ANFUSO ASSAILS FOES OF ARMS BILL

Representative VICTOR L. ANFUSO, Democrat, of Brooklyn, warned yesterday that "organized pressure" tactics by certain groups are being exerted in opposition to his congressional bill to fight crime through compulsory registration of all privately owned firearms.

"In an effort to justify their activities and to demonstrate that they are great patriots," he said, "they have deliberately distorted the purpose of the bill."

The Brooklyn legislator stressed that his bill is "intended solely as a measure to combat crime and juvenile deliquency" by having all privately possessed guns registered with the FBI.

"There is no intention to take away arms from those who have legitimate right to bear them," he added.

"My bill, introduced last year, does not seek to disarm hunters, law-abiding citizens and others with a need for such arms."

NOT GIVING FACTS

Representative ANFUSO referred to the "pressure groups" opposing the bill as "far-right extremists who know they are not honest with the people."

"They are not presenting the true facts about crime problems in cities, and they are not seeking to help our country solve this problem by fighting the bill."

He expressed conviction that many acts of crime could be prevented if a rigid control of pistols and other weapons to minors and criminals were established.

"Murder, robbery, rape, and other heinous crimes have made life miserable in large cities, especially after dark. Many of these crimes could have been prevented if we had only been more rigid in controlling the sale of pistols, revolvers, guns and other weapons to criminals and minors."

Representative ANFUSO, in a letter to Representative EMANUEL CELLER, chairman of the House Judiciary Committee, also a Brooklyn Democrat, urged hearings on the bill be scheduled as soon as possible.

PRAISES PAPER'S STAND

In a letter to Kingsbury Smith, New York Journal-American publisher, Representative ANFUSO reemphasized the importance of his bill toward reducing crime, and expressed appreciation for this newspaper's support in that direction.

"I want to commend you for the editorial, 'Way Off Target,' which appeared in the New York Journal-American on April 6," he wrote. "You have rendered a real service to genuine American patriotism."

He called attention to the editorial's reference to "those far-right sheets" flooding the mails with protests against the bill, and disclosed that he had received threatening letters—"calling me vile names and accusing me of the basest intentions, all because I introduced a bill to check the growth of crime and juvenile deliquency."

"Your fine newspaper," he wrote, "can render an important service to our Nation, to its future freedom and welfare, by exposing these groups and their devious aims."

TEXT OF EDITORIAL

Representative ANFUSO, in his letter to Representative CELLER, sent a copy of the Journal-American editorial "Way Off Target," which was as follows:

"One of those far-right sheets is flooding the mails with a plea for protests against a bill introduced in Congress by Representative VICTOR L. ANFUSO, Democrat, of Brooklyn, which would require all pistols to be registered with the United States.

" 'They want to pick up your guns' screams the headline. It seems that all this is, is a plot by the internationalists 'who cannot get control of the United States until they have seized the firearms of the people.'

"What rot. We assume the 'firearms of the people' include the gun with which an inhumanly vicious mugger shot a 58-year-old grandmother in the face although she put up no resistance when he robbed her of $25.

"When this sadist is captured he should get the limit of the law. And the police should find out how he came by this 'firearm of the people.' "

Representative ANFUSO's letter to Representative CELLER concluded:

"The Journal-American, a Hearst newspaper, has a long record of fighting for many patriotic causes. But it also knows the problem we face in big cities in combating crime."

HOUSE OF REPRESENTATIVES

WEDNESDAY, APRIL 18, 1962

The House met at 10 o'clock a.m.

The Chaplain, Rev. Bernard Braskamp, D.D., offered the following prayer:

Revelation 19: 6: *The Lord God omnipotent reigneth.*

O Thou who art the Supreme Ruler of the universe, may we continue to cling with increasing tenacity of patience and perseverance to the eternal truth that nothing can ultimately frustrate and defeat us if we follow Thy divine will.

Make us confident that we need never to surrender to those diabolical forces which are daily mocking our human frailties and tempting us to break faith with our nobler and better self.

Grant that we may not retreat from the fields of battle for truth and righteousness, but be eager to participate to the fullness of our ability until Thy kingdom shall be gloriously triumphant.

In Christ's name we give Thee all the praise. Amen.

THE JOURNAL

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

MESSAGE FROM THE SENATE

A message from the Senate by Mr. McGown, one of its clerks, announced that the Senate had passed without amendment a joint resolution of the House of the following title:

H.J. Res. 449. A joint resolution providing for the establishing of the former dwelling house of Alexander Hamilton as a national memorial.

The message also announced that the Senate had passed, with an amendment in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 10607. An act to amend the Tariff Act of 1930 and certain related laws to provide for the restatement of the tariff classification provisions, and for other purposes.

The message also announced that the Senate agrees to the amendment of the House to a bill of the Senate of the following title:

S. 1057. An act to provide for a National Portrait Gallery as a bureau of the Smithsonian Institution.

The message also announced that the Presiding Officer had appointed the Senator from Colorado [Mr. CARROLL] a member of the Board of Visitors to the U.S. Air Force Academy, in place of the Senator from Nevada [Mr. BIBLE], excused.

The message further announced that pursuant to Public Law 86–420, section 1, the Presiding Officer also had appointed the Senator from Alabama [Mr. SPARKMAN], the Senator from Oregon [Mr. MORSE], the Senator from California [Mr. ENGLE], the Senator from Florida, [Mr. SMATHERS], the Senator from Tennessee [Mr. GORE], the Senator from Alaska [Mr. GRUENING], the Senator from Montana [Mr. METCALF], the Senator from Indiana [Mr. CAPEHART], the Senator from California [Mr. KUCHEL], the Senator from Arizona [Mr. GOLDWATER], and the Senator from Texas [Mr. TOWER] to the Mexico-United States Interparliamentary Conference to be held in Washington, D.C., from May 14 to May 17, 1962.

DEPARTMENT OF DEFENSE APPROPRIATION BILL, 1963

Mr. MAHON. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 11289) making appropriations for the Department of Defense for the fiscal year ending June 30, 1963, and for other purposes.

CALL OF THE HOUSE

Mr. GROSS. 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. 76]

Addonizio	Fogarty	Powell
Andrews	Friedel	Rains
Arends	Grant	Rhodes, Pa.
Ashley	Gray	Rivers, S.C.
Bailey	Green, Oreg.	Roberts, Ala.
Blitch	Hansen	Scott
Bolling	Harvey, Ind.	Selden
Bonner	Hays	Shelley
Boykin	Hébert	Smith, Miss.
Brewster	Hoffman, Mich.	Spence
Brooks	Huddleston	Steed
Cahill	Jones, Ala.	Thomas
Celler	Kearns	Thompson, N.J.
Chiperfield	Kee	Thompson, Tex.
Clark	McDonough	Tollefson
Coad	McSween	Utt
Cooley	Macdonald	Vanik
Cramer	Moeller	Weis
Dowdy	Moulder	Westland
Downing	Murray	Whitten
Elliott	Norrell	Wilson, Ind.
Fascell	Patman	Zelenko
Fino	Pilcher	

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

The SPEAKER. On this rollcall 363 Members have answered to their names, a quorum.

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

DEPARTMENT OF DEFENSE APPROPRIATION BILL, 1963

The SPEAKER. The question is on the motion offered by the gentleman from Texas [Mr. MAHON] that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 11289) making appropriations for the Department of Defense for the fiscal year ending June 30, 1963, 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 further consideration of the bill H.R. 11289, with Mr. KEOGH in the chair.

The Clerk read the title of the bill.

Mr. FORD. Mr. Chairman, I yield 20 minutes to the gentleman from Ohio [Mr. MINSHALL].

Mr. MINSHALL. Mr. Chairman, you can be thankful when you see me here in the well of the House if for no other reason than that I am one of the last of a long train of speakers that have come down here to tell you about our defense appropriation bill. I am the caboose, so to speak, at least on the Republican side. I understand we have 41 minutes left on the Republican side of the aisle, and I assure you I am not going to use all that time. I am going to be as brief as possible because I know many of you are anxious to hit the road on your way to an Easter recess. At the same time, I think it is imperative that we give this all-important bill that we have before us every consideration before we bring it to a final vote.

Mr. Chairman, we on the Committee on Appropriations are very proud. We are proud because we work hard and we work long hours. I think we can point with pride to the fact that the Committee on Appropriations has saved the taxpayers literally billions of dollars throughout the years. It has been my privilege to be a member of this all-important committee for only the last 4 years, but I have seen at firsthand the ability and the hard work that all of the members on all of the subcommittees put into their efforts.

I am particularly fortunate to serve on the Defense Department Appropriations Subcommittee. I think it is one of the most important committees of the House. Certainly, we meet longer hours than any other committee of the House. We meet daily, for long hours. Our committee hearings for the most part are closed. They are top secret and when the record comes out, it is pockmarked with the phrase "off the record," meaning material deleted for security purposes.

One thing I should like to mention is the fact that last year we had in our subcommittee over 8,000 pages of testimony. There would have been much more than that if there had been added to the record of the testimony those pages that had been deleted for security purposes.

Our witnesses include the Nation's top military men, the Secretary of Defense, the Joint Chiefs of Staff, the Secretaries of the services, right on down the line—the men who have their fingers on the pulse of the Defense Establishment of America. We on the defense committee do not pose as military experts but we are exposed to the facts.

I think before I get into the bill itself today, I would be most remiss if I did not pay tribute to the outstanding chairman of our subcommittee, the gentleman from Texas [Mr. MAHON], a most able and fair Member of the Congress, an excellent, wonderful chairman. Our ranking minority member, the gentleman from Michigan [Mr. FORD], does an outstanding job. His great ability and dedication to duty are of immense help to the committee.

The bill before the House is not a controversial piece of legislation. In the vast majority of instances, the Appropriations Committee has agreed with and concurred in the proposals made by the Department of Defense for the programs which are to be carried out in fiscal year 1963. The total made available in the bill is close to the sum requested in the budget—short some $67 million.

What has been one of the most controversial matters in the bill is the determination as to the proper approach to follow in the development of the reconnaissance-strike aircraft called the RS-70. It is important that the proper decision be made. A wrong decision in a program of such magnitude not only wastes taxpayers' dollars but drains vital time and effort from other defense programs.

In the past the executive branch has proposed and the Congress has appropriated funds for weapon systems which were developed and never used. In some instances the development program did not fulfill the earlier expectations of those who advocated it. In other instances weapon systems have been successfully developed, but it was found that they were either supplanted by other more significant developments which had resulted in more effective or efficient systems, or that, due to the passage of time, the requirement for the weapon no longer existed at the time the weapon was finally perfected. In today's cold war weapon systems are developed, produced, added to the military operational inventory, and then made obsolete by the passage of time. This cannot be avoided. We must develop the weapons so they will be available if needed.

The development of weapons which do not offer sufficient improvements over those already in the inventory can be avoided. We can avoid too the expenditure of effort on systems that are obviously duplications. We can also eliminate programs which do not fulfill a needed military requirement. War is not a precise science, a cold war is even less so. Differences of opinion will arise over such issues. At this juncture there is still considerable controversy as to which of these categories the proposed RS-70 will fall. There is still the big unknown—will it ever be successfully developed and produced in time to fulfill its mission?

During the committee hearings on the Department of Defense budget request, it had become obvious that the development program for this weapon system would be a controversial matter. More hours of hearings were spent in exploring the many facets of the development of the RS-70 than on any other single program. The Secretary of Defense presented and recommended to the committee the B-70 program, as requested in the budget. Subsequently the authorizing legislation for the procurement of military aircraft, missiles, and vessels was reported to the House. This legislation recommended a much different program than the one recommended by the budget. In order to be well informed from both sides, the Subcommittee on Defense Appropriations heard many witnesses on the RS-70. Among them, Dr. Harold Brown, the Director of Research and Engineering. Dr. Brown testified at great length on the RS-70 program. He supported the views of the Secretary of Defense on the $171 million budget request for the RS-70 development program. The committee record clearly reflects how intensively and thoroughly Dr. Brown was interrogated. The testimony in the committee files, deleted for security purposes, emphasizes this point even further.

The additional $320 million above the budget request which had been recommended in the report of the authorizing committee was the fiscal year 1963 funding level favored by the Air Force. For testimony on this side of the issue the committee heard the Assistant Secretary of the Air Force for Research and Development, Brockway McMillan, Lt. Gen. James Ferguson, the Deputy Chief of Staff for Research and Technology, and Lt. Gen. Bernard Schriever, Commander of the Air Force Systems Command. These, and many supporting witnesses, gave the committee a comprehensive presentation on the position of the Air Force. Witnesses were examined at great length, so we would have all the information available. The Secretary of the Air Force and the Vice Chief of Staff also testified before the committee.

To further present the Air Force side the committee requested the Air Force to give a special briefing on the Air Force concept of the RS-70. Col. David C. Jones, Deputy Chief of the Strategic Division of the Directorate of Operations of the Air Force, made this presentation. His was detailed testimony which discussed the Air Force concept of the RS-70 and spoke of each of the subsystems which would be a part of the RS-70 weapons system. Yes, we gave most careful attention to this program. Many, many hours, as reflected in the printed copy of the hearings.

Some of the history of the B-70 program is helpful in understanding the issues. The funding of this development program was initiated in fiscal year 1955. The B-70 program at that time called

for the development of a faster, higher flying replacement for the then relatively new B–52 long-range bomber. In its early history, the B–70 was referred to as the "chemical bomber." This terminology indicated the intention to burn a high-energy so-called "exotic" fuel which contained the element boron. The Congress funded this version of the B–70 program. The Congress also funded a parallel development program which attempted to achieve the development of boron high-energy fuels. However, the exotic fuel "chemical bomber" program was abandoned several years ago as not suitable for use in jet aircraft.

At the time that the B–70 program was initiated, the strategic warfare concept of the United States was based primarily on penetration of enemy air defenses by B–52 and B–47 bombers. These bombers were programed to fly over targets and release gravity bombs, World War II style. The Air Force thought at that time that a bomber which could fly at supersonic speeds and at great altitudes would be relatively safe from attack from surface-to-air and air-to-air defenses. It was also planned that the B–70 would fly over its targets and drop gravity bombs in the same manner as the B–52 and B–47 bombers. Its principal advantage would be that it would be less vulnerable to enemy defensive countermeasures because of its speed and altitude.

The successful development of the intercontinental ballistic missile changed the basic concepts for strategic nuclear warfare. It is now generally conceded by military planners that a future strategic attack would involve a first strike by intercontinental ballistic missiles. At this time there is no known defense against these missiles.

With this change in strategic warfare there was pressure on the Department of Defense to terminate the B–70 development program. Such an aircraft, even if it performed fully as expected, would be less effective and more vulnerable than intercontinental ballistic missiles. As air defense weapons became more sophisticated it was obvious that the speed and the altitude capabilities of the B–70 would not be sufficient to protect it from enemy air defenses.

Although it was generally conceded by all who examined the program that the B–70, as a bomber, would probably not be nearly as important as it was thought that it would be in 1955, there were reasons for continuing the program. The development of a mach-3 aircraft of the size of the B–70 would be a considerable advancement in the science of manned flight. The lessons learned in the B–70 development would have definite application to the development of supersonic aircraft for commercial purposes.

The committee report points out on page 8:

> Today this proposed aircraft is no longer planned for use as a primary nuclear strategic attack weapon.

Recently, a new concept for the use of the B–70 has been proposed—the RS–70. The RS–70, or reconnaissance-strike aircraft, would have the ability to make determinations as to whether or not a target had been successfully destroyed with equipment contained in the aircraft. This same aircraft would then have the capability of launching missiles to destroy those targets which had not been hit. This seeking out of the undestroyed targets and hitting them with air-to-ground missiles would be done very quickly in a matter of minutes under the new concept. It was determined that the airframe being developed for the B–70 primarily could be used to carry high resolution radar equipment, communications equipment, and strike missiles required for such a system. We on the committee support the development of such a reconnaissance-strike aircraft. As I have pointed out, however, the development of such a weapons system will not be easy, and even final success is not yet certain.

The development of a reconnaissance-strike weapon aircraft such as the one proposed will not be easy and at the very best will be most complicated.

First, there is the development of the airframe and engines. No one doubts that this development will be successful and that the aircraft will fly as predicted. Then there is the development of environmental equipment within the aircraft so that man can live and work while it is traveling at speeds in excess of 2,000 miles per hour—over 30 miles a second. The speed of the aircraft itself does not propose a problem, but the resulting heat generated by flight at such speeds does present a serious problem that must be controlled in order for man to function.

Second, the development of an extremely high resolution radar system is a fundamental and difficult requirement of this program. Such a radar would have the capability of recognizing targets from altitudes as high as 70,000 feet. The radar system would need to gather the information, process it, and display it in such a way as to be properly interpreted by the crew of the aircraft. All this must be done in a very short period of time. The Department of Defense does not believe that we can with any degree of assurance presently say that satisfactory equipment can be developed to process and display this electronic information in this decade.

Third, the transmission of information obtained by an RS–70 to headquarters for use in retargeting followup strikes by other bombers and intercontinental missiles is another and separate development problem. The communications problem will be complicated by the post-strike environment in which the aircraft would operate.

Fourth, if the RS–70 is to be a strike system as well as a reconnaissance system, there must be developed missiles which can be launched by the aircraft against new targets. There are no air-to-surface missiles today capable of fulfilling this mission. Existing or planned air-to-surface missiles could not function from this type of aircraft. The development of new air launch strike missiles will be another separate difficult development task.

Our scientists and engineers have solved difficult development problems in the past and no doubt, in time, can solve the problems of the RS–70; but it is premature to try to accurately predict a time at which a development of all of these phases of this program will be successful.

Because a weapon can probably be developed eventually, we do not necessarily pursue this development. An important factor in deciding what weapon will be developed and what weapon will not is the cost effectiveness ratio of the weapon. In other words, get the most for our dollar. There is no reason to fund a more expensive system if the less expensive system will accomplish the same mission. The RS–70 program as well as all other weapons systems must face this type of evaluation continuously as the system is developed.

The budget as presented to the Congress last January proposed the continuation of work on development of the B–70 aircraft and requested $171 million for this purpose. This effort would have been placed on development of the airframe itself, the engines, and the bombing-navigation system. The budget also requested $52 million of research and development money for development of a radar system of the type to be used in the RS–70.

The Air Force made a series of proposals to the Department of Defense for the development of an RS–70 weapons system. To this date none of these proposals has been accepted by the Department of Defense. The Air Force presented to the Congress the details of a development program for a complete RS–70 weapons system which would require funds in the amount of $491 million in fiscal year 1963.

The committee chose to support a middle ground position and advocate still another approach to the problem. This bill neither emphasizes nor deemphasizes the RS–70. The committee recommends the appropriation of the $171 million in the budget for the development of the airframe and engines for the B–70 or RS–70. The committee recommend an appropriation of the $52 million for development of high resolution radar as recommended in the budget along with other funds somewhat applicable to the RS–70. The committee further recommends the appropriation of $52,900,000 above the budget request for funding of further development of the radar and/or other related development efforts. The committee included language in the pending bill making $223,900,000 available only for the RS–70 program.

After there was a question in the Congress as to the proper development program for the RS–70, the Secretary of Defense appointed two study groups to investigate the related problems. One of these study groups is within the Air Force, the other study group is within the Department of Defense and is headed by the Director of Defense Research and Development. These two study groups are directed to study the problem both jointly and separately. The same information is to be made available to both groups so that the problems involved can be considered fully and freely. It will be a few weeks

before these groups have made their recommendations. Until this is done, the committee feels that the appropriation of the extreme amounts recommended either on the high side or on the low side would not be proper. No such study was ever resolved in this way. The committee feels that the appropriation of the $275,900,000 in new appropriations it recommends, along with the emergency fund provisions carried in the bill which make $159 million in new appropriations and $150 million in transfer authority available to the Department of Defense for application to any research and development program for which it is decided that such funds can be utilized, makes sufficient money available in fiscal year 1963 to carry out any RS-70 development program approved. In view of the tremendous impact of the decision on development of the RS-70 on our future military strength and the careful studies now being made of this program, I believe that the well reasoned recommendation of the Committee on Appropriations is the best approach that the Congress can take to this problem at the present time and I hope that the House in its wisdom will adopt these recommendations.

Mr. MAHON. Mr. Chairman, I yield 15 minutes to the gentleman from Illinois [Mr. PUCINSKI].

Mr. PUCINSKI. Mr. Chairman, I deem it a great privilege to be able to stand in the well of the House of Representatives today in support of this legislation. It is my opinion that when the final chapter of freedom's triumph over tyranny is written, the Members of this Congress who are supporting this legislation will rank high in the annals of that history.

Mr. Chairman, I think that Mr. Khrushchev would be wise to look upon the debate today and see the gentleman from Michigan [Mr. FORD], the ranking minority member of this committee, joining the gentleman from Texas [Mr. MAHON], the chairman of the Defense Subcommittee, to develop for our country a budget which will give us a defense system second to none. I am convinced that the committee has done an excellent job, and I certainly am very proud to be able to support this legislation. This committee has performed an impressive public service. However, there is one provision in this bill which I do hope will be deleted. At the appropriate time I shall offer an amendment, if no one else does, to strike the following language from the bill: On page 43, line 17, there is a proviso which states as follows:

> *Provided further,* That no funds herein appropriated shall be used for the payment of a price differential on contracts hereafter made for the purpose of relieving economic dislocations.

Mr. Chairman, we attempted to remove this language from the Defense appropriation bill last year. We succeeded on the teller vote, but then were defeated on the rollcall vote. After that vote last year, I wrote to the Secretary of Defense and asked the Secretary for his interpretation of that proviso with reference to the allocation of defense contracts to surplus labor areas. At the appropriate time in our proceedings today I shall include in the RECORD the entire letter which I have received from the Secretary of Defense, as well as other documents on this subject. But suffice it to say that within the limited time I have now, permit me to read this significant excerpt from his letter, dated July 17, 1961. The letter was signed by Mr. Clyde Bothmer, Director of Small Business Policies of the Defense Department. In order to give you some background, at that time I pointed out that as long as this proviso remained in this bill, the Secretary of Defense is completely helpless in carrying out President Kennedy's effort to give assistance to labor surplus areas through defense contracts.

During debate on the bill last year, I was told that there was no such meaning in this proviso. Here is what the Secretary of Defense advised me, through his assistant:

> The primary technique which we use for preferential treatment of labor surplus area concerns, and the one to which you undoubtedly have reference, is the set-aside technique. Under this procedure, when it has been determined that the quantity of military items required may appropriately be divided into two economic production runs, one portion is reserved (i.e., set aside) for exclusive negotiation with firms that will perform in depressed areas. Since a great many of our procurements cannot be so divided—

This is very significant; and I repeat—

> Since a great many of our procurements cannot be so divided, we do not use this procedure as frequently as would be the case if we were able to set aside total procurements.
>
> It has been our conclusion for some time that we are precluded from making total set-asides because of the proviso in the Appropriation Act to which you have referred. Recently we reaffirmed this conclusion by specifically requesting the advice of the General Accounting Office as to whether or not we could, in the face of this proviso, revise our previous practice and make total set-asides. We were informed that we could not do so.

At the appropriate time in our proceedings I shall include in the RECORD a statement from the General Accounting Office supporting the Defense Department's interpretation of the proviso. So long as this proviso remains in this bill I say to you, Mr. Chairman, that you are going to continue reading about scandals in the defense program that are now being uncovered by the other body; you are going to continue reading about $168 million of profit on missile programs and about other profiteering in stockpiling because what we have done here with this proviso in effect is this: We say that a research and development contractor gets the basic contract. He gets the first contract. He bids on it, he has got the facilities, and he gets the contracts.

Then because of the nature of the development he usually gets the first production run and the second production run because he can afford to be low bidder since he received Federal payment for the original research and development. And this is what the Secretary stated in his letter:

> Since a great many of our procurements cannot be so divided, we do not use this procedure as frequently as would be the case if we were able to set aside total procurements.

What we have done here is lock the Department of Defense into dealing with one set of manufacturers. We have taken away all latitude from the Defense Department in awarding contracts to labor surplus areas. I suggest that this proviso be stricken from the bill.

It has never been my intention, and I am sure it has not been the intention of any other Member, that Defense appropriations shall be used as a pump-priming program, but by the same token I say that as long as this proviso remains in the bill, the Department of Defense has no choice but to deal with the very people who are being indicted for price-fixing conspiracies, who are being disclosed in the other body for excessive profits in stockpiling and various other defense program abuses.

At the appropriate time, I would recommend that Members of the House who are interested—and I am sure we are all interested—in striking from this program any possibility of excessive profits, any possibility of wrongdoing, should support us in striking this provision.

The next proviso on page 43 reads:

> That none of the funds appropriated in this Act shall be used except that, so far as practicable, all contracts shall be awarded on a formally advertised competitive bid basis to the lowest responsible bidder.

In the second proviso we have adequate protection to assume that the Government gets the lowest price on these defense contracts. However, so long as we have this first proviso beginning on line 17 in this bill, we are saying to the Defense Department, "You have no choice, you have no alternative. You have to deal with these people even though these people get an advantage in the first instance by the defense expenditure for research and development to make the lowest bid on subsequent production contracts."

It is no surprise that they can come in later and offer a lower bid on the first production run. They have gotten all this Federal help in the first part of the program, research and development. They have gotten tooled up, they have everything going. The people in labor surplus areas—and we have many of them in Chicago; our electronics industry has suffered very badly in Chicago—because of this proviso have no hope of benefiting from defense contracts. If you want to see a fair distribution of this defense work in America; if you want to help eliminate the abuses that are coming to light in defense procurement, we urge you to join in striking this provision from the bill.

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

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

Mr. STRATTON. I should like to thank the gentleman for his very effective and pointed statement. I would certainly support his amendment.

May I ask the gentleman whether it would be true that if this section is not eliminated from the bill it may well be that in some unemployment areas the Government will have to spend many, many times more in terms of aid through the area redevelopment program or in unemployment assistance than would be involved in a slight differential in a defense contract that would keep people at work?

Mr. PUCINSKI. The gentleman makes an excellent point. Recently we appropriated $455 million, to the best of my memory, for a manpower retraining bill, yet under this proviso we permit industries to be transferred wholesale to other areas of the country for these contracts. I think the gentleman has made an excellent point. There will be a differential in the price, yes, but the President has said repeatedly he wants to help these areas of continued unemployment, hard-core unemployment. We have 5 million people unemployed, yet oddly enough in areas where these contracts are going to go, there is actually a shortage of labor in the skilled labor field. We have vast areas in America where there is great unemployment, but with this proviso we give the Defense Department absolutely no leeway. They have to give these contracts to these people because they have done the research and development and therefore most often automatically are the low bidder. Ironically, too often, the difference between the low bidder and the next bidder—perhaps from a labor surplus area—is very small but under the proviso, the Defense Department cannot help the depressed area.

I thank the gentleman for his contribution.

Mr. STRATTON. In other words, the gentleman's amendment is really an economy amendment. I want to support it.

Mr. PUCINSKI. In the long run, yes.

Mr. MAHON. Mr. Chairman, I yield 3 minutes to the gentleman from Texas [Mr. ROBERTS].

Mr. ROBERTS of Texas. Mr. Chairman, it is apparent, I am sure, or will be very soon, that this is my maiden voyage to the well of the House. I hope you will pardon my personal pride in the almost superhuman result of the distinguished chairman of the subcommittee from my home State, and his entire group.

I must point out, however, one place where this bill fails to provide adequately for the Naval Reserve. I should like to read a very brief statement provided by the Navy Department:

> The fiscal year 1963 budget request provides for 2,700 paid active duty for training billets for officers in nondrill-pay status. There are approximately 26,800 officers who are in a nondrill-pay status.
>
> It is not considered essential that all 26,800 officers be paid active duty for training each year. In order to conserve the training dollar and to provide sufficient training, these officers should be provided training about every third year.

I should like to point out the fact that this was not an oversight on the part of the committee. This information was not provided to the distinguished chairman and his committee in time.

While I am very new in this great body, I am not so new in the Naval Reserve. When the Japanese bombed Pearl Harbor in 1941, I was on the staff of the late beloved Speaker, Sam Rayburn. Some of you were fortunate enough to be Members then.

A few days later, I was called to active duty with the Navy. During World War II I had the opportunity to command more than one ship—almost entirely manned by Reserves. These men and officers acquitted themselves nobly. When the war was won, they returned to their civilian pursuits—but they stayed in the Naval Reserve.

Many officers of the volunteer nonpaid Reserve were recalled during Korea. When they came home they took up where they left off—back into active participation in the Naval Reserve.

The officers and men that I am so concerned about receive no pay; they receive no honors; all they ask is the honor of serving their country in time of war. They spend days, nights, and weekends attending Reserve schools and drilling units to keep themselves in readiness.

There are 26,800 of these officers. To maintain themselves in a state of readiness so as to be useful in case of mobilization, they should have 2 weeks' active duty training at least every 3 years. The bill that we are considering—and of course I shall support it—provides this training for only 2,700 of the 26,800, or just about 10 percent. Said another way, a reservist in a nonpay unit would have a mathematical chance for 2 weeks' training only once each 10 years.

Let me say to you that these officers are World War II officers. About half of them were called back during Korea, and a small percentage of them are now on active duty during the present emergency.

I wish to thank the chairman, the gentleman from Texas [Mr. MAHON], for his assurance that these men will receive full consideration.

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

Mr. ROBERTS of Texas. I yield to the distinguished chairman.

Mr. MAHON. Mr. Chairman, I think this is a memorable moment. The gentleman from Texas [Mr. ROBERTS] is in the well of the House for the first time to make a formal presentation to the Committee of the Whole. I think it worthy of note to point out that he is the successor to one of the great Americans of all time, the late Speaker Rayburn, and his being here and addressing the House calls to mind the great career of the venerable Speaker.

Mr. Chairman, with respect to the issue here, this matter was not forcefully or adequately called to the attention of the subcommittee. I believe the Navy has a paid drill strength reserve program of about 122,488. The gentleman is talking about a certain group in a non-drill-pay status in what is known, I believe, as category D. I frankly admit I do not know all of the implications involved here. I hope the gentleman will not offer the amendment. If this matter is submitted to the other body, and I am sure it will be by the gentleman from Texas or others, I personally would be inclined to look very sympathetically on this matter. I do pledge the gentleman from Texas and those who are interested in this important matter that I shall personally go into it very thoroughly with the view to trying to do what appears to be in the best interests of defense and of the Navy Reserve.

Mr. ROBERTS of Texas. I tried to point out to the distinguished chairman that this information was provided adequately to the committee and it was certainly no oversight or any fault of the committee.

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

Mr. ROBERTS of Texas. I yield to the gentleman from Florida.

Mr. SIKES. I, too, want to commend the gentleman from Texas on his initial visit to the well of the House. I feel he has selected an item of particular merit. He is correctly stating the situation. Here is a matter that should be remedied and I sincerely hope it will be remedied before this bill is finally written into law. I think we have a general understanding that additional funds are needed, and although it comes to this Committee a little late and additional facts are needed and should be provided before action is taken, I am confident the matter can be worked out and that these funds can be made available when the bill becomes law.

Mr. ROBERTS of Texas. I thank the gentleman.

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

Mr. ROBERTS of Texas. I yield to the gentleman from California.

Mr. HOSMER. I would like to associate myself with the remarks of the gentleman from Texas. This is an important subject. Certainly, I believe before this bill is completed, the oversight should be corrected.

Mr. ROBERTS of Texas. I thank the gentleman.

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

Mr. ROBERTS of Texas. I yield to the gentleman from Oklahoma.

Mr. EDMONDSON. Mr. Chairman, I would like to join in commending the gentleman from Texas for his leadership in this matter and for arousing the interest of the Committee and many of his colleagues in this matter. I support the gentleman's position and appreciate very much the attitude that has been expressed by the able and very distinguished chairman of the committee.

Mr. Chairman, I have welcomed the opportunity to join the gentleman from Texas [Mr. ROBERTS] on this matter because of a profound conviction that the Reserve and National Guard expenditures of our country are among our wisest investments in national defense.

Obviously, as the Secretary of the Navy has advised the committee, it is essential that some active duty training be provided reservists—and guardsmen

as well—if their usefulness to the service is to be preserved.

I have personal knowledge of the importance of these 2-week tours of active duty to the effectiveness and morale of a non-drill-pay unit.

In my hometown of Muskogee, Okla., we have one of the Navy's finest and most active composite Reserve units, and the officers and men of that unit are a continuing credit to the Navy in every way.

Regular tours of active duty, however, are absolutely essential if any such unit is to maintain its strength and effectiveness, and the proposal of the gentleman from Texas to restore the budgetary cuts in this program is assuredly a proposal of real merit.

I appreciate the committee's assurance that it will sympathetically consider any restoration of funds for this purpose that may be provided in the other body, where I am told a full presentation on the merits will be made in committee.

For this reason, Mr. Chairman, I join the gentleman from Texas in his decision to withhold any offer of amendment on this point at this time, and will also join him in pressing the matter in the other body.

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

Mr. ROBERTS of Texas. I yield to the gentleman from Pennsylvania.

Mr. SAYLOR. Mr. Chairman, I, too, would like to associate myself with the remarks of the gentleman from Texas. I think the assurances we have received from the members of this committee are, indeed, heartening. I feel certain that the Navy Reserve program is worthy of their consideration, and I hope this matter is corrected before the bill finally passes.

