAHOMA

IN THE SENATE OF THE UNITED STATES

Tuesday, January 23, 1962

Mr. KERR. Mr. President, on November 13, 1961, at Chicago, my distinguished colleague, the Senator from Oklahoma [Mr. MONRONEY], delivered an important and significant address to the annual convention of the American Petroleum Institute on the subject "Oil and War." I ask unanimous consent that it may be printed in the RECORD.

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

OIL AND WAR

(An address by Hon. A. S. MIKE MONRONEY, Senator from Oklahoma)

This meeting of the American Petroleum Institute takes place in the most perilous time we have ever faced—perilous for your industry, perilous for our Nation, perilous for civilization. It is a time of tension and fear, when the military forces of two mighty powers face each other across a thin strand of barbed wire at the barricades of Berlin, and all mankind trembles at the prospect of nuclear war.

I come here today to speak to you about a war—not the war for which we are prepared, and which, because we are prepared and the Russians know it, will probably never come, but about the war which is already declared: about an economic war which we do not yet fully understand. I want to discusss it at this time because I believe this very lack of understanding is our greatest actual danger. I want to discuss it at this place because you control our principal weapon.

There is no need, with this audience, to dwell at lentgh on the impressive material achievements of the Soviet Union under communism, or upon the tragic spirtual and human price which the Russian people have paid for those achievements. The story of giant hydroelectric projects where once were barren wastes, of modern factories where once were villages, of huge apartments where once were cottages, of the privation and slave labor out of which all these were built—this is already familiar to Americans today. I am convinced that Khrushchev will not knowingly pursue a course which overnight would reduce this accomplishment of 40 years to radioactive rubble. I also believe that as a dedicated Communist he does not think that resort to nuclear war is necessary to accomplish Soviet objectives. We had best take at face value his widely quoted words: "We declare war upon you in the peaceful field of trade." It was not a joke. It was a deadly serious statement of Soviet policy.

I think Khrushchev means what he says. He believes that his slave state system can drive the free world and its free enterprise system into bankruptcy, and that Communists can take over with all of the productive capacity intact. I believe this is the kind of war he intends to pursue for his Communist system through your lifetime and mine.

Many of you know some of the facts which I will ask you to think about today. In discussing them, I do not mean to be an alarmist; but the time to guard the levees is when the crest of the flood appears on the upper reaches of the river. And so I would like to discuss the Soviet weapon, Soviet tactics, Soviet strategy, and America's defense in the war which is already declared.

THE SOVIET WEAPON

The weapons in any trade war are goods for export. Russia is in the midst of a massive program of industrialization and development of its resources. Shortages are the rule, rather than surpluses. It needs machine tools and machines, both for use and to copy for production within Russia. It needs the specialized products of the West which are beyond the capability of its present industrial complex. It needs consumer goods to meet the restive demands of a population whose wants have been sacrificed to build basic industry. It needs raw materials. It needs food and fiber to compensate for the failure of Soviet agriculture. These things it can get only by barter or by purchase with hard currencies, which in turn can only be earned from exports.

While some manufactured goods may be traded for purposes of prestige, only forest products and a few minerals are available for export, and the market for them is limited. There is one exception, one product in great demand and available for export in increasing quantities. The Soviet's principal weapon in the economic war is oil. The Soviet economic offensive will succeed or fail on the basis of the amount of Soviet oil which can be exported in exchange for the goods they need.

The measure of the Soviet oil threat is its effort and success in exploration and production of crude petroleum—and the record is impressive.

Working in oil-rich virgin territory between 1950 and 1960 they added five times more reserves per foot drilled than we did, increasing proven Soviet reserves from about 5 billion barrels to 25 billion barrels. And the 400 seismograph crews working today will be 1,200 crews in 1965.

While world oil production doubled between 1950 and 1960, Soviet production quadrupled, from 700,000 to 3 million barrels per day. It is expected to reach 5 million barrels per day by 1965, an even faster rate of growth.

How great an economic weapon—oil for export—will this rate of production yield? From less than 100,000 barrels per day in 1954, exports to the free world more than doubled in 4 years to 200,000 barrels in 1958; doubled again to 400,000 barrels in 1960—supplying 8 to 9 percent of the European market. By 1965, Soviet exports to the free world could rise to a level of 800,000 barrels per day, over and above the 400,000 barrels per day supplied to the Soviet bloc. Based on this projected export capability, Soviet exports would account for about 15 to 18 percent of the current West European market demand.

THE SOVIET TACTICS

Let us consider how the weapon is used. What are the tactics? The first is to seek maximum sales to Japan and the industrial countries of Western Europe in return for machinery, steel, and hard currencies. These countries are looking for markets and bargains. The Soviets take advantage of their need to expand exports and offer them a cut-rate price.

Japan is offered Soviet crude oil at $1 per barrel delivered at the Black Sea, or $2 delivered in Japan. The Western price is $1.80 at the Persian Gulf, or $2.30 delivered in Japan.

Finland is sold Soviet crude oil delivered at $2.39 per barrel, Iranian crude oil at $3.33. Sweden paid the Soviet $3.68 for kerosene which cost $4.51 from the Netherlands. West Germany paid the Soviet $3.48 for light fuel oil which cost $4.50 from Great Britain.

After maximum sales in hard currency markets, the Soviets resort to barter of oil for food, fiber, and raw materials from underdeveloped countries. This is perhaps the most insidious and dangerous aspect of the Soviet offensive. Frequently dependent on sales of one or a few commodities for their whole economy, chronically short of hard currencies with which to buy on the world market, these countries are least able to resist Soviet techniques. And a worldwide pattern emerges:

Oil for tobacco from Greece.
Oil for coffee from Brazil.
Oil for fish from Iceland.
Oil for cotton from Egypt.
Oil for jute from India.
Oil for sugar from Cuba.
Oil for rubber from Ceylon.

This is happening today. Next year and for years to come they hope to make this list grow.

THE SOVIET STRATEGY

Even from these few examples, the Soviet strategy will begin to be apparent. It is development, disruption, and dependence.