Mr. ROBERTS of Texas. I thank the gentleman. I wish to thank the distinguished chairman. I shall certainly do all I can to support his bill, and I appreciate very much his indulgence in this matter. I regret that we did not get the information to him soon enough to take care of these men who are serving without pay and who ask only for the privilege of serving their country and to have 2 weeks of active duty for 3 or 4 years.

Mr. FORD. Mr. Chairman, I yield 10 minutes to the gentleman from Iowa [Mr. GROSS].

Mr. GROSS. Mr. Chairman, I believe the chairman of the subcommittee, the gentleman from Texas [Mr. MAHON], said yesterday that this bill is in effect a levy of some $258 upon every man, woman, and child in the country. Is that correct, Mr. Chairman?

Mr. MAHON. I believe the calculation is approximately correct. The funds involved are equivalent to a levy of about $258 upon every individual.

Mr. GROSS. Therefore with an average of four members per family, that is a levy of about $1,000 per family in the United States to provide the nearly $48 billion here requested. For this reason, if there is any fat in this bill we certainly ought to cut it out.

I have always been interested in the money spent on entertainment. It is a growing item in almost all bills that come before Congress. In this one I find it most difficult to ascertain how much is going to be spent on entertainment, although I am sure the Defense Department and the military services do a great deal of entertaining. I find only one reference to entertainment in this $48 billion bill and I believe that is on page 12. I want to be corrected if I am wrong, but scattered through the bill at least $31 million is listed for contingencies of one kind and another. I am sure that not all of the $31 million will be spent on wining and dining, and so on and so forth, but I would like someone on the subcommittee to give me some idea if it is possible to do so of how many millions, since there are no line items in this bill with reference to entertainment, how many millions are being used for that purpose?

Mr. MAHON. The gentleman shows a very proper interest in the budgeting of funds for various purposes. I will have to check the funds for entertaining through various categories: For operation and maintenance in the Defense agencies, $83,000; for operation and maintenance, Army, $399,000; operation and maintenance, Navy, $313,000; operation and maintenance, Air Force, $560,000. This adds up to a total of $1,341,000. There is an additional classified figure which cannot be discussed on the floor involving additional funds.

The total amount of the entertainment funds in all going to support the military services in one way or another at home or abroad is estimated at $1,981,000.

It is said, of course, that this is a considerable sum, but high-ranking men in the Armed Forces, departmental secretaries, and others, are required to entertain visiting dignitaries and their wives. They have responsibilities in many areas of the world, and while this sum seems large in a way, when you take into consideration the number of commands, the number of posts—there are more than 700 major installations—and that the responsibility is worldwide, this amount for entertainment does not seem to be completely out of line.

Mr. GROSS. This seems to me to be completely out of line. It is a lot of money to be spending in entertaining visitors to this country, people to whom in many instances we give military equipment and so on and so forth. I can think of many places where this money could be better spent than for entertainment.

We are in trouble, I will say to the gentleman, we are in serious financial trouble in this country. Apparently the House will consider a bill in this session to spend $2 billion on a standby unemployment program. There are advocates of a youth corps to take care of the unemployed youth. We are not exactly wallowing in affluence in this country. We are wallowing in deficit spending and debt, and that is one of the best reasons why these entertainment funds should be cut to the bone in all bills.

Mr. MAHON. We are concerned with a very serious fiscal situation. I have discussed this matter of entertainment funds personally with the Secretary of Defense, who is, in my judgment, one of the ablest men I have ever seen in or out of the Government. He is a man of remarkable ability and dedication. I think we ought to be proud we have a man of his stature in that position.

Mr. GROSS. That is fine, but this is not a question of personalities.

Mr. MAHON. May I say that I called upon this Secretary and the Secretaries of the Army, Navy, and Air Force, and others, to make sure none of these funds are improperly expended and that the spending shall be held at the lowest possible level. It is true that rules and regulations exist which require that these funds be tightly controlled. In the military departments these expenditures are made under regulations issued by the Secretary of Defense. We are trying to prevent misuse in this field. I am completely sympathetic with the gentleman's viewpoint. We have done the best we could under the circumstances. We cannot afford to deny to our civilian officials and military officers financial assistance when they are called upon to represent the U.S. Government. We do not want the Government belittled. We do not want to make it necessary to have only men of high wealth in these positions in the Army, Navy, and Air Force. We do not want to make it necessary to have just rich men as Secretaries and Assistant Secretaries.

Mr. GROSS. Let me suggest to the gentleman that next year there be line items in this appropriation bill describing these entertainment funds for what they are. The appropriation bill for the State Department, among others, identifies the funds for liquor and other entertainment. I ask you to break out in your appropriation bill next year the line items for entertainment and the amounts to be appropriated for that purpose.

Now, I want to go to another subject. How much is due the Air Force for the Congo operation?

Mr. MAHON. The Congo operation has cost something like $32 million, as far as the Air Force is concerned. I will get the exact figure. The State Department has to a very considerable extent reimbursed the Air Force for its expenditures in connection with the airlift, and so forth, in the Congo. The United Nations owed the Air Force a very considerable sum of money. Only about $5 million has been repaid to the Air Force.

Mr. GROSS. How is it proposed to collect the $26½ million from the United Nations? Does the gentleman have any idea or does anybody in the Defense Department have any idea of how this Government is going to collect $26½ million owed to us as of December 29, 1961? Of course the bill of expense for that purpose has increased since that time. How is this Government going to get the money? Does the gentleman have any idea?

Mr. MAHON. The gentleman is a very studious follower of bills in the House, and he probably has read these hearings. A lot of the money has been recovered. I certainly share the hope of the gentleman that all of these funds will be collected from the United Nations and that we will be made whole in this oper-

ation. I will provide the details of where we stand as of the end of March for the RECORD.

As of March 30, 1962, the Department of Defense had submitted bills for support of the United Nations Congo operations as follows:

To the Department of State	$11,500,000
To the United Nations	26,300,000
Total bills submitted	37,800,000
Payments received as of March 30, 1962:	
From Department of State	10,900,000
From United Nations	5,800,000
Total payments received	16,700,000

Mr. GROSS. The gentleman will recall that with the greatest of ease the House voted through an appropriation in the deficiency appropriation bill a few days ago in the amount of $25,616,000—I believe that was the figure—for the Congo operation. There is not a sign—I think the gentleman will have to admit—that we are going to get back a dime of the money owed to us for this airlift operation.

Mr. MAHON. We have already gotten back about $5 million.

Mr. GROSS. But we still have more than $26 million coming.

Mr. MAHON. Yes, and I certainly hope it will be recovered, and I shall join the gentleman in doing all I can in that direction.

Mr. GROSS. I am glad to see the committee giving the consideration it has to this research business that is getting out of hand, and I would like to call the gentleman's attention to a Navy research project in which 300 sparrows were shipped from San Jose, Calif., to Baton Rouge, La.; painted blue, red, and green, and released at Baton Rouge, La., as a naval research project. Can the gentleman tell me what on earth we are doing spending money as a naval research project to paint and release sparrows around over the country? Can the gentleman give me information on that?

Mr. MAHON. There is in excess of $6 billion in this bill for research, development, test, and evaluation, and some of this money is spent in the field of basic research. It might be in the category of studying what makes the grass green, but the purpose of all these studies is to contribute to the defense and security of the United States.

Mr. GROSS. How are painted sparrows going to contribute to the defense of the United States?

Mr. MAHON. Some of these scientific people have ideas and views that are not exactly compatible with the views of those who do not work in the scientific field. I do not know the details of the sparrow operation, but I do know that a bird in the hand is better than one in the bush, and I hope something good will come out of it.

Mr. GROSS. Let me say to the gentleman that these birds are not in the hand; they are flying around somewhere today, apparently nobody knows where. The newspaper story says that they were released in great confusion.

Mr. MAHON. I will submit at this point in the RECORD a statement in regard to this matter. But, as I say, there are thousands of research and development projects. The reason this country leads the world in defense and in weaponry is that we have done a lot of effective research and development work. The following statement in regard to the sparrow program referred to was supplied to me by the Department of the Navy:

APRIL 18, 1962.

Subject: Translocation of migratory birds.

1. The Office of Naval Research is sponsoring a project under the direction of Dr. L. R. Mewaldt, associate professor of zoology, San Jose State College, San Jose, Calif. This project is concerned with the tracking of migratory birds. Approximately 300 birds of migratory races of zonotrichia leucophrys (white-crowned sparrow) will be shipped from a carefully studied winter population of these birds located at San Jose, Calif., to Baton Rouge, La. These freshly captured birds will have their plumage color marked and banded with the U.S. Fish and Wildlife bands. Attempts will be made to trace the movements of these birds at their release at Baton Rouge.

Efforts of volunteer observers will be concentrated in the Louisiana region and later throughout the Midwestern States and the Pacific Northwest, the latter being the breeding home of the species. Continuous live trapping at the San Jose winter grounds during the winters of 1961–62 and 1962–63 will check for return of the transshipped birds.

2. The Navy is quite interested in this project as part of its biological orientation research program. The objective of this program is to determine how a wide variety of living organisms are able to detect and identify targets as well as to navigate with a high degree of accuracy and precision to these targets from distances up to thousands of miles. It has been ascertained that many animals are able to detect and select targets as well as to navigate toward them at levels of efficiency which exceeds the most advanced manmade equipment. Therefore, it is hoped that the data obtained from the investigation of living systems will lead to the development of new and/or improved mechanical and electronic devices for long-range targets detection and navigation. Dr. Mewaldt's project is designed to provide data which will be useful toward the attainment of the objectives just cited.

3. Dr. Mewaldt's project has been funded through grant No. GB-40-62 covering the period October 1, 1961, through December 30, 1962, and involves an expenditure of $1,000 in fiscal 1962 research funds.

Mr. GROSS. I think a few of the families that have $1,000 invested in this one bill would be interested in knowing about these and other research projects that are just about as foolish.

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

Mr. FORD. Mr. Chairman, I yield 6 minutes to the gentleman from Indiana [Mr. ROUDEBUSH].

Mr. ROUDEBUSH. Mr. Chairman, I have asked for this time to discuss items that appear in this bill concerning the purchase of drugs and pharmaceutical products by the armed services. I have discussed this problem briefly with our distinguished chairman, the gentleman from Texas [Mr. MAHON], as well as the gentleman from Michigan [Mr. FORD].

The appropriations contained in this bill provide funds for the purchase of drug products and pharmaceutical products by our Armed Forces. The American pharmaceutical industry employs 94,961 workers within the United States. These are March 1961 figures.

The average pay to the American workers engaged in this industry is in excess of $3 per hour. There are more than 400 establishments in nearly every State of the Union. However, I will say that the pharmaceutical industry is chiefly centered in Chicago, Ill., in California, Missouri, New Jersey, Connecticut, Pennsylvania, Michigan, New York, and Indiana.

Mr. Chairman, this great American industry, the pharmaceutical industry, is really in a dilemma. The average pay of similar workers in the United Kingdom, for example, is 88 cents an hour, in France it is 92 cents an hour, in West Germany it is 87 cents an hour, and in Japan it is 34 cents an hour. In Italy the hourly rate is 55 cents an hour. But this is not the biggest problem. This is not the problem I want to discuss with the Members of the House.

Mr. Chairman, the American pharmaceutical industry spends millions of dollars every year in the research and development of new products. For those Members from the State of Texas, I would like to say there are a lot of dry holes in the pharmaceutical industry just as there are in the oil drilling industry. For every successful product developed there are thousands that are rejected. After these drug products have been perfected, after painstaking research, they are then patented with the U.S. Government, and thereby the manufacturers of these products have the exclusive right to manufacture and license this drug product over a period of years. Many nations, Italy, for example, do not have patent laws pertaining to drug or pharmaceutical formula. Now, what happens? The very formula developed here in the United States of America, after untold effort and the expenditure of millions of dollars, and then patented with our U.S. Patent Office, and thereby the manufacturers are guaranteed the exclusive rights of manufacture, these formulas are pilfered; they are stolen; they are purchased from very dubious sources, with a complete disregard of the valid patent in existence.

The Italian drug manufacturers, for example, proceed to manufacture this product. Who is the biggest purchaser of these bootleg drugs made from pirated formulas? The U.S. Government. We compound this lack of ethics by being the biggest purchaser of bootleg drugs.

Mr. Chairman, I have made four speeches during this session on our patent system. I feel that it is the very heart of our free enterprise system. I think this guarantee to individuals and corporations of exclusive rights of manufacture of new processes and new formulas developed adds to the incentive of expenditures of millions of dollars for research and development of new products.

Mr. Chairman, I hope—and I might say this for the information of the chairman of the Defense Subcommittee, the gentleman from Texas [Mr. MAHON]—I had contemplated placing an amendment before this body in this appropriation bill. However, I feel that it

would be legislative and subject to a point of order. Therefore, I do not intend now to do so. I do hope, however, that this terrible injustice to a great industry will be kept in mind in future considerations.

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

Mr. ROUDEBUSH. I will be very happy to yield to my colleague from Indiana.

Mr. ADAIR. Is it not true that if an amendment of this kind were adopted, or if legislation of this kind were written into the law, that it would be a means of protecting and encouraging private enterprise?

Mr. ROUDEBUSH. It certainly would. I thank the gentleman for that observation. It will also be the means of protecting some 94,000 American jobs.

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

Mr. ROUDEBUSH. I yield to the chairman of the Defense Subcommittee.

Mr. MAHON. The gentleman discussed this serious matter with me. He is correct in assuming that it is subject to a point of order. The full ramifications of the matter have not been thoroughly explored, although the committee has been provided with certain information in regard to it. I am glad that the gentleman is not going to offer the amendment.

Mr. ROUDEBUSH. I thank the gentleman.

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

Mr. ROUDEBUSH. I yield to my colleague, the gentleman from Indiana [Mr. BRUCE].

Mr. BRUCE. Mr. Chairman, I simply rise to commend the gentleman for his diligence in this matter all through the session. It is a matter of great importance not only with reference to the question of economic impact, which is of prime importance, but also on the preservation of the research and the finances that have gone into building the finest medical system in research in the world.

Mr. Chairman, to allow and to actually perpetuate the pirating of these formulas is almost beyond conscience. I commend the gentleman from Indiana [Mr. ROUDEBUSH] for his diligence in this matter, and pledge my cooperation in the future toward a correction of this important matter.

Mr. ROUDEBUSH. I thank the gentlemen for his observation.

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

Mr. ROUDEBUSH. I yield to the gentleman from Missouri.

Mr. HALL. Mr. Chairman, I would like to make two additional points. Number one: We not only protect the workers and our patent system, but we would protect the recipients who are the soldiers, sailors, marines, and Air Force people receiving these drugs which are of very delicate molecular structure, and oftentimes in the pirating are not reproduced exactly as they should be.

Secondly, I would like to recall that there were hearings in the Committee on Armed Services, not this year but last year, concerning the inefficacy and lack of ethicality in this pirating and rebuying by the armed services, and the famous Roudebush amendment was put on the foreign aid program last year, which precluded this, and that was sustained.

Mr. ROUDEBUSH. I thank the gentleman for his contribution.

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

Mr. STRATTON. Mr. Chairman, yesterday at the conclusion of the remarks of the distinguished gentleman from Texas [Mr. MAHON], in explaining the bill, I raised a question with regard to the provisions of section 540 of the bill which places a 15-percent limit on indirect or overhead costs with regard to research projects carried on by educational institutions for the Department of Defense. The total sum involved with respect to this amendment is actually very small, a total of $4 million in a $48 billion bill. Yet, Mr. Chairman, as has already been mentioned in the discussion on the defense appropriation bill, this very small item in terms of size could have tremendous complications with respect to our overall American educational system and with respect to the effectiveness as well as the economy of our defense program.

On page 48 of the committee report the committee indicates that it plans to study the general problem of indirect or overhead costs. And yet, Mr. Chairman, the amendment which the committee has added to the bill—and it is a new amendment and a new approach—is actually going to do a much more serious job than it seems to me should ever be done unless and until the detailed study that the committee proposes has already been completed, and unless and until it demonstrates a much more serious situation than I believe prevails.

Actually the chairman of the subcommittee indicated yesterday that he was not wedded to the 15-percent figure, that he was willing to do a little dickering in conference with the other body, but he says he wants to put the reins on our defense research expenditures.

Mr. Chairman, this disturbs me. I am a little bit worried about just whom we are putting these reins on. I am wondering whether we are really putting the reins on expenditures or whether we may instead be putting the reins on effective research to keep this country strong and free. I wonder if by this relatively small item and this relatively simple proposal we may not in fact be cutting off our nose to spite our face.

As the distinguished gentleman from Massachusetts [Mr. BOLAND] a member of the committee, pointed out on yesterday, we just cannot have a fixed rate for indirect costs for research in educational institutions because some educational institutions have different accounting procedures from others. The committee proposes a flat rate of 15 percent. This is totally unrealistic as the committee report itself indicates and as the hearings indicate.

Harvard University, for example, has a rate of 30 percent; Princeton University has a rate of 75 percent; the great University of Columbia, in my own State of New York has a rate of 23 percent. So if section 540 of the bill is allowed to stand this means that all of these great institutions are either going to have to get out of the defense research field or else we are going to have a form of aid to education in reverse, with the educational institutions of our Nation diverting funds of their own, desperately needed for educational purposes, to underwrite the vital research needed by our Government in its defense effort. Surely, as the distinguished gentleman from Texas knows, the real difference between our defense strength and that of the Soviet Union, lies in our superior defense research, much of it handled most successfully by our educational institutions. If the section is allowed to stand, either we have our colleges and universities paying for our defense research or else the research program will be impaired.

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

Mr. STRATTON. I yield to the gentleman from California.

Mr. COHELAN. Mr. Chairman, I want to congratulate the gentleman on his very fine statement and wish to be associated with him in his remarks. As the gentleman knows, I discussed this issue on page 6861 in the RECORD on yesterday, but I would like at this time to call to the attention of the House the fact that I received a telegram from President Clark Kerr of the University of California which I placed in the RECORD speaking for the California Institute of Technology, Stanford University, the University of Southern California and all campuses of the University of California expressing the point of view so ably presented today by the distinguished gentleman from New York, and my colleague on the Armed Services Committee.

Mr. STRATTON. I thank the gentleman for his support. I think it is most important for the defense of this country that we eliminate this provision.

May I conclude with a brief comment with regard to the position of the administration on this point. The Assistant Secretary of Defense makes no bones about it. On page 82, part 5 of the hearings, he says:

> The Department of Defense most strongly believes that flat indirect cost rates would have the effect of distorting the cost base or would force mandatory cost sharing across the board, and would not be in the best interest of the long-range scientific development program.

Again, he says, on page 83:

> Curtailment of the university research activity for the Department of Defense such as a flat rate would impose, would constitute a serious impediment to the research and development programs vital to the Nation's defense and security.

Mr. Chairman, let us not impair the Nation's defense by leaving this proposal contained in section 540 in the bill. Let us strike it out, as my amendments will do when they are offered under the 5-minute rule.

Mr. MAHON. Mr. Chairman, I have no further requests for time.

The CHAIRMAN. The Clerk will read the bill for amendment.

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

The CHAIRMAN. The Chair will count. Seventy-eight Members are present, not a quorum. The Clerk will call the roll.

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

[Roll No. 77]

Addonizio	Grant	Rains
Alford	Gray	Rhodes, Pa.
Andrews	Green, Oreg.	Riehlman
Ashley	Harris	Rivers, S.C.
Auchincloss	Harvey, Ind.	Roberts, Ala.
Bailey	Hays	Rogers, Tex.
Bolling	Hoffman, Mich.	Scott
Boykin	Huddleston	Selden
Brooks, Tex.	Jennings	Smith, Calif.
Celler	Jones, Ala.	Smith, Miss.
Clark	Kearns	Spence
Cooley	Kee	Thompson, La.
Cramer	McDonough	Thompson, N.J.
Curtis, Mass.	Macdonald	Thompson, Tex.
Diggs	Mason	Utt
Dowdy	Moulder	Westland
Elliott	Murray	Whitten
Ellsworth	O'Neill	Willis
Fascell	Patman	Wilson, Ind.
Fino	Pilcher	Zelenko
Friedel	Powell	
Garmatz	Price	

Accordingly, the committee rose; and the Speaker having resumed the chair, Mr. KEOGH, 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. 11289, and finding itself without a quorum, he had directed the roll to be called, when 371 Members responded to their names, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The Committee resumed its sitting.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

OPERATION, NAVY

For expenses, not otherwise provided for, necessary for the operation and maintenance of the Navy and the Marine Corps, including aircraft and vessels; modification of aircraft; design and alteration of vessels; training and education of members of the Navy; administration; procurement of military personnel; hire of passenger motor vehicles; welfare and recreation; medals, awards, emblems, and other insignia; transportation of things (including transportation of household effects of civilian employees); industrial mobilization; medical and dental care; care of the dead; lease of facilities; charter and hire of vessels; relief of vessels in distress; maritime salvage services; military communications facilities on merchant vessels; dissemination of scientific information; administration of patents, trademarks, copyrights; annuity premiums and retirement benefits for civilian members of teaching services; tuition, allowances, and fees incident to training of military personnel at civilian institutions; departmental salaries; conduct of schoolrooms, service clubs, chapels, and other instructional, entertainment, and welfare expenses for the enlisted men; procurement of services, special clothing, supplies, and equipment; installation of equipment in public or private plants; exploration, prospecting, conservation, development, use, and operation of the Naval petroleum reserves, as authorized by law and not to exceed $6,000,000 for emergency and extraordinary expenses, as authorized by section 7202 of title 10, United States Code, to be expended on the approval and authority of the Secretary and his determination shall be final and conclusive upon the accounting officers of the Government; $2,671,916,000, of which $1,100,000 shall be transferred to the appropriation "Salaries and expenses", Weather Bureau, Department of Commerce, fiscal year 1963, and $16,980,000 shall be transferred to the appropriation "Operating expenses", Coast Guard, fiscal year 1963, for the operation of ocean stations: *Provided*, That not more than $311,740,000 may be used for the repair and alteration of naval vessels in Navy shipyards.

Mr. VINSON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. VINSON: On page 9, line 16, following the word "stations" strike the colon and insert a period, and strike all of the proviso appearing on lines 16, 17, and 18.

The CHAIRMAN. The gentleman from Georgia [Mr. VINSON] is recognized for 5 minutes in support of his amendment.

Mr. VINSON. Mr. Chairman, I ask unanimous consent to proceed for 5 additional minutes and to revise and extend my remarks.

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

There was no objection.

Mr. VINSON. Mr. Chairman, yesterday there was some brief discussion of this amendment, and in order to refresh the memory of the members of the Committee, I want to call attention to a portion of the debate which took place yesterday.

Mr. Chairman, in this magnificent report which has been filed by the Committee on Appropriations there is pointed out that a study and investigation was being made, because the Appropriations Committee was not satisfied with the conclusions of the private shipbuilders. They were not satisfied with the allocation of shipwork that is being made within the Department of the Navy. Therefore, they recommended, most strongly, that a study be made by the Department of Defense.

But, notwithstanding that, they insist on an arbitrary limitation. I am offering an amendment to strike this limitation.

The Secretary of the Navy did not appear before the Committee on Appropriations during the consideration of these limitations. There was a hearing at which the advocates of the private shipyards appeared, but not the Navy. The private shipyard people, of course, said they should have a larger portion of the work. I am hoping, in view of the fact that a study is being required by the committee, that we will do the sensible and proper thing, strike this out, permit the study to be made, and when the study has been made then let us act upon the facts as determined by the study.

A great deal was said with reference to private enterprise. If the law requires an increase in construction in the private yards in the area of repair and conversion it will force the Department to get away from competitive bidding and to enter into negotiated contracts. We do not want that. Yesterday we had the benefit of the views of the distinguished gentleman from Michigan who pointed out what happened when a contract is awarded as a result of negotiation. We want to have competitive bidding and we cannot have successful competitive bidding in the field of repair and conversion under these limitations, because it is impossible to tell just how much repair will be involved when you send a ship in for its periodic maintenance overhaul and repair. Therefore, the policy of the Navy Department is to give those ships to the Navy yards and to give much of the new construction of ships to the industrial yards. They are right on that, because the private industrial yards can build these new ships for less money than they can be constructed in Navy yards. And there we have the great benefit of competitive bidding.

Now do not think for a moment that this is a move against private enterprise. It is nothing of the kind. Here are the figures—and I particularly invite the attention of the gentleman from Michigan [Mr. FORD] to these figures. Here is how the money was allocated in 1961 in three fields: construction, repair, and conversion. In the Navy yards, for new construction, $480 million; repairs in Navy yards, $348 million; and conversions in Navy yards, $150 million. That makes a total of $979 million.

In private yards, in new construction, the industrial yards of America received contracts—and rightly so—in a total amounting to $1,470 million.

What does that amount to? That means that out of the money in the 1961 budget for these three categories, private industry, the private yards of this country, received $1,561 million. They received over half a billion dollars more work than the Navy yards received.

I have already stated why. Of course, the biggest portion of that is new shipbuilding. In repair and in conversion what are the percentages on the average? Eighty-nine percent of the conversions are taking place in Navy yards, and 11 percent are taking place in industrial yards. In alteration and repair, 80 percent is taking place in Navy yards and 20 percent in industrial yards. The limitation recommended by the Appropriations Committee would put at least 35 percent of repair in industrial yards and not more than 65 percent repair in Navy yards.

The reason why alteration and repair is less in the industrial yards is due to the fact, as I stated, you cannot get competitive bidding on most of this kind of work. You have to enter into negotiated contracts.

What is the situation? On the Atlantic side there are six Navy yards. These Navy yards are located at Portsmouth, Boston, New York, Philadelphia, Norfolk, and Charleston. On the west side they are located at Puget Sound, San Francisco, Mare Island, Long Beach, and Pearl Harbor.

I want to call the Committee's attention to this: There are a very limited number of industrial yards that are qualified to do certain types of repair on these large ships.

Here is the whole story: My objection arises from a number of considerations, but the most important one is the rigidity which any percentage requirement forces on a program of this kind.

Several times yesterday the statement was made that Navy shipyards are operating at 90 percent of capacity. To my mind, this figure at worst is meaningless and at best misleading.

There are several ways to look at these statistics—but a reasonable one, in my opinion, is to look at the average employment in naval and private shipyards today as they relate to the period of the Korean war.

During the Korean war, the total private shipyard employment averaged about 135,000 people. Today the private shipyards employ about 120,000 people.

Today Navy work being performed in private yards requires about 50,000 people. I am speaking of employees of the private yards doing Navy work. And this is about the same as it was during the Korean war.

However, in Navy shipyards, there are now about 100,000 people employed as against 135,000 during the Korean war.

Viewing the figures this way, we find that employment represents 72 percent for naval shipyards and almost 90 percent for private yards.

So, the private yards are better off today than they were during the Korean war when compared to the Navy yards.

Another point which was made on yesterday was that the Navy yards could not suffer since they were getting $24 million more in fiscal 1963 than they did in fiscal 1962.

This statement merely beclouds the picture.

Here are the facts. The increase in fiscal year 1963 funds is due to a large increase in money for ship conversion. The requirement for shipyard employees does not go hand in hand with the availability of money.

There are necessary and inherent delays in assignment, planning, and the putting of the ships to be converted into the shipyards.

Because of this, much of the expenditure of fiscal 1963 money will actually be in fiscal year 1964.

An actual study of workloads shows that the current workload as limited by the $311 million limitation in the bill—and because of the lag of time which I have referred to—will cause the firing of 5,000 personnel which I mentioned yesterday.

Fundamentally—and I concede that it is somewhat difficult to make this principle entirely clear—but fundamentally, there is such a great difference between the repair, alteration, and conversion work performed by a Navy shipyard as against new ship construction in a private shipyard that no real comparison can be made.

For example, much repair work simply cannot be described or specified to a private contractor until after the sides of the ship are actually opened up and the difficulties ascertained.

Obviously, a private contractor cannot bid on something that cannot be described to him—something that simply is not known. Here we have an example of why Navy shipyards exist.

They have to, in effect, take the ship apart before they know what they have to do. Obviously, under these circumstances, there cannot be competitive bidding.

When I say the work could not be done, I—of course—refer to not every single bit of work, but to a very great proportion of it. And even where the work could be done by a private shipyard, this capability is based on the assumption that the private shipyard has the facilities and equipment and personnel to do the work.

This simply is not so in most instances. There are very few private shipyards—very few, indeed—that can do this kind of work without unusually high contract costs or direct subsidies from the Government.

No one argues but that a private shipyard can construct a new ship less expensively than a Navy shipyard. There is no argument about this.

But this—by no stretch of the imagination—means that a private shipyard can do repair and alteration work cheaper than a Navy yard. And this is the simple fact.

Yesterday Admiral James—the Chief of the Bureau of Ships of the Navy—was quoted as saying that private shipyards could do repair and alteration work 8 to 22 percent cheaper than a Navy shipyard.

This statement, on the floor, was based on an isolated reference made by Admiral James which he afterward corrected during hearings before the Armed Services Committee.

Admiral James does not contend that a private shipyard can do alteration and repair work cheaper than a Navy yard. Let me repeat this—Admiral James does not believe that this work can be done cheaper in a private shipyard.

On page 2838 of the July 1961 hearings before the Armed Services Committee, Admiral James said this:

> May I attempt to correct a statement that Mr. Hood has made, that I think he made inadvertently.
>
> He referred twice this morning to a statement at an appropriations hearing, where I did say there was a 2- to 15-percent differential in cost.
>
> The statement was made in connection with new construction, rather than repair, alteration, and conversion.

So that clears up that point.

I think everyone could concede that the bulk of new ship construction should go into private yards. The work is done cheaper in private yards.

The alteration, repair, and conversion work should not go into private yards for all of the reasons I have cited.

And these reasons are cost and capability.

One more point on this matter: In new ship construction, competition is the normal way of life.

In conversion and repair of warships, negotiation would be the way of life if done in private shipyards.

We all know which we favor when we have the choice between competition and negotiation.

In a nutshell, new construction does not require instant readiness, or responsiveness to command on the part of the yard.

Active fleet readiness imposes a requirement for alert, command responsiveness, well equipped and instantly ready naval shipyards for overhaul and repair work.

I have already mentioned messing and living facilities for crews of ships being repaired. Naval shipyards have them—private shipyards do not have them.

I have also mentioned the morale factor: the separation of families where repair and overhaul work is done in private yards.

I am going to offer amendments to strike out these two restrictive provisions in the bill: one relating to conversion, and the other to repair and alteration.

These provisions are unsound, ill conceived, dangerous, and very much against the best interests of our defense.

After the study has been made which the Appropriations Committee has required of the Secretary of Defense, then let us see what we should write into the law.

Logic dictates thinking and study—then acting.

Not act—and then think and study.

Mr. VAN ZANDT. Mr. Chairman, I ask unanimous consent that the gentleman may proceed for 5 additional minutes.

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

There was no objection.

Mr. VINSON. Let us visualize the lengths to which this 65- to 35-percent distribution could go.

Let us suppose that all of the 65 percent for naval shipyards in the area of repair and alteration has been distributed. And, of course, this has to be planned and done in advance.

Here we have the Navy shipyards filled to their capacity with repair and alteration work.

Then, and this has happened many times in the past, the *Enterprise*, or the *Forrestal*, or the *Kitty Hawk*, or any other very large ship runs aground or is damaged in some fashion. Repairs must be made immediately—and I mean immediately from a military standpoint.

What is the Navy going to do now? Violate the law in order to get the *Enterprise* or the *Forrestal* repaired?

There are very few shipyards indeed in the whole world which can repair one of these ships, and the chances are very good indeed that there would not be room for a ship of this size to be put into even one of those few shipyards.

This example may seem extreme—it is not extreme—but it does point up the ill conception of the 65–35 percentage. Think on this.

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

Mr. VINSON. I yield to the gentleman from Michigan.

Mr. FORD. I am sure that anybody who has served on an aircraft carrier during World War II or otherwise knows when an aircraft carrier goes in for repair, they take the aircraft off the

carrier and fly them to a naval air station and do not leave them on the ship when the ship is in for repairs.

Mr. VINSON. That is right. I agree with you thoroughly and that makes my point that much stronger. Where are you going to put the aircraft? When the ship goes into a naval yard for repairs, you would be able to fly the aircraft to a field that is near the Navy yard. But, if the ship goes into an industrial yard, you may have to fly the aircraft a very great distance.

Mr. FORD. Mr. Chairman, you are being very unrealistic because there are private yards in the San Francisco area as well as public yards; and in practically every other area where we have Navy shipyards, we also have private shipyards. The employees who work in a Navy yard one year can take their lunch box and work in a private yard next year or vice versa. May I add just this one point, Mr. Chairman, the chairman has made a great point of the contention that when these ships come in for repair, they should go to a Navy yard because the men assigned to the ships can be better housed. I cannot help but recall an experience I had in World War II. I was assigned to a ship which was under construction in a private yard belonging to the New York Shipbuilding Co. in Camden, N.J. For 3 months we lived on the ship while it was being fitted out. The whole crew lived on the ship and that ship was in a private yard. I think the argument which the chairman is making in that respect is not sound.

Mr. VINSON. Then what is the justification for building barracks and officer's quarters in and around the Navy yards, if it is not to house the personnel when the ship is brought into a Navy yard? Why do we spend, as we did the other day—why do we spend money in every one of these Navy yards for that purpose? For whom are we planning accommodations? These accommodations are for the crew that comes into the Navy yard when the ship is being repaired.

Mr. FORD. Will my chairman yield to me to answer that point, sir?

Mr. VINSON. I yield.

Mr. FORD. My chairman knows as well as I do that there are permanent people assigned to every naval base.

Mr. VINSON. Of course, there are.

Mr. FORD. Those are the people, both the enlisted personnel and officers, who need the quarters that you and your committee are so amply providing.

Mr. VINSON. All right, I agree that that is one of the reasons. We also build the type facilities that I have described.

What happened up there at Bethlehem? There was a strike there while we were building several ships. It lasted for a whole year and became so aggravated that the Government had to withdraw some of the ships. Think about it. We might be in a position where ships are coming in that must be repaired as soon as possible and get back to take their place in the fleet. Under these circumstances we could be caused great difficulty.

All we are asking is that we await the study that is to be made. This distinguished committee is dissatisfied with the situation. When that study has been made then let us see what we should do.

Mr. MAHON. Mr. Chairman, I rise in opposition to the amendment, and ask unanimous consent to proceed for an additional 10 minutes.

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

There was no objection.

The CHAIRMAN. The gentleman from Texas [Mr. MAHON] is recognized for 15 minutes.

Mr. MAHON. Mr. Chairman, we have talked boldly about the necessity for control of public expenditures, but when it comes to the time to really make the regulations or provisions to control more adequately the purse strings, those who want a blank check without congressional controls oppose us every step of the way.

The only thing we have in mind here is better control of defense spending. It has been embarrassing to me through the years to be confronted by my colleagues from time to time who ask, "Why do you not ride herd in a better way over the Defense Department? Why do you provide these large lump-sum appropriations? Has Congress surrendered the power of the purse?" Here in this proviso, this limitation in this bill, we are tightening the control of the purse. It is our constitutional prerogative, and I believe the Members of the House will support the action of the committee on this very important issue.

My genial and able friend from Georgia does not want any restriction here; he wants the Department to have complete flexibility.

Well, when the gentleman from Georgia [Mr. VINSON] became coauthor of the Vinson-Trammell bill quite a number of years ago, he said that 50 percent of the Navy's ships, generally, should be constructed in Government yards and 50 percent in private yards. If it was right to exercise some congressional control when the Vinson-Trammell Act was passed, then why is it wrong to apply controls in repair, conversion, and alterations today? Why is it wrong to try to assert a little congressional control? It is not wrong. If the principle was right under the Vinson-Trammell bill, it is right in this provision. The gentleman finds himself riding two horses going in opposite directions. I cannot go along with his inconsistency.

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

Mr. MAHON. I yield to the gentleman from Georgia.

Mr. VINSON. I will state to the distinguished gentleman from Texas that when we reached that decision we reached it after a year's study as to what was the right proportion. That is all I am asking you to do, study it, find out what should be done and then do it.

Mr. MAHON. We must have a continuing study and we have had a continuing study throughout the years. Our studies reveal that the cost for ship construction, for the 1963 program, in public yards is $70 million more than it would be if all construction were in private yards. We do not want to abandon the public Navy yards, but there is something wrong in the operation of this program in the light of the fact that it is possible to build these ships in private yards for $70 million less. How ridiculous would we be, when we are levying the equivalent of $258 per capita on the public in this bill, if we did not take note of this situation.

As a matter of fact, we do not take much note of it. We just simply say that in the case of repairs and alterations the public yards can still do 65 percent of it. The private yards will do 35 percent. That is approximately what is happening this year, and I believe the facts will bear that out.

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

Mr. MAHON. I yield to the gentleman from Michigan.

Mr. FORD. The truth is under this amendment we propose that more money be spent in the public yards next year than is being spent during the current year. This argument that people will be laid off in public yards is unsound. It seems to me we cannot spend $24 million more in public yards and end up with less employees.

Mr. MAHON. Defense Department officials provided me with these figures. They point out that under the limitation as contained in the committee bill the Department of the Navy is authorized to accomplish ship conversions, repairs, and alterations in Navy yards next year in a total sum of not to exceed $610 million.

This compares with a total of approximately $586 million for the current year. So there will be more work for the public yards provided this year than was provided last year. How then can it be said that there will be some reduction in the way of personnel in public yards?

The gentleman from Georgia makes this point very well, What happens if there is a strike? What happens in the construction of new ships if there is a strike? About half of them will have to be built in private yards. If it is bad, then why do we not repeal the Vinson-Trammell Act so that all ship construction can be done in public yards?

It just does not make sense, I must say. And, the threat of a strike is just as serious in the construction of ships as it would be in repair.

I would point out that when it comes to the berthing of the crew, I have had the privilege of going to the christening and commissioning of ships and it has been my observation that months in advance, in private yards and in public yards, the crew is on hand, as you know. They train and are there whether it is a private yard or a public yard. So, this invalidates, as I see it, the argument of the gentleman here. The point really is that we are trying to follow a policy of saving some money if possible where there is something wrong in the operation of these programs. There must be something wrong if we can save $70 million by doing all the construction work in the private yards; there must be something wrong, and this is an attempt to tighten the strings of the purse and make the Navy come up with an answer to the question "How come?"

I have heard no storm of protest in regard to this provision. It is all right to make studies, but we have simply said that approximately the division that is being made this year, in the repair and alteration work, between private yards and public yards shall be carried out next year.

Now, with respect to bids. We provide in the bill that 65 percent of the ship repair will be done in public yards. Alteration jobs are based on competitive negotiations in the private yards. So, it seems to me this is a very modest step, so modest that we almost apologize for it, but it is a step in the right direction; it is a step for better control; it is a step in the preservation of the prerogatives of the Congress, and it is something that I believe the committee will support because of the moderation in which we have approached this question.

Talk about studies of this question. The gentleman from Virginia [Mr. HARDY] made a study of the shipyard situation. There have been many studies and there will be other studies, and should be. But, while we are studying, let us save a little money and let us demand and secure better operation and management of the public yards under the able leadership of that fine Secretary of Defense, Mr. McNamara, who is doing a great job in trying to bring about better management and control. If we have better management in the huge defense program, which I think we will, we can save a couple of billion dollars a year in this defense program.

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

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

Mr. HARDY. In connection with your contention about congressional control, I fully subscribe to congressional control, but you cannot get congressional control on repair items. You do not do it on anything else. You cannot get it on ships. As the gentleman from Georgia [Mr. VINSON] pointed out, this is a matter that you have to have negotiated contracts on whenever you go into conversion or repair in private yards.

Mr. MAHON. If we allocate 50 percent to the private yards in the construction of ships, why cannot we have congressional control in this area of repair and alteration? Why do we not do something to bring down this excessive cost? The gentleman from Iowa [Mr. GROSS] said that if there is any fat in this bill, let us take it out. Well, this is an effort to try to take fat out of this bill and demand and secure better management.

Mr. HARDY. The gentleman has spoken about the fact that we do have an allocation of new construction under the Vinson-Trammell Act. I call the attention of the gentleman to the fact that the Vinson-Trammell Act, as a matter of actual fact, has not resulted in any 50–50 distribution of shipbuilding. It had the flexibility that is required in an area such as this and the flexibility has permitted a distribution of shipbuilding which has adjusted itself with the times since 1934. For example, some 70 percent of new ship construction is in private shipyards today.

Mr. MAHON. If the gentleman was wrong, that is, the gentleman from Georgia [Mr. VINSON], when he sponsored the Vinson-Trammell Act, then he is even more wrong today in offering this amendment.

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

Mr. MAHON. I yield to the gentleman from Georgia.

Mr. VINSON. There is flexibility in the Vinson-Trammell. There is no absolute requirement that the 50–50 provision be used. And as a matter of fact 71 percent of the new ship construction is in private yards. This proves the flexibility.

Mr. MAHON. It is something over 50 percent, but here we are only asking for 35 percent for private yards, under free enterprise operation, and 65 percent for Government yards. Let us be sensible. Let us do this rather than do something more drastic at a later date. This is a modest step in the right direction.

Mr. VINSON. All we are asking and all we are insisting on is reasonable discretion in the Secretary of the Navy.

Do not tie it down by any fixed percent. That is the error. There was no error of that kind in the Vinson-Trammell Act. It was hoped that it would be 50–50, but it was not rigid.

Mr. MAHON. If the committee will bear with me, we are taking a very modest step to save a little money and assert better control. Of course, if you have shipyards in your district—and maybe you have private and public shipyards—it is a controversial question for you. But for those of us who live in the great interior where we do not have much surface water—not nearly as much as we would like—we can be completely objective. A completely objective approach calls for this modest limitation of 35 percent to private yards and 65 percent to the public yards.

Then, if there were some alteration in the language eventually needed, that could be cared for. We will have, from this provision, something somewhat resembling the same control, and with flexibility in allocating contracts, as between and among the yards that we have in the construction of ships.

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

Mr. MAHON. I yield to the gentleman from California.

Mr. HOSMER. In the remarks of the gentleman to the effect that there is no difference between the case of a ship under construction and a ship under repair, when it comes to a strike, I would suggest that in the case of ships under repair we are trying to get them back on station. We do not have any backup where we can tolerate a delay in getting a new ship into the fleet, and we cannot tolerate a delay in getting an existing ship back on station when we plan to have it on station. There seems to be a difference in that respect.

Mr. MAHON. I might say, if the gentleman takes that position, the gentleman should offer legislation to build and repair all ships in Government yards so there would be no problems due to strikes. However, I think that would be a very invalid position.

The gentleman has not offered legislation to support his position.

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

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

Mr. ANFUSO. Mr. Chairman, I have extreme admiration for the author of this bill, the gentleman from Texas [Mr. MAHON], but there are some questions which I do not think have been answered here; that is, that very few private yards have the drydocking capacity, the depth of water, the pier and crane capacity, as well as the electronic and missile repair capability, or facilities for messing and berthing ship personnel, to undertake extensive work on warships.

If private yards were to do this, they will lack private capital to do it, and they would have to resort to the Government.

Mr. MAHON. Let me say this to my friend who has made generous reference to me: The private yards are doing extensive construction at this time under the Vinson-Trammell bill, and they are only operating at 50 percent of capacity. The Government yards are operating at 90 percent of capacity. So, with all this unused capacity it would seem most remarkable to me, if there were not sufficient capacity for them to do at least 35 percent of the repair and alteration work. There would be ample flexibility as between yards in this area of activity. The gentleman raises a good question, and I think I have given a good answer.

Mr. HARDY. Mr. Chairman, I move to strike out the requisite number of words.

Mr. Chairman, I want to talk first about a few points that were made by the gentleman from Texas [Mr. MAHON]. I know the gentleman is completely sincere in his observations, but I am afraid he is off base in some of his conclusions.

Mr. Chairman, now about this 50–90 percent proportion which the gentleman from Texas mentioned a moment ago. I had a colloquy with the gentleman from Michigan [Mr. FORD] on this point yesterday, and he used those figures in the general debate. He said that the Navy yards are now operating at 90 percent of capacity, and private yards are operating at 50 percent. I was not able to get the gentleman from Michigan [Mr. FORD] to tell me the source of his figures or the basis on which they were determined.

I submit that you can come up with almost any kind of a percentage figure if you choose the basis carefully. I do not know what base the gentleman used; I do not know how he determined what is the capacity of the shipyards, whether Government yards or private yards. But I do know that if we compare the utilization of shipyards during the Korean war period with the situation as it is today, we come up with an entirely different figure from that which was used by the gentleman from Texas a moment ago and that which was used by the gentleman from Michigan [Mr. FORD] on yesterday.

Naval shipyard employment during the Korean war was in the neighborhood of 135,000, and today is less than 100,000. During that same period the level of employment in private shipyards was about the same—135,000—and according to figures which have been given to me, is about 120,000 today. And I might also point out that the total Navy work in private yards reflected by employment is about the same today as it was during the Korean war period—it represents about 50,000 employees. Using this comparison we arrive at factors of 72 percent for naval shipyards against 89 percent of capacity for private yards, and it makes the gentleman's figures—the source of which I do not believe he indicated—look a little bit inaccurate.

Mr. Chairman, there is another subject I want to talk about and that is the point which the gentleman from Texas mentioned and which he said was the major point at issue. He said we are going to save money. He suggested that nobody argues that you cannot save money by using the private shipyards, and I agree that he makes a good case as far as new construction is concerned. But with respect to repair or conversion neither the gentleman from Texas nor anybody on the committee has submitted any valid figures to support that position.

The gentleman from Michigan on yesterday suggested that I read page 257 of the hearings of last year before the Committee on Appropriations. I suppose that is what he wants to read now, but I am going to say to the gentleman this: He quoted Admiral James and according to Admiral James he was quoted out of context. If the gentleman had seen fit to read the hearings held before the Special Subcommittee of the Committee on Armed Services last year he would have seen that Admiral James completely repudiated the interpretation which the gentleman has placed on his remarks.

Mr. FORD. Mr. Chairman, I hope and trust that the gentleman will read page 271 of part 5 of last year's hearings. I have page 271 before me, and I should be glad to read what Admiral James said.

Mr. HARDY. The gentleman will have to do that on his own time, because I am going to tell him what Admiral James said to the Committee on Armed Services in August of last year, which was some months following the testimony which the gentleman quoted. At the conclusion of the hearings the chairman of the committee asked the admiral if he had any further statement to make and he said in substance that he wanted to take issue with the points raised by representatives of the shipbuilders council in connection with savings which could be accomplished by using private yards for repair of ships. These are his words:

Admiral JAMES. May I attempt to correct a statement that Mr. Hood has made, that I think he has made inadvertently.

He referred twice this morning to a statement at an appropriation committee hearing, where I did say there was a 2- to 15-percent differential in cost.

The statement was made in connection with new construction, rather than repair, alteration and conversion, as Mr. Hood has seemed to believe that it was.

That is the statement that Admiral James made before the Committee on Armed Services subsequent to the statement which the gentleman from Michigan wants to emphasize. I say to the gentleman that Admiral James' own testimony refutes the point that he has tried to make.

Mr. FORD. Will the gentleman permit me to read what Admiral James said before our committee and let the record speak for itself?

Mr. HARDY. I am giving the gentleman Admiral James' statement which was made at a later date than the one the gentleman has, and the gentleman can draw his own interpretation.

The CHAIRMAN. The time of the gentleman from Virginia [Mr. HARDY] has expired.

Mr. VINSON. Mr. Chairman, I ask unanimous consent that the gentleman from Virginia [Mr. HARDY] may proceed for 3 additional minutes.

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

There was no objection.

Mr. HARDY. Mr. Chairman, it is my contention that the Nation needs shipyards, both private and naval, which are modern, adequately staffed, and kept in a healthy economic condition. I fully realize that to so maintain private yards it is necessary that a substantial portion of naval work be done in private yards. This is being done under the present system and it must continue to be done, but it should not be restricted by any arbitrary dollar figure or percentage. The Navy should be left free to assign work to private yards or to naval shipyards in keeping with factors as they exist at the time.

The system has worked well in the past and it enables the Navy to make the most advantageous assignments, keeping in mind cost factors, employment factors, workload factors, and the time schedules which are required for fleet readiness. Under this system as it is now being done the relative percentages of work performed in Navy yards and private yards varies from time to time. I believe this flexibility in assignment is necessary to assure that our naval ships—our Navy as a whole—is maintained constantly in a status of peak efficiency and readiness. We ought to adopt this amendment.

Mr. BYRNE of Pennsylvania. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I supported the Vinson amendment.

The policy of limiting the total employment in the naval shipyards is a Defense Department decision which is not in the interest of the city of Philadelphia and the other naval bases in the country. This policy could also be detrimental to the operation of the fleet as well as to our Nation's security.

The Philadelphia Naval Shipyard is presently only using 70 percent of its facilities on a one-shift work basis. The implementation of the Defense Department decision could result in a loss of employees at the Philadelphia naval base.

It also appears that the recommendations of the Armed Services Committee on utilization of facilities of naval shipyards are being ignored and the repair and conversion of vessels is largely the work of our naval bases. The continued improvement of existing ships is an important phase of our national security. Over 80 percent of conversion work is taking place in the navy yards and a limitation of manpower may result in a reduction of this type of work.

I support the Vinson amendment to delete the limitation provision from the bill because it is in the interest of our country and the naval base at Philadelphia.

Mr. FORD. Mr. Chairman, I move to strike out the requisite number of words, and ask unanimous consent to proceed for 5 additional minutes.

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

There was no objection.

Mr. FORD. Mr. Chairman, before getting to the text of my own comments, I should like to read from page 271, parts 5 and 6 of the Defense Department appropriation hearings for the fiscal year 1962. These were hearings conducted last year. The principal witness on behalf of the U.S. Navy ship construction program was Admiral James, a man of great experience, a man of integrity, and a very fluent and articulate witness. He testified extensively before the committee. He then personally had an opportunity to review and correct his own statement before it came back for printing. So Admiral James made this statement to the committee, and he had a chance to correct the record before it was printed. This is what he said—Several members of the committee were interrogating him: Mr. MINSHALL asked a question about the price differential between private and public yards.

Admiral JAMES. I attempted to do that, Mr. MINSHALL, and I had to suggest a spread between 8 and 15 percent, which is not very precise. It can range even greater in some instances.

Here is the crux of the matter.

Mr. FORD. Does this apply to repairs as well as original construction?

Admiral JAMES. Indeed, yes, sir.

There is no question about what I asked and no question about what he said.

Mr. HOSMER. Will the gentleman read what he said immediately thereafter?

Mr. FORD. I will be glad to.

Mr. HOSMER. Explain the context of this statement. It was explaining the fact that the industry was down at that time and there was cutthroat bidding. Will the gentleman read the last part of it?

Mr. FORD. I would be very glad to. It is true that the private yards were not operating at full capacity then, nor are they now, so it does not make any difference. It is immaterial.

I will be glad to read it, but let me read first what he said to begin with:

Indeed, yes, sir. As the repair yard is filled with commercial work plus Navy work they show their dissent by offering a high bid. If there is nothing in a given locality they will resort to cutthroat competition, which is an unhealthy condition.

It may be unhealthy for the private yards, but it is good for the taxpayers.

I turn to the next question:

It is agreed by my good friend from Virginia [Mr. HARDY] and my good friend from Georgia [Mr. VINSON] that in the new ship construction private yards can do the job at far less cost to the taxpayers.

We are not in disagreement on that point.

Admiral James in his testimony this year referred to a differential between 8 and 15 percent. This year in regard to the new ship construction program Admiral James said that if all went to the private yards we would save $70 million. Mr. MAHON said in questioning the witnesses:

Let us assume all these ships were all in private yards. What would be your saving in the whole 1963 shipbuilding program?

Admiral JAMES. We have such a figure. We have studied this problem. There would be $70 million that would not be needed.

There is no question, Mr. Vinson, Mr. Hardy, Admiral James, all agree that we can save significant amounts in new shipbuilding.

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

Mr. FORD. I am glad to yield.

Mr. VINSON. The reason why you can save the money in shipbuilding construction in private yards is due to competition; is it not?

Mr. FORD. That is right.

Mr. VINSON. That is the only reason—because you have the facilities in the industrial yards to build them. Now when you put the repair and conversion work into the industrial yards, you have to have negotiated contracts because no plan can be drawn for competitive bidding. So, therefore, your provision is going to save money on the shipbuilding in the industrial yards, but in the repair work it is going to cost more than it does in the Navy yard.

Mr. FORD. I must say with all deference to the gentleman from Georgia, I disagree with him. I am positive—I am certain that when new ships are built, they use what we call an informal competitive negotiation. That is a technical term—"informal competitive negotiation." That is the phrase and that is the procedure that they use. When we come to ship repair work, alteration and conversion, they use exactly the same kind of procedure—informal negotiated competition. There is not one bit of difference.

So if they can get competition in new construction with that kind of proposal, then they can get competition in alteration, repair, and conversion with that kind of contract. As a matter of fact Admiral James, in his testimony before the committee this year, stated that the Navy awarded ship maintenance work through competitive procurement. It is the same contract, the same ships, and the same dollars. But you can save, and the gentleman from Georgia admitted that on new shipbuilding you can save anywhere from 8 to 15 percent. Admiral James says that we can save $70 million, if we put all the new shipbuilding work in private yards in 1963. Now why do we not make some small effort to utilize the private yards in alteration, repair, and conversion work and save some money?

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

Mr. FORD. I am glad to yield to the gentleman.

Mr. VINSON. Will the gentleman inform the committee how he arrives at the 35-percent figure? What facts and figures warrant such an estimate as that?

Mr. FORD. I will be delighted to answer that. This brings out the point that this committee listened to, but did not accept, the recommendations of the private yards—they wanted 75 percent for themselves and 25 percent for the Navy yards. We took a cold hard look at the practicalities of the situation and said—well, in the first year while this study is going on, we will only increase the private yards from 25 to 35 percent. We will not go to the 75 percent as they wanted. We felt that we had to take a little bite to help the taxpayer by directing some additional amount to the private yard.

Now, Mr. Chairman, to answer another question which the gentleman brought up, but I do not recall whether it was my good friend from Georgia or some other gentleman who stated that only the private yard people testified before our committee. That is not an accurate statement. We had the Secretary of the Navy. We had Admiral Anderson. We had a whole room full of Navy admirals up there testifying on the question of new construction and on conversion, alteration, and repair. They had plenty of witnesses. They told us the truth—that we could save $70 million on new construction.

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

Mr. FORD. I yield to my chairman.

Mr. MAHON. This amendment applies only to repairs and alterations and in repairs and alterations the figure which we provided of 35 percent for the private yards and 65 percent for the public yards, the percentage of expenditure is much nearer 35 percent. So we are increasing, really, to a very limited amount the work that would go to the private yards, doing so out of an abundance of caution because we do not want to rock the boat while we are trying to buy the boat for less money or while we are trying to repair the boat for less money.

Mr. FORD. I would like to add to what my distinguished Chairman has said in this regard. The charge was made yesterday—it was not repeated today, so I guess the statement was found to be in error—that if this amendment went into effect there would be some 5,000 people put out of work in the public yards. It is pretty hard to understand how you are going to have fewer people working in the Navy public yards if even under the committee proposal they are going to have $24 million more to spend. Here are the figures: Under the program this year where they gave $784 million for repair, alteration, and conversion, the Navy yards will get $586 million worth of work—that is 75 percent; and 25 percent will go to private enterprise.

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

(By unanimous consent Mr. FORD was allowed to proceed for 5 additional minutes.)

Mr. FORD. Under this small effort we are trying to make in this committee——

Mr. MAHON. Mr. Chairman, will the gentleman yield for a consent request?

Mr. FORD. I shall be very happy to yield.

Mr. MAHON. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 10 minutes after the gentleman has concluded his remarks.

Mr. HOSMER. Mr. Chairman, I object.

Mr. MAHON. Fifteen minutes.

Mr. HOSMER. I object.

Mr. MAHON. Twenty minutes after the gentleman has concluded his remarks.

Mr. VAN ZANDT. Mr. Chairman, I object.

Mr. MAHON. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 25 minutes.

Mr. HOSMER. Mr. Chairman, I will have to object.

Mr. MAHON. Mr. Speaker, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 30 minutes. We are trying to get through with the bill.

Mr. HOSMER. Mr. Chairman, I object.

Mr. Chairman, I withdraw my objection.

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

There was no objection.

The gentleman from Michigan is recognized for the balance of his 5 minutes.

Mr. FORD. Mr. Chairman, because of the interruption I will start afresh in making a point I think is important.

In fiscal 1962, this year, the Navy yards under the 75–25 allocation will have $586 million worth of work. Under the 65–35 percent in the next fiscal year the Navy yards will have $610 million worth of work; in other words, they will have $24 million more work next year even under our formula. So it is absolutely asinine and ridiculous to argue that any Navy yard employees are going to be laid off by this amendment. All we have done is to increase the proportion for the private yards. That results in some increase in the dollar amount, of necessity.

In fiscal 1962, this year, private yards will get $197 million. Under our amendment the private yards will get $328 million. This means that there will be greater opportunity to save money, because a greater percentage of the work

in dollar amounts is going to the private yards, which every witness I have listened to says will result in savings of between 8 and 15 percent. Some private yards say the saving will be as high as 22 to 25 percent.

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

Mr. FORD. I yield.

Mr. GAVIN. What is the difference between last year and this year in private yards? The gentleman mentioned $24 million increase next year for the public yards. What increase are the private yards going to get?

Mr. FORD. I just read the figure: From $197 million to $328 million. This gives more dollar amounts to private industry.

Mr. GAVIN. That is the point I am trying to figure out. The gentleman mentioned the figure of $24 million.

Mr. FORD. It is a $131 million increase for the private yards.

Mr. GAVIN. This is a big jump from the $24 million proposed for the Navy yards.

Mr. FORD. This dollar increase for private yards is $131 million.

Mr. GAVIN. The gentleman stressed the increase in naval yards would be $24 million, but he did not stress that there is going to be $131 million of an increase in private yards.

Mr. FORD. I am glad to bring that out. I am interested in helping private enterprise, I am interested in helping that segment of the shipbuilding industry that can save the taxpayers' money. The gentleman from Pennsylvania has the same motives.

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

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

Mr. OSTERTAG. One of the points I believe the gentleman has made is the fact that there will be no increase in the Navy yard operations. As a matter of fact there will be an increase.

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. ANFUSO].

Mr. ANFUSO. Mr. Chairman, I think that the most significant point which we have failed to recognize here is that we are taking away a power from the Secretary of the Navy which he has exercised properly in the past. If you place this limitation, you are going to restrain him. It has been acknowledged here that if a new ship is to be built and be recognized that a private contractor can do it better he will give it to them. But if it requires a repair job and other things which cannot be done in a private yard, then certainly he should not be restricted by this limitation.

There are very few private yards—I understand there are none on the west coast—which have the drydock capacity, depth of water, pier and crane capacity, electronic and missile repair capability or facilities for messing and berthing ship personnel to undertake extensive work on warships.

Since most private concerns also lack the capital to acquire such capabilities, the Government would have to make them available at considerable cost, either through high contract prices or through direct subsidy. In the absence of such capability at all but a few yards, these yards will have to be preselected.

In this case, repair contracts would have to be negotiated, thereby losing the advantage of broad competitive bidding which now prevails for amphibious and auxiliary types, and resulting in no cost savings and possibly some increases.

There is no requirement that private yards be immediately responsible to military requirements at the expense of their commercial customers. Delivery dates could not therefore be assured and operational schedules in turn could not be planned with certainty. This would be particularly serious in the event of an emergency which would require the return of warships to the line on a crash basis.

The limitation in the appropriations bill for the fiscal year 1963, which we are now considering, is about $37 million less than would be required for continuation of past practice in the use of naval shipyards. Such a restriction would result in reductions in force at the Navy shipyards of approximately 5,000 people, with attendant economic disruptions in the areas in which they work. I am particularly perturbed over this possibility because the Brooklyn Navy Yard, located in my district, would be so affected.

Finally, a significant increase in the number of warships scheduled for private shipyards would cause many additional hardships for naval enlisted personnel and junior officers. Sailors spend much of their time at sea away from their families; reunions take place when the ship returns to its scheduled overhaul yard. If warships were planned for private yards on a competitive basis, the crews and their families would not know in advance where the ship would be repaired. This could result in costly and frequent travel or moves for the families, at great personal expense, with its consequent adverse effect on reenlistment rates, which, as many of you are well aware, already constitute a difficult problem in the Navy.

Mr. Chairman, ladies and gentlemen, I am especially concerned with the future of the Brooklyn Navy Yard, in my congressional district, which is the oldest and largest yard of its kind in the United States. Should this bill pass with the limitation to which I referred a moment ago, thousands of skilled, loyal, and patriotic workers now employed in the Brooklyn Navy Yard would have to be laid off. This would hurt not only our economy but also our national security, because in the event of an emergency we may never be able to get these skilled men back, nor would we be able to reestablish the installations in good working conditions in a hurry. We must look at this matter from a wider standpoint than merely the problem of private versus Government control, since the welfare of our Nation and our capacity to defend it are involved. I urge you to take that into consideration.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania [Mr. VAN ZANDT].

Mr. VAN ZANDT. Mr. Chairman, I asked the Secretary of the Navy to give me his views on this matter, and this is what he wrote me:

> In order that I may discharge my responsibilities for the defense of the United States I must have some assured facilities to support men-of-war; the most reliable source of such support is our Government yards. Naval shipyards, because of their organization and operation under direct Navy control, are immediately responsive to fleet requirements. These yards are not subject to work stoppages due to strikes or jurisdictional disputes. They maintain specialized skills, facilities for the accommodation of crews of ships undergoing overhaul, and diverse inventories of Navy equipment which private yards would find uneconomical to maintain because of the uncertainties of competition. Even if all shipwork were done commercially the Navy would have to maintain many activities at or near commercial yards to perform these services now provided by Naval shipyards.
>
> The Navy has no desire, per se, to compete with private industry. However, we must maintain a constant capability to perform any required repairs to the highly complex installations on which the effectiveness of modern warships depend. This capability is not readily available from industry, and has little prospect of becoming available on a broad competitive basis.

Now, Mr. Chairman, the intent of the language the Vinson amendment will strike from the bill is nothing more than an effort on the part of private shipyards to become part of what we call the FRAM program of the Navy. The FRAM program of the Navy is a program which modernizes existing Navy ships. This is not a new construction program but as I have said one which modernizes present ships and extends the ships useful life by about 8 to 10 years.

I certainly disagree with my friend, the gentleman from Michigan [Mr. FORD]. He was talking about new ships. I agree with him when he says it is possible for the crew to live on a ship while in a state of completion, but when you modernize a destroyer, destroyer-escort, frigate, submarine, or other kind of a ship it is necessary to strip it down almost to the keel; therefore, the personnel must be sent to a barracks. In support of the barracks there must be medical facilities, recreational facilities, and so forth. Your private yards do not have these facilities. This is one of many reasons why the Navy has not put the FRAM program into what we call private yards.

Now, Mr. Chairman, in a few words, this matter involves the readiness of the U.S. Navy. Like the gentleman from Michigan does, I want to save money but I tell you that you cannot do it and still have a fleet in a state of readiness and one to protect the security of the American people.

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

Mr. VINSON. Mr. Chairman, I ask unanimous consent to yield the time allotted me to the gentleman from Pennsylvania, Mr. VAN ZANDT.

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

There was no objection.

Mr. VAN ZANDT. I thank the gentleman from Georgia.

Mr. Chairman, I would like to continue my statement by stating that I have been aboard new ships under construction, and I have had command of ships in the Navy yard, for overhaul. Therefore, I know what is necessary in regard to personnel. What private yard is equipped with barracks, with medical and recreational facilities to take care of the officers and men? None of them. If you put this work into private yards, the taxpayers of this country will be called upon to finance the construction of barracks, medical facilities and also recreational facilities, and this, of course, will be in addition to the cost of conversion or the modernization of the ships.

Now, Mr. Chairman, again let me state that this matter concerns the security of this country, and I say to you, as I said a moment ago, we must have a fleet in a state of readiness at all times. These ships are spending more days at sea than ever before in the history of the Navy except in wartime. When they return to their home port the Navy yard takes them in, the job is done, and they are sent back to sea for duty. Frankly this schedule of modernization, and so forth, is an impossibility as far as the private yards are concerned.

The CHAIRMAN. The time of the gentleman from Pennsylvania has again expired.

The Chair recognizes the gentleman from California [Mr. HOSMER].

Mr. HOSMER. Mr. Chairman, neither naval shipyards nor this particular problem that we are discussing now is anything new. We started building a Navy yard in the 1700's, about the time we were starting to have a Navy. There were private shipyards as there are now, and all during the years this apportionment of work between the private and the public yards has been accomplished upon a reasonable give and take basis without legislative intervention.

Believe me, there has been plenty of pressure from all directions throughout all these years to adjust it fairly, and it has been adjusted fairly in relation to the private yards and in relation to the requirements and necessities of the U.S. Navy.

Mr. Chairman, the cost of repair is not comparable to the cost of new construction at all. The gentleman from Michigan [Mr. FORD] when he read the additional statement of Admiral James, indicated that when private yards do get busy the repair prices they quote go up, and when work is slack, they go down. He is talking about temporary situations. That is the reason this ratio adjustment should not be written into law. It should be left free for adjustment according to current circumstances. One of those now is that today's Navy is fighting what President Kennedy calls a "long, lonely, cold war." Another is that today's Navy is a married man's Navy.

Mr. Chairman, in my part of the country, the Pacific coast, the ships go out to the Far East station 6 months at a time, plus 1 month going and 1 month coming back. This means 4 months at home in which the crews of these ships are able to be with their families. Because these men are away, the families must locate themselves around the naval shipyards, and the naval centers, where their families are cared for while the men are away to a certain extent. When these men come back, they should come back where their families are located, not to yards almost anyplace up and down the coast. There are a few that are fairly inaccessible—and believe me, I have been sent to a lot of yards like that in my time—where it costs $2 to $5 to get a taxi to get out of the place and get back into it; where the opportunities to see your family in this limited period of time are so restricted it is difficult if not sometimes impossible to be with them.

Mr. Chairman, some have talked about saving money. There is another part of these hearings that was not quoted. It was the part relating to a 20-percent personnel turnover, in no small part based on these reasons of difficulty of family life. If we do not make provision for these men to see their families when they go back, we will run up more costs as a result of changing personnel and training personnel far more than we will by putting the ships where the crews can see their families when they come back here for these limited times.