First and foremost, they are filling the gaps in their own industrial development. Each sale for hard currencies, each barter for industrial goods contributes to the development of Russian industry and Russian natural resources. It not only helps build the industrial base, but speeds the day when they will achieve an exportable surplus of industrial products. Perhaps more important in the long run, it adds resources which may permit some investment in light industry to ease the pressure of consumer demand. Finally, the sinews of industrial competition are also the sinews of war. Consider the implication of widely dispersed industrial complexes with independent sources of electrical and petroleum energy; a bombproof pipeline system capable of delivering supplies into the heart of Western Europe or a modern petrochemical industry. You remember the military value of adequate oil supplies. Gen. George S. Patton outran his oil supplies in his drive across France and had to stop. Pipelines now under construction will flow from the Urals toward Western Europe and could ultimately connect with pipelines for which we are spending hundreds of millions of dollars from our side of the world to fuel the NATO armies.

A second and equally obvious Soviet strategy is preemption of Western markets. Soviet entrance into the market has already contributed to softening the world price of oil. Most of the Western oil which goes into world markets is produced in areas which are politically volatile—the Middle East, North Africa, South America. If the surplus increases, price weakens, sales decline, and the receipts from their primary income source fall—who will be blamed? The Soviets, or the Western companies holding the concessions? What is your experience?

And the capture of Western markets can be but the first step in the campaign of economic disruption. The Soviets are emphasizing exploration and production, not refining and marketing facilities. In the free world the latter have been built by the international oil companies to handle their own products. The Soviets intend to use them to handle theirs. When American-owned Cuban refineries refused to process Soviet oil, the Cuban Government seized them. When Western companies in Ceylon refused to handle Soviet products, their terminal and marketing facilities were nationalized.

It is the third, and most cynical, aspect of Soviet strategy which is most alarming. While the actual tonnage now involved in Soviet barter deals may be small, the Soviets are making even deeper price cuts on long-term deals which will not only permanently shut the West off from the market, but lead to dependence on the Soviet Union. The Soviets are building both economic and political dependence in a twofold sense: first, they are building dependence on Soviet oil supplies; and, second, they are building dependence on Soviet markets for surplus local products and commodities which the Soviet Union will accept in exchange for its oil. In certain countries an alarming percentage of their inland demand is already being supplied by Russia: Iceland, 100 percent; Cuba, 100 percent; Finland, 99 percent; Egypt, 53 percent; Yugoslavia, 47 percent; Uruguay, 44 percent; and Greece, 23 percent. And where else can these countries sell the pulp, fish, cotton, wool, tobacco, and sugar which are their primary products?

We have recently seen a classic example of the spiral of development, disruption, and dependence. The bottleneck in the Soviet petroleum industry is transportation. Their tanker fleet is seriously inadequate. Pipeline construction is crippled by a shortage of large-size pipe. The Soviets—selling crude oil to Italy for $1.37 per barrel, delivered at Italian ports, against a Western price of $2.17 f.o.b. eastern Mediterranean ports—have now concluded with Italy a $200 million barter deal in which they will get 40-inch steel pipe. The Soviets will build a 2,800-mile pipeline capable of delivering one million barrels a day from the Urals to western Russia. Smaller lines will carry the oil through Poland to East Germany and to Czechoslovakia. But that is only the beginning. The Soviets will supply 20 percent of Italy's total oil needs for 5 years, and petroleum products extracted from $1.37 Soviet crude oil in Italy will be distributed throughout the Common Market as tariff-privileged Italian products. Are those who have joined their hearts and minds with us in freedom now to have their hands manacled to Russia with bonds of pipeline steel?

THE FREE WORLD'S COUNTEROFFENSIVE

So I say to you, the war is already declared. The weapon is already chosen. It is oil. The frontline troops are already drafted. They are the men and women of the American oil industry. The battlefield is already determined. It is in our export markets. We have only one choice: Whether to run or fight. If we run, we will find that financial, social, and political fallout can be deadly too.

But if we fight—as fight we must—we must first free ourselves from some delusions, and devise a Western strategy, not for defense, but for a counteroffensive. I would not presume to advise this group on the tactics of trade war. I will suggest some elements of our strategy, not because I am an oil expert, but because it may help to stimulate our reaching some inescapable and overdue policy decisions.

First, we must seek our natural allies in this economic war. The challenge presented by the Soviets is not to the United States alone. It is a challenge to the free world, and particularly to the oil-producing nations, present and future. The governments and peoples of Canada, Mexico, Venezuela, Saudi Arabia, Iran, Iraq, Kuwait, Algeria, and Indonesia must be made to understand that they share our stake in free world markets, and will suffer more than we from Soviet intrusion. All of the nations of the West, whether oil producers or not, must be made to understand the nature and purposes of the Soviet offensive, for every aspect of our strategy will require the cooperation of other nations. This is a difficult task for American diplomacy, but an essential one which must be undertaken soon.

Second, we must compete with the Soviets in finding and developing reserves. I know of no more fatal error which we could make than to curtail exploration because of a current surplus of oil. Whatever the demand today, the future market is virtually unlimited. The entire free world is experiencing population growth at a rate comparable to the United States. With 10 times our population, and the same growth rate, the free world will add 250 million people in the next 10 years. Not only do more people require more energy, but the per capita consumption of petroleum is steadily rising. These nations will continue to grow. Some measure of the future market for oil is given by the fact that many nations in Africa and Asia now consume less than 1 barrel of oil per person per year. The annual consumption rate per person is only 3 barrels in Japan; only 6 barrels in Western Europe. For each person in the United States, we consume 20 barrels each year, and each year the rest of the world will come closer to that figure.

We must continue to find oil, because ultimately the greater the percentage of the total supply controlled by the Soviets, the lower their price and the greater their effect in the world market. We must be prepared to search for and develop oil in countries which now import it. It is in our long-range interest that local needs be supplied from local sources developed by American oil companies, using American equipment, trained by American technicians, rather than to find another country the oil captive of the Soviet Union.

We must seek maximum development of our domestic reserves, regardless of comparative cost, and retain or institute every incentive which will contribute to that end. We must never be dependent on others for our most vital resource for this Nation's defense.

The Suez crisis was an omen of what we may face in areas which become dependent on Soviet oil. In the last analysis, we can depend only on North American producers as a certain source of supply in an emergency, for if the Soviets cut off oil supplies to a dependent country they can be expected to use every available means to disrupt supplies from alternative sources. A healthy rate of domestic exploration will require that imports continue to be limited. We could make no greater error than to use the domestic market as an escape from the necessity to compete with the Soviets for world markets.

Third, we must compete in price. All Soviet oil is channeled through a single export monopoly owned and operated by the state. Subsidies are available from the national treasury when a decision is made to dispose of a certain quantity of oil in a particular area, whether the purpose is economic or political. There is a tendency to assume that with no shareholders to answer to and the cost of production paid out of the Government budget, the Soviets can charge whatever they please, but as a matter of economic reality there is a limit. The Soviet Union is not that rich. The Russians are offering oil today on the Black Sea for $1.10 per barrel, but that low price is subsidized by sales to Soviet bloc customers at substantially above the world price. Thus Bulgaria, Poland, East Germany, Rumania, and all the others pay substantially more than the $1.10 subsidized price.

I said we must compete on price, and I believe we can. Our operations are more efficient and our research and technology more advanced, and we are still improving. American oilmen who recently visited Russia estimated that their exploration and production costs are much higher than those in the Middle East. The average cost, without profit, of Middle East oil delivered to the Mediterranean is about $1.40 per barrel, but 73 cents of that cost is the royalty paid to the sovereign, and taxes. These are aspects of cost that we can do something

about, if the producing countries can be made to understand the nature of this struggle. The direct operating costs, you can do something about, as you have in the past. As we negotiate around the world for necessary foreign oil concessions, I think it is foolish for our people and our allies in the grand alliance of NATO to be bidding against each other. It is like a man bidding against his wife at an auction sale.

I am not advocating a subsidy; but if it is necessary in the overall strategy for the economic war, then I would not shrink from that. More likely any need for subsidy can be eliminated by cooperation between members of the grand alliance, reorientation of military and economic aid, acceptance of two-way or three-way trade in raw materials tax policy, credits or credit guarantees, and by other means.

Fourth, we must compete in furnishing a market for basic commodities from underdeveloped countries. Just as in the case of oil, we cannot permit unrestricted entry into the American market for products already in surplus. But we can devise international price stabilization agreements which will yield these countries comparable income from reduced production of commodities in surplus. Not only would such arrangements eliminate their dependence on Soviet markets, but more important they would force the Soviets to pay the world price for the supplies they need.

Fifth, we must exploit Soviet weaknesses and take advantage of our own strength. We should take immediate steps to establish coordinated controls to minimize the flow of Western equipment and technology which is helpful in breaking bottlenecks in the Soviet petroleum industry. We cannot get total Western cooperation in this effort, and even if we could, it would not stop development of the Russian industry. But we can slow it down. We must develop the maturity not to publicly parade and deride the incidents of our failure, the examples of allies who would not cooperate; but to quietly celebrate the occasional success.

One key Soviet weakness is a shortage of tankers. The entire Soviet bloc has only one-third as many tankers as the United States alone, and only one-sixth our tonnage. Soviet tanker capacity is hardly sufficient even to satisfy Soviet-bloc oil transportation requirements. If the free world tanker owners refused to transport Soviet oil, it would pose an acute problem for the Soviets. Even a little selective pricing of tanker transportation would do wonders in offsetting Soviet price cuts. Yet when two American companies tried to discourage tanker owners from carrying Soviet oil to Cuba, they received the support of neither their industry nor their Government. We have much to learn—first, that we are at war.

THE CONDITIONS OF VICTORY

All of these strategic objectives require a common condition precedent: A partnership between the Government and the oil industry. Diplomacy must be marshaled in support of American oil companies. A steady flow of intelligence on Soviet maneuvers must be provided to the industry. Tax policy must give every possible assistance to American companies in meeting Soviet prices. We are spending $48 billion a year for the hardware and logistics of military war. We are spending about $4½ billion in military and economic aid abroad. We must be prepared to spend substantial amounts for oil and oil markets which are the hardware and logistics of economic war. The resources of the foreign assistance program—grants, loans, credits, guarantees—must be organized to support the economic war. Laws which interfere with the effective conduct of the war must be suspended.

Oil must become nonpartisan. The oil industry has been the political whipping boy of liberals; the Texas oilman, a political caricature; the depletion allowance, a political football. We must quickly outgrow such childishness if we are to survive as a world power.

But this is not a one-sided obligation. The oil industry has also been the treasury of the conservatives; the politician, an industry caricature; the government, an assumed enemy. This childishness, too, we must quickly outgrow if we are to survive.

But like all wars, victory will finally depend in the quality of the troops. You did not choose your place in the front lines, but neither did your predecessors in our Nation's battles. And the victory will depend on your performance—on your research, your technology, your efficiency in exploration, production, refining, transportation, and marketing And finally, it all depends on your willingness to work and fight.

I believe it was Voltaire who said: "The sound which history makes is that of wooden shoes going up stairs, and satin slippers coming down." Sometimes we take too much for granted our place in the sun, as though it were automatic and had been acquired without the hard fighting and slugging that a pioneering people did. Your fathers went into the slush pits and gambled all they had on their judgment and their skill. Will their working boots still fit their sons?

I think they will. I would like the chance to say to Khrushchev: "Let me tell you about the American oilman. He's a roughneck turned scientist. He's a machinist turned engineer. He's a gambler turned financier. He's a salesman turned diplomat. He taught you all you know about oil. And one more thing. He's a free man in a free society, and you can devise no incentive to equal his self-respect. We accept your choice of weapons. We accept your battlefield. And we declare war on you, in the peaceful field of trade."

Advisory Committee on Labor-Management Policy Reports to the President on Automation

EXTENSION OF REMARKS

OF

HON. ELMER J. HOLLAND

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, January 23, 1962

Mr. HOLLAND. Mr. Speaker, I feel certain that every Member of Congress is vitally interested in our present unemployment problem and is anxious to find a solution.

President Kennedy also recognized the seriousness of this condition and knew that a solution must be found. In an effort to do this, he appointed the President's Advisory Committee on Labor-Management Policy with representatives of industry, labor, and Government serving as members.

On January 11, this Committee released its report to the President on automation and its benefits and problems.

They stated:

Automation and technological progress are essential to the general welfare, the economic strength, and the defense of the Nation.

However, they pointed out that—

This progress can—and must—be achieved without the sacrifice of human values * * * and this requires a combination of private and governmental action.

Among other recommendations made in this report, one specifically states that—

Support from both public and private organizations for retraining of workers who have been and will be displaced.

Here, I would like to point out, Mr. Speaker, that H.R. 8399—the Manpower Development and Training Act—is now in the Rules Committee and provides for a retraining program for these workers.

Other suggestions made by the Committee are also included in this legislation.

I am sure that my colleagues are receiving considerable amounts of mail, just as I am, asking us to enact such a program as this, for those writing me are unemployed and have little hope in returning to work without additional education and training.

I hope that every effort will be made to bring this legislation to the floor at the earliest possible moment.