This does not mean that 35 percent or even more of the work cannot go to the private yards. Possibly it should. But if we keep this provision in the law, it makes it extremely difficult for the Navy to do it and at the same time schedule its ships in such a manner as to maximize use of private yards while at the same time maximizing the time families can be reunited. I think this matter can better be worked out as a matter of Navy Department policies and operating procedures than it can as a matter of legislative fiat. I am anxious to see the private yards get all the business that is feasible, just, and in the interests of both national defense and our private economy. But I would not want to see it accomplished at the expense of the morale of Navy men and their families.

The CHAIRMAN. The gentleman from Massachusetts [Mr. BATES] is recognized for 2½ minutes.

Mr. BATES. Mr. Chairman, I rise in support of the amendment. It has been contended here that this amendment will save money. On the other hand, we have expert testimony from the same witnesses at different points of time claiming different results. I refer, of course, to the colloquy between the gentleman from Virginia [Mr. HARDY] and the gentleman from Michigan [Mr. FORD]. So, we just do not know if it will save money.

Mr. Chairman, another contention has been made that this is in response to the needs of free enterprise. If that is our aim, we should not be talking about a percentage of 65 percent going to the Government yards. We ought to eliminate it altogether, if that is what we are trying to achieve.

I have been in the Navy for a period of almost 10 years, and I have had ships go into the Navy yard for repair and overhaul, as have other officers and enlisted men who have spoken here on the floor of the House today. The thing is not black and white. One time you do one thing, and one time you do something else.

Mr. Chairman, the gentleman from Georgia [Mr. VINSON] indicated that if the *Enterprise*, with 4,000 men, came into a Navy yard, it would be necessary to house all the personnel. The gentleman from Michigan [Mr. FORD] contends that that is not so, because you fly the planes off and they go to a naval air station. Of course, that is correct only in respect to the aviation department on the ship, which represents only one-seventh or only one division of the whole group. So, there is a lot of white and a lot of black in here. But the real problem that we are considering here is the question of a lack of work for both the private and for the public shipyards. The pie has been getting smaller. Both want work. This is the outgrowth of pressure that has been exerted in the Congress.

Mr. Chairman, 75 percent of the ships in the U.S. Navy today are from World War II, and in 6 or 7 years we will have mass obsolescence of our Navy unless we do something about it. So I say it is vitally important today for us to keep all our shipyards going, both private and public, so that when this shipbuilding program which I hope is undertaken by this Congress is ready, we will have the yards ready to assume the responsibility and have the people and facilities ready to do the job that needs to be done.

In the meantime, let us not adopt an inflexible policy that might be detrimental to the national interest. The Appropriations Committee has indicated that a study of the matter is underway in the Department of Defense and the Department of the Navy. This debate has indicated that the facts are not clear. Let us get the facts and then make our decision. The amendment should be adopted.

The CHAIRMAN. The Chair recognizes the gentleman from Washington [Mr. TOLLEFSON].

Mr. TOLLEFSON. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, I support the views that with respect to the allocation of repair and conversion of Navy ships as between private and naval shipyards, the naval shipyards' share should not be reduced to 65 percent.

The reason for the establishment of all naval shipyards was to provide essential support for vessels of the U.S. Navy. That is the overriding consideration here. These yards are an essential element of national defense and must be kept active at all times by an adequate workload so that not only the facilities but the shipbuilding skills can be maintained at the highest possible levels.

Naval shipyards are equipped to do quality work and to integrate their activities to the operation schedules of the fleet.

They carry a large inventory of ship equipment and spare parts which permits them to perform their work expeditiously.

They maintain facilities and capabilities which private yards cannot maintain.

Furthermore, the naval bases have facilities where the ships' personnel can have an opportunity for recreation, for training, for medical and dental care, for church attendance and welfare. Such services cannot normally or comparably be had where private shipyards are located.

May I read from a speech given by Rear Adm. R. K. James last August before the Naval Civilian Administrators Association in Washington, D.C. He makes a most convincing case for the Navy's position.

NAVAL SHIPYARDS PROVIDE ESSENTIAL SUPPORT TO VESSELS OF THE U.S. NAVY

As of January 1, 1961, a naval ship construction and conversion program having a total cost of over $4,323 million was under contract with private yards. Thirty-one private shipbuilding firms throughout the country are participating in this program.

This contributes importantly to the economic well-being of the shipbuilding and repair industry. It is unfortunately true that many commercial shipyards are in a depressed condition and some have closed and still others face bankruptcy today. The primary cause of the difficulties does not rest with the Navy.

One of the least publicized, but one of the most obvious reasons for the difficulties experienced by the private shipbuilders has been a decline in commercial ship construction and repair work. Insofar as employment is concerned, private yard employment on Navy work has increased from 26,069 in 1957 to 41,743 in 1960.

Nevertheless, in spite of this increased employment on Navy work, overall employment in private shipyards went down from 127,100 to 117,500 in the same period. This pinpoints the cause of the industries' reduced operation—a decline in commercial work.

I can offer no panaceas for the commercial shipbuilding industry, but I do not think it is reasonable to hold the Navy responsible for their plight. In the allocation of Navy shipwork, we have always shown, and continue to show great concern for maintaining the mobilization potential represented by private shipyards.

We must, however, retain flexibility in determining how much naval shipwork can be advantageously apportioned to private yards, without destroying an important part of our military potential—our naval shipyards.

Naval shipyards have a long and illustrious history dating back to 1797 when the Naval Committee of the House of Representatives recommended that a sum be appropriated for a proper site for a Navy yard. Following the Appropriation Act of 1799, the Secretary of the Navy purchased sites for shipyards at Norfolk, Washington, D.C., Philadelphia, New York, Charlestown, Mass., and Portsmouth, N.H.

An act of Congress on August 31, 1852, authorized and directed the Secretary of the Navy to select a site for a Navy yard in the San Francisco Bay area. Every single one of the naval shipyards was established in this manner by the Congress acting for the people of the United States. Each of the naval shipyards has been, since establishment, the subject of continual congressional approval by inclusion in the various appropriation acts of funds for their maintenance, improvement, and in many cases, their expansion.

The reason for the establishment of all of these naval shipyards was to provide essential support for the vessels of the U.S. Navy.

Let me reemphasize the point I have just made. If the naval shipyards are in competition with private shipyards, it is an accidental and incidental result of the necessity, as determined by the Congress, to maintain the naval shipyards to support the fleet. The overriding consideration must be the effective support of a strong Navy. The naval shipyards do not exist at the whim of any person or group of persons in the Navy. They are an essential element of national defense.

Let us spend just a minute recounting the factors that make the naval shipyards "an essential element of national defense." In doing so be warned that a strict listing of the factors is not inspiring—at least to a layman's confidence in the unlimited capability of private industry.

The understanding that you, as experienced shipyarders have, is needed to fill out this outline—to give it real meaning.

For example, our detractors have failed to mention the effect their quest for more conversion and repair work would have on ships' personnel. We can reply that our naval bases have the facilities needed to give these men an opportunity for recreation, for training, for medical and dental care, for churchgoing and for welfare.

Further, we can state that the low bidder would rarely, if ever, be located in a place where such services would be readily available for our shipboard personnel. We know that this is true and we know that our men and ships need such services, if they are to operate at top efficiency.

However, the typical layman does not personally benefit from such services and is not personally in a position to evaluate their effect. You are in such a position based on your personal contact and experiences.

I am sure you appreciate the great importance of having ships assigned whenever possible to the ship's homeport to permit the morale building effects of family life. Under competitive bidding practices, as I have indicated, the assignments to homeports would have to be abandoned, as this work would have to go to the lowest bidder.

The naval shipyards maintain the messing and berthing facilities to service ships' crews who must be billeted or fed ashore as is very often required during the course of overhauls. This is another reason for performing this work in naval shipyards.

To move along quickly, our reasons include the facts that:

We are oriented in producing quality work on time and, thus, our efforts can be readily integrated with fleet operational schedules.

We carry an extensive inventory of shipboard equipment and spare parts in our shipyards which permits us to finish work expeditiously.

We do not go out on strike, which means the fleet can depend on us at all times.

We maintain facilities and capabilities which would not be economic in a profit type organization but which permit us to take on any job with adequate reserve.

For good and sufficient reasons we do not normally prepare for repair and alteration work, plans and specifications adequate for comparative bidding.

Other similar reasons you could list as well as I.

As I indicated above, the problem is to get an understanding of the validity of these reasons, and they are valid. Further, any efforts in this direction must be completely ethical and within any administrative restrictions.

I believe you will note that for each of these reasons I have listed above our detractors can provide a counterargument—usually in the form of an assumption that they will do in their normal course of business something they have never done before. I am convinced that the effectiveness of the fleet will be greatly reduced if its support is turned over to profitmaking organizations which cannot have, unless heavily subsidized, the same motivation toward service that you people in this room have.

The naval shipyards do not operate for profit but function wholly to support the naval forces operating at sea. We are staffed and equipped just for this purpose. On the other hand, private shipyards need not maintain a similar level of skills and facilities.

Private yards' skills and facilities are controlled by economic analysis with the greatest profit in mind and for this same reason they tend to pick and choose the work they will do. The naval shipyards, on the other hand, accept all jobs and perform them quickly, promptly, and as economically as possible. I think it is important to reemphasize the capabilities possessed by the naval shipyards to perform extremely complex and difficult repair and alteration work expeditiously and at the same time, to properly service the ships' crews.

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

Mr. TOLLEFSON. I yield to the gentleman from Pennsylvania.

Mr. GAVIN. Mr. Chairman, I want to say to my very good and able friend from Michigan, concerning free enterprise, that I do not believe there is anyone, and I think it is well known, that has stood up for private enterprise as I have over many years. However, I want to call to the attention of the House the fact that our distinguished and able chairman in 1917 was on the Committee on Naval Affairs, and for 45 years he has followed the affairs of the Navy. He

is known as the father of the modern Navy. I have confidence, I have faith in what he recommends to us. Therefore it is my intention to vote for the recommendations that have been made by the gentleman from Georgia [Mr. VINSON], who I think is eminently qualified to pass on any matters which concern the Navy. So it is my intention to support the Vinson amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Iowa [Mr. GROSS].

Mr. GROSS. Mr. Chairman, I ask unanimous consent that I may yield my time to the gentleman from Michigan [Mr. FORD].

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

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from Wisconsin [Mr. LAIRD].

Mr. LAIRD. Mr. Chairman, I think the issue that is presented to us by the so-called Vinson amendment has not been clearly stated. This amendment applies to repairs and alterations in private yards.

The private shipbuilding industry came before our subcommittee and made the request that 75 percent of alterations, repairs, and conversions be assigned to the private shipbuilding industry, because it could be done at a lower cost and because these yards were operating at only 50 percent capacity. Our committee did not approve a 75 percent allocation. We felt, however, that it was necessary to assure the private segment of our economy part of this particular business with resulting savings to the taxpayers and so we attached an amendment which gives them 35 percent of the alterations and repairs, which will be done in the fiscal year 1963.

What does this mean? In 1962 33 percent of the repairs and alterations were accomplished in private yards. This amendment only provides for a 2 percent increase in the amount of work that will be done in private yards, but it does allocate this amount to the private segment of our economy which has proven, it is beyond doubt in our hearings, that it can do this work at lower cost.

We have had some talk today about whether this will be done on a competitive-bid basis. The gentleman from Virginia has indicated that it cannot be done on a competitive-bid basis in the private segment of our economy. This simply is not in accordance with the facts and I direct your attention to page 281 of our hearings in which this particular matter was discussed with Admiral James.

I direct your attention to the bottom of the page, where he states:

> We have continued this pattern, and the pattern today is approximately 25 percent of the money in this budget that is for ship maintenance—

And that includes repairs and alterations—

> will be allocated to private industry on a competitive basis to do the repairs on these commercial-type ships.

This repair and alteration work can be done on a competitive basis. Any statements made to the contrary are not in accordance with the record which was set out before our subcommittee.

Let us look at the dollar amounts. I want to make it perfectly clear that this amendment we have before us now does not apply to conversion. We already have on the statute books a law that provides for a 50–50 basis as far as new ship construction is concerned. This amendment applies merely to alterations and repairs. Last year 33 percent of the alterations and repairs were done in the private segment of our economy. This amendment in the bill which the gentleman from Georgia attempts to strike out would do away with this assurance that 35 percent of the work would be done in the private segment of our economy in fiscal 1963.

The actual dollar amount assigned to private yards in fiscal year 1962 was $187.9 million. That is $20 million more than the committee limitation places on the private yards in fiscal year 1963.

I hope, Mr. Chairman, that the Members of this House will give careful consideration to this amendment. This amendment will strike from the bill the assurance that the private segment of our economy in the shipbuilding industry will have 35 percent of this business, after proving beyond a question of a doubt that they can protect the interests of the taxpayer and can save money. We can reduce Federal expenditures by keeping the language which the gentleman from Georgia [Mr. VINSON] seeks to strike from the bill.

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. OSTERTAG].

Mr. OSTERTAG. Mr. Chairman, let me see if I can sum up this situation in a nutshell. First of all, it is important that we bear in mind that this limitation in this appropriation bill applies only to the money in this particular bill for the year 1963. Also, we should remember that this limitation applies only to repair, alteration, and conversion. It must not be misconstrued as applying to new shipbuilding generally. All new construction is under a different arrangement, and of course the limitation in the law today applies to new construction.

It might be of interest to know that the private shipbuilding industry is operating at only 50 percent of capacity, and they have a total employment of about 120,000 persons. The naval shipyards are operating at 90 percent of capacity, and they employ approximately 100,000 people.

In effect, this limitation divides the allocation of funds on a 35–65-percent basis. Bear in mind that this change is designed to achieve a 10-percent adjustment in the overall allocation as between private and public construction today insofar as it applies to repairs, alterations, and conversion.

As to this limitation applying to these funds this next year, I should like to call attention to the fact that in the year 1962, our current fiscal year, the Navy has utilized $586 million in their own shipyards as compared with the private industrial business of $197 million.

However, in this year's bill if this allocation stands, it will be $610 million for the Navy as compared with $328 million for the private yards. This means an increase for the Navy public yards of some $24 million while an added increase to private shipbuilders in the amount of $131 million. The point remains that the Navy yards will continue to operate on the same or a higher level than heretofore.

It has been alleged that the Navy yards are essential in time of war or emergency and I do want to share that conviction. But this percentage application of funds for repair, alteration, and conversion in no way weakens the Navy shipyard posture and I am sure that those of us who support this provision in this defense appropriation bill would vigorously resist any attempt to impair this important operation of our Navy. I trust that the pending amendment will not prevail.

The CHAIRMAN. The Chair recognizes the gentleman from Michigan [Mr. FORD].

Mr. FORD. Mr. Chairman, the point was made by the gentleman from Georgia and the gentleman from Virginia that there would be no competition in the private yards on repairs, alterations, and conversion work. I do not believe this is true. Furthermore, I suggest there is no competition in the public yards at any time. You will have competition in the private yards because they are only using 50 percent of their capacity today. As a consequence all the private yards are hungry for business. They are actually, as Admiral James said, in a cut-throat competition amongst themselves. This may be tough on the industry from day to day, but believe me, it is helpful and beneficial to the taxpayer. I am sure if we increase by $131 million the funds for alterations, repairs, and conversion for the private yards without cutting back but actually increasing the public yards allocation, the taxpayer will end up with additional savings.

Now to conclude, Mr. Chairman, may I reemphasize, this is the same kind of contract, the same kind of negotiations that will be used by the Navy in repair, alterations, and conversion work as they use in new construction work. The Navy contends that they can save in new construction 8 to 15 percent if they go private. If they use the same contracts and procedures in repairs, alterations, and conversion, they can save the same amount of money if they go private rather than public. That is all we are suggesting that they do, and if they do that the taxpayer will be benefited.

The CHAIRMAN. The Chair recognizes the gentleman from Texas [Mr. MAHON] to close debate on the pending amendment.

Mr. MAHON. Mr. Chairman, I yield to the gentleman from California [Mr. SHEPPARD], a member of the subcommittee and chairman of the subcommittee on appropriations for military construction.

Mr. SHEPPARD. Mr. Chairman, I was privileged to sit with the other members and my committee chairman in the Committee on Appropriations when this amendment was originally proposed. I have lived with the pattern of procedure in matters involving military construction and procurement for a number of years and feel that to a reasonable degree at least I am capable of evaluating, this issue and other presentations that are made affecting such military construction and procurement problems. But, Mr. Chairman, I must say this to you, after listening to the evidence presented to the committee and the language that was placed in the bill, and after listening to the presentations that have been made in favor of the amendment, I find myself forced to support the position of the committee based upon the evidence that has been brought out here on the floor of the House, and that is the way I expect to vote, Mr. Chairman.

Mr. MAHON. Mr. Chairman, I earnestly hope that this amendment will be voted down and that we may make this modest effort to secure better management and save some money in the repair and alteration of ships. We have already provided for a division of work in the construction of ships. This provision establishes a limited division in the repair and alteration work. In construction work, it is about 50–50. We are asking only that 35 percent of repair and alteration work be allocated to the private yards.

It seems to me in a bill of this magnitude, under all the circumstances, it would be wiser for the House to follow the Committee on Appropriations, which is not free from error from time to time, I admit. I believe that in this highly complicated matter it would be in the best interests of orderly procedure and good operation on the part of the House to vote down the amendment, and I so ask, Mr. Chairman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Georgia [Mr. VINSON].

The question was taken, and on a division (demanded by Mr. VINSON) there were—ayes 64, noes 130.

So the amendment was rejected.

The Clerk read as follows:

TITLE IV

Research, development, test, and evaluation

Research, Development, Test, and Evaluation, Army

For expenses necessary for basic and applied scientific research, development, test, and evaluation, including maintenance, rehabilitation, lease, and operation of facilities and equipment, as authorized by law, $1,317,000,000, to remain available until expended.

Mr. CEDERBERG. Mr. Chairman, I offer three amendments, and I ask unanimous consent that they be considered en bloc.

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

There was no objection.

The Clerk will report the three amendments.

The Clerk read as follows:

Amendments offered by Mr. CEDERBERG, of Michigan:

On page 28, line 2, strike out "$1,317,000,000" and insert in lieu thereof "$1,318,000,000."

On page 28, line 16, strike out "$3,480,900,000" and, insert in lieu thereof "$3,483,900,000."

On page 49, strike out lines 18 through 22.

Mr. CEDERBERG. Mr. Chairman, the purpose of these amendments is to restore to this bill the amount that has been stricken as a result of the 15 percent limitation imposed on overhead for defense research contracts at our various universities. In my opinion the 15 percent limitation is unrealistic. It seems to me that it would be far better to require a detailed study of this problem with the view of establishing a uniform policy for all agencies of Government. Yesterday the gentleman from Michigan ably presented the problems confronted by our universities if the 15-percent limitation is adopted.

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

Mr. CEDERBERG. I yield to the gentleman from Michigan.

Mr. MEADER. Mr. Chairman, this proposed 15 percent limitation in section 540 of the bill was discussed in general debate yesterday. I spoke at some length in favor of striking the 15 percent limitation and restoring $4 million in research funds to the bill. My remarks appear on page 6855 of yesterday's CONGRESSIONAL RECORD.

Basically, this amount of $4 million, which the committee says will be saved, would not really be saved. It simply adds an additional burden on the already financially hard-pressed universities and colleges of this country that accept research grants from the Department of Defense, which they can ill afford to assume.

The evidence in the committee hearings shows that these overhead costs currently run on the average of 32 percent.

What this does is to take away from the universities funds which they must get from State appropriated funds, tuition fees, from charitable donations, or otherwise, for their educational program; and, in effect, subsidizes the Federal Government for the conduct of national defense research.

This is a strange policy for us to adopt in the House when we have pending in the Rules Committee of the House a bill which would grant substantial assistance to the institutions of higher learning in this country to improve their facilities recognizing their need for financial support. We also have pending in the Rules Committee of the House a bill recently reported by the Committee on Interstate and Foreign Commerce, which will provide substantial assistance to institutions of higher learning for the construction of medical school facilities.

It is strange also when 2 days ago this House by unanimous consent adopted a bill in this very area which liberalized the handling of indirect costs of research contracts and grants with universities, a reform which educational institutions have been pressing for.

Now, the committee cites the precedent that one appropriation bill and only one, namely, the Health, Education, and Welfare bill, does contain a 15-percent limitation of the same character as that provided in section 540, which, for the first time, the committee is writing into a defense appropriation bill.

The committee asserts in its report that the committee is going to add this limitation to all other appropriation bills, Atomic Energy, NASA, and all other departments and agencies.

But, let me tell you as one who has been in the thick of this fight that the universities have been complaining for many years about the 15-percent limitation in the Health, Education, and Welfare bill.

A year ago I joined the vice president of the University of Michigan, who spoke for universities generally, in urging that the 15-percent limitation on indirect costs in the Health, Education, and Welfare bill either be eliminated or be increased.

We had a colloquy on this subject when the HEW appropriation bill was before the House just a few days ago, and the gentleman from Rhode Island [Mr. FOGARTY], who has been adamant against increasing or liberalizing the indirect cost limitation indicated that he felt some relief should be given to the universities, and we are hopeful that when the Health, Education, and Welfare bill goes into conference that at least the limitation will be increased as high as 20 percent, if not 25 percent.

Now, I said in my remarks yesterday—that this is a very, very serious and complicated problem; that it is not sensible to deal with it in this meat ax approach, imposing a restriction on the universities participating in research.

The rigid 15-percent limitation is going to present universities with these alternatives: Either the universities will have to go to their State legislatures and ask them to help subsidize Federal Government research activities; or they are going to have to take the money out of tuition or charitable donations; or they will have to convert their bookkeeping and set up cost accounting systems to change items from indirect cost to direct cost, which will enlarge the base to which the 15-percent overhead allowance will apply; or they will go to research contracts where the limitation does not apply; or they will have to reduce their participation in the research work the Defense Department thinks is necessary.

Mr. Chairman, this is a very unwise provision. I think it should be stricken from the bill and the money that was taken out should be restored.

Mr. STRATTON. Mr. Chairman, I offer a substitute amendment to the amendment offered by the gentleman from Michigan [Mr. CEDERBERG].

The Clerk read as follows:

Amendment offered by Mr. STRATTON as a substitute to the amendment offered by the gentlemen from Michigan [Mr. CEDERBERG]: Page 49, line 21, strike out "15" and insert "30."

Mr. STRATTON. Mr. Chairman, this amendment, of course, is directed to the same topic on which the gentleman from

Michigan has already spoken and on which I spoke earlier in the committee and also on yesterday. The effect of the amendment is that in lieu of eliminating the restriction on indirect costs altogether, it proposes a much more generous figure than that included by the Committee on Appropriations.

Mr. Chairman, I personally feel strongly that the limitation on indirect costs should be eliminated. It seems to me that the evidence which I cited earlier from the committee hearings makes it clear that a flat percentage figure is totally unrealistic, because some institutions in the country have a low ratio of indirect cost and other institutions, for example, Princeton, have a very high ratio, not because some of them are more or less efficient than others but simply because of differences in their individual accounting procedures.

I would be glad to support the amendment offered by the gentleman from Michigan [Mr. CEDERBERG], but an opportunity to discuss this matter with other Members of the House convinces me that the possibility of adopting the amendment offered by the gentleman from Michigan is relatively slight. I do feel that we would have a much better chance of adopting an increase in the ceiling itself so that when we go to conference with the other body, as the distinguished chairman of the subcommittee [Mr. MAHON] suggested on yesterday, the reduced figure that we get would be much higher, and therefore result in much less harm to our educational institutions, that would be the case if the present 15-percent figure remains in the legislation, as I am afraid is likely to be the case, if the amendment offered by the gentleman from Michigan [Mr. CEDERBERG] is rejected.

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

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

Mr. POFF. How much money is involved in the gentleman's substitute amendment?

Mr. STRATTON. I have not had a chance to detail the cost on my substitute, but the total involved in the amendment offered by the gentleman from Michigan [Mr. CEDERBERG] represents only $4 million; that is, if you take off the restriction altogether. So my amendmen would amount to something less than $4 million.

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

Mr. STRATTON. I would be glad to yield to my colleague, the gentleman from New York [Mr. SANTANGELO].

Mr. SANTANGELO. I rise in support of the amendment offered by the gentleman from New York [Mr. STRATTON] for the simple reason that the average indirect cost of the program is 32 percent, and the gentleman is taking an average, and limiting indirect costs to 30 percent, some of those whose indirect costs exceed 30 percent must practice some economy. Most of the restitution by a 30-percent limitation will be fully reimbursed. I think the gentleman's amendment is very fair and I am very happy to support it.

Mr. STRATTON. I appreciate the support of the able gentleman from New York. I might say that the figures of the American Council on Education have indicated an average cost of 28 percent for the larger institutions, and an average cost of 32 percent for the smaller ones.

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

Mr. STRATTON. I am glad to yield to the gentleman from Minnesota.

Mr. JUDD. Since the gentleman has said that he really prefers the Cederberg amendment which would strike this language from the bill, why does not the gentleman withdraw his amendment and see if we can pass the Cederberg amendment?

If we fail, the gentleman can then offer his amendment. In this way it will give us an opportunity to vote on the Cederberg amendment first.

Mr. STRATTON. There is a question regarding the parliamentary situation, since the amendments are proposed en bloc with respect to section 540 and other sections, and there is some question as to whether, in the event the Cederberg amendment is defeated, section 540 would still be properly open to amendment.

Mr. JUDD. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. JUDD. Mr. Chairman, if the amendment offered by the gentleman from Michigan [Mr. CEDERBERG] is voted on and defeated, will not the gentleman from New York [Mr. STRATTON] then be in order to offer his amendment changing 15 percent to 30 percent?

The CHAIRMAN. The Chair will state that in his opinion at the time the bill was read the gentleman from New York could at that point offer his amendment, which is now offered as a substitute.

Mr. JUDD. Then I would suggest to my colleague from New York that to withdraw his amendment will give us a chance to clarify the matter, by permitting us to vote on the Cederberg amendment first, and then on his amendment if that amendment is not adopted.

Mr. STRATTON. In view of the ruling of the Chair, and as I understand it, the Chair ruled that my substitute amendment would still be in order, I will be glad to withdraw my amendment and will support the amendment of the gentleman from Michigan.

However, my impression is that we do not have the votes.

The CHAIRMAN. The Chair will state that in his opinion the amendment of the gentleman from New York [Mr. STRATTON], would be in order only in the event that the Cederberg amendment, which is now pending, is voted down.

Mr. STRATTON. That was my understanding of the ruling, Mr. Chairman, and with that assurance I ask unanimous consent that the substitute amendment be withdrawn.

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

There was no objection.

Mr. MAHON. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I ask unanimous consent that all Members of the House have permission to revise and extend their remarks at this point in the RECORD in regard to this section of the bill.

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

There was no objection.

Mr. QUIE. Mr. Chairman, I rise in support of the Cederberg amendment. It is astounding to see that in this Defense appropriation bill, the 15-percent limit will be incorporated. This limit is presently being used for research grants in HEW programs. As far as I am concerned, the 15-percent limit is not acceptable even in HEW and I expect that some change will be made when the conference report comes to the House.

It might be argued that universities and colleges, especially those which are publicly supported, should do research on health problems and on possible improvements in educational methods while not receiving reimbursement for all indirect costs. This might be argued because some of the results accrue to the benefit of the institution and the State.

However, when research is defense oriented, it is clearly the responsibility of the Federal Government to finance the entire cost. Constitutionally and traditionally the Federal Government has accepted the responsibility for the defense of our country and it should continue to do so.

The arbitrary limit of 15 percent will cover the indirect costs of a few defense research grants, but you know that the vast majority of grants would need institution financing since now the indirect costs average 32 percent. Even a 25- or 30-percent limit would be unfair in principle since all with indirect costs above that amount would be penalized. For this and other reasons, the Cederberg amendment ought to be adopted.

This amendment affects educational institutions all over the country. From the University of Minnesota I have received the following telegram:

> Defense appropriation bill provision of 15-percent limit on indirect costs means people of Minnesota must subsidize future university grant work for Defense Department. If proposed provision were now in effect our university would be out $52,000 on grant work currently in progress. Legislation of indirect costs on research markedly hampers ability of such universities as ours to serve Federal Government and yet meet our obligations to our State constituency. Principles involved have been carefully studied with university representatives by earlier Congresses and embodied in circular A-21 which provides for equitable reimbursement on basis of actual costs involved.

If we are shortsighted enough to permit the 15-percent limit to stand, the long run effects could be detrimental. Much of the defense research is presently done by universities and colleges. The limit could have a twofold effect.

If the institution continues to accept these grants for defense work it will be necessary to deplete the funds which otherwise would have been expended for

disciplines not defense research oriented. This is shortsighted because disciplines such as the humanities are as important to our country's survival as any other work of higher education.

The second effect of the limit might be that many institutions could no longer accept the research grants. If this were the case it would be still necessary to conduct the research and the job would have to be done either by the Government or by a private firm.

In both cases you can rest assured that the entire cost will come from Federal revenue and this is presently the situation where "in house" and private firms are concerned. The biggest loss if this happens is that when research is done in an educational institution, future scientists and technical assistants are being trained and this would be reduced. The future holds an even greater need for research and many more people must be trained. If this limit stays in the bill the great side effect which has resulted in the past in the training of needed people in science through research could be greatly reduced. The resultant loss of time could not be retrieved and new special aid to education programs might be inaugurated.

Mr. POFF. Mr. Chairman, I support the Cederberg amendment, and if it should fail, I will support the amendment which will be offered by the gentleman from New York [Mr. STRATTON].

Studies conducted by the National Science Foundation show that indirect costs of research projects sponsored by Federal agencies average about 28 percent. Accordingly, a 15-percent limitation is unrealistic. Already, the 15-percent limitation imposed by the U.S. Public Health Service and the National Institutes of Health has worked a hardship on the educational institutions which have undertaken research projects in the health domain.

The Agricultural Experiment Station and the Engineering Experiment Station at Virginia Polytechnic Institute have conducted a number of research projects sponsored by NIH and NSF. Other research projects are in progress at this great land grant college. VPI will continue to cooperate on a partnership basis with the Federal Government whether this amendment is adopted or rejected, because the institution is anxious always and in all ways to promote the national interest in the field of research. And yet, this institution and no other educational institution can afford forever to absorb 85 percent of the indirect costs attached to Government-sponsored projects.

I hope that either the Cederberg amendment or the Stratton amendment will be adopted.

Mr. SANTANGELO. Mr. Chairman, I support the Cederberg amendments which I sought to introduce under my name.

These amendments restore $4 million for basic and applied scientific research, development, test, and evaluation for Army and Air Force and strikes out the 15-percent limitation on indirect costs which are paid to educational institutions doing research. The elimination of this limitation will add $4 million.

The committee report on page 49 indicates that the cost to institutions for indirect costs averages 32.6 percent of their direct costs. The committee report on page 48 states that it has no wish to establish a limitation which will be too restrictive as there is no desire to hamper or discourage cooperation between colleges and universities with the Department of Defense.

Dr. Brown, representing the Department of Defense, on page 82 of the hearings stated that:

> The Department of Defense most strongly believes that flat indirect cost rates would have the effect of distorting the cost base or would force mandatory cost sharing across the board and would not be in the best interest of long-range scientific development program.

Mr. Brown further stated on page 83 that—

> The curtailment of the university research activity for the Department of Defense, such as a flat rate would impose, would constitute a serious impediment to the research and development programs vital to the Nation's defense and security. It is advantageous to the military not to erode the strength of our educational institutions in their role of developing our national scientific resources.

I say that if these indirect costs are legitimate they should be paid. If they are not legitimate they should be disallowed.

Yesterday the New York Times had this to say:

> In simplest terms, what must be avoided is a kind of Federal aid in reverse, aid by education to the Federal Government, when education is so desperately in need for assistance. The minimum repayment by the Government should cover the full cost, responsibly audited, shouldered by the universities.

Mrs. GREEN of Oregon. Mr. Chairman, it is ironical that at a time when our colleges and universities are under more severe financial pressures than they have ever experienced, at a time when both Houses have passed bills by large margins to help the institutions meet the future demands society will place on them, at a time when the very life of our Nation depends upon their research, we should be considering a proposal which would in effect require them to use their own general funds to pay for the Defense Department's needs. Those general funds can come only from State tax sources, from individuals and foundations dedicated to the support of the broad educational process, and ever increasingly from the students through tuition and fees.

Because of limitations already placed on indirect costs by the National Institutes of Health—15 percent—and by the National Science Foundation—20 percent—our universities are facing a cruel dilemma, knowing on the one hand that fruits of their research are essential to the Nation's welfare but on the other hand that the funds that should be used for the education of their students are instead being devoured by their research laboratories and aiding only graduate students in a limited number of disciplines. They are seriously considering whether, if they are to fulfill their major function, they should not either cut back or at least level off the amount of research they conduct below cost. Universities and colleges were not founded, and are not supported, as profitmaking institutions. Neither, however, are they founded and supported to subsidize the Government.

A report just being issued by the Office of Economic and Statistical Studies of the National Science Foundation shows that the national average of indirect cost related to research in large universities is 28 percent and in small universities 32 percent. It is not surprising, therefore, that in the letters being received from college presidents by the Special Subcommittee on Education, which is conducting a study on the Government's relationships to education, this drain on institutional resources is mentioned as the greatest problem the universities face.

National Science Foundation says that if this 15-percent limitation is imposed, $36 million of university funds must be used to pay for these indirect costs.

Now, Mr. Chairman, three excellent and widely respected colleges and universities have recently commented to me on this matter. They report in the administering of federally supported educational and research programs that the one major special difficulty they encounter is the limitation on indirect costs.

A. L. Cotton, Oberlin College controller, wrote me just 2 weeks ago that—

> There is indeed a very real difficulty that Oberlin encounters in administering programs sponsored by Federal agencies, and this is that the allowance for indirect expense falls far short of reimbursing the college for the costs actually attributable to the programs. Preliminary reports indicate that like Oberlin, most small colleges having no established rate for reimbursement for indirect costs actually incurred expense far in excess of the maximum allowed the National Institutes of Health and the National Science Foundation.
>
> I have read and listened to presentations suggesting that colleges should be willing to share in the cost of such programs. What this point of view overlooks, however, is that the colleges have no profits to share. Oberlin, for example, has three major sources of income to cover the cost of its educational program: (1) Income earned by its endowment funds, (2) gifts from alumni, corporations, foundations, and other friends of the college and (3) tuition and fees paid by its students. Aiming only at a break-even operating result, we of necessity must set our tuition and fee rates at a level sufficiently high to close the gap between operating costs and income received as endowment earnings and as gifts. In a very real sense, therefore, part of the tuition charge of $1,350 that the parents of Johnny Jones from Centerville must pay next September will actually be used to subsidize programs sponsored on our campus by the National Institutes of Health and the National Science Foundation. In these days of debate on the subject of Federal aid to education, this is indeed an incongruous condition.

President Charles E. Odegaard, of the University of Washington, wrote me last week that—

> We are becoming increasingly concerned about the financial impact of the greatly accelerated health research program at the

University of Washington. During the most recent fiscal year, the university was unable to recover approximately $200,000 of indirect costs attributable to programs supported by the National Institutes of Health. This differential, calculated by comparing associated indirect costs determined under the Bureau of the Budget formula with actual reimbursements, represents an enforced appropriation by the university of a substantial sum needed to meet vital academic needs inherent in a greatly increased enrollment situation.

And Louis Levin, dean of science at Brandeis University, states that—

We now find that accepting such grants is beginning to place a heavy burden upon us. As has been stated many times, the indirect costs of conducting research are considerably greater than the amounts allowed for such costs by most granting agencies and, in particular, by the National Institutes of Health. We are aware of some of the problems connected with this matter, but we should like to point out that it appears to us that it is not correct to suggest as some have done, that because most universities continue to accept such grants the indirect costs are not, in fact, a heavy burden. They are, indeed, an increasingly heavy load but universities feel they are forced to accept the added load not only because it is, indeed, a function of a university to conduct research but also because any university which does not do so will soon lose its best and most active people to those institutions which do.

Another important consequence of the expanding research activity on the university's economy is that of certain hidden costs which, though a direct consequence of the research program, are not amenable to inclusion in any of the kinds of grants which are readily available and which are generally not considered a part of the indirect costs. I refer to many of the ordinary, everyday operating expenses, hidden and open, which are brought about by a research program. As an example, I can tell you that I, in my capacity as dean, am continually besieged by our scientists for funds to defray the costs of converting or changing laboratories so that they may be most useful for the continually changing aspects of the research program. Each of these may be a relatively small item but in toto they add up to a considerable sum each year. There are many such costs for which there is no ready outside source of support and I find that I must use general university funds in order to keep our research enterprise on the highest possible level.

A third major consequence of expanding research programs relates to staff salaries.

And Dr. Harold Brown, Director of Defense Research and Engineering of the Defense Department, told Mr. MAHON during budget hearings last month:

We concur in the basic policy that in supporting research conducted in institutions of higher learning, agencies of the Federal Government if requested, should reimburse these institutions for the indirect costs associated with the direct cost of research supported. We believe that the agencies, within the broad policy and guidelines established governing the programs conducted by them, should determine the avenues of research to be pursued at their expense and believe it only fair that all cost of such research be a proper charge to the activities so conducted, except, of course, to the extent others are interested in such research and equitable arrangements for a sharing of the cost can be agreed upon.

The concept of a mandatory flat overhead rate limitation overlooks the fundamental cost accounting principle that there is no real difference between direct and indirect costs, except for the manner in which they are allocated to the work benefited by their incurrence. The costs of the material directly used in the work and the salaries of people directly employed on the work can be clearly and readily identified and classified as direct costs. Other materials and labor costs serving some general support purpose are not readily identifiable directly with the work but can be reasonably prorated as indirect costs. Both types of costs (direct and indirect) are made up of such elements as salaries and wages, materials, supplies, and services. A dollar of indirect cost is exactly equal to a dollar of direct cost in terms of outlay. The man who fires the furnace that heats the laboratory in which the researcher performs his work contributes in his way to the research just as surely as does the researcher himself.

In the case of educational institutions, the Department of Defense follows the policy of measuring the costs of its grants and contracts in accordance with the cost principles issued for that purpose by the Bureau of the Budget (Circular A-21 issued for Government-wide application). These cost principles provide for fair and equitable costing under the particular circumstances prevailing at educational institutions. This includes a logical division of direct and indirect costs flowing from the fund accounting systems employed by educational institutions.

In regard to the various questions asked by your committee with respect to the imposition of a 15-percent indirect cost limitation, if such a limitation were imposed on the funds used to pay for DOD research performed by educational institutions, the institutions might be said to have three alternatives (1) absorb the additional costs, (2) make radical changes in the logical costing pattern (division between direct and indirect costs) in order to get the maximum amount of costs classified as "direct" so they can be reimbursed and increase the base to which the 15-percent rate would apply, or (3) drastically curtail the research activities vital to the defense of the Nation. Actually, in our opinion, the institutions would be forced to curtail DOD research activities because they simply could not afford to absorb the additional indirect costs or install the cost-accounting procedures necessary to change the logical costing pattern.

In view of the importance of university research to DOD research and development programs as outlined above, curtailment of the university research activity for DOD such as a flat rate would impose, would constitute a serious impediment to the research and development programs vital to the Nation's defense and security.

It is advantageous to the military not to erode the strength of our educational institutions in their role of developing our national scientific resources. The ability of most educational institutions to share in the support of these increased activities in research is limited since this expansion has grown to the point where only a portion of its cost can be borne adequately by the funds obtained from traditional sources.

To the extent that the indirect costs in this expanded research program are not reimbursed by the Government, the additional burden thrown on educational institutions would require them to—

(1) Use unrestricted funds from other sources for this scientific research, thus diverting funds from other activities to science, or

(2) Restrict the volume of research in science to the level at which they can carry the portion of costs imposed on them.

Mr. LINDSAY. Mr. Chairman, I strongly support the Cederberg amendment. The 15-percent limitation is unrealistic and unfair. It will seriously prejudice some of our greatest universities. In New York, for example, Columbia, Cornell, and New York Universities will find it almost impossible to continue their research programs for defense, national security, and health connected with national security. The indirect cost factor can be adequately policed in the making of grants. The Congress does not insist upon this provision in contracts. The executive polices it in the writing of contracts. The executive can do the same in grants, but sensibly, realistically and with due regard to the facts. If there are "abuses", as some have said, there should be tighter auditing procedures.

Our universities have made a necessary and important contribution to Government research. They should be encouraged, not discouraged. This is poor economy, and in the end will be more costly. The Cederberg amendment should be adopted.

Mrs. HANSEN. Mr. Chairman, through permission granted the gentleman from Texas, chairman of the Subcommittee on Defense Appropriations, I would like to extend my remarks in support of the amendment offered by the gentleman from Michigan.

The problem of research grants to universities and indirect costs involved have a direct relationship to the fiscal programs of our universities and colleges, particularly those which are tax supported.

In our own State of Washington, Washington State University and the University of Washington operate upon a budget fixed by the legislature of the State and they are not luxury budgets, due to the financial problems which are involved in our State for adequate financing of various State programs.

Certainly our universities and colleges are happy to participate in the defense effort and to lend their research facilities and abilities to forwarding research, but if the indirect costs are not repaid to the university by the Federal Government, these costs become a subsidy of the Federal Government by the State of Washington. In the limited tax fields available to the State, it would be impossible to contemplate such subsidization.

All colleges and universities are bursting at the seams. Academic facilities are short and there is pending now a bill before Congress to aid these universities. Therefore, it is extremely unrealistic to provide additional burdens.

From our own State, University President Charles E. Odegaard has sent me a wire which says:

We have been informed that the defense appropriation bill places a 15-percent limit on reimbursements of indirect expenses related to research grants and contracts financed by defense agencies. If passed, this limitation would reduce the level of indirect expense reimbursements currently received by the university by $220,000 annually.

This loss, combined with the $200,000 loss suffered by the university due to this same limitation in National Institutes of Health grants, will force a reduction in levels of university research critical to this Nation's educational and scientific future. This regressive step seriously undermines Ameri-

can universities when they can least afford it.

Your assistance in removing the 15-percent limitation from defense appropriation bill is urgently requested.

Dr. Odegaard's wire expresses the concern all of us should have for the welfare of our major colleges and universities.

On Monday, we passed a bill which can be of genuine assistance to our universities in this research field.

In a further discussion of this matter, I would seriously urge that all universities collectively adopt uniform accounting procedures as one answer to the cost problem; however, I certainly do not believe that the universities in our own State, nor in other States, are the recipients of give-away money.

Let me outline for you the way a research project is usually developed at a college or university. This procedure is as follows:

First. The scientists prepare a research report outlining the objective and plans to accomplish their objective. The document also includes a detailed budget listing personnel, salaries, periods of employment, supplies and equipment, and a provision for indirect costs based upon the audit report of the cognizant audit agency of the Federal Government for the previous year.

Second. The report is forwarded to the graduate dean, in order that he may determine whether the proposed research will assist in the overall objective of the university, that the scientific staff is available, and that the objective has merit and reasonable possibilities of success.

Third. The report is then forwarded to the business manager to determine that space, equipment, and utilities are available.

Fourth. The report then goes to the comptroller, who checks the budget for accuracy and reasonableness and determines that the budget includes a provision for indirect cost reimbursement at rates established by Department of Defense audit.

Fifth. If a project survives through these tests, it is then forwarded by the university to an agency with a request for support.

Certainly I can say in closing that the college budgets of tax-supported institutions in my own State have the most careful scrutiny of a very money-conscious legislature. Long and extensive hearings are held on these budgets. Accounting procedures are continually reviewed and I know that in the research field, the application of these careful procedures are continued.

I do wish to urge the adoption of the gentleman from Michigan's amendment.

Mr. CORMAN. Mr. Chairman, I have the honor of representing a State where much of the important research work of our Nation goes on. Our institutions of higher learning, the various campuses of the University of California, the California Institute of Technology, and many others, all have played important roles in stocking our great storehouse of scientific knowledge.

Without Government help, none of this would have been possible. How could our tremendous efforts in atomic energy, space technology, astronomy, and countless other fields have been made without the broad base of support provided by the resources of our Federal Government?

The amendment under consideration here would strike at the heart of these activities. It would seriously hamper scientific efforts in nearly all of these fields. Today, obsolescence is almost concurrent with development. New equipment is needed as we refine and accelerate our explorations into new areas of understanding. To limit the acquisition of this new equipment, as the amendment under consideration here does, would be to limit the rate at which we breech the frontiers of knowledge.

Let me urge my colleagues to consider carefully any action they take in this vein, and especially to consider the impact this restriction would have on our Nation's future.

Mr. RIEHLMAN. Mr. Chairman, I favor removing from this bill the provision that none of the funds can be used to pay any recipient of a research grant an amount for indirect expenses exceeding 15 percent of the direct costs. The committee has stated that it has no wish to be too restrictive or to hamper or discourage cooperation between colleges and universities with the Department of Defense. The committee contends that it wants to devote more study to the problem, and I am of the opinion that we should not place this rather arbitrary and restrictive limitation in the bill until we are absolutely certain that a fair and equitable solution has been worked out.

Colleges and universities have found it very difficult in some situations to work under this 15-percent limitation. I can see their point of view as well as the point that some limitation is necessary to prevent abuse. I am certain that a workable balance can be achieved somewhere along the line which will insure both that the maximum benefit is being obtained from these research grants and that the colleges and universities are not doing this research at their own expense.

I think the better approach would be to leave this limitation off until an acceptable solution is found, rather than place this flat 15-percent limitation on indirect costs without being certain either that it is necessary or that it is workable.

Mr. DADDARIO. Mr. Chairman, although the concern for economy exhibited by the Appropriations Committee is laudable, I find one provision of the proposed legislation appropriating funds for the Department of Defense quite disturbing. Section 540 of the bill strikes a blow at one of our basic resources for national security, economic strength, and cultural progress, the universities. This section provides that none of the funds provided in the bill shall be used to pay any recipient of a grant for the conduct of a research project an amount for indirect expenses in connection with such project in excess of 15 percent of the direct costs. This would bring the Department of Defense university research program into line with a practice long followed by the Department of Health, Education, and Welfare, but at the very time when the President has requested that the limitation be removed from the HEW appropriations bill.

As a member of the Committee on Science and Astronautics, I have been particularly interested in the relation between Federal research programs and the total scientific effort of the United States. Our committee has had a number of occasions to take note of the intimate connections between Federal agencies, including the Department of Defense, and research conducted in universities and other nongovernmental organizations. The Federal Government provides an estimated 65 percent of the total funds currently being invested in research and development programs in this country. A large proportion of this total comes from the Department of Defense. In view of the magnitude anrd importance of the Defense Department's role in the national scientific effort, we must closely scrutinize proposals of this nature. After studying the aforementioned section in the defense appropriations bill, I am convinced that the 15-percent limitation would adversely affect the invaluable scientific capability of our universities and seriously impede their effective contribution to the general welfare of the Nation.

The apparent attractiveness of this proposal disappears upon close examination, both because it is basically unjust and because it would have decidedly harmful effects on the relationships between the DOD and our academic institutions. First of all, there are many instances in which the 15-percent limitation would simply not cover the actual indirect costs which universities incur in the conduct of important research for the Defense Department. Presently such overhead costs range from about 8 percent to about 45 percent of total direct costs, although they do go higher in certain rare cases. They vary greatly from institution to institution and from one type of research effort to another. The flat limitation of 15 percent would ignore these basic differences, and would amount to a dereliction of public responsibility in that it would seek to avoid payment of expenses legitimately attributable to the Government.

What would be the net effect of this understandable, but arbitrary and unreasonable effort at economy? There are several pertinent facts and reliable estimates which should be considered on this point. Indirect costs are just as real as direct costs and if the Government does not bear them, as it should in the cases to which I am referring, then the burden will have to be carried by the individual institutions themselves. Even granting the debatable point that the 15-percent limitation serves a useful purpose in the HEW appropriations bill, it is fair to say that the research conducted under DOD auspices is sufficiently different to require separate treatment. DOD research often costs more, both directly and indirectly, than that sponsored by HEW.

The Defense Department university research program to which the proposed limitation would apply now runs to approximately $350 million. In a thoughtful statement submitted to the cognizant Appropriations Subcommittee, the Department expressed its candid view that the universities engaging in such research could not bear the additional costs which the limitation would throw upon them:

> The institutions would be forced to curtail DOD research activities because they simply could not afford to absorb the additional indirect costs.

To the extent that the universities attempted to meet the new expenses, they would be compelled to drain off precious funds from other activities at a time when the Nation is already seeking methods to alleviate the financial strain on our institutions of higher learning. This process would aggravate the grave danger that the universities will cease to be unfettered sources of creative work.

I have received a telegram from the distinguished president of Yale University, Dr. A. Whitney Griswold, which states the case accurately and plainly. Dr. Griswold, no doubt expressing the views of most other educational administrators, declares that the 15-percent limitation will either force rejection of research activity important to national security or diversion of university funds from other important areas in order to meet actual indirect costs entailed in research grants. Even for well-supported institutions it tends to distort use of resources at expense of liberal arts and professions. Such distortion is most unwise and unhealthy for quality, independence, and self-determination of American universities. He strongly urges that the 15-percent limitation be omitted in favor of a provision for the payment of the full, audited indirect costs which the individual institutions incur in each instance. This or a similar provision seems eminently more reasonable than the present one.

From the point of view of the Appropriations Subcommittee chaired by our able colleague from Texas [Mr. MAHON] the 15-percent limitation doubtless seems a sensible means of helping to control the rampant growth of defense expenditures. But from the point of view of overall national policy, such a limitation is clearly a false economy. There should be no impediment to the optimum employment of all our resources, including universities, in the interest of national security. On that I am confident we are all agreed. But we must always safeguard the traditional functions of our institutions of higher learning as havens of learning and instruction, if we are to preserve and amplify our great heritage. The limitation on payment of indirect costs to only 15 percent of direct costs would almost certainly tend to restrict the vital contribution to national security which many of our universities are now making, while at the same time handicapping them in the execution of their other obligations to promote broad-ranging inquiry and to educate succeeding generations. On both counts, then, the passage of such a provision would be most unfortunate.

The Congress should carefully weigh this matter and devise a more equitable balance of the relevant factors. Let us sacrifice neither this essential element in our national defense nor the vitality of our universities in a misguided quest for economy. True economy calls for the public sector of our economy to meet the costs of public programs. There can be no justification for shifting these expenses to the individual institutions which are already contributing so much to the national welfare. I am sure the Congress will recognize the higher wisdom of removing from the defense appropriations bill this unrealistic and unfair provision regarding indirect costs.

I offer for the RECORD the complete text of Dr. Griswold's telegram:

> Pending defense appropriation bill reported to provide that universities could not be reimbursed for indirect costs in connection with Defense research grants above 15 percent of direct costs. Such limitation will either force rejection of research activity important to national security or diversion of university funds from other important areas in order to meet actual indirect costs entailed by research grants. The limitation puts a real squeeze on institutions not fortunately endowed. Even for well-supported institutions it tends to distort use of resources at expense of liberal arts and professions. Such distortion most unwise and unhealthy for quality, independence and self determination of American universities. Strongly urge substitution of full audited indirect costs for the 15-percent limitation.

Mr. THOMPSON of New Jersey. Mr. Chairman, I heartily support the amendment to remove the 15-percent limitation on reimbursement for indirect costs.

Budget Bureau Circular A-21 provides a workable, if not ideal, means of apportioning the costs of Government-sponsored research projects in our colleges and universities, and it seems highly undesirable to me to legislate a rigid percentage-of-direct-costs limitation. In application this limitation would inevitably result in a heavy burden being put upon the unrestricted endowment income of schools conducting research projects, and would lead many schools to curtail severely their Government research activities.

The underlying problem that has precipitated debate over various formulas for reimbursing schools for so-called overhead expenses is that many of the expenses of research are difficult to identify and pinpoint in amount. For lack of a better term these have been referred to as "indirect" costs, but they are no less necessary costs of research. It is concededly difficult to determine what portion of a school's total bill for heat, light, janitorial services, library, or administration may be properly attributable to a particular research project, but these services are obviously required for any such project.

The 15-percent rate imposed in this bill, or, indeed, any flat rate limitation, can only be an arbitrary figure imposed in the hope of bringing certainty and ease of administration to the process of reimbursement for Government research projects. But this certainty and ease is illusory, and the flat rate limitation will, in my judgment, only spawn more problems and uncertainty. For one thing, there are no standard rules for determining which costs are to be treated as direct costs and which as indirect. Pension and retirement contributions, for example, are treated differently by different schools. Secondly, a flat rate can never be perfectly equitable in all cases. In projects where there are high actual indirect costs and direct costs are limited to salaries and wages, the school may take substantial losses. Conversely, where direct costs are high—perhaps because of the purchase of expensive equipment for the project—the flat rate reimbursement may result in a payment that exceeds actual indirect costs.

On the surface the problem we are discussing here appears to be only a problem of accounting procedures, but accounting formulas reflect deeper policy considerations; they are not ends in themselves. If it were the policy of the Government to provide full reimbursement for the costs of Government-financed research we would seek a formula that would maximize payments, recognizing that it is impossible to determine precisely what the exact total costs are. I am disturbed, however, by the suggestion in the hearings on this legislation that the committee intended to save money by reimbursing for less than full costs. This seems to me to be not only unsound policy—because of the inhibition it creates in our schools to accept Government research work—but not even established policy. We will soon enact into law the College Academic Facilities Act, which takes recognition of the fact that our institutions of higher education are vital national assets that are threatened because of insufficient funds. Yet here we would impose a limitation that would have the effect of requiring these institutions to supply funds to make up part of the cost of doing research for the Government.

I do not suggest that we use research funds as a means of subsidizing our schools, but it does seem inconsistent to express a policy in this legislation that is directly contrary to a policy that we have expressed in legislation that we have already passed during this session.

In a recent letter to me President Robert F. Goheen, of Princeton University, said:

> All research financed by the Government must be judged by the criterion, Will it be worth to the Nation what it will cost?

Our standards must be qualitative and not quantitative. If a project is important we should be willing to pay for it without penalizing the school for conducting it; if it is not important or worthwhile our duty is clear, and we have no business arguing about the degree to which we will reimburse for it.

That the imposition of this 15-percent limitation would be a penalty to Princeton University is well borne out by a comparison of results that would obtain

for that school under Circular A–21 and a flat 15-percent rate:

For fiscal 1959–60, the last year for which computations and audit of indirect costs have been completed (although negotiations are not yet final), the direct costs of Government-sponsored research were as follows (the total being more than half of the whole university operating budget):

Direct salaries	$4,464,000
Direct expenses (materials, supplies, experimental apparatus, etc.)	5,922,000
Direct costs exclusive of capital expenditures	10,386,000
Capital expenditures for equipment and construction	12,399,000
Total	22,785,000

Princeton's latest computation of indirect costs under Bureau of the Budget Circular A–21 for the above total of Government-sponsored research amounted to $3,316,000; the Government's latest interpretation of Circular A–21 would allow $3,122,000. The allowance for indirect costs under a 15-percent limit would amount to only $1,560,000, or about half the indirect costs computed either by the university or by the Government. The difference, which would have to be paid by the university, would use up approximately all of the unrestricted endowment income received by the university for that year.

Mr. Chairman, I urge adoption of the amendment to remove the 15-percent limitation from this bill.

Mr. TEAGUE of Texas. Mr. Chairman, the Appropriations Committee's action, under section 540, limiting to 15 percent of the direct costs funds for research grants, is a mistake.

We are at a period when more and more there is emphasis on research within our colleges and universities. It is imperative that we depend on them for this effort. I am placing in the RECORD, Bureau of the Budget Circular No. A–21, upon which that agency expended 3 years' work. The impression that no check is made on the moneys charged by the universities is erroneous. There is a very careful check.

I am enclosing this circular so that Members may know that there is a check. Also, Mr. Speaker, I am enclosing excerpts from hearings before the Manned Space Subcommittee on March 7 and March 8, concerning this subject. This colloquy between people in the space agencies and members of our committee will further prove that the Appropriations Committee has made a mistake:

EXECUTIVE OFFICE
OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington, D.C., September 10, 1958.

Circular No. A–21.

To: The heads of executive departments and establishments.

Subject: Principles for costing research and development under grants and contracts with educational institutions.

1. Purpose: This circular provides the basis for a uniform approach to the problem of costing research and development performed by educational institutions under grants from and contracts with the Federal Government. The principles and related policy guides provided herein are designed for Government-wide use. All Federal agencies that sponsor research and development work at educational institutions are requested to apply these principles and related policy guides to the fullest extent practicable in determining the amounts to be authorized under grants or contracts for such work and in developing budget estimates therefor.

2. Policy guides: The following general policy guides are provided for the information of the Federal agencies concerned:

(a) Each college and university has its own unique combination of staff, facilities, and experience, and should be encouraged to conduct research in a manner consonant with its academic programs and institutional objectives while fulfilling its contractual responsibilities.

(b) The successful application of these principles requires development of mutual understanding between representatives of universities and of the Federal Government as to their scope, applicability, and interpretation.

(c) The extent of agency and institution participation in the financing of a particular research or development project is properly the subject of negotiation between the particular agency and the educational institution concerned.

(d) It is not intended that the application of these principles should require any significant changes in the generally accepted and established accounting practices of colleges and universities.

3. Cost principles: The principles and standards to be followed in costing Government-sponsored research and development projects conducted by educational institutions are set forth in the attachments, as follows:

(a) Attachment A: "Principles for Determining Applicable Costs Under Research Agreements."

This document states the general principles to be applied in costing research and in associating indirect costs with particular research agreements. Agencies are requested to promulgate this document without change, where practicable, in order to assure uniformity of approach throughout the Government.

(b) Attachment B: "General Standards for Selected Items of Cost."

This document sets forth standards with respect to the allowability of the particular items of cost listed therein. The need for a continuing review of these standards is recognized; individual agencies may find it necessary to request amendments to these standards from time to time. (See 4c below.)

4. Objectives: The objective of this circular and its attachments is to provide to educational institutions recognition of their full allocated costs of research under generally accepted cost accounting principles. Alternative methods are specified as permissible in unusual circumstances or to prevent inequities. No provision for profit or other increment above cost is intended.

5. Reports: Agencies that sponsor research and development work at educational institutions are requested to report to the Bureau of the Budget as follows:

(a) On or before November 30, 1958: Advise by letter the extent to which the provisions of this circular have been placed in effect, and include copies of any internal instructions issued.

(b) On or before June 30, 1960: Advise by letter any changes to attachment A of this circular which the agency considers desirable.

(c) As necessary: Advise by letter any changes to attachment B of this circular which the agency considers to be of sufficient importance to warrant consideration. Include drafts of language covering any amendments for which consideration is desired.

By direction of the President:

MAURICE H. STANS,
Director.

(Attachments.)

ATTACHMENT A

PRINCIPLES FOR DETERMINING APPLICABLE COSTS UNDER RESEARCH AGREEMENTS

I. GENERAL

A. Purpose and scope

1. This attachment sets forth the general principles which Federal agencies are requested to follow in determining the allowable costs of research and development performed by educational institutions under grants, cost-reimbursement-type contracts, and cost-reimbursement-type subcontracts. To the extent costs are applicable, these principles may also be used as a guide for the pricing of fixed price contracts and subcontracts.

2. It is the intent of these principles to provide Government agencies and educational institutions with a common basis for determining the allowable costs of research sponsored by the Federal Government. Application of these principles should enable agencies and institutions to identify the allowable direct costs of such research, plus the allocable portion of the allowable indirect costs, less applicable credits. The tests of allowability of costs applied in these principles are reasonableness and allocability under consistently applied generally accepted cost accounting principles and practices; however, these provisions are subject to any limitations as to types or amounts of costs set forth in the research agreement.

3. These principles do not attempt to identify the circumstances or dictate the extent of agency and institution participation in the financing of a particular research and development project, but rather are confined to the subject of cost determination. Arrangements concerning financial participation are properly the subject of negotiation between the particular agency and the educational institution concerned.

4. These principles should be applied to all Government-sponsored research at an educational institution, including research conducted at locations other than the main campus of the institution.

5. A negotiated fixed amount in lieu of indirect costs may be appropriate in certain instances for off-campus or segregated research projects where (a) research agreements are charged directly for the cost of many of their administrative or housekeeping services, or (b) the cost of benefits derived from an institution's indirect services cannot be readily determined by use of apportionment or allocation bases normally employed, or (c) the costs of apportioning and allocating expenses to research agreements are excessive. The negotiated amount should not exceed a conservative estimate of anticipated indirect costs.

B. Definition of terms

1. For the purposes of this document, the following terms are defined:

(a) Research agreements are agreements to perform federally sponsored research through grants, cost-reimbursement type contracts, cost-reimbursement type subcontracts, and fixed price contracts and subcontracts for research.

(b) Apportionment is the process by which the indirect costs of the institution are assigned to (1) instruction and research, and (2) other institutional activities.

(c) Allocation is the process by which the indirect costs apportioned to instruction and research are distributed to research agreements.

(d) Sponsoring agency means the Federal agency for which the institution is performing research. Its use in this document does not imply a change in concept or intent for those agencies that have traditionally used a grant rather than a contractual instrument.

(e) Original complement means the complement of equipment initially placed in buildings to perform the functions currently being performed in such buildings. If a permanent change in the function of a building takes place, a redetermination of the original complement of equipment may be made at that time to establish a new original complement.

(f) Other institutional activities means all organized activities of an institution not directly related to the instruction and research functions, such as residence halls, dining halls, student hospitals, student unions, intercollegiate athletics, book stores, faculty housing, student apartments, guest houses, chapels, theaters, public museums, financial campaigns, and other similar activities or auxiliary enterprises. Also included under this definition is any category of cost treated as "unallowable," provided such category of cost identifies a function or activity to which a portion of the institution's general overhead expenses are properly allocable.

C. Direct costs

1. Direct costs are those identified as having been specifically incurred to perform a particular research agreement. The general types of direct costs are:

(a) Direct salaries and wages, including employee benefit expenses and pension plan costs (see attachment B) to the extent that they are consistently treated by the educational institution as a direct rather than an indirect cost, are those applicable directly to the performance of a research agreement. Such salaries and wages should be charged at the actual rates paid by the institution. Where professional staff paid on a salary basis work directly part time on a research agreement, current and reasonable estimates of time spent may be used in the absence of actual time records.

(b) Direct material costs include raw materials, purchased or supplied from stock, which are directly consumed or expended in the performance of a research agreement, or are otherwise applicable directly to a research agreement.

(c) Other direct costs include other expenses related directly to a particular research agreement or project, including abnormal utility consumption. This may include services purchased from institution service operations, provided such are consistently treated as direct rather than indirect costs and are priced under a recognized method of costing or pricing designed to recover only actual costs and conforming to generally accepted cost accounting practices consistently followed by the institution. Purchases of equipment will be included under this heading only to the extent expressly provided for in the research agreement or approved pursuant to such agreement.

D. Indirect costs

1. Indirect costs are those which, because of their incurrence for common or joint objectives, are not readily subject to treatment as direct costs of research agreements or other activities. The general types of indirect costs are:

(a) General administration and general expenses are those incurred for the general executive and administrative offices of educational institutions and other expenses of a general character which do not relate solely to any specific division of the institution. Employee benefit expenses and pension plan costs may be included in this category to the extent that they are consistently treated by the educational institution as an indirect rather than a direct cost.

(b) Research administration expenses are those which apply to research administered in whole or in part by a separate organization or an identifiable administrative unit. Examples of work relating to research which is sometimes performed under such organizational arrangement are: contract administration, security, purchasing, personnel administration, and editing and publishing of research data.

(c) Operation and maintenance expenses are those incurred for operating and maintaining the institution's physical plant. They include expenses normally incurred by the institution for administration or supervision of the physical plant; janitorial service; repairs and ordinary or normal alterations of buildings, furniture and equipment; care and maintenance of grounds; utilities; and other expenses customarily associated with the operation, maintenance, preservation and protection of the physical plant.

(d) Library expenses are those incurred for direct operation of the library plus a use allowance for library books. The use allowance shall not exceed 8 cents per volume per year.

(e) Use allowance is a means of compensation for the use of buildings, capital improvements, and equipment over and above the expenses for operation and maintenance when depreciation or other equivalent costs are not considered. The use allowance for buildings and improvements shall be computed at an annual rate not to exceed 2 percent of acquisition cost. The use allowance for equipment shall be computed at an annual rate not exceeding 6⅔ percent of acquisition cost of usable equipment in those cases where the institution maintains current records with respect to such equipment on hand. Where the institution's records reflect only the cost (actual or estimated) of the original complement of equipment, the use allowance shall be computed at an annual rate not exceeding 10 percent of such cost. In those cases where no equipment records are maintained, the institution will justify a reasonable estimate of the acquisition cost of usable equipment which may be used to compute the use allowance at an annual rate not exceeding 6⅔ percent of such estimate. Computation of the use allowance shall exclude the portion of the cost of buildings and equipment paid for out of Federal funds and the cost of grounds.

(f) Indirect departmental expenses are those incurred for departmental administration, such as salaries of deans or heads of colleges, schools, departments or divisions, and related secretarial and other administrative expenses.

E. Applicable costs

1. The cost of a research agreement is comprised of the allowable direct costs incident to its performance, plus the allocable portion of the allowable indirect costs of the institution, less applicable credits.

2. When any types of expense ordinarily treated as indirect costs are charged to a research agreement as direct costs, the costs of similar items applicable to other activities of the institution must be eliminated from indirect costs allocable to the research agreement.

3. Where a particular understanding has been reached regarding specific items of cost to be reimbursed, the research agreement should clearly state such understanding.

4. Attachment B provides standards to be applied in determining the allowability of certain items of cost. Attachment B also identifies certain types of expenditures which relate solely to instruction and therefore do not enter into the costs of research agreements, either as direct costs or indirect costs; such costs of instruction shall be excluded from the computations provided herein.

II. DETERMINATION OF INDIRECT COSTS

A. General

1. In determining the indirect costs applicable to federally sponsored research agreements, the allowable indirect costs should first be apportioned equitably between (a) instruction and research activity and (b) other institutional activities, as provided in paragraph II–B below.

2. The amounts of indirect costs apportioned to instruction and research should then be allocated in an equitable manner to research agreements, as provided in paragraph II–C below.

3. Actual conditions must be taken into account in determining the most suitable method or methods to be used in the apportionment and allocation of indirect costs. The objective should be the selection of a method or methods which will distribute the indirect costs in a fair and equitable manner to the Government research and development work and other work of the institution, giving due consideration to the nature and extent of the use of the institution's facilities by research personnel, academic staff, students, and other personnel or activities, and to the materiality of the amounts involved. The methods used should conform with generally accepted cost accounting practices, provide uniformity of treatment for like cost elements, be applied consistently, and produce equitable results. Any significant change, such as in the nature or extent of Government work or other activities sponsored or conducted by the institution, may require reconsideration of the methods previously in use to determine whether they continue to be equitable.