The report follows:

ADVISORY COMMITTEE ON LABOR-MANAGEMENT POLICY REPORTS TO THE PRESIDENT ON AUTOMATION

The President's Committee on Labor-Management Policy submitted today its first report to the President. The report was presented to the President at the White House by the Committee Chairman, Secretary of Labor Arthur J. Goldberg, and by the Committee Vice Chairman, Secretary of Commerce Luther H. Hodges. They were accompanied by members of the Committee.

Today's report deals with "The Benefits and Problems Incident to Automation and Other Technological Advances." The Committee believes it reflects the sense of common purpose which the President requested as a source of strength for our Nation in time of emergency and as a climate conducive to cooperation and resolution of differences.

There was unanimous agreement among the Committee members on three fundamental points:

1. Automation and technological progress are essential to the general welfare, the economic strength and the defense of the Nation.

2. This progress can and must be achieved without the sacrifice of human values.

3. Achievement of technological progress without sacrifice of human values requires a combination of private and governmental action, consonant with the principles of a free society.

Automation and technological progress are cited throughout the report as essential to the general welfare, the economic strength, and the defense of the Nation. This progress, it notes, must and can be achieved without sacrifice of human values, individual interests or any such social consequences due to changes created by this progress.

Unemployment, it is pointed out, has increased during the past few years although total employment has reached new heights. This is ascribed to the net effect of rising output per worker, among other factors, but the report states: "We reject the too common assumption that continuing unemployment is an inherent cost of automation."

The Committee offers 11 recommendations which it believes may permit and accelerate the necessary advancement of automation and technological change without detrimental sacrifice of human values, if considered within purview of such relevant factors as costs to individual enterprises, effect on the Federal budget and influence on general price levels. These recommendations, if carried out, would constitute a combination of private and Government action.

This first report has the overall approval of all but two of its 19 members, Mr. Henry Ford II, chairman of the board of directors of the Ford Motor Company of the Management group, and Mr. Arthur E. Burns, president of the National Bureau of Economic Research of the Public group. They have approved it in part and have filed statements of separate views which are included as part of the report.

Labor leaders, David Dubinsky, president, International Ladies' Garment Workers' Union; George M. Harrison, president, Brotherhood of Railway and Steamship Clerks, Freight Handlers, Express and Station Employees; Walter P. Reuther, president of the International Union, United Automobile, Aircraft and Agricultural Implement Workers of America; Joseph D. Keenan, secretary of the International Brotherhood of Electrical Workers; and David J. McDonald, president, United Steelworkers of America, asked for some strengthening of the wording in the section dealing with hours of work in order to make it clear that should all exigencies fail, there may have to be recourse to a shorter work period.

In submitting the report the chairman and vice chairman stated:

"We commend to you the substantial public service rendered by the members of the Committee, who have dedicated themselves to the work of the Committee.

"It is also a pleasure for us to report that the Committee has met regularly since it was appointed on February 16, 1961, and that the discussions at the Committee meetings have been most friendly and constructive. Our experience has demonstrated that your objective of bringing together top leaders of labor, management and the public to arrive at a fuller understanding on vital policy issues can be achieved. We anticipate that recommendations concerning the other major topics assigned to the Committee—dealing with industrial peace, economic growth, wage-price policy, and world competition—will be forthcoming in the near future."

This Committee, established by Executive order in February 1961 to encourage sound economic growth and healthy industrial relations in order to aid our free institutions to work better, has 19 members drawn from the public, labor, and management. It is chaired for 1-year alternating periods by the Secretary of Labor and the Secretary of Commerce.

This first report will be followed by others in the Committee's field of responsibility, now in preparation. Scheduled for submission next is the report on labor-management relations.

The President at the establishment of the Committee, deemed it "most important." It advises and makes recommendations with respect to policies that may be followed by labor, management, government, or the public which will promote "free and responsible collective bargaining, industrial peace, sound wage and price policies, higher standards of living, and increased productivity."

It was specifically directed to consider the matter of policies designed to insure that American products are competitive in world markets, as well as the matter of the impact of industrial automation.

Full membership of the President's Advisory Committee on Labor-Management Policy is as follows:

PUBLIC MEMBERS

Arthur J. Goldberg (ex officio), Secretary of Labor; Luther H. Hodges (ex officio), Secretary of Commerce; Arthur F. Burns, president, National Bureau of Economic Research; David L. Cole, attorney; Clark Kerr, president, University of California; Ralph E. McGill, publisher, Atlanta Constitution; George W. Taylor, professor of labor relations, Wharton School of Finance, University of Pennsylvania.

MANAGEMENT MEMBERS

Elliott V. Bell, chairman of the executive committee, McGraw-Hill Publishing Co., Inc.; Joseph L. Block, chairman, board of directors, Inland Steel Co.; Henry Ford II, chairman, board of directors, Ford Motor Co.; John M. Franklin, chairman, board of directors, United States Lines Co.; J. Spencer Love, chairman and president, Burlington Industries, Inc.; Richard S. Reynolds, Jr., president, Reynolds Metals Co.; Thomas J. Watson, Jr., president, International Business Machines Corp.

LABOR MEMBERS

David Dubinsky, president, International Ladies' Garment Workers' Union; George M. Harrison, president, Brotherhood of Railway and Steamship Clerks, Freight Handlers, Express and Station Employees; Joseph D. Keenan, secretary, International Brotherhood of Electrical Workers; Thomas Kennedy, president, United Mine Workers of America; David J. McDonald, president, United Steelworkers of America; George Meany, president, American Federation of Labor and Congress of Industrial Organizations; Walter P. Reuther, president, International Union, United Automobile, Aircraft and Agricultural Implement Workers of America.

PRESIDENT'S ADVISORY COMMITTEE ON LABOR-MANAGEMENT POLICY,
Washington, D.C., January 11, 1962.

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

DEAR MR. PRESIDENT: We are pleased to submit the first formal report of your Advisory Committee on Labor-Management Policy. This report, dealing with benefits and problems incident to automation and other technological advances, was approved at a meeting of the full Committee today.

When you established this Committee last year, you expressed the hope that it would help restore that sense of common purpose which has strengthened our Nation in times of emergency and generate a climate conducive to cooperation and resolution of differences. It is a source of deep satisfaction to us that this first report eloquently reflects that sense of common purpose. There is unanimous agreement among the members on these fundamental points:

1. Automation and technological progress are essential to the general welfare, the economic strength and the defense of the Nation.