B. Apportionment

1. Where indirect costs relate to research, instruction, and other activities, such indirect costs shall be apportioned as between (a) instruction and research activities, and (b) other institutional activities as defined in paragraph I(B)(1)(f) above. The apportionment shall be made as follows:

(a) General administration and general expenses, on the basis of total expenditures; if more appropriate in the circumstances, however, other bases may be used.

(b) Operation and maintenance of the physical plant, if not separately costed, on the basis of total square or cubic footage of the buildings.

(c) Other types of indirect costs normally do not require apportionment. Where they do, an equitable basis for making the apportionment should be selected.

C. Allocation

1. After determination of the total amount of indirect costs applicable to instruction and research activities, such indirect costs shall in turn be allocated between instruction activities and research agreements as described below.

2. The following criteria should be used with such appropriate modifications as will under the circumstances produce reasonably equitable allocation of the indirect costs associated with research agreements:

(a) General administration and general expenses should normally be allocated on the basis of total expenditures (exclusive of capital expenditures and use allowances) if equitable, direct salaries and wages, or other bases appropriate in the circumstances.

(b) Research administration expenses should be allocated to (1) applicable research agreements and (2) other research benefiting therefrom on the basis of records reflecting the proportion fairly applicable to each or, in the absence of such records, on the basis of a reasonable estimate.

(c) Operation and maintenance expenses should be allocated on a basis that gives primary emphasis to space utilization. The amount allocated may be developed as follows:

(1) Where actual space and related cost records are or can readily be maintained without significant change in the accounting practices, the amount allocated to research agreements should be based on such data.

(2) Where the space and related cost records maintained are not sufficient for purposes of (1) above, a reasonable estimate of the proportion of total space assigned to research agreements normally will suffice, and this proportion of operation and maintenance expense should be allocated to research agreements. Where it can be established that the cost of maintaining space assigned to research varies significantly from the cost of maintaining other space, appropriate weighting factors may be used to give effect to such variations.

(3) Where more definitive information is not available, either of the following simplified techniques for determining space may be used, as most appropriate:

(a) Reduce the total space identified with instruction and research by the amount of space occupied by undergraduate students, including appropriate portions of classrooms and access and related space. Reduce by the same proportion the amount of maintenance and operation expense that has been apportioned to instruction and research, and then allocate to research agreements on the basis of the relationship that direct salaries and wages of research agreements bears to direct salaries and wages of instruction and research; or

(b) Prepare a reasonable estimate of the average gross space assigned per research worker, and extend to the equivalent annual number of research workers under research agreements. The resulting product should then be related to total space assigned to instruction and research in order to obtain the proportion of space utilized for research agreements. The resulting proportion should then be applied to operation and maintenance expense to obtain the amount allocable to research agreements.

(4) Where it can be demonstrated that an area or volume of space basis of allocation is impractical or inequitable, other bases may be used provided consideration is given to the use of facilities by research personnel and others, including students.

(d) Library expenses should normally be allocated to research agreements on the basis of population including students and other users. Where appropriate, consideration may be given to weighting segments of the population figures as necessary to produce equitable results.

(e) Use allowance for buildings and equipment should, if depreciation or other equivalent costs are not considered, be computed in accordance with paragraph I(D)(e). The cost of buildings and equipment used by "other institutional activities" (as defined) should be excluded from any computation of use allowances. If available records permit, use allowances may be specifically allocated in whole or in part to research agreements. In the absence of such usable records, use allowance may be allocated to research agreements on the same basis as that used for allocating operation and maintenance expenses.

(f) Indirect departmental expenses. The salaries and wages of department heads and their offices, including the allocated portion of deans of schools and their offices, which jointly benefit both research agreements and other activities should be allocated between research agreements administered or supervised by the department and other work of the department on any equitable basis, possibly direct salaries and wages, total direct expenditures, or approximate time so devoted. Where equitable results would be obtained, the distribution may be made on a composite base which would include all schools and departments.

3. Indirect costs allocated to research agreements normally should be treated as a common pool. The costs in such common pool should then be distributed to individual research agreements benefiting therefrom on a single rate basis. This rate will be the percentage which the indirect cost pool is of direct salaries and wages of the applicable research agreements. If appropriate, total direct expenditures may be used rather than salaries and wages.

4. It is recognized that in certain cases, due to the nature of the work, the facilities or personnel involved, or other considerations, the application of a single indirect expense rate on research agreements may produce inequitable results to the institution or to the Government. In such cases, it may be necessary to develop two or more indirect expense rates by means of: (a) Appropriate adjustment to the basic indirect expense rate developed through use of the common pool, or (b) segregation of the indirect expenses allocated to research agreements into two or more indirect expense pools. In the latter case, the costs in each such pool will be distributed to the specific research agreements benefiting therefrom on the basis of direct wages and salaries or total direct expenditures, as appropriate. Examples of conditions which may justify the development of two or more pools of indirect expense are:

(a) Where the nature of a particular type of overhead cost requires a different basis of allocation to produce equitable results.

(b) Where a research agreement or group of agreements or the facility in which such agreement(s) is performed provides its own services to a significant degree, as may be in the case of a hospital or a segregated or off-campus facility.

(c) Where a research agreement requires significantly different degress of indirect services from the institution. For example, such conditions may exist where: (1) significant amounts of Government-owned facilities or equipment are provided in lieu of that normally furnished by the institution, (2) a research agreement requires an unusual amount of power or other utilities, (3) the cost of a special library provided in lieu of regular library services is reimbursed by the Government, or (4) construction constitutes a significant portion of the work.

(d) Where it is appropriate to associate certain costs more directly with the activities benefited, such as where the research work is performed on one campus of a multi-campus university.

5. Where research is separately administered, in whole or in part, or separate services are provided in lieu of those services normally provided by the institution, the cost of the normal institutional administration or other services replaced thereby shall be excluded from allocation to such research.

D. Overhead determinations acceptable under special circumstances

1. Indirect costs may be claimed at a rate which is anticipated to be less than that which would otherwise be allowable with provision made in the research agreement for adjustment if actual costs subsequently prove to be less than the claimed rate.

2. The degree of preciseness required in the computation of indirect costs will be influenced by considerations such as the materiality of the amounts involved, the size of the educational institution, and the aggregate dollar volume of Government-sponsored research at the institution. Generally, where the total direct cost of Government-sponsored research and development work at an institution does not exceed $250,000 in a year, the use of abbreviated procedures in the determination of allowable indirect costs may be acceptable when the results obtained are equitable. For example, educational institutions which have a relatively small dollar volume of Government-sponsored research may compute allowable indirect expenses on the basis of data available in the institution's financial reports. One permissible method in such cases would contemplate the use of a single indirect expense pool composed of:

(a) General and administrative expenses, exclusive of unallowable costs (see attachment B), but inclusive of allocable salaries and expenses of deans of schools and department heads.

(b) Operation and maintenance expenses.

(c) Library expenses.

The indirect expense pool should then be allocated to research agreements and other activities of the institution on any equitable basis, possibly total expenditures (exclusive of capital expenditures).

ATTACHMENT B

GENERAL STANDARDS FOR SELECTED ITEMS OF COST

A. PURPOSE AND APPLICABILITY

1. This attachment provides standards to be applied in determining the allowability of certain items of cost. All Federal agencies that sponsor research and development work at educational institutions should adopt these standards and apply them to the extent deemed practicable in determining costs under grants and contracts for such work.

2. The standards adopted hereunder should apply irrespective of whether a particular item of cost is properly treated as direct cost or indirect cost. Failure to mention a particular item of cost in the standards should not imply that it is either allowable or unallowable; rather determination as to allowability in such case should be based on the treatment or standards provided for similar or related items of cost.

3. In case of discrepancy between the provisions of a specific research agreement and the applicable standards provided, the provisions of the research agreement should govern.

B. COSTS APPLICABLE TO INSTRUCTION

1. Except as specifically noted, the following types of costs apply only to instruction and therefore do not enter into the costs of research agreements, either as direct costs or indirect costs, unless specific provision is made therefor in the research agreement:

(a) Commencement and convocation costs.

(b) Sabbatical leave costs, including leave of absence to employees for performance of graduate work or sabbatical study, travel or research.

(c) Scholarships, fellowships, tuition and other forms of student aid costs. However, in certain cases such costs may be allocable in part to research agreements under the conditions set forth in paragraph C-35 of this attachment.

(d) Student services costs, including such activities as deans of students, administration of student affairs, registrar, placement officers, student advisers, student health and infirmary services, and such other activities as are identifiable with student services. However, in the case of students actually engaged in work under research agreements, a proportion of student services costs measured by the relationship between hours of work by students on such research work and total student hours including all research time may be allowed as a part of research administration expenses.

C. ALLOWABLE AND UNALLOWABLE COSTS

1. Advertising costs include the cost of advertising media and related technical and administrative costs. Only the following advertising costs are allowable: (a) help wanted advertising, (b) other advertising necessary for the performance of the research agreement to the extent authorized.

2. Bad debts including losses (whether actual or estimated) arising from uncollectible accounts and other claims, related collection costs, and related legal costs are unallowable.

3. Capital expenditures are unallowable except as provided for in the research agreement. This includes costs of books, equipment, and buildings, as well as repairs which materially increase the value or useful life of such equipment or building.

4. Civil defense costs are those incurred in planning for, and the protection of life and property against, the possible effects of enemy attack. Reasonable costs of civil defense measures (including costs in excess of normal plant protection costs, first aid training and supplies, firefighting training, posting of additional exit notices and directions, and other approved civil defense measures) undertaken on the institution's premises pursuant to suggestions or requirements of civil defense authorities are allowable when apportioned to all activities of the institution. Capital expenditures for civil defense purposes shall not be allowed, but a use allowance may be permitted in accordance with provisions set forth elsewhere. Costs of local civil defense projects not on the institution's premises are unallowable.

5. Communication costs including telephone services, local and long-distance telephone calls, telegrams, radiograms, postage, and the like are allowable.

6. Compensation for personal services. Each institution shall maintain control over its salary and wage rates according to its established policy consistently applied, provided, however, that the excess of salary and wage rates paid to personnel working on Government research agreements over salary and wage rates paid to personnel working on the institution's departmental research or other research will not be allowed unless specifically provided in the agreement or approved by the contracting officer. This principle does not prohibit the charging of the full salary of any temporary employee in whose favor a salary differential exists solely by virtue of the nature of his employment in accordance with the regular practice of the institution concerned. Faculty members shall be considered as employed for the period represented by the sum of all semesters and other periods during which they are required to work under the practice of the institution concerned. (Example: Professor of X institution is required to work two semesters of 4½ months each, or a total of 9 months out of the academic year. His compensation is $5,400. During the summer months, July, August, and September, he works full time on Government research projects in the institution laboratory. Unless the established practice of the institution relating to summer compensation, not based on Government contract experience, would result in a different computation, his compensation for that period, chargeable by the institution to the Government research agreement, will be $1,800, computed as follows: $5,400÷9=$600; $600×3=$1,800.)

7. Contingency provisions to provide for events the occurrence of which cannot be foretold with certainty as to time, intensity, or with an assurance of their happening, are unallowable.

8. Deans of faculty and graduate schools, or their equivalents, including their staffs and related expenses, are allowable.

9. Employee morale, health, and welfare costs and credits, such as house publications, health or first-aid clinics and/or infirmaries, recreational activities, and employees' counseling services, incurred in accordance with the institution's established practice or custom for the improvement of working conditions, employer-employee relations, employee morale, and employee performance, are allowable. Such costs shall be equitably apportioned to all activities of the institution. Income generated from any of these activities shall be credited to the cost thereof unless such income has been irrevocably set over to employee welfare organization.

10. Entertainment costs including costs of amusement, social activities, entertainment, and incidental costs relating thereto, such as meals, lodging, rentals, transportation, and gratuities, are unallowable.

11. Equipment and other facilities: The cost of equipment or other facilities, including books purchased specifically for use on the project, are allowable where such purchases are approved by the sponsoring agency concerned or provided for by the terms of the research agreement.

12. Fines and penalties: Costs resulting from violations of, or failure of the institution to comply with, Federal, State, and local laws and regulations are unallowable except when incurred as a result of compliance with specific provisions of the research agreement, or instructions in writing from the contracting officer.

13. Insurance and indemnification: Insurance includes those types of insurance which the institution is required to carry, or which is approved, under the terms of the research agreement, and any other insurance which the institution maintains in the general conduct of its activities. Indemnification includes securing the instituion against liabilities to third persons and other losses not compensated by insurance or otherwise.

(a) Costs of insurance required or approved, and maintained, pursuant to the research agreement, are allowable.

(b) Costs of other insurance maintained by the institution in connection with the general conduct of its activities, are allowable subject to the following limitations:

(1) Types and extent and cost of coverage shall be in accordance with sound institutional practice;

(2) Costs of insurance or of any contributions to any reserve covering the risk of loss of or damage to Government-owned property are unallowable except to the extent that the Government shall have required or approved such costs;

(3) Contributions to a reserve for an approved self-insurance program are allowable to the extent that the types of coverage, extent of coverage, and the rates and premiums would have been allowed had insurance been purchased to cover the risks;

(4) Costs of insurance on the lives of officers or trustees are unallowable except where such insurance is part of an employee plan which is not unduly restricted; and

(5) Actual losses which could have been covered by permissible insurance (through an approved self-insurance program or otherwise) are unallowable unless expressly provided for in the research agreement, except: (a) costs incurred because of losses not covered under nominal deductible insurance coverage provided in keeping with sound business practice are allowable; and (b) minor losses not covered by insurance, such as spoilage, breakage and disappearance of small handtools, which occur in the ordinary course of doing business, are allowable.

14. Interest costs for interest on borrowed capital or temporary use of endowment funds, however represented, are unallowable.

15. Investment counsel and staff costs are unallowable.

16. Labor relations costs incurred in maintaining satisfactory relations between the institution and its employees, including costs of labor management committees, employees' publications, and other related activities are allowable.

17. Losses on other research agreements or contracts: Any excess of costs over income under any other research agreement or contract of any nature is unallowable. This includes, but is not limited to, the institution's contributed portion by reason of cost-sharing agreements or any underrecoveries through negotiation of flat amounts for overhead.

18. Maintenance and repair costs necessary for the upkeep of property (including Government property unless otherwise provided for) which neither add to the permanent value of the property nor appreciably prolong its intended life but keep it in an efficient operating condition, are allowable.

19. Material costs of purchased materials, supplies, and fabricated parts directly or indirectly related to the research agreement are allowable. Purchases made specifically for the research agreement should be charged thereto at their actual prices after deducting all cash discounts, trade discounts, rebates, and allowances received by the institution. Withdrawals from general stores or stockrooms should be charged at their cost under any recognized method of pricing stores withdrawals conforming to sound accounting practices consistently followed by the institution. Incoming transportation charges are a proper part of material cost. Direct material cost should include only the materials and supplies actually used for the performance of the research agreement, and due credit should be given for any excess materials retained, or returned to vendors. Due credit should be given for all proceeds or value received for any scrap resulting from work under the research agreement. Where Government-donated or furnished material is used in performing the research agreement, such material will be used without charge.

20. Memberships, subscriptions and professional activity costs.

(a) Membership costs of the institution's membership in civic, business, technical, and professional organizations are allowable.

(b) Subscription costs of the institution's subscriptions to civic, business, professional, and technical periodicals are allowable, excepting those obtained for the library for which a use allowance is made.

(c) Meetings and conferences. This item includes cost of meals, transportation, rental of facilities for meetings, and costs incidental thereto, when the primary purpose of the incurrence of such costs is the dissemination of technical information. Such costs are allowable.

21. Patent costs: Costs of preparing disclosures, reports, and other documents required by the research agreement and of searching the art to the extent necessary to make such invention disclosures, are allowable. In accordance with the clauses of the research agreement relating to patents, costs of preparing documents and any other patent costs, in connection with the filing of a patent application where title is conveyed to the Government, are allowable. (See also C-32 below.)

22. Pension plan costs are allowable if in accordance with the established policies of the institution, provided such policies meet the test of reasonableness and the methods of cost allocation are not discriminatory, and provided appropriate adjustments are made for credits or gains arising out of normal and abnormal employee turnover or any other contingencies that can result in forfeitures by employees which inure to the benefit of the institution.

23. Plant security costs including wages, uniforms and equipment of personnel engaged in plant protection, and necessary expenses to comply with Government security requirements, are allowable.

24. Preresearch agreement costs are those which are incurred prior to the effective date of the research agreement whether or not they would have been allowable thereunder if incurred after such date. Such costs are unallowable unless specifically set forth and identified in the research agreement.

25. Professional services costs—legal, accounting, engineering and other.

(a) Costs of professional services rendered by the members of a particular profession who are not employees of the institution are allowable, subject to (b) and (c) below, when reasonable in relation to the services rendered and when not contingent upon recovery of the costs from the Government. Retainer fees to be allowable must be reasonably supported by evidence of services rendered.

(b) Factors to be considered in determining the allowability of costs in a particular case include:

(1) The past pattern of such costs, particularly in the years prior to the award of Government research agreements;

(2) The impact of Government research agreements on the institution's total activity;

(3) The nature and scope of managerial services expected of the institution's own organizations; and

(4) Whether the proportion of Government work to the institution's total activity is such as to influence the institution in favor of incurring the cost, particularly where the services rendered are not of a continuing nature and have little relationship to work under Government research agreements.

(c) Costs of legal, accounting, and consulting services, and related costs, incurred in connection with organization and reorganization, and the prosecution of claims against the Government, are unallowable. Costs of legal, accounting and consulting services, and related costs, incurred in connection with patent infringement litigation, are unallowable unless otherwise provided for in the research agreement.

26. Profits and losses on disposition of plant, equipment, or other capital assets. Profits or losses of any nature arising from the sale or exchange of plant, equipment, or other capital assets, including sale or exchange of either short- or long-term investments, shall be excluded in computing research agreement costs.

27. Proposal costs are the costs of preparing bids or proposals on potential Government and non-Government research agreements or projects, including the development of engineering data and cost data necessary to support the institution's bids or proposals. Proposal costs of the current accounting period of both successful and unsuccessful bids and proposals normally should be treated as indirect costs and allocated currently to all activities of the institution, and no proposal costs of past accounting periods shall be allocable in the current period to the Government research agreement. However, the institution's established practices may be to treat proposal costs by some other recognized method. Regardless of the method used, the results obtained may be accepted only if found to be reasonable and equitable.

28. Public information services costs such as news releases pertaining to specific research or scientific accomplishment are unallowable unless specifically authorized by the sponsoring agency.

29. Rearrangement and alteration costs. Ordinary or normal rearrangement and alteration costs are allowable. Special arrangement and alteration costs incurred specifically for the project are allowable when such work has been approved in advance by the sponsoring agency concerned.

30. Reconversion costs are those incurred in the restoration or rehabilitation of the institution's facilities to approximately the same condition existing immediately prior to commencement of Government research agreement work, fair wear and tear excepted. Reconversion costs are allowable, only to the extent of the cost of removing Government property and the restoration or rehabilitation costs caused by such removal.

31. Recruiting costs such as help wanted advertising, operating costs of an employment office necessary to secure and maintain an adequate staff, travel costs of employees while engaged in recruiting personnel, and travel costs of applicants for interviews for prospective employment, are allowable. Where the institution uses employment agencies, costs not in excess of standard commercial rates for such services are also allowable. Costs of special benefits or emoluments offered to prospective employees beyond recognized practices for recruiting such personnel are unallowable.

32. Royalties and other costs for use of patents. Royalties on a patent or amortization of the cost of acquiring a patent or invention or rights thereto, necessary for the proper performance of the research agreement and applicable to tasks or processes thereunder, are allowable unless: (a) the Government has a license or the right to free use of the patent; (b) the patent has been adjudicated to be invalid or has been administratively determined to be invalid; (c) the patent is considered to be unenforceable; or (d) the patent has expired.

33. Severance pay is a payment, in addition to regular salaries and wages, by institutions to employees whose services have been terminated. Severance pay is allowable as a cost only to the extent that it is required by law, employer-employee agreement, established policy that constitutes in effect an implied agreement on the institution's part, or circumstances of the particular employment. Severance payments are divided into two categories as follows:

(a) Those due to normal, recurring turnover. The actual costs of such severance payments shall be regarded as expense applicable to the current fiscal year and equitably apportioned to the institution's activities during that period.

(b) Those due to abnormal or mass terminations. Abnormal or mass severance pay is of such a conjectural nature that measurement of cost by means of an accrual will not achieve equity to both parties. Thus accruals for this purpose are not allowable. However, the Government recognizes its obligation to participate, to the extent of its fair share, in any specific payment. Thus, allowability will be considered on a case-by-case basis.

34. Special services costs, such as general public relations activities, catalogs, and alumni activities, are unallowable.

35. Staff benefits are allowances and services provided by the institution to its employees as compensation in addition to regular wages and salaries. Costs of such staff benefits are allowable and include vacations, holidays, sick leave, military leave, employee insurance, social security taxes and workmen's compensation insurance. The payment of tuition or remission of tuition for employees and their families are allowable to the extent that such payments or remissions are made under established policies consistently applied.

36. Taxes: In general, taxes which the institution is required to pay and which are paid or accrued in accordance with generally accepted accounting principles, and payments made to local governments in lieu of taxes which are commensurate with the local government services received are allowable, except for:

(a) Taxes from which exemptions are available to the institution directly or which are available to the institution based on an exemption afforded the Government and in the latter case when the sponsoring agency makes available the necessary exemption certificates.

(b) Special assessments on land which represent capital improvements.

Any refund of taxes, interest, or penalties, and any payment to the institution of interest thereon, attributable to taxes, interest, or penalties which were allowed as research agreement costs, shall be credited or paid to the Government in the manner directed by the Government provided any interest actually paid or credited to an institution incident to a refund of tax, interest and penalty shall be paid or credited to the Government only to the extent that such interest accrued over the period during which the institution had been reimbursed by the Government for the taxes, interest, and penalties.

37. Transportation costs: Transportation costs include freight, express, cartage, and postage charges relating either to goods purchased, in process, or delivered. These costs are allowable. When such costs can readily be identified with the items involved, they may be direct costed as transportation costs or added to the cost of such items. Where identification with the materials received cannot readily be made, inbound transportation costs may be charged to the appropriate indirect cost accounts if the institution follows a consistent, equitable procedure in this respect. Outbound freight, if reimbursable under the terms of the research agreement, should be treated as a direct cost.

38. Travel costs consist of transportation, lodging, subsistence, and incidental expenses.

(a) Travel costs incurred by institution personnel in a travel status while on specific research business are allowable.

(b) Travel costs incurred in the normal course of overall administration of the institution and applicable to the entire institution are allowable. Such costs shall be equitably apportioned to all work of the institution.

(c) Subsistence and lodging, including tips or similar incidental costs, are allowable either on an actual or per diem basis. The basis selected shall apply to an entire trip and not selected days of the trip.

(d) Costs of personnel movement of a special or mass nature are allowable only when authorized or approved in writing by the sponsoring agency or its authorized representative.

EXCERPT FROM MARCH 7, 1962, TRANSCRIPT

Mr. RIEHLMAN. Just one question I would like to ask Dr. Seamans.

In respect to these contracts with the universities, this is on a set basis, that is, the contract covers some dollars? Is there a provision in the contract for additional cost, are they allowed so much, say less 15 percent or 20 percent?

Mr. WYATT. Mr. RIEHLMAN, there are two kinds of relations. One is straight contract, which is treated fiscally as any other contract. They estimate their cost and overhead. This is handled in accordance with contractual procedure. We do have grants. The difference being that we do not ask for the specific execution of a specific task grant. In this case it is a dollar grant to the university, subject to the audit as to whether the charges against it——

Mr. RIEHLMAN. I know in the Department of Defense for a long time there was overhead of additional amounts up to 15 or 20 percent that could be charged against a research program by universities. HEW has the same program and they are up to 15 percent.

The Defense Department has eliminated any percentage and they can come in at a later date with additional overhead costs and sometimes it is as much as 100 percent. I

just learned this the other day. I hope we are not going to get in that same situation.

Mr. SIEPERT. Our overhead in this regard is the same as Defense. There is campus overhead rate which is determined by audit agencies from the military department. That rate is applied to all our contracts in the institution.

Mr. RIEHLMAN. I don't want to prolong the discussion. Somewhere along the line I hope we can get into this matter, because I know HEW is asking for this restriction to be taken off their contracts with the universities. It is 15 percent and they are held to that position. They want to follow the line of the Defense Department, that there be no limit as to the amount of overhead that can be charged in addition to the original contract.

I think we should explore this. I am certainly not going to request that we hold to the limit of 15 percent. I think there must be a limitation somewhere.

Mr. RYAN. I think that is a good point. I wonder if we could see a sample contract that you have and see exactly how it is spelled out.

Mr. RIEHLMAN. I'm not opposing to the universities that are carrying on these research programs having some leeway for additional overhead expense, but I just don't think you can take off completely the limitation and this has been done in the Defense Department and I repeat, HEW has a limit of 15 percent and they are now pleading for that to be removed or lifted.

Mr. RYAN. Hasn't NASA written a restriction in their contracts with the universities?

Mr. SIEPERT. We have not assumed an obligation. We negotiate with the university based on established overhead rates which were audited rates as of a given period of time. We do not obligate ourselves to pay some sudden charge in the overhead rate. I will have to get the exact information and supply it to the committee. They do provide at the completion of a school year or calendar year, the auditors from the agency do come in and audit again the actual expenditures; if it was any less we take the benefit of it. We do not write in unlimited cost arrangements.

Mr. DADDARIO. Perhaps Mr. Siepert could go into this just a bit since it has been opened up as to why it is necessary to have this fluctuating capability.

Mr. SIEPERT. You mean a predicted rate and actual rate?

Mr. DADDARIO. To get the answer to Mr. RIEHLMAN'S question. Why can't you put a ceiling on it so you will know you are not going over that?

Mr. SIEPERT. My impression and I would like to correct this if I am wrong, that the only fluctuation in this is in favor of the Government. If it goes down, we don't pay.

Mr. DADDARIO. The times when you go over 15 percent are very few, but you need the capacity?

Mr. SIEPERT. Let me correct that. The 15-percent limitation is a limitation that the Congress has placed in the appropriation bills for each year in the Health, Education, and Welfare appropriation.

This is not an audited expenditure rate of the campuses. This is a point of disagreement where the universities have held that in this situation the Federal Government is only paying a portion of the true overhead that is applicable to these particular grants. I don't propose to evaluate the competency.

Mr. DADDARIO. Is it your opinion that 15 percent is a proper limitation?

Mr. SIEPERT. In response to your direct question, I think it is not. I think the universities have been requested to perform an essential public service and that their sources of income to provide for their total operation of the institution as an educational enterprise, and in addition perform research for the Federal Government, requires that some way or another that their true overhead cost be paid.

Mr. RIEHLMAN. Let me ask you this question: Are you in favor of taking off completely limitation?

Mr. SIEPERT. No, sir. If you mean by taking it off that universities can charge the Federal Government any overhead that comes in its head, the answer is "No."

Mr. RIEHLMAN. I don't want it that broad. I am talking about a limitation. We had it written in the appropriations bill and we still have it in HEW. The Defense Department has decided to take off completely any percentage amount based on percentage and let them come in and press their overhead cost and apparently accepted it after evaluating it.

My question is, Do you feel that this is the way NASA should handle it, or should they have some percentage limitation that they can charge over and above the regular contract that they have entered into or leave it wide open?

Mr. SIEPERT. I believe it should be subject to looking at the facts. This does not make it wide open. There have been detailed discussions with these campus people each time. The basic problem is to reach an agreement between the Government and the university as to which of their costs are incurred because they are teaching people and which of their costs they have had to put in the picture because they are performing research for the Federal Government.

What you are saying should it just be the college point of view that should prevail? Obviously the answer is "No."

Mr. RIEHLMAN. I agree it is a complicated problem to evaluate exactly what they are allowed to charge against the contract versus what they would charge for teaching purposes.

Mr. DADDARIO. You think it should have a strong auditing?

Mr. SIEPERT. I think it can be controlled with a strong auditing. In the past the campus rates have been so determined.

Mr. RYAN. As I understand it, there is no limitation on the NASA appropriations?

Mr. SIEPERT. No. We coordinate this part of our procurement policy with the Department of Defense.

Mr. RYAN. Who does the auditing or does DOD do it?

Mr. SIEPERT. By an agreement with the Department of Defense, we do not audit separately the campus overhead of any institution which has work under way for the Department of Defense. As a result, the Department of Defense has put their auditing staff in there. We have only one Government group go over the books of the campus for that purpose.

We accept those figures.

Mr. RYAN. Are there instances where you have a contract with the campus and the DOD isn't involved at all?

Mr. SIEPERT. At the present time, no.

Mr. TEAGUE. At the present time how about the National Science Foundation?

Mr. SIEPERT. I am sorry. I think the AEC may have some of the campuses.

The predominant ones I would think the Army actually has the major amount of auditing of college campuses. We could get that information.

Mr. RIEHLMAN. I would like it.

I think at a later date we might like to go into this more fully.

EXCERPT OF TRANSCRIPT OF MARCH 8, 1962—SUBCOMMITTEE NO. 1

Mr. TEAGUE. Dr. Siepert, after our prior discussion, the land-grant college contacted me concerning this 15 percent we discussed.

Should there be any figure? Should there be any limit?

Mr. SIEPERT. Our recommendation would be "No."

We believe the way that the overhead is negotiated now by quite rough-minded auditors from the Government is such that the universities under the present policy are only recovering that overhead which is fairly attributable to the research load we place upon them.

I am planning, Mr. RIEHLMAN, to put in the record certain additional information in response to your question.

Since this has come up, I would like to correct one thing.

I was in some doubt yesterday as to whether there was a precise controlling limitation on the overhead rising after we had reached an obligation with the university.

The situation is that these overhead rates are determined in accordance with the Bureau of the Budget Circular A-21. The Department of Defense, prior to the issuance of this circular, did its own determinations in accordance with criteria with the so-called Aspera Armed Services Procurements Regulations in the last 2 years, have been converting to the A-21 Circular.

Now in this, what we do is reach an agreement on a provisional basis.

The provisional basis is the last audited rate. This is a determination made unilaterally by the Government based upon its examination of the books, not what the university wants us to pay.

At the end of the fiscal period, there is another audit made and the overhead is adjusted to the actual expenses that were incurred.

Now the question, I believe yesterday, was, "Is a university in a position substantially to change its overhead experience during that period of time and, if so, are we just obligated to pay whatever comes up?"

We have checked that against our own records over a 2-year period of time and find there is a remarkable stability between provisional rates and the actual.

Over a 2-year period of time there has only been a change of 3 percentage points on the average in the cases we looked at at random.

Mr. RIEHLMAN. With your experience for the past 2 years, what has been the percentage of overhead in respect to the actual contract?

Mr. SIEPERT. The percentage we use is computed on a different base than the 15 percent you asked about yesterday.

Our understanding of the 15 percent is that this is 5 percent of the total of direct costs in the grant.

Our percentages under Circular A-21 are computed only against the direct labor costs that are in the grant and not supplies and materials, and equipment, and that sort of thing.

So these percentage rates we use will show higher; whether they are actually higher in dollar terms it would be a little hard to compare.

For instance, the Ohio State rate in 1949 was 44 percent. Ohio State University, that is. It was 44 percent again in 1960.

Not all of them are this stable.

The most unusual increase in the percentage is the University of Chicago, according to our records, which was 29 percent of direct labor in 1959; 47 percent in 1960 and 50 per percent in 1961.

See, those are the two extremes with which we are dealing.

The overall average is only a 3-percent climb.

Mr. RIEHLMAN. Well, I think, Mr. Chairman, we will probably go into this in more detail and I think it is well to have on the record whether or not the Department feels there should be a limitation on a percentage basis.

Mr. SEAMANS. Could I make just one comment here, Mr. Chairman?

Mr. TEAGUE. Yes.

Mr. SEAMANS. From my experience, when I was at MIT, I know it happened to be the Navy in this case; the Navy auditors were very careful and very diligent and very thorough in the manner in which they carried out their audit.

It is a complicated business at any institution, because there are facilities that are shared. Actual rooms that are shared.

When you get into the electric light bills and various things that go into the running of a big plant, these things are shared.

Mr. TEAGUE. Yes.

Mr. SEAMANS. I would myself think that a university would find it very difficult indeed if they were to carry out a program with an arbitrary, somewhat arbitrary, percentage on direct labor, because they have no financial resources that are readily available to pay the difference, assuming that that didn't cover their actual overhead.

Mr. RIEHLMAN. Well, you certainly do have some guidelines set down by GAO, that is, the Defense Department does.

Mr. SIEPERT. The guidelines that they follow are really not now GAO guidelines, but the Budget Bureau Circular A-21, which was prepared in full cooperation with the General Accounting Office.

There was a joint task force in which they were fully represented.

Mr. RIEHLMAN. I see.

Mr. SIEPERT. As a matter of fact, Mr. Einhorn, Associate Director of the General Accounting Office, was the representative at that time in that negotiation.

I think one other thing that I might add here that is relevant, we do deal with the universities with two kinds of contractual instruments.

One is a grant, and this is to support the general level of effort work of ideas by their teaching research staff they want to work on which are important to us.

Mr. SEAMANS. In a given field.

Mr. SIEPERT. In a given field.

The second, are contracts for them to do a specific job for us including the building of instrumentation that flies in a payload.

Now, the contracts are cost contracts and my remarks this morning have related to the way overhead is determined on the cost contracts.

Now on the grants, on the grant, we pay the overhead—the provisional overhead or the amount requested by the university; whichever is the lesser—and on a number of these grants they will come in and actually request a smaller percentage overhead than, in fact, they request when they are doing contract work.

So that in no event do we go in excess of the so-called A-21 overhead determination.

Mr. RIEHLMAN. That's all I have.

Mr. TEAGUE. Then we have people suggesting a maximum of 42 percent.

Mr. SIEPERT. The only comment, I'd like to look at the land-grant colleges and find out whether that improves, stabilizes, or hurts their position.

Mr. HOLMES. Also on what base.

Mr. TEAGUE. I think that is relevant inasmuch as the present limitation is 15 percent they deal with HEW, so if they get 42 percent they'd be happy.

Mr. SIEPERT. Except again, the 15 percent they are talking about is 15 percent of a larger base of costs because that's 15 percent of the total cost, not just labor costs.

The 40 percent they are talking about is tied, or should be tied, to labor which is the way that is determined.

Mr. DADDARIO. Well, Mr. Siepert, from your testimony yesterday, I felt that you leaned toward the position where you kept as flexible as possible just because of what you've said that the 15 percent of the 42 percent is purely relative as the base toward which it's pointed.

Mr. SIEPERT. That's right.

Mr. DADDARIO. Therefore, as long as we can be assured that there is a strong auditing procedure, this should take care of the difficulty and not put restrictions upon you, which might prevent you from accomplishing your research and development programs with institutions?

Mr. SIEPERT. This is right.

Our feeling is that the audit people have now joined together with some common understanding of what our criteria of allocatable cost is and the auditors are pretty hardheaded in using a so-called realistic determination of cost which I think bids—has good promise for introducing comparable treatment of overhead across the various agents.

Mr. DADDARIO. If Congress places an arbitrary ceiling on this, it places you in the position you really don't have any room t move around on under that?

Mr. SIEPERT. Our position—we think, in dealing with the universities we want them to engage in work they haven't previously done. It would be extremely difficult to have us get them pioneer in our field if we were not in the position to pay the cost of their overhead.

If we could only pay the direct cost, I think there would be some doubt.

Mr. DADDARIO. Since you and Dr. Seamans in particular said you think the university should play a better part in the space program than they have, it seems to me this would be a point for us to consider and we should allow as much flexibility as possible.

Mr. SIEPERT. It is.

We would allow as much flexibility as the present Circular A-21 permits other agencies.

Mr. PIRNIE. Mr. Chairman, it would be inconsistent for the Congress to promote higher education by the enactment of appropriate legislation, and, at the same time, to impose a heavy burden on the budgets of our colleges and universities by requiring a 15-percent limitation on the indirect costs allowable on defense research grants.

Since indirect costs of such research are, in fact, much higher than this figure, we would be forcing our universities to subsidize these programs so important to the national defense. Funds that might otherwise be used for education in English, architecture, business, law, and many other fields, would have to be diverted to support Federal contract research projects. This is borne out by the many messages I have received from presidents of leading universities, including Cornell University, of which I am an alumnus.

Furthermore, should a 15-percent limitation be imposed, universities might be forced to adopt the distressing alternative of refusing to accept research assignments from the Defense Department. This would be a serious loss to the country because, in many instances, these institutions possess the best facilities and personnel for research.

Certainly, the Federal Government should never allow excessive overhead costs as a means to aid education, but a carefully administered uniform system of cost accounting should be the method employed to govern the amount of true indirect expenses.

Therefore, I oppose the bill only insofar as it sets an arbitrary limit in this area.

Mr. MAHON. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 15 minutes.

Mr. GROSS. Mr. Chairman, reserving the right to object, and I hope I will not have to object, I wish somebody would explain the amendment that was offered on this side of the aisle, the Cederberg amendment. We did not get an explanation of the amendment.

Mr. MAHON. That will be done.

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

There was no objection.

The CHAIRMAN. The Chair observed the following Members standing: Messrs. MAHON, GROSS, MEADER, STRATTON, SANTANGELO, and BAILEY.

Mr. FORD. Mr. Chairman, I dislike to raise the point, but some of the Members who stood had just finished speaking on the amendment and the opposition to this amendment has not yet had an opportunity to be heard.

The CHAIRMAN. The Chair would point out to the gentleman that some of that comment to which the gentleman referred was addressed to a substitute amendment to the pending amendment, which substitute has since been withdrawn.

The Chair recognizes the gentleman from Iowa [Mr. GROSS].

Mr. GROSS. Mr. Chairman, I ask unanimous consent to yield my time to the chairman of the subcommittee, the gentleman from Texas [Mr. MAHON].

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

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from Michigan [Mr. MEADER].

Mr. MEADER. Mr. Chairman, in response to the comment of the gentleman from Iowa, who said that the amendment had not been explained, let me say that there are three amendments, which are related.

The first amendment would add $1 million to the Army research grant section. That is $1 million which was deleted by the committee on the ground that it would be saved by the 15 percent limitation imposed by section 540.

The second amendment takes similar action with respect to the research grant section for the Air Force by restoring the $3 million which the committee deleted for the same reason that it deleted the $1 million for the Army.

The third amendment would strike the limitation contained in section 540 which is a limitation of indirect costs to 15 percent of direct costs. This matter has been thoroughly explained and argued during general debate. I believe the membership understands what the amendments would do. We would simply say that this House is not going to impose a $4 million burden on the educational institutions of higher learning in this country for accepting research grants from the Department of Defense.

Last year, fiscal year 1961, the University of Michigan, on the research that it did for the Federal Government, spent, of its own funds on indirect costs for conducting that research, $1½ million

more than the amount reimbursed by the Federal Government.

I say that these hard-pressed institutions of higher learning should not be forced to be put in the position of diverting education funds to a Federal purpose or of refusing to accept defense research grants from the Federal Government because it costs them so much that they cannot take the work.

The CHAIRMAN. The Chair recognizes the gentleman from West Virginia [Mr. BAILEY].

Mr. BAILEY. Mr. Chairman, I want to add my support to the amendment offered by the gentleman from Michigan to strike this limitation on the universities. I am doing it on the suggestion of the president of my university that they cannot carry on the programs under the limitation in the bill.

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

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

Mr. JUDD. Is it not true that unless action of this sort is taken to relieve the squeeze on the educational institutions, some of the universities and colleges simply will not be able to continue to accept these grants for doing research under conditions which make them suffer a loss? Therefore, if we do not vote for this amendment, we are endangering research programs that are essential to our national defense.

Mr. BAILEY. After receiving the wire from the president of my university I had a telephone conversation with them and they said that they had reached the point where they would not be able to carry on these activities further.

Mr. GEORGE P. MILLER. Mr. Chairman, will the gentleman yield?

Mr. BAILEY. I yield to the gentleman from California.

Mr. GEORGE P. MILLER. I would like to say that if this limitation is carried over into the NASA setup it would greatly retard all of our effort in space. If we take this step suggested by the committee it would be a great step backward.

Mr. BAILEY. I think the gentleman is correct.

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

Mr. BAILEY. I yield to the gentleman from West Virginia.

Mr. HECHLER. I desire to associate myself with the remarks made by the chairman of the Committee on Science and Astronautics, the gentleman from California, and also the remarks made by my able colleague from West Virginia.

Mr. BAILEY. I thank the gentleman.

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. SANTANGELO].

(By unanimous consent, Mr. SANTANGELO yielded his time to Mr. STRATTON.)

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. STRATTON].

Mr. STRATTON. Mr. Chairman, there is no byplay going on with regard to this amendment. It is quite obvious that the Cederberg amendment has support on both sides of the aisle. The gentleman from Michigan [Mr. MEADER] commented on it in great detail in the RECORD yesterday. There is support for the proposal substantially on the Democratic side as there is on the Republican side. As a matter of fact, the elimination of this restriction is a substantial principle of the administration itself.

As I mentioned earlier in the debate, the Assistant Secretary of Defense for Research and Development, Dr. Brown, testified that the Department feels very strongly that there should be no limitation whatsoever.

I think there is some question as to whether the Cederberg amendment will prevail, and the reason for my offering the substitute amendment was simply to preserve our rights so that if the all-out amendment, which I fully support, fails, at least we will have a secondary position to retreat to. I know that sometimes the parliamentary situation is such that after a vote is taken you find there is no secondary position to retreat to. I am glad we have protected that secondary position.

Now, the question in this amendment is simply whether we are going to impose a restriction on the cost of defense research projects carried on by educational institutions which is totally and completely unrealistic and therefore as a practical matter can serve only to gut the educational research programs now being carried on, and, therefore, either seriously undermine our whole research program in the Defense Department or else transfer it either to the Defense Department itself or to some of these so-called nonprofit institutions like the Ramo-Wooldridge Corp., whose rather excessive profits have been a matter of investigation in this Congress over the past couple of years.

I certainly do not think we ought to do anything to harm our defense research program, yet the Assistant Secretary of Defense said the curtailment of the university research activities which the proposal included in section 540 of the committee's bill would bring about would constitute a serious impediment to the research and development programs vital to the Nation's defense and security. It is just as simple as that.

Here we have a system where our great educational institutions are spending 30, 40, in some cases 50 percent in terms of indirect costs because they have different accounting procedures, and the committee comes in and says, "You can spend only 15 percent." The chairman says, "We know that is not realistic, but we are going to meet with the other body." I think we have a responsibility as Members of this body not to put any irresponsible provisions into this measure, not to do anything that would jeopardize our educational institutions, and certainly not to jeopardize our defense program, the essence of which, like the real measure of our security, lies in the superiority of our defense research and development programs over those of the Soviets.

The CHAIRMAN. The Chair recognizes the gentleman from Michigan [Mr. FORD].

Mr. FORD. Mr. Chairman, the committee over a period of years has sought to get the executive branch of the Government to come up with some uniform procedures, some consistent rules and regulations in this area. We have been conspicuously unsuccessful. We have not received the necessary results. I do not think there is any excuse for their delay. This committee in its feeling of frustration finally decided we had to make a very arbitrary limitation.

Now the whole matter could be resolved, and I think to the reasonable satisfaction of most people, if the Department would come up with a study that they have promised to produce for some time. That study, which is to include some uniform rules and regulations, is overdue. They have told us it is imminent for some time. We do not think they are playing fair and square with the committee, and we took this action to stimulate them to some affirmative action. I hope and trust that the House will stick with the committee so that we can get results.

The CHAIRMAN. The Chair recognizes the gentleman from Texas [Mr. MAHON] to close debate on the pending amendments.

Mr. MAHON. Mr. Chairman, I think there may be some need for clarification of the issue before us. In my town there is a college of about 10,000 students. The colleges have a friend in court in the gentleman who is now addressing you, and who certainly would be one of the last who would want to injure the colleges of our country. I must oppose the amendment offered by the gentleman from Michigan [Mr. CEDERBERG]. The amendment strikes out an attempt to control the appropriations which the Congress makes. The Congress in its exercise of the power of the purse can assert itself, and contribute to the doing of a better job for this country, or it can abandon its responsibility for, and lose its control of, the power of the purse.

What is the situation, Mr. Chairman? It is proposed that not more than 15 percent of the money which is given in research grants to the colleges can be used for overhead. To grant the colleges money and make the modest request that they use not more than 15 percent for overhead—what is wrong with that? I think we would feel in many cases when we give a grant of money to institutions or States and municipalities, we should ask for matching funds. But we are not asking for any matching funds on these grants. This is Federal aid to education, to the colleges, in and through the Department of Defense.

Most of the work really done by the colleges is not done on the basis of grants. It is done on the basis of contracts. About $300 million of research business is placed by the Department of Defense with the colleges on a contract basis and that is in no way affected by the provision of the bill we are discussing. But about $40 million worth is done on a grant basis. So this limitation applies only to the $40 million, and would provide a modest degree of control. If we do not do this, this situation may get out of hand just like a lot of other things have gotten out of hand. Two years ago the grant program

was only $8 million. Last year it was $28 million. This year it is $40 million and it is on its way to a much higher level. This is an effort to bring to bear the control of the Congress on the expenditure of public funds.

The colleges cannot lose any money. The grant money is going to be given to them. They are not going to lose anything, I will say to the gentleman from Minnesota.

It was said when this provision was put in the Health, Education, and Welfare bill about 5 years ago that this limitation would just wreck the program—that it would absolutely wreck it. It was said that the colleges would have to back out of the field of research in health, education, and welfare. But in 1955 the colleges were using $34 million, with this 15-percent limitation.

This year they are using $441 million with this 15-percent provision in full force and effect. If there had not been a 15-percent restriction imposed it might have gone not from $34 million to $441 million, but to $1 billion. This sort of thing is apt to get out of hand, and those who are watching and studying these problems month after month and year after year are just trying to prevent this from getting out of hand.

I ask you what is wrong with giving money to colleges and universities, and requesting that they give defense value for defense dollars, using only 15 percent for overhead? The answer is there is nothing wrong with it.

I ask you to support the committee.

Mr. RYAN of New York. Mr. Chairman, I rise in support of the amendment which would strike section 540, that is, the 15 percent limitation on the indirect expenses in connection with research grants.

Testimony before the Committee on Science and Astronautics has indicated that such a limitation will have an adverse effect upon the Government grant research projects being carried on in our universities and colleges. Where universities and colleges are performing such a public service, overhead costs, which can be allocated to the performance of the project, should not be borne by the other educational funds of the institutions. At Columbia University the indirect cost is about 23 percent.

Mr. Chairman, Dr. Grayson Kirk, president of Columbia University, has said:

> The difference [between 15 percent and 23 percent] would represent a subsidy from educational funds of the university. While this research is valuable to the Defense Department and to education, continued subsidy unfairly consumes university funds which should also be used for education in English, architecture, business, law, and many other areas which do not receive Government grants but which are important in whole educational effort. Failure to provide full audited indirect cost must lead to refusal to accept some grants from Government or to sharp limitation of all other university work.

Dr. James M. Hester, president, New York University, has said that a 15-percent limitation "places a significant burden on the financial resources of New York University."

Mr. Chairman, I urge the adoption of this amendment.

The CHAIRMAN. The question is on the amendments offered by the gentleman from Michigan [Mr. CEDERBERG].

The question was taken, and on a division (demanded by Mr. CEDERBERG) there were—ayes 80, noes 96.

Mr. CEDERBERG. Mr. Chairman, I ask for tellers.

Tellers were ordered and the Chair appointed as tellers Mr. MAHON and Mr. CEDERBERG.

The Committee again divided, and the tellers reported that there were ayes 93, noes 115.

So the amendments were rejected.

The Clerk read as follows:

> SEC. 523. No part of any appropriation contained in this Act shall be available for the procurement of any article of food, clothing, cotton, spun silk yarn for cartridge cloth, or wool (whether in the form of fiber or yarn or contained in fabrics, materials, or manufactured articles) not grown, reprocessed, reused, or produced in the United States or its possessions, except to the extent that the Secretary of the Department concerned shall determine that a satisfactory quality and sufficient quantity of any articles of food or clothing or any form of cotton, spun silk yarn for cartridge cloth, or wool grown, reprocessed, reused, or produced in the United States or its possessions cannot be procured as and when needed at United States market prices and except procurements outside the United States in support of combat operations, procurements by vessels in foreign waters and emergency procurements or procurements of perishable foods by establishments located outside the United States for the personnel attached thereto: *Provided*, That nothing herein shall preclude the procurement of foods manufactured or processed in the United States or its possessions: *Provided further*, That no funds herein appropriated shall be used for the payment of a price differential on contracts hereafter made for the purpose of relieving economic dislocations: *Provided further*, That none of the funds appropriated in this Act shall be used except that, so far as practicable, all contracts shall be awarded on a formally advertised competitive bid basis to the lowest responsible bidder.

Mr. PUCINSKI. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

> Amendment offered by Mr. PUCINSKI: On page 43, line 17, after the word "possession" strike the language after "possession" in line 17 through line 20.

Mr. PUCINSKI. Mr. Chairman, I hope that the House will support my amendment to remove this proviso from this bill. This proviso, in its present form, bars the Secretary of Defense from awarding a contract in an area of labor surplus unless the bidder is the lower bidder.

I would certainly agree with this proviso if that was the practice of the Defense Department, but the next proviso, right in this bill, on page 43, line 21, provides that the Defense Department may, so far as is practicable, award contracts not to the lowest bidder. So, what we are saying in this second proviso is that they can manipulate defense contracts any way they want as long as the bidder is not in a depressed area. And, there is not a Member of this body who does not know how often contracts are awarded to contractors who are not the lowest bidder under this proviso that is now in the bill, and yet we say in the first proviso, that the Defense Department cannot use that same principle of negotiating contracts in a labor surplus area.

We will shortly be asked to support legislation to provide $600 million for public works—and incidentally, there is talk of a $2 billion standby program for public works, and we recently passed a bill appropriating $455 million for retraining of unemployed workers. We have been trying through other legislation in this Congress to help people in these chronically unemployed areas, yet we come along with this $48 billion defense budget and we say in this proviso that the Secretary of Defense cannot consider the fact that an area has a labor surplus in awarding a defense contract under preferential treatment.

I cannot think of any better way to help these people in these depressed areas, in these chronically unemployed areas, than to help them with defense contracts, if they meet all the other requirements. I am not suggesting awarding of contracts to areas simply because they are depressed. It is my hope that by removing this proviso, the Secretary would have greater latitude in awarding contracts to areas with a labor surplus if they meet all the other requirements of the contract and are able to fulfill the contract.

The argument may be raised that to drop this proviso would increase the cost of defense. I submit that argument is totally fallacious because of the second proviso, which permits the Secretary of Defense to negotiate contracts even though they are not to the lowest bidder.

Just so there will be no doubt about my contention that the Secretary of Defense cannot give preferential treatment in awarding defense contracts to depressed areas, let me read one short paragraph from a letter from the Defense Department which I received in reply to the question I am raising here:

> It has been our conclusion for some time that we are precluded from making total set-asides because of the proviso in the appropriation act to which you have referred. Recently we reaffirmed this conclusion by specifically requesting the advice of the General Accounting Office as to whether or not we could in the face of this proviso, revise our previous practice and make total set-asides. We were informed that we could not do so.

You see what is coming to light on defense contracts in the investigation in the other body, and I tell you, my colleagues, that if we do not take this proviso out, the revelations in the other body's investigation may be just the beginning because right now the Secretary of Defense, within this proviso, is almost forced to deal exclusively with the firms being named in the investigation. I think that the Secretary should have greater latitude in awarding defense contracts since, because of their numerous advantages, these companies usually are the low bidder. I am not surprised that people often ask why the Government continues to do business with these firms. I submit the Defense

Department has no alternative in the face of the proviso which I am trying to remove from the act. I think he should have the right to take into consideration a depressed area to help those people get back in the stream of the economy. Therefore it is my hope that this provision will be knocked out by the adoption of my amendment.

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

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

Mr. OSTERTAG. The gentleman referred to the provision which follows, or the provision that the gentleman seeks to knock out, and the gentleman did refer to the fact that it says "may so far as practicable" award contracts without regard to competitive bidding.

But I would like to call the gentleman's attention to the fact that the language of this provision is that none of the funds appropriated in this act shall be used and except so far as practicable, all contracts shall be awarded on a formally advertised, competitive bid basis, to the lowest responsible bidder.

Mr. PUCINSKI. Would the gentleman deny that the Defense Department has been awarding contracts in innumerable instances to contractors that were not the lowest bidders because of that "so far as practicable" escape clause? Would the gentleman deny that?

Mr. OSTERTAG. I concede that perhaps there have been some contracts by virtue of their peculiarities which required that "so far as practicable," to waive the competitive bidding.

Mr. PUCINSKI. But he cannot waive competitive bidding to help workers who may have been unemployed for many years, and are on public relief rolls, and are draining their community resources; they cannot be a factor to be considered by the Secretary in awarding a contract under this proviso?

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

Mr. LAIRD. Mr. Chairman, I ask unanimous consent that the gentleman from Illinois [Mr. PUCINSKI] may proceed for 2 additional minutes.

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

There was no objection.

Mr. PUCINSKI. I thank the gentleman from Wisconsin.

Mr. LAIRD. Mr. Chairman, I would like to advise the gentleman from Illinois that the language which was carried in this bill was asked for by the Department of Defense and supported by the Bureau of the Budget, as well as by the administration.

This was no change which was made by our committee. We accepted the language of the administration, and the justification as submitted to us by them. We approve the language as submitted by the administration itself.

Mr. PUCINSKI. Let me then read the gentleman an excerpt from a letter from the General Accounting Office in respect to this question.

Mr. LAIRD. I am not talking about the General Accounting Office.

Mr. PUCINSKI. Just one second. Let us see what the genesis of this proviso is.

Mr. LAIRD. I am talking about the administration and the Department of Defense requesting that this language be inserted.

Mr. PUCINSKI. This proviso was first adopted in 1954. It has been in there since 1954 after the Small Business Administration started diverting defense contracts into small business. This letter says, as follows:

> The procedures adopted with respect to awards to labor surplus area firms, however, became the subject of controversy in Congress, which resulted in the enactment, in section 644 of the Defense Appropriations Act of 1954, of the limitation—

Mr. LAIRD. If the gentleman will yield further, it seems to me I gave the clear impression that the administration was supporting this language. He quotes from the Comptroller General.

Mr. PUCINSKI. I am not aware what the administration position is.

Mr. LAIRD. This language is supported by the administration and was submitted to us in the recommended draft of the bill, approved by the Kennedy administration, and approved by the Bureau of the Budget, as well as the Department of Defense.

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

Mr. PUCINSKI. I yield to my colleague from Illinois.

Mr. YATES. The gentleman from Wisconsin, I think, is trying to put something into this bill that is not in this bill. It may have been suggested by this administration, but it has been in the bill for years, and was a part of the bill in the Eisenhower administration too.

Mr. LAIRD. I did not state that there was a clear implication here that the committee had written in some language that was opposed by the administration.

Mr. PUCINSKI. I did not say that. I did not not mention the administration.

Mr. LAIRD. It is supported by the administration.

Mr. PUCINSKI. I am merely pointing out that we removed this proviso in the House last year on a teller vote, and then it was restored on a rollcall vote. I say it should come out if you want to really help the unemployed people of America.

Mr. MAHON. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, in 1953 a proviso was placed in the defense bill, and it has been there ever since. That proviso is as follows:

> No funds herein appropriated shall be used for the payment of price differentials on contracts hereafter made for the purpose of relieving economic dislocations.

Mr. Chairman, this proviso has not been successfully challenged since 1953. It would be a calamity to strike this language from the bill and to invite the use of national defense funds for economic aid to the various areas of the country. There is other legislation having to do with aid of one kind and another to depressed areas. So I feel confident that Members in nondepressed areas will certainly not want price differentials to be paid from funds in this bill.

I think that Representatives from the depressed areas will feel that there are other statutes and parts of the law that would apply. Under the Armed Services Procurement Act preference can be given to depressed areas under certain circumstances but not on the basis of price differentials.

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

Mr. MAHON. I yield.

Mr. PUCINSKI. I have read from the letter of the Secretary of Defense stating that within the framework of this proviso he cannot engage in total set-asides and therefore cannot grant contracts to depressed areas.

Mr. MAHON. He cannot give price differentials; and that is the only thing involved in this particular amendment. So, Mr. Chairman, I ask that the amendment be voted down. If not, we would be entering into a very dangerous field.

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

Mr. MAHON. I yield to the gentleman from California.

Mr. SHEPPARD. I think everybody is very sympathetic to conditions of unemployment throughout the Nation. I know no Member who would not be normally. But if we are going to break up the procedures of the Department in issuing defense contracts, then we would be getting into a devastating problem; I think there is no question about that. I should like to call attention to the fact that we have now pending for presentation a bill for public works wherein something like $600 million would be used at once for the purpose of taking care of this type of problem with provision for the use of up to $2 billion later. I think that so far as conditions now obtain the amendment should not be agreed to. But when it comes to consideration of the other bill, that is when we should direct our efforts to accomplishing this result.

Mr. MAHON. Mr. Chairman, I believe this amendment should and will be voted down.

Mr. Chairman, I ask unanimous consent that all Members have permission to revise and extend their remarks at this point in the RECORD on the subject at issue.

Mr. ROSENTHAL. Mr. Chairman, I support this amendment because it is clearly in the national interest. We cannot hide from the fact that Federal funds have a distinct impact on the national economy. Giving the Secretary of Defense the privilege of awarding Defense contracts to depressed areas is consistent with all other efforts of the Federal Government to provide stimulants to the economy. This amendment carries with it the recognition that all Government efforts should be coordinated and not considered independently of each other. I urge the adoption of the amendment.

Mr. CORMAN. Mr. Chairman, few can deny the general economic improvement of our Nation in the months since President Kennedy took office. Many

factors contributed to this improvement, including some vigorous steps on the part of our new President. Yet, the picture still bears clouded areas. Unemployment is high enough to warrant concern and further action; industrial growth is not keeping pace with the increase in the work force as youngsters graduate from schools and colleges.

Nevertheless, improvements have been made. And I wish to point out to this body that the improvements have come about, even in those cases where Government intervention was necessary, without tampering with the Nation's security. In no case has it been found necessary to abrogate the sound principle of competition and open bidding in areas of national defense. Efforts to throw our defense effort into the breach against recession have failed, rightly I believe. The Nation's defenses should not be made to serve a secondary purpose, such as aiding economic recovery.

No man in the Congress has been more sympathetic to the needs of our unemployed, of our hard-pressed businessmen, and the families of those hurt by economic hardship. I will support any responsible approach to Government help in these areas, from area redevelopment to unemployment compensation extension. But what I will not support, and will never support, is the unnecessary and dangerous attempt to place our Nation's security in the toolbox of economic repairmen.

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

There was no objection.

Mr. FORD. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I have in my hand the committee print of the budget that is submitted to the Congress by the executive branch of the Government. This is the print that includes all the dollars and the language recommendations of the administration. This committee print includes the language which the gentleman from Illinois wants to strike. This language was recommended by the present administration; it was recommended by the previous administration. Both administrations believe that this language is essential in order to prevent the Defense Department from getting involved in a WPA program. Both administrations think the Defense Department should be operated solely and exclusively for the national security. If you knock out this language you invite the Defense Department to become involved in economic and social rehabilitation in all of the 50 States. Let us not handicap the people who are trying to protect the country from aggression from without by giving them the added burden of trying to economically rehabilitate all the people and the industries in various economically distressed areas. I feel that we have other programs in the Government that can better do this job. Let us not turn the Defense Department into a WPA agency.

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

Mr. FORD. I yield.

Mr. PUCINSKI. If we were to follow that logic and reasoning, which I do not, because I do not think the Secretary of Defense would just helter-skelter give out these contracts, unless there were responsible bidders, but if we were to follow the gentleman's reasoning, then it seems to me that the gentleman ought to move to strike out the escape clause, "so far as practicable" in the second proviso which gives the Pentagon the right to negotiate contracts even though lower responsible bids are submitted. You have seen them use this second proviso and I have seen it happen every day.

Mr. FORD. I agree with the gentleman from Illinois. It is my recollection that several years ago when we were trying to knock this whole second proviso out in conference I fought against that particular phrase and against that second proviso. I do not think they should be in there, because the present procurement legislation is adequate to take care of that situation.

May I conclude by just adding this: We want the Defense Department to buy guns, tanks, and any other supplies on the basis of quality, on the basis of delivery schedule, and at the lowest price. Let us not turn the Army, Navy, and Air Force people into sociological reformers and economic rehabilitators. Let us have them do the job and not be WPA administrators.

Mr. MAHON. Mr. Chairman, I move that all debate on this amendment and all amendments thereto close in 5 minutes.

The motion was agreed to.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania [Mr. SAYLOR].

Mr. SAYLOR. Mr. Chairman, all day yesterday and all day today, I have sat and listened to Members of the Appropriations Committee extolling their own virtues and the excellent job which they have done in bringing the Department of Defense appropriation bill for 1963 to the floor. They have given in detail a careful analysis of all the provisions in the bill, but they have completely overlooked the actual operation of this bill by the Department of Defense.

The amendment offered by the gentleman from Illinois [Mr. PUCINSKI] strikes from the bill the proviso "That no funds herein appropriated shall be used for the payment of a price differential on contracts hereafter made for the purpose of relieving economic dislocations:".

The gentleman from Texas [Mr. MAHON] has stated that the Department of Defense and the President requested this language, and that it has been in the Department of Defense appropriation acts since 1954. The gentleman from Michigan [Mr. FORD] has stated that it is not the intent of Congress to set up in the appropriation bill a sociological experiment, or to make a WPA project out of the Defense Department.

The mere fact that this provision has been in prior appropriation bills is no excuse for its continuance if it is wrong, and I am satisfied it is wrong, nor is there any attempt by the gentleman from Illinois [Mr. PUCINSKI] and myself to have this bill become a sociological experiment or WPA project.

The intent of the Pucinski amendment will merely tell the Department of Defense that the other laws that Congress has passed relating to set-aside contracts in depressed areas may be utilized by the Department of Defense. These areas of substantial and persistent unemployment do not ask or expect any price differential. They do not ask or expect a sociological experiment. They do not ask or expect the Department of Defense appropriation act to become a gigantic WPA project. They do not ask or expect the Department of Defense to buy war material of inferior material or inferior workmanship.

The people who live in these areas of substantial and persistent unemployment are Americans. They are proud of their country and they have served it in outstanding numbers in every war. If this amendment is adopted, they will be able to have their skills utilized by the Department of Defense in the cold war.

From bitter experience in dealing with the Department of Defense, this very provision has been used by the Defense Department as an excuse for not giving any consideration to areas of substantial and persistent unemployment.

It seems strange and ironic to me that the administration which on the one hand is asking for a $2 billion standby public works authorization, and a $600 million public works bill to relieve these areas of chronic unemployment, should persist in continuing a provision in the Department of Defense appropriation act which prevents the military from setting aside portions of defense contracts.

I sincerely hope this amendment is adopted because by so doing it will make a better bill than the one presented by the Appropriations Committee.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania [Mr. MOORHEAD].

Mr. MOORHEAD of Pennsylvania. Mr. Chairman, I should like to associate myself with the remarks of my colleague from Pennsylvania [Mr. SAYLOR]. I suggest that this proviso may have the effect of almost forcing the Secretary of Defense when he is entering into a negotiated contract, to go to an area where there is no labor surplus, because if he should negotiate a contract in a depressed area such as Pittsburgh he might be accused of violating this very language. Therefore, this provision is loaded against depressed areas. It is not neutral. I think the proviso should be eliminated, and the Secretary of Defense should not be blocked from entering into negotiated contracts in depressed areas when the companies in those areas can produce what is needed for national defense.

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. STRATTON].

Mr. STRATTON. Mr. Chairman, the gentleman from Michigan [Mr. FORD] asked a moment ago if he wanted to make the Department of Defense a vast WPA project or a group of sociological reformers. I think we ought to quit

kidding ourselves that the defense program does not have a tremendous impact right now on the economy of the Nation. Studies are being proposed to look into the economic effects, if there were to be a substantial disarmament program. Certainly the effects would be very substantial on our economy. Just the other day in the steel price increase case we saw what a tremendous impact the suggested purchase of steel products from one section of the country rather than another can have, if such purchases were to be made by the Department of Defense. Certainly, we have to keep in mind, as the gentleman from Pennsylvania has just said, the needs of those areas of our country which are suffering from unemployment. Some months ago the President said he wanted to try to channel defense contracts as much as possible into unemployment areas. So with the expenditure of a relatively small increase in funds, if the Pucinski amendment goes through, we could accomplish a great deal more and much more cheaply in terms of helping our unemployment areas than if we had to put money up for unemployment insurance and through the provisions of the area redevelopment bill.

Mr. Chairman, I urge the adoption of the amendment offered by the gentleman from Illinois [Mr. PUCINSKI].

The CHAIRMAN. The Chair recognizes the gentleman from Texas [Mr. MAHON] to close debate on the pending amendment.

Mr. MAHON. Mr. Chairman, I respectfully ask in view of all the facts and circumstances, and the dangers involved here, that this amendment be voted down.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois [Mr. PUCINSKI].

The question was taken; and on a division (demanded by Mr. PUCINSKI), there were—ayes 36, noes 108.

So the amendment was rejected.

The Clerk read as follows:

SEC. 531. Of the funds made available by this Act for the services of the Military Air Transport Service, $80,000,000 shall be available only for procurement of commercial air transportation service from carriers participating in the civil reserve air fleet program; and the Secretary of Defense shall utilize the services of such carriers which qualify as small businesses to the fullest extent found practicable: *Provided*, That the Secretary of Defense shall specify in such procurement, performance characteristics for aircraft to be used based upon modern aircraft operated by the civil airfleet.

Mr. GROSS. Mr. Chairman, I move to strike out the requisite number of words.

Mr. Chairman, I would like to ask a question or two concerning the operation of Military Air Transport Service—MATS. I read in a recent issue of the CONGRESSIONAL RECORD the official report of two House Members, and I am not singling them out for any special reason except that they visited some 11 foreign countries and turned in a transportation bill for $371.32. My question is: Could these gentlemen have been paying their own expenses? Could they have been supplied transportation by MATS and MATS not be reimbursed for transportation? The sum of $371.32 to travel from Washington and through 11 foreign countries, then back to Washington is just not possible for two persons.