2. This progress can and must be achieved without the sacrifice of human values.

3. Achievement of technological progress without sacrifice of human values requires a combination of private and governmental action, consonant with the principles of a free society.

This agreement reflects the Committee's conclusion that automation and technological change have meant much to our country. The report as a whole has received the virtually unanimous endorsement of the Committee, while there are understandably some differences on implementation of these objectives. Statements of the separate views of two members of the Committee are appended to the report, and the positions of several members on one particular point are set out in two footnotes. Because the statement represents a consensus of the Committee members' views, their individual statements of position on various points covered would differ in some respects.

It is also a pleasure for us to report that the Committee has met regularly since it was appointed on February 16, 1961, and that the discussions at the Committee meetings have been most friendly and constructive. Our experience has demonstrated that your objective of bringing together top leaders of labor, management, and the public to arrive at a fuller understanding on vital policy issues can be achieved. We anticipate that recommendations concerning the other major topics assigned to the Committee, dealing with industrial peace, economic growth, wage-price policy, and world competition, will be forthcoming in the near future.

We commend to you the substantial public service rendered by the members of the Committee, who have dedicated themselves to the work of the Committee.

Respectfully,

ARTHUR J. GOLDBERG,
Chairman.

LUTHER M. HODGES,
Vice Chairman.

THE BENEFITS AND PROBLEMS INCIDENT TO AUTOMATION AND OTHER TECHNOLOGICAL ADVANCES

Three central propositions have emerged in the Committee's consideration of the significance and impact of automation and other technological advances.

First, automation and technological progress are essential to the general welfare, the economic strength, and the defense of the Nation.

Second, this progress can and must be achieved without the sacrifice of human values and without inequitable cost in terms of individual interests.

Third, the achievement of maximum technological development with adequate safeguards against economic injury to individuals depends upon a combination of private and governmental action, consonant with the principles of the free society.

Automation and technological change have meant much to our country. Today the average worker in the United States works shorter hours, turns out more goods, receives higher wages, and has more energy harnessed and working with him than a worker anywhere else in the world. Increasingly, machines are relieving men of heavy physical labor and of dangerous and repetitive work. Competition in the world markets has been possible against foreign countries whose standards of living are below our own, though this advantage is diminishing. Finally, in a world split by ideological differences, automation and technological change have a tremendous and crucial role to play in maintaining the strength of the free world.

For these reasons, we emphasize at the outset the imperative need for and desirability of automation and technological change. Indeed, increased productivity and fuller utilization of resources are urgently needed to improve our rate of economic growth. They are likewise needed to improve our competitive position in world markets. Failure to advance technologically and to otherwise increase the productivity of our economy would bring on much more serious unemployment and related social problems than any we now face.

It is equally true that the current rate of technological advance has created social problems and that an acceleration of this rate may intensify these problems.

While advancing technology has given rise to new industries and jobs, it has also resulted in employee displacement; and the fact that new work opportunities are eventually created is no comfort or help to the displaced individual who cannot, for one reason or another, secure comparable or any employment. While employment has expanded in some industries, the net effect of rising output per worker, of the growing labor force and of other factors, has been an increase in the volume of unemployment during the past few years—even as total employment has reached new heights.

The impact of technology on agricultural employment has been particularly great. Along with other factors, it has resulted in over 1,600,000 workers—20 percent of the total—leaving the farms since 1950. Yet farm

output has increased 28 percent, making available to our people an abundance of food, while there was famine in some of the Communist countries. This increased output enabled this country to be of substantial assistance to needy people elsewhere in the world.

Our purpose, then, is to seek that course of action which will encourage essential progress in the form of automation and technological change, while meeting at the same time the social consequences such change creates.

We recognize that the subject of automation and technological change cannot be dealt with apart from two broader subjects: increased productivity in general, and unemployment.

We are preparing a separate report on economic growth, and only note here the basic importance of such growth to any consideration of the problems—and the opportunities—automation and technological advance present.

Regarding technological advance and unemployment, it is clear that unemployment has resulted from displacement due to automation and technological change. It is impossible, with presently available data, to isolate that portion of present unemployment resulting from these causes. Whether such displacement will be short-run depends to a considerable extent on our ability to anticipate and plan for programs involving technological change and to make better use of various mechanisms for retraining and relocating workers who find themselves unneeded in their former occupations. We have necessarily given general consideration in this report to some aspects of the broader unemployment problem and to the prospects of more effective use of the work force.

A long stride toward solution of the unemployment problem will be made if we first recognize the nature of the problem. We regard the following factors as important in this connection:

1. The recent rate of economic growth in the United States has been insufficient to reduce unemployment to a tolerable level.

2. The exact extent of unemployment attributable to automation and technological change is unknown, since it is greatly complicated by other factors, such as:

(a) The economic recession of 1960–61.

(b) The unusually high entrance rate into the labor market, caused by the great postwar population increase. In the next 10 years it is expected that there will be a net gain in the labor force of 13½ million workers.

(c) Chronic unemployment in distressed areas.

(d) The effects of the rapid advances which have been made by foreign competitors.

(e) Changing consumption patterns.

(f) The changing nature of jobs which often leaves a gap between job requirements and qualifications of applicants. During the 1950's there was a 58-percent increase in the number of skilled technical and professional workers. Unskilled workers, with only a limited education, found it more difficult to get, or hold, a job. In this connection, the Department of Labor projections indicate that unless steps are taken to reduce the dropout rate among high school students, some 7½ million of those new workers joining the labor force in the 1960's, or more than 30 percent, will not have completed high school, and over 2½ million of them will not even have completed grade school.

(g) Discrimination against workers on the basis of age, sex, race, and creed.

(h) Multiple job holding by individuals.

(i) The continuing movement of workers away from the farms.

3. Public employment service facilities have been inadequate as well as seriously uneven in their effectiveness with respect to helping workers find new jobs, counseling them as to the kind of jobs which are liable to be available in the future and advising them as to job prospects in other geographical areas.

4. The mobility of workers is reduced by factors running contrary to the demands of a dynamic society, and an economy in transition.

(a) The nontransferability of pension, seniority, and other accumulated rights may result in an employee's being dependent upon his attachment to a particular job as the sole means of protecting his equities.

(b) Desirable and essential mobility is affected by reluctance to leave home—because of personal ties, or because other members of the family may be working; by the cost of moving and possible losses on local property; and by the insecurity of jobs in a new locality.

5. Educational and informational facilities have been inadequate in that:

(a) The requirements for general education prior to vocational and professional training have not kept pace with the shift in job opportunities.

(b) The required types of vocational and technical training and retraining are often not available, e.g., for workers leaving the farm.

(c) There has been an inadequate liaison among school systems, industry, and Government with respect to future job requirements, and in fact there is insufficient information about the nature of such jobs.

(d) There has been inadequate financial support for needy students.

(e) Counseling facilities have been generally inadequate.

6. Proper retraining facilities, and a system of financial support for workers while retraining, have been lacking.

These are some of the relevant circumstances of a society in which automation and technological advance are essential motive forces. The operation of these forces within the social context creates serious displacement problems—not as a necessary price of progress but as the stern consequence of failure to recognize and provide for these problems. We reject the too common assumption that continuing unemployment is an inherent cost of automation.

We believe, rather, that a combination of energetic and responsible private and public action will permit the advancement of automation and technological change without the sacrifice of human values, and that such combined efforts can cope satisfactorily with the total unemployment problem—including whatever part of it may arise from the displacements which result inevitably from the introduction of new devices and processes.

We do not attempt here an exhaustive exploration or enumeration of all the ways and means of achieving maximum technological progress with the minimum of individual disadvantage. Our suggestions can be only representative of a broader set of possibilities. We recognize, furthermore, that the totality of any combination of recommendations must be viewed in the light of such relevant factors as their costs to individual enterprises, their effect on the Federal budget, and their influence on general price levels.

We recommend that serious consideration be given the following measures:

1. Adoption by the Government and others of policies which will promote a high rate of economic growth and fuller utilization of resources. A much higher rate of growth is essential and is the best device for reducing unemployment to tolerable levels. We will include in our forthcoming report on economic growth suggestions in this area.

2. Acceptance by Government agencies of the responsibility for collecting, collating, and disseminating information with respect to present and future job opportunities and requirements in a rapidly changing society.

3. Cooperation between Government and private organizations in the field of education in improving and supporting educational facilities to the end that: (a) new entrants to the labor force will be better qualified to meet the occupational demands of the future; (b) the dropout rate at grade and high school levels will be reduced; (c) better vocational, technical, and guidance programs will be available; (d) rural and depressed areas, where surplus workers reside, will be better served; (e) financial support will be available for deserving and needy students; and (f) there will be a general upgrading in the quality of our education.

4. Acceptance by management of responsibility for taking measures, to the maximum extent practicable, for lessening the impact of technological change, including: (a) adequate lead time; (b) open reporting to the employees involved; (c) cooperation with representatives of the employees to meet the problems involved; (d) cooperation with public employment services; (e) the timing of changes, to the extent possible, so that potential unemployment will be cushioned by expected expansion of operations and normal attrition in the work force (through separations resulting from retirement, quits, and so forth).

5. Support from both public and private organizations for retraining of workers who have been and will be displaced.

(a) Private employers and unions faced with automation or technological changes should make every reasonable effort to enable workers who are being displaced, and who need to be retrained, to qualify for new jobs available with the same employer, and to enjoy a means of support while so engaged.

(b) Where it is not possible for the employer to reabsorb displaced workers, appropriately safeguarded public support in the form of subsistence payments should be available to industrial and agricultural workers who qualify for and engage in retraining.

(c) Unemployment compensation laws should be liberalized to permit and to encourage retraining.

6. Support from both public and private sources, with due consideration to the circumstances of the enterprise involved, for the displaced worker who is seeking new employment.

a. The duration, coverage, and amount of unemployment compensation, where inadequate, should be increased and made subject to realistic uniform minimum requirements under the Federal-State system.

b. Employer supplementation of public unemployment compensation should be accomplished through severance pay, supplemental unemployment benefits, and similar measures.

c. Attention should be given to provision for the special case of the worker who is displaced during the period when he is approaching retirement. This may appropriately include consideration of provision for early retirement, through private arrangements or social security measures; but alternative possibilities of more constructive temporary uses of such services warrant exploration.

7. Support from both private and public sources to the end that a worker's job equities and security may be protected without impairment of his mobility. This will warran' consideration, taking into account relevant cost factors, of such measures as:

a. Financial aid in the transfer of employees to other plants in a multiplant system, and protection of existing rights for individuals so transferred.

b. The use of public funds in order to give financial aid in the transfer of unemployed workers from one area to another where the

result will be to provide continuing employment.

c. The improvement of public and private protection of pension rights.

d. The recognition by unions, individual employees, and employers of the necessity of adapting seniority and other rules in order to facilitate mobility of workers, while providing protection for the equities of employees.

The Committee notes particularly the need for further exploration of this vital area.

8. Vast additional improvement of the public employment service so that it can effectively place, counsel, and relocate workers both locally and across State lines. We note with approval the start which has been made in this direction.

9. Vigorous and unremitting efforts by all segments of the population—including government, employers, unions, and employees—to eliminate discrimination in employment because of race, creed, age, or sex.

10. There are pressing national needs to be met, and an abundance of manpower available to meet these needs. This matching of manpower and national needs, which is part of the vital context of the automation and technological advance problem, will obviously be affected by various broader governmental policies. Reserving fuller consideration of this area for our economic growth report, we nevertheless note here that:

(a) When technological changes or other factors develop particular pockets of unemployment, this becomes an additional reason for the undertaking, particularly at the State and local levels but with Federal assistance where this is necessary, of public development projects for which there is need independent of the employment need itself.

(b) Every effort should be made to maintain on an up-to-date and ready-to-go basis a schedule of needed public development projects, particularly those which could be started most quickly and which would be of short or controllable duration, so that the initiation of such projects can in the future be advanced, and the flow of projects already underway can be speeded up, if the manpower situation warrants this.

(c) If the operation of the economy, including the effect of automation and technological change, creates or leaves an intolerable manpower surplus, consideration should be given to monetary and fiscal measures—including the possibility of appropriate tax reductions—which would give promise of helping alleviate this situation.

(d) Governmental action along the lines suggested here, stimulated in part by the need to meet unemployment situations, would obviously have to take account of other considerations, including particularly the maintenance of national economic stability and security. We simply assert, however, the coordinate importance of stability and growth.

11. The need for goods and services must not be left unfilled, particularly in a time of international crisis. At the same time, high unemployment is intolerable. In the light of our current responsibilities to meet world conditions, and in view of our unmet needs at home, we consider the development of programs directed at the achievement of full employment as being more significant at the present time than the consideration of a general reduction in the hours of work. A reduction in the basic work period has, however, historically been one means of sharing the fruits of technological progress, and there may well develop in the future the necessity and the desirability of shortening the work period, either through collective bargaining or by law or by both methods. In connection with such a development, consideration would necessarily be given to the extent to which purchasing power could be maintained along with a reduced work period.[1] [2]

We affirm our conviction that the infinite promise of automation and technological advance can be realized without loss or cost of human values. America can enjoy the fruits of higher productivity without having to accept, as the inevitable result, serious social consequences growing out of the displacement of workers.

The recommendations made here suggest our view of a broader pattern of possible courses of action which would necessarily have to be adapted to particular circumstances, but which permit the constructive and responsible uses of technology and automation. We see no barriers—except misunderstanding, timidity, and false fear—to the accomplishment of this purpose by a coordination of private and public programs wholly consonant with the essential concepts of the free society.

We assert the necessity of automation and technological development to the maintenance of American standards of living and to the fulfillment of this country's role of leadership in freedom's fight for survival. We assert equally the obligation and the capacity of Americans—as individuals and as a group—to use these new instruments and methods to enrich the lives of all of us.

We see no reason for alarm if out of a greater sense of common purpose we can achieve the good will and the determination to act together.

COMMENT BY ARTHUR F. BURNS ON REPORT ON "THE BENEFITS AND PROBLEMS INCIDENT TO AUTOMATION AND OTHER TECHNOLOGICAL ADVANCES"

I find parts of this report highly constructive, particularly the recommendations designed (a) to achieve efficient and yet humane management of technological changes, (b) to improve the functioning of the labor market, and (c) to extend the coverage and otherwise strengthen the unemployment insurance system. Nevertheless, I am troubled by the report as a whole, and I consider it a dubious guide to economic policy.

The reasons for my dissent are as follows:

(1) The report fails to identify or to analyze or to assess the quantitative importance of the different causes of unemployment. Nevertheless, it conveys the impression that technological advances are a major, if not the major, cause of recent unemployment. I know of no evidence to support this view, and I deplore anything that adds to the greatly exaggerated fears that many people have of what is loosely called automation.

(2) The report suffers from a failure to link its proposed remedies to the causes of unemployment. Thus the report does not mention seasonal unemployment or ways of dealing with it. It does not mention the loss of exports by some industries or the policies needed for coping with this source of unemployment. It does not distinguish cyclical unemployment from other types or indicate how public policy for dealing with recessions should be improved. On the other hand, the report puts heavy emphasis on public works and seems to suggest that this kind of governmental spending is a good remedy for unemployment regardless of its cause. Unhappily, public works are poorly suited for dealing with mild recessions or with local pockets of chronic unemployment.

3. Most recommendations of the report are couched in such vague language that they may mean much or little, depending on how they are interpreted. But if experience is any guide, neither the vagueness of language nor the surrounding qualifications will prevent articulate groups of our society from claiming the authority of this Committee for programs that could prove damaging to our economy. If all or most of the recommendations were implemented fairly, promptly, and on a liberal scale, both employer costs of production and governmental outlays would rise substantially. The report passes over lightly the question of how such increases would affect business profits or the Federal budget or the general price level. I find this question very troublesome at the present time. The deterioration of profit margins during the past decade is already a serious obstacle to achieving a high rate of economic growth. The protracted rise of the price level has already put severe pressure on our balance of international payments. This year's projected rise of Federal cash outlays already exceeds the increase of any peacetime year in our history and, the international situation being what is is, military expenditures may soon need to be still larger. In view of these facts, unless great caution is exercised in pursuing programs that raise costs of production or public outlays, we may find that economic growth is curbed, that confidence in the dollar is weakened, and that our international political position is undermined.

4. Apart from these dangers, the report fails to analyze how its recommendations would affect the volume of unemployment itself. The report seems to call not only for liberalizing the unemployment insurance system, but also for extending private supplements to unemployment insurance, for providing public subsistence payments to workers who undergo retraining, for lowering the age at which displaced workers can qualify for social security, and for using public funds to aid unemployed workers in moving to areas where jobs can be found. I deem it a duty to point out that if all these measures were adopted in quick order and on a substantial scale, some individuals who now are outside the labor force will see an advantage in entering it, while there will be others

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[1] Mr. Meany, Mr. Dubinsky, Mr. Harrison, Mr. Reuther, and Mr. Keenan are of the view that this paragraph should read as follows:

"The need for goods and services must not be left unfilled, particularly in a time of international crisis. At the same time, high unemployment is intolerable. In the light of our current responsibilities to meet world conditions, and in view of our unmet needs at home, we consider the development of programs directed at the achievement of maximum output and full employment as most significant at the present time. However, if unemployment is not reduced substantially in the near future we will have to resort to a general shortening of the work period through collective bargaining and by law. In connection with such a development, consideration would necessarily be given to the extent to which purchasing power could be maintained along with a reduced work period. A reduction in the basic work period has historically been one means of sharing fruits of technological progress."

[2] Mr. McDonald, Mr. Reuther, and Mr. Keenan comment as follows:

"We agree that, in the light of the considerations stated, the most desirable solution now to the problem of unemployment is the development of programs which will achieve full employment at 40 hours per week. Saying that this is the most desirable solution is not, however, the same thing as saying that we have in fact achieved that solution or that we will in fact achieve it in the near future. And only the fact of full employment—not a statement of its desirability—can properly serve as the premise for the statement that the necessity for shortening the work period will only develop in the future. If we fail, as we have so far failed, to achieve the most desirable solution we will have to move more quickly than we are now moving in the direction of shortening the work period."

who, having quit or lost their jobs, will be tempted to take more time in settling on new ones. In other words, unless great care and caution are exercised in implementing the committee's recommendations, the end result may well be the social misfortune of permanently higher unemployment.

5. In large part, the shortcomings of the report are traceable to the pessimistic assumption on which it seems to proceed—namely, that there is a serious possibility that our Nation's economic progress will prove insufficient to provide jobs for all those who are able and eager to work. I have greater faith in our Nation's future. A tremendous expansion of prosperity lies within our power. The degree to which we attain it will mainly depend, first, on how much work people care to do, second, on how productive they wish to be, third, on how earnestly we pursue public policies to stimulate new, creative, and more efficient economic activities by business enterprises. If the report had started from this broad but fundamental premise, it would have dealt more constructively with the economic and human problem of unemployment.

COMMENTS BY HENRY FORD II ON REPORT ON "THE BENEFITS AND PROBLEMS INCIDENT TO AUTOMATION AND OTHER TECHNOLOGICAL ADVANCES"

I share wholeheartedly the concern over unemployment expressed in this report, and I applaud this committee's desire both to speed industrial progress and to spread its human benefits more widely.

Few things are as costly to our Nation, or as crushing to the human spirit, as lack of work for those who are willing and able to work.

Because I hold these views so strongly, I feel compelled to state my belief that this report does not really get to the heart of the matter.

Its major premise is the assumption that automation and technological advance are in and of themselves significant causes of unemployment—an assumption that neither history nor an analysis of current unemployment supports. Technological advance has been with us for many generations. But, popular beliefs to the contrary, technological advance has not been accelerating. Figures from the Bureau of Labor Statistics show, for recent years, an increase in productivity well below the average rate for the postwar period and not much different from the average rate since 1909.

Moreover, the factual evidence strongly indicates that, while automation displaces some individuals from the jobs they have held, its overall effect is to increase income and expand job opportunities. History teaches us that, by and large, workers displaced by technological advance have moved rapidly into other employment, ultimately to better-paying jobs. This is why we have had rising personal incomes rather than mass unemployment as new technology has come into use and productivity has increased.

As Solomon Fabricant has recently pointed out (in his introduction to John W. Kendrick's "Productivity Trends in the United States"):

"Better-than-average increases in output were usually accompanied by better-than-average increases in employment of workers and tangible capital, despite the more rapid rise in productivity. Correspondingly, less-than-average increases in productivity were usually accompanied by less-than-average increases (or even decreases) in output and in the use of labor and capital resources. * * * No one concerned with the rise and fall of industries, or, to single out a currently discussed problem, with the effects of automation on employment, may ignore these basic facts."

When the economy is prosperous, displaced workers quickly find new employment. This is illustrated by the movement of workers off farms and into industrial employment when times are good, and the slowdown in this movement when times are bad.

The Committee has recognized that the general problem of unemployment is the key problem, but its recommendations are concerned mainly with the important but secondary matters of retraining and mobility. A good employment service and unemployment compensation facilitate the transfer from one job to another, but these measures, even if accompanied by massive retraining, relief, and other social programs, will scarcely make a dent in unemployment when economic conditions are poor.

If, therefore, we would help persons displaced by technological advance, we must focus our attention not on relief or even training—though these, properly conceived and administered, will help—but on creating new jobs for people who seek them and can perform in them.

When wages rise faster than productivity in the economy, costs will rise and then either prices will go up or profits will come down—or both will happen. If profits come down, then incentive to save and to invest savings in new, job-creating plants, enterprises, and industries must suffer. Moreover, unless inflationary measures are taken to support the higher wage, cost, and price levels, demand will not be adequate to maintain production and employment. And, when the integrity of the dollar is at stake, inflationary measures cannot be taken without calamitous results.

We must find ways consistent with a free economy to keep wages and other costs from causing either unemployment or inflation.

I regret that the report does not make this focal problem the primary target of its comments and recommendations. For, when we have found and placed in operation those policies and practices that can keep costs from rising and forcing us into either unemployment or inflation, we will have done much more than could be accomplished by all other measures combined.

The recommendations in this report are concerned mainly with ways of preventing and relieving technological displacement. I personally endorse many of them and the company with which I am associated has long followed practices similar to many of those recommended in the report.

Nevertheless, I have the following general reservations about the character of the recommendations:

First, they cannot solve the problem of mass unemployment because they are directed primarily at helping people to find jobs—not at the basic need for more jobs.

Second, the massive program of public and private actions called for may have unexpected consequences that the Committee has not been able to evaluate. Indeed, I believe that the knowledge and experience necessary to evaluate this sweeping program do not now exist, and that it is, therefore, inappropriate and unwise for this Committee to place its stamp of approval upon such a program. For example, greatly expanded Federal assistance could very well destroy incentives that stimulate private economic activity and generate individual initiative.

Third, the endorsement of comprehensive, economywide programs in very general terms diverts attention from and complicates the search for carefully selected measures to meet particular problems. For example, I believe that the main result of a large-scale, nationwide program to retrain the unemployed might be to impede the development of useful local programs carefully tailored to existing job opportunities and the needs and abilities of individuals.

In addition to these general reservations, I have misgivings about some of the specific recommendations.

With respect to unemployment compensation, I believe that duration, coverage and amount of benefits must be increased where they are inadequate. In addition, safeguards to protect against abuses should be strengthened. I do not endorse Federal standards, but believe the States should continue with responsibility for fitting their particular systems to their own conditions and needs.

I agree that in the main the recommendations for improving our school systems are good. In many areas and localities, however, the most urgent need is not more money but greater public concern with what is taught in our schools.

Arbitrarily shortening the workweek in order to decrease unemployment would be a confession of defeat. Not only a poor remedy, it is also a harmful one; for it would retard the growth needed for the safety and welfare of our Nation at this point in its history. We can and should look forward to normal increases in our leisure time, but they must come as our growing economy can afford them and not as expedient solutions to unemployment problems.

In summary, I find some things in this report of which I approve, and much of which I disapprove. Its goal of making certain that high employment accompany technological improvement and increasing efficiency has my full support. However, I believe that the general direction of its recommendations is not well calculated to achieve this goal. I believe, too, that the report's basic assumption concerning the relationship between technological advance and unemployment is in error.

Therefore, I feel it necessary to say, with reluctance, that I cannot concur in the report.

HOUSE OF REPRESENTATIVES

WEDNESDAY, JANUARY 24, 1962

The House met at 12 o'clock noon.

The Chaplain, Rev. Bernard Braskamp, D.D., offered the following prayer:

One of our Lord's beatitudes:

Matthew 5: 6: *Blessed are they who do hunger and thirst after righteousness for they shall be filled.*

O Thou who art the light of all that is true and the inspiration of all that is good, may we dedicate ourselves more eagerly to the larger life of service to which Thy love is daily calling us.

May the soul of mankind be kindled and made radiant by the lofty principles of righteousness and justice, of freedom and brotherhood, for we confess that human nature seems at times so selfish and self-centered, so brutal and inhuman.

Show us how we may contribute to the welfare of our beloved country and in all our aspirations and activities may we be determined to cultivate its spiritual resources and strengthen its religious life.

Hear us in Christ's name. Amen.

THE JOURNAL

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

CALL OF THE HOUSE

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