I would like to know whether MATS is being reimbursed by the committees of Congress and just what is taking place. Will the chairman of the subcommittee explain how this operates in the matter of junketing Congressmen?

Mr. MAHON. The MATS program is operated under the industrial fund, and on special flights that are arranged the industrial fund is reimbursed from other appropriations which might be involved in the operation.

If a Member of Congress rides on a MATS flight as such there would be no reimbursement, but if, for example, a plane is used for the transportation of Members of Congress to a specific point not on a scheduled flight there is a reimbursement; but if it is a flight that goes regularly there is no reimbursement.

I must agree that I am not completely familiar with all the regulations of the Military Air Transport Service, but generally speaking that is my understanding of it.

Mr. GROSS. We appropriate a great deal of money to one particular committee. I am not going to name the committee, but I think their appropriation is larger than that of any other House committee of the Congress and I suggest the committee ought to reimburse MATS for transportation costs of its members who use its service.

I am not impressed one bit with this space available explanation. I recently inquired into one of these operations and found that a big jet was being used as a courier plane to Palm Beach. I found that members of families of Government officials and others travel to Palm Beach, Fla., on a space available basis on what is known as a courier plane, a big jet, used for the transportation of a few mail pouches. I am not a bit impressed with this space available thing.

There was also the case of the daughter of one Government official of this country who traveled on a space available basis to Paris to visit some of her girl friends over there. This space available business is all too often a dodge, and an expensive one for the taxpayers.

Now I call attention to another situation which indicates to me that appropriations for alleged defense could be cut and cut plenty. There is a lot of fat in this thing. We learned in the subcommittee of which I am a member that the Navy Department was called upon last summer to run a check, a nose count of how many GS-12 Negroes and above there were in the Navy installations all over the world. I do not know whether there is money in this bill for the President's Equal Employment Committee or not, but if there is the taxpayers are paying for a real boondoggle in the name of defense.

If this information as to the color of the individual civilian employee of the Navy, if this nose count was important why was it not on the job applicant's Form 57? Why is it not a matter of record someplace? And I wonder how it is possible to tell by simply looking at a person whether he is a Negro or exactly what his racial origin?

At any rate, the Navy was compelled to spend thousands of dollars to produce this information in a period of 5 days. Five days. It had to resort to radio, to telegraph, to teletype, to long distance telephone; and if anybody can tell me why it was necessary to have this information in 5 days I would like to hear it. We could not get that information from the witness before our subcommittee.

If this information is important, why is it not also important to know about all other minorities; how many American Indians there are in the civil arm of the Navy, Army, the Marine Corps, and the Air Force? Why is it not important to know how many people of Jewish origin there are in the military establishments throughout the world?

It is time to tighten belts in this country instead of engaging in this kind of foolishness, all of which is helping to bankrupt the Government.

The Clerk read as follows:

SEC. 540. None of the funds provided herein shall be used to pay any recipient of a grant for the conduct of research project an amount for indirect expenses in connection with such project in excess of 15 per centum of the direct costs.

Mr. STRATTON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. STRATTON: On page 49, line 21, strike out "15" and insert "30."

Mr. SIKES. Mr. Chairman, I make a point of order against the amendment, that it comes too late.

The CHAIRMAN. The amendment is directed to section 504, and the Chair holds that the amendment comes in good time.

Mr. STRATTON. Mr. Chairman, I shall not detain the Committee long at this late hour. The matter has been largely discussed. Unfortunately, my guess as to the temper of the House was correct.

I feel that the amendment which I am offering now does represent a suitable alternative, and I hope a majority of the Members of the House will be able to support it. The amendment displaces the totally unrealistic limitation on indirect costs contained in section 540 with a much more realistic figure of 30 percent.

As I mentioned earlier, the American Council on Education has estimated that the average ratio of indirect costs for major educational institutions which many Members are concerned with, including those in my own great State of New York, is 28.2 percent. The average cost for smaller institutions is something on the order of 32 percent. So the 30 percent figure in my amendment gives us a realistic figure and one certainly that is not subject to abuse either.

I do not accept the argument advanced here that we should put an unrealistic figure into this bill merely so that the Members of the other body can

take some of the credit for generosity they have been trying to take with reference to the tax bill and the postal rate increase bill, by getting this limitation up to a more sensible figure. We in the House ought to do the right thing, and I think we can do it by putting in a figure that will not materially impair our great college and university research programs.

The gentleman from Texas, the distinguished chairman of the subcommittee, professed concern and shock a moment ago that so much more money was going into university research. That is not because the universities of the country are trying to make a killing at the expense of the Government; it is because in the nature of the case our great defense program is having to be based more and more on complex research and because the kind of research required is more and more available only in the universities of our country.

I am sure the chairman is not suggesting that the universities are trying to chisel the Government and that we have to cut down on their exorbitant profits. Certainly we want all the research to be made that must be made to keep up ahead of the Soviet Union. So I do not think the figures on research that the chairman has given us ought to weigh in this discussion one little bit.

Mr. Chairman, I hope the amendment will be adopted, so that we can preserve the defense of the Nation and also protect our educational institutions.

Mr. ALBERT. Mr. Chairman, I ask unanimous consent that the gentleman from Illinois [Mr. LIBONATI] may extend his remarks at this point in the RECORD.

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

There was no objection.

Mr. LIBONATI. Mr. Chairman, in view of the fact that section 540 provides for a fixed limitation of 15 percent on the question of reimbursement of indirect research costs as it relates to the programs at the university level under the various departments of Government adhering to this formula.

The Bureau of the Budget issued in 1958 a set of principles for the calculation of indirect costs of educational institutions that are applicable to research contracts and grants. The Bureau requested that all Federal agencies use this method of computation. The Department of Defense and most other agencies have been able to do so. The Department of Health, Education, and Welfare has been a notable exception.

At present HEW limits reimbursement of indirect costs to 15 percent of the direct cost. At the University of Illinois a percentage of total costs computed under the formula set forth by the Bureau of the Budget would indicate a reimbursement of approximately 35 percent of the total direct costs.

Interpreted into dollars, this means that the university would have been entitled to $700,000 more than it received for indirect costs on contracts which it handled for HEW in the year ended June 30, 1961.

The universities have accepted the principles set forth by the Bureau of the Budget, and it is difficult to understand why these principles should not be applied by all Federal agencies. On the other hand, it is recognized that such a move at this time from past policy of HEW to the other formula could cause considerable budgetary difficulty. As a compromise, therefore, it would seem appropriate that the adjustment might be made in several steps, with HEW moving first to a reimbursement rate of 25 percent of total direct costs, and in the subsequent year, to full reimbursement based upon the principle set forth by the Bureau of the Budget.

I have received telegrams and other correspondence from the major educational organizations urging the Congress to remove the 15 percent limit on indirect research costs, and the University of Illinois and the University of Chicago have joined in this position; my personal attitude is that under the present budgetary problems that the above suggestion for realizing the change in several steps would be a reasonable procedure to standardize the equities involved.

I wholeheartedly support the Stratton amendment to section 540 of the Defense Appropriation bill from 15 percent limitation to 30 percent on indirect expenses on defense grants and contracts for research. This adds to the financial stability of every educational institution in the United States. The Department of Defense is now paying an average of 32.6 percent in direct costs. The bill would mean a reduction of costs $1 million for Army research and $3 million for the Air Force research. These savings to the Government are loaded upon the already overburdened and financially critical educational institutions. The universities that are tax supported will fall back upon the State legislature for this added expense. An expense resulting from research work for the Department of Defense. Certainly as a practical matter we can predict that the Department of Defense will hereafter conduct its own research in its established laboratories or schools—if the Congress appropriates millions for this purpose—for the present arrangements with the universities will be cancelled.

Thus in total effect this limitation reducing by over 17.6 percent the present consideration given for this exceptional service and use of apparatus, student body, scientists, and so forth, including all facilities and material used in the experimental tests, dooms in the future university participation in the much needed field of research for Government agencies. The Committee is flirting with a dangerous and sensitive field which in scientific activity lists hundreds of advancements for the preservation of the Republic and the security and development of the economy.

Mr. O'HARA of Illinois. 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 Illinois?

There was no objection.

Mr. O'HARA of Illinois. Mr. Chairman, I commend my distinguished colleague from Illinois [Mr. LIBONATI] on the lucid, informative, and convincing statement he has made, and join with him in support of the Stratton amendment. I esteem the chairman of the subcommittee, the gentleman from Texas [Mr. MAHON] as one of the ablest Members of this body, and I place the highest valuation on his judgment in a field in which he is so thoroughly informed and so highly qualified. I am sure he realizes the tragical repercussions both on our defense effort and upon our universities in their research work if the 15 percent limitation is contained in the final enactment. I anticipate he is expecting the percentage to be raised in conference, and I am confident this will have the approval of the gentleman from Texas when he meets with the other conferees.

Nevertheless, Mr. Chairman, I do not think it wise and prudent that this bill should leave the House with the unrealistic 15 percent limitation even though no one anticipates that that figure will remain after the conferees have acted. This is certainly not the time to cripple our universities in the research that is the very foundation of our security and so much of our progress in combating disease. I urge the adoption of the Stratton amendment. This is too grave a matter not to take positive action at this time.

I do not think anyone will question the contribution to our Nation of the scientists at the University of Chicago. It has only to be remembered that the nuclear studies and research at the University of Chicago solved the secrets of the atom. The contribution of the University of Chicago to the Nation in medical research, and in other lines, has been equally noteworthy. I am deeply concerned, and I think it should be a matter of concern to all my colleagues, when the president of the University of Chicago states:

> Our ability to meet our obligations to continue vital research for the Federal Government will be jeopardized by this proposed action.

Please note that he does not say, "willingness" to continue. It is the ability to continue without funds to meet the overhead bills.

Mr. Chairman, I am reading from two telegrams I have received, one from the president of the University of Chicago, and one from the president of the University of Illinois:

> This is to advise you that the recommendation contained in House Appropriations Committee report No. 1607 to put 15 percent limit on university researchers grant overhead will result in distress to the University of Chicago and other major universities engaged in federally supported research. Our ability to meet our obligations to continue vital research for the Federal Government will be jeopardized by this proposed action. This university appreciates the need for uniformity in Federal Government overhead policy and strongly recommend that such overhead be at least the 20-percent figure established by the National Science Foundation and more realistically 25 percent. We urge you to oppose

the 15-percent limitation when it comes up for scheduled House action Tuesday.

GEORGE W. BEADLE,
President, University of Chicago.

On January 24 I sent you a report on the financial problem at the University of Illinois created by the 15-percent limitation in reimbursement of indirect costs of NIH grants to universities. Reports of congressional opinion encouraged the hope that this maximum would this year be increased.

Contrary to this expectation, House Appropriations Committee has recommended a similar limitation of 15 percent in Defense Department grants. Approval of this provision will have serious financial implications, and will aggravate the financial problems of institutions of higher education.

DAVID D. HENRY,
President, University of Illinois.

Mr. MAHON. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from New York [Mr. STRATTON].

Mr. Chairman, nothing would be gained by rehashing the debate of yesterday and today on this bill. The principle has been debated. We have had a teller vote on the proposition and the Members have supported your Appropriations Committee. When Congress provides grants to the colleges and universities in a research program, there is nothing wrong with attaching some restrictions on the overhead costs, and that is all we propose.

I hope the committee will reaffirm the position it took earlier in the afternoon and will vote against the amendment offered by the gentleman from New York [Mr. STRATTON].

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. STRATTON].

The question was taken; and on a division (demanded by Mr. STRATTON) there were—ayes 38, noes, 98.

So the amendment was rejected.

The Clerk concluded the reading of the bill.

Mr. MAHON. Mr. Chairman, I move that the Committee do now rise and report the bill back to the House with the recommendation that the bill do pass.

The motion was agreed to.

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. KEOGH, 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. 11289) making appropriations for the Department of Defense for the fiscal year ending June 30, 1963, and for other purposes, had directed him to report the bill back to the House with the recommendation that the bill do pass.

Mr. MAHON. Mr. Speaker, I move the previous question on the bill to final passage.

The previous question was ordered.

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, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

Mr. MAHON. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 388, nays 0, not voting 50, as follows:

[Roll No. 78]

YEAS—388

Abbitt
Abernethy
Adair
Addabbo
Albert
Alexander
Alford
Alger
Andersen, Minn.
Anderson, Ill.
Anfuso
Arends
Ashbrook
Ashley
Ashmore
Aspinall
Auchincloss
Avery
Ayres
Baker
Baldwin
Baring
Barrett
Barry
Bass, N.H.
Bass, Tenn.
Bates
Battin
Becker
Beckworth
Beermann
Belcher
Bell
Bennett, Fla.
Bennett, Mich.
Berry
Betts
Blatnik
Blitch
Boggs
Boland
Bolton
Bonner
Bow
Brademas
Bray
Breeding
Brewster
Bromwell
Broomfield
Brown
Broyhill
Bruce
Buckley
Burke, Ky.
Burke, Mass.
Burleson
Byrne, Pa.
Byrnes, Wis.
Cahill
Cannon
Carey
Casey
Cederberg
Chamberlain
Chelf
Chenoweth
Chiperfield
Church
Clancy
Coad
Cohelan
Collier
Colmer
Conte
Cook
Corbett
Corman
Cunningham
Curtin
Curtis, Mass.
Curtis, Mo.
Daddario
Dague
Daniels
Davis, James C.
Davis, John W.
Davis, Tenn.
Dawson
Delaney
Denton
Derounian
Derwinski
Devine
Diggs
Dingell
Dole
Dominick
Donohue
Dooley
Dorn
Downing
Doyle
Dulski
Durno
Dwyer
Edmondson
Ellsworth
Everett
Evins
Fallon
Farbstein
Feighan
Fenton
Findley
Finnegan
Fisher
Flood
Flynt
Fogarty
Ford
Forrester
Fountain
Frazier
Frelinghuysen
Friedel
Fulton
Gallagher
Garland
Garmatz
Gary
Gathings
Gavin
Giaimo
Gilbert
Glenn
Gonzalez
Goodell
Goodling
Granahan
Gray
Green, Pa.
Griffin
Griffiths
Gross
Gubser
Hagan, Ga.
Hagen, Calif.
Haley
Hall
Halleck
Halpern
Hansen
Harding
Hardy
Harris
Harrison, Va.
Harrison, Wyo.
Harsha
Harvey, Mich.
Healey
Hébert
Hechler
Hemphill
Henderson
Herlong
Hiestand
Hoffman, Ill.
Holifield
Holland
Horan
Hosmer
Hull
Ichord, Mo.
Inouye
Jarman
Jennings
Jensen
Joelson
Johansen
Johnson, Calif.
Johnson, Md.
Johnson, Wis.
Jonas
Jones, Mo.
Judd
Karsten
Karth
Kastenmeier
Keith
Kelly
Keogh
Kilburn
Kilgore
King, Calif.
King, N.Y.
King, Utah
Kirwan
Kitchin
Kluczynski
Knox
Kornegay
Kowalski
Kunkel
Kyl
Laird
Landrum
Lane
Langen
Lankford
Latta
Lennon
Lesinski
Libonati
Lindsay
Lipscomb
Loser
McCulloch
McDowell
McFall
McIntire
McMillan
McSween
McVey
Macdonald
MacGregor
Mack
Madden
Magnuson
Mahon
Mailliard
Marshall
Martin, Mass.
Martin, Nebr.
Mason
Mathias
Matthews
May
Meader
Merrow
Michel
Miller, Clem
Miller, George P.
Miller, N.Y.
Milliken
Mills
Minshall
Moeller
Monagan
Montoya
Moore
Moorehead, Ohio
Moorhead, Pa.
Morgan
Morris
Morrison
Morse
Mosher
Moss
Multer
Murphy
Natcher
Nelsen
Nix
Norblad
Norrell
Nygaard
O'Brien, Ill.
O'Brien, N.Y.
O'Hara, Ill.
O'Hara, Mich.
O'Konski
Olsen
O'Neill
Osmers
Ostertag
Passman
Pelly
Perkins
Peterson
Pfost
Philbin
Pike
Pillion
Pirnie
Poage
Poff
Price
Pucinski
Purcell
Quie
Randall
Ray
Reece
Reifel
Reuss
Rhodes, Ariz.
Riehlman
Riley
Rivers, Alaska
Roberts, Tex.
Robison
Rodino
Rogers, Colo.
Rogers, Fla.
Rogers, Tex.
Rooney
Roosevelt
Rosenthal
Rostenkowski
Roudebush
Roush
Rousselot
Rutherford
Ryan, Mich.
Ryan, N.Y.
St. George
St. Germain
Santangelo
Saund
Saylor
Schadeberg
Schenck
Scherer
Schneebeli
Schweiker
Schwengel
Scranton
Seely-Brown
Shelley
Sheppard
Shipley
Short
Shriver
Sibal
Sikes
Siler
Sisk
Slack
Smith, Calif.
Smith, Iowa
Smith, Va.
Springer
Stafford
Staggers
Steed
Stephens
Stratton
Stubblefield
Sullivan
Taber
Taylor
Teague, Calif.
Teague, Tex.
Thomas
Thomson, Wis.
Thornberry
Toll
Tollefson
Trimble
Tuck
Tupper
Udall, Morris K.
Ullman
Vanik
Van Pelt
Van Zandt
Vinson
Waggonner
Wallhauser
Walter
Watts
Weaver
Weis
Whalley
Wharton
Whitener
Wickersham
Widnall
Williams
Willis
Wilson, Calif.
Winstead
Wright
Yates
Young
Younger
Zablocki

NAYS—0

NOT VOTING—50

Addonizio
Andrews
Bailey
Bolling
Boykin
Brooks
Celler
Clark
Cooley
Cramer
Dent
Dowdy
Elliott
Fascell
Fino
Grant
Green, Oreg.
Harvey, Ind.
Hays
Hoeven
Hoffman, Mich.
Huddleston
Jones, Ala.
Kearns
Kee
McDonough
Moulder
Murray
Nedzi
Patman
Pilcher
Powell
Rains
Rhodes, Pa.
Rivers, S.C.
Roberts, Ala.
Scott
Selden
Smith, Miss.
Spence
Thompson, La.
Thompson, N.J.
Thompson, Tex.
Utt
Westland
Whitten
Wilson, Ind.
Zelenko

So the bill was passed.

The Clerk announced the following pairs:

Mr. Pilcher with Mr. Hoffman of Michigan.
Mr. Dent with Mr. Cramer.
Mrs. Green of Oregon with Mr. Hoeven.
Mr. Addonizio with Mr. Fino.
Mr. Rhodes of Pennsylvania with Mr. Wilson of Indiana.
Mr. Dowdy with Mr. Harvey of Indiana.
Mr. Scott with Mr. Utt.
Mr. Cooley with Mr. Kearns.
Mr. Clark with Mr. McDonough.
Mr. Brooks with Mr. Westland.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE TO EXTEND

Mr. MAHON. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks on the bill just passed, and that all Members who spoke on the bill today may have permission to revise and extend their remarks and include pertinent matter.

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

EASTER RECESS

Mr. ALBERT. Mr. Speaker, I offer a privileged resolution (H. Con. Res. 465).

The Clerk read the resolution, as follows:

Resolved by the House of Representatives (the Senate concurring), That when the

House adjourns on Thursday, April 19, 1962, it stand adjourned until 12 o'clock meridian, Monday, April 30, 1962.

The resolution was agreed to.

A motion to reconsider was laid on the table.

INTERIM AUTHORITY TO THE SPEAKER AND THE CLERK OF THE HOUSE

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that notwithstanding the adjournment of the House until April 30, 1962, the Clerk be authorized to receive messages from the Senate and that the Speaker be authorized to sign any enrolled bills and joint resolutions duly passed by the two Houses and found truly enrolled.

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

There was no objection.

EMPLOYMENT OF RESEARCH SPECIALIST

Mr. ALBERT. Mr. Speaker, I offer a resolution (H. Res. 613) and ask for its immediate consideration.

The Clerk read as follows:

Resolved, That effective February 1, 1962, there is hereby authorized to be paid from the Contingent Fund of the House of Representatives, such sum as may be necessary to pay the salary of a Research Specialist, Office of Coordinator of Information, at the Basic Rate of $2,180 per annum until June 30, 1962.

The resolution was agreed to.

A motion to reconsider was laid on the table.

PERSONAL ANNOUNCEMENT

Mr. NEDZI. Mr. Speaker, I was called away on official business and failed to respond to the rollcall. Had I been present I would have voted "yea."

EDUCATIONAL TELEVISION

Mr. HARRIS. Mr. Speaker, I call up the conference report on the bill (S. 205) to expedite the utilization of television transmission facilities in our public schools and colleges, and in adult training programs, and ask unanimous consent that the statement of the managers on the part of the House may be read in lieu of the report.

The Clerk read the title of the bill.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT (H. REPT. No. 1609)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 205) to expedite the utilization of television transmission facilities in our public schools and colleges, and in adult training programs, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following: "That title III of the Communications Act of 1934 is amended by adding at the end thereof the following new part:

"'PART IV—GRANTS FOR EDUCATIONAL TELEVISION BROADCASTING FACILITIES

"'*Declaration of purpose*

"'SEC. 390. The purpose of this part is to assist (through matching grants) in the construction of educational television broadcasting facilities.

"'*Authorization of appropriations*

"'SEC. 391. There are authorized to be appropriated for the fiscal year ending June 30, 1963, and each of the four succeeding fiscal years such sums, not exceeding $32,000,000 in the aggregate, as may be necessary to carry out the purposes of section 390. Sums appropriated pursuant to this section shall remain available for payment of grants for projects for which applications, approved under section 392, have been submitted under such section prior to July 1, 1968.

"'*Grants for construction*

"'SEC. 392. (a) For each project for the construction of educational television broadcasting facilities there shall be submitted to the Secretary an application for a grant containing such information with respect to such project as the Secretary may by regulation require, including the total cost of such project and the amount of the Federal grant requested for such project, and providing assurance satisfactory to the Secretary—

"'(1) that the applicant is (A) an agency or officer responsible for the supervision of public elementary or secondary education or public higher education within that State, or within a political subdivision thereof, (B) the State educational television agency, (C) a college or university deriving its support in whole or in part from tax revenues, or (D) a nonprofit foundation, corporation, or association which is organized primarily to engage in or encourage educational television broadcasting and is eligible to receive a license from the Federal Communications Commission for a noncommercial educational television broadcasting station pursuant to the rules and regulations of the Commission in effect on April 12, 1962;

"'(2) that the operation of such educational television broadcasting facilities will be under the control of the applicant or a person qualified under paragraph (1) to be such an applicant;

"'(3) that necessary funds to construct, operate, and maintain such educational television broadcasting facilities will be available when needed; and

"'(4) that such television broadcasting facilities will be used only for educational purposes.

"'(b) The total amount of grants under this part for the construction of educational television broadcasting facilities to be situated in any State shall not exceed $1,000,000.

"'(c) In order to assure proper coordination of construction of educational television broadcasting facilities within each State which has established a State educational television agency, each applicant for a grant under this section for a project for construction of such facilities in such State, other than such agency, shall notify such agency of each application for such a grant which is submitted by it to the Secretary, and the Secretary shall advise such agency with respect to the disposition of each such application.

"'(d) The Secretary shall base his determinations of whether to approve applications for grants under this section and the amount of such grants on criteria set forth in regulations and designed to achieve (1) prompt and effective use of all educational television channels remaining available, (2) equitable geographical distribution of educational television broadcasting facilities throughout the States, and (3) provision of educational television broadcasting facilities which will serve the greatest number of persons and serve them in as many areas as possible, and which are adaptable to the broadest educational uses.

"'(e) Upon approving any application under this section with respect to any project, the Secretary shall make a grant to the applicant in the amount determined by him, but not exceeding (1) 50 per centum of the amount which he determines to be the reasonable and necessary cost of such project, plus (2) 25 per centum of the amount which he determines to be the reasonable and necessary cost of any educational television broadcasting facilities owned by the applicant on the date on which it files such application; except that (A) the total amount of any grant made under this section with respect to any project may not exceed 75 per centum of the amount determined by the Secretary to be the reasonable and necessary cost of such project; and (B) not more than 15 per centum of any such grant may be used for the acquisition and installation of microwave equipment, boosters, translators, and repeaters which are to be used to connect two or more broadcasting stations. The Secretary shall pay such amount, in advance or by way of reimbursement, and in such installments consistent with construction progress, as he may determine.

"'(f) If, within ten years after completion of any project for construction of educational television broadcasting facilities with respect to which a grant has been made under this section—

"'(1) the applicant or other owner of such facilities ceases to be an agency, officer, institution, foundation, corporation, or association described in subsection (a)(1), or

"'(2) such facilities cease to be used for educational television purposes (unless the Secretary determines, in accordance with regulations, that there is good cause for releasing the applicant or other owner from the obligation so to do),

the United States shall be entitled to recover from the applicant or other owner of such facilities the amount bearing the same ratio to the then value (as determined by agreement of the parties or by action brought in the United States district court for the district in which such facilities are situated) of such facilities, as the amount of the Federal participation bore to the cost of construction of such facilities.

"'*Records*

"'SEC. 393. (a) Each recipient of assistance under this part shall keep such records as may be reasonably necessary to enable the Secretary to carry out his functions under this part, including records which fully disclose the amount and the disposition by such recipient of the proceeds of such assistance, the total cost of the project or undertaking in connection with which such assistance is given or used, and the amount and nature of that portion of the cost of the project or undertaking supplied by other sources, and such other records as will facilitate an effective audit.

"'(b) The Secretary and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access for the purpose of audit and examination to any books, documents, papers, and records of the recipient that are pertinent to assistance received under this part.

"'*Definitions*

"'SEC. 394. For the purposes of this part—

"'(1) The term "State" includes the District of Columbia and the Commonwealth of Puerto Rico.

"'(2) The term "construction", as applied to educational television broadcasting

facilities, means the acquisition and installation of transmission apparatus (including towers, microwave equipment, boosters, translators, repeaters, mobile equipment, and video-recording equipment) necessary for television broadcasting, including apparatus which may incidentally be used for transmitting closed circuit television programs, but does not include the construction or repair of structures to house such apparatus.

"'(3) The term "Secretary" means the Secretary of Health, Education, and Welfare.

"'(4) The term "State educational television agency" means (A) a board or commission established by State law for the purpose of promoting educational television within a State, (B) a board or commission appointed by the Governor of a State for such purpose if such appointment is not inconsistent with State law, or (C) a State officer or agency responsible for the supervision of public elementary or secondary education or public higher education within the State which has been designated by the Governor to assume responsibility for the promotion of educational television; and, in the case of the District of Columbia, the term "Governor" means the Board of Commissioners of the District of Columbia.

"'(5) The term "nonprofit" as applied to any foundation, corporation, or association, means a foundation, corporation, or association, no part of the net earnings of which inures, or may lawfully inure, to the benefit of any private shareholder or individual.

"'Provision of assistance by Federal Communications Commission

"'SEC. 395. The Federal Communications Commission is authorized to provide such assistance in carrying out the provisions of this part as may be requested by the Secretary. The Secretary shall provide for consultation and close cooperation with the Federal Communications Commission in the administration of his functions under this part which are of interest to or affect the functions of the Commission.

"'Rules and regulations

"'SEC. 396. The Secretary is authorized to make such rules and regulations as may be necessary to carry out this part, including regulations relating to the order of priority in approving applications for projects under section 392 or to determining the amounts of grants for such projects.

"'Federal interference or control prohibited

"'SEC. 397. Nothing contained in this part shall be deemed (1) to amend any other provision of, or requirement under this Act; or (2) to authorize any department, agency, officer, or employee of the United States to exercise any direction, supervision, or control over educational television broadcasting or over the curriculum, program of instruction, or personnel of any educational institution, school system, or educational broadcasting station or system.'"

And the House agree to the same.

That the title of the bill be amended to read as follows: "An Act to amend the Communications Act of 1934 to establish a program of Federal matching grants for the construction of television broadcasting facilities to be used for educational purposes."

OREN HARRIS,
KENNETH A. ROBERTS,
MORGAN M. MOULDER,
JOHN E. MOSS,
WILLIAM L. SPRINGER,
J. ARTHUR YOUNGER,
PAUL F. SCHENCK,
Managers on the Part of the House.

WARREN G. MAGNUSON,
JOHN O. PASTORE,
A. S. MIKE MONRONEY,
NORRIS COTTON,
CLIFFORD P. CASE,
Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 205) to expedite the utilization of television transmission facilities in our public schools and colleges, and in adult training programs, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The bill as agreed to in conference is in form and for the most part in substance the same as the amendment of the House to the Senate bill. The differences between the House amendment and the substitute agreed to in conference are set forth in the following outline, except for incidental changes made necessary by reason of agreements reached by the conferees and minor or clarifying changes.

The several important changes which have been made in the House amendment have the common objective of expediting as much as possible the construction of additional educational television broadcasting facilities. The construction of such additional facilities has been long overdue. At present the Federal Communications Commission has reserved 273 educational television channels of which only 62 are in use. Only through the establishment of additional educational television broadcasting facilities and the activation of noncommercial educational television broadcasting stations can the goal of creating an adequate television system to serve the needs of all the people in the United States be accomplished. The conference agreement, thus, must be considered an integral part of a broader legislative program now under consideration in the Congress which is aimed at expanding and improving television service in the United States.

Grants for surveys: In order to accomplish this objective the conference agreement omits all provisions for the preparation of State surveys of educational television needs which were contained in the House amendment. Educational television legislation was first considered during the 85th Congress when it was passed by the Senate and was reported favorably to the House of Representatives by the Committee on Interstate and Foreign Commerce. Between that time and the present extensive national studies have been undertaken by educational television organizations of educational television broadcasting needs. These studies show a minimum need of 1,197 television channels for educational broadcasting stations. Therefore, the time for additional surveys has long since passed and the time has arrived to take prompt action to get the needed additional educational television stations on the air as promptly as possible.

Authorization of appropriations for construction grants: In recognition of the urgent need for the construction of additional educational television broadcasting facilities the conference agreement authorizes the appropriation for fiscal year 1963 and the 4 succeeding fiscal years of not to exceed $32 million, in the aggregate, for construction grants. The House amendment had authorized the appropriation of not to exceed $25 million while the Senate bill authorized the appropriation of not to exceed $51 million for the making of such grants.

If sufficient applications are submitted and approved to utilize available funds authorized by the conference agreement, numerous additional educational television broadcasting facilities will be constructed because of the requirement that these Federal grants must be matched.

Thus, it is expected that the Federal funds authorized by the conference agreement will be effective in providing a much-needed initial momentum to get this large and badly needed expansion program underway at the earliest possible date.

In order to assure proper coordination of construction of educational television broadcasting facilities within States which have established State educational television agencies, applicants for construction grants within such States are required to notify the agency of each application for a grant which is submitted by them and the Secretary of Health, Education, and Welfare, in turn, is required to advise the agency of the disposition of each such application.

Administration: The conference agreement places the administration of the program in the Secretary of Health, Education, and Welfare. The House amendment placed the administration of the program in the Commissioner of Education.

The conferees placed the responsibility for the execution of this program in the Secretary of Health, Education, and Welfare rather than in an office or bureau of the Department of Health, Education, and Welfare, because of the realization that, if the relatively small program provided for by this legislation is to be carried out speedily and effectively, it must be given proper priority among the many other important and far-reaching programs which are now administered by the Department of Health, Education, and Welfare. Under no circumstances should this program be subordinated to or tied in with other Federal programs in the field of education. This could only result in unavoidable delays which would prevent the achievement of goals which the conferees seek to accomplish by this legislation.

The execution of this new program will quite likely involve the establishment of policies and the rendering of decisions for which ready precedents may not be available. By placing the responsibility for the execution of this program in the Secretary himself, the Secretary is placed in a position where he may designate a person responsible immediately to him who will be in a position to expedite the formulation of such policies and the making of such decisions. However, the full responsibility for the administration of the program remains with the Secretary, with whom it has been placed under the conference agreement.

The conferees anticipate that the Secretary will keep the committees of the Congress responsible for this legislation advised at regular intervals of the operation of this program.

The decision of the conferees to enact this legislation in the form of an amendment to the Communications Act of 1934 likewise lends emphasis to their view that this prog am is a program aimed at promoting particular broadcast services within the general framework of broadcasting in the United States. Attention is called by the conferees to the provision contained in the legislation that the Federal Communications Commission is authorized to give to the Secretary all assistance requested by the Secretary to carry out the program. The conferees are gratified that the Federal Communications Commission has recently established in its Broadcast Bureau an Office of Research and Education for the specific purpose of assisting educational broadcasters in their efforts directed at expanding and improving educational broadcasting. The conferees are confident that the Federal Communications Commission will put forth its best efforts to promote the educational television program provided for in this legislation. If the Secretary will avail himself of the expert services which can be rendered by the Federal Communications Commission he will be in a position to minimize the administrative expenses incurred in connection with the execution of this program.

Entities eligible for construction grants: Under the House amendment nonprofit community educational television organizations would not have been eligible to receive con-

struction grants. The Senate bill would have permitted any nonprofit foundation, corporation, or association which was organized to engage in or encourage educational television broadcasting to receive construction grant funds.

The conference agreement makes eligible to receive construction grants any nonprofit foundation, corporation, or association, which is organized primarily to engage in or encourage educational television broadcasting and which is eligible according to the rules and regulations of the Federal Communications Commission in effect on April 12, 1962, to receive a license from the Commission for a noncommercial educational broadcasting station.

The conferees adopted this language in the light of the following representation made by the Federal Communications Commission in its memorandum relating to the provisions of the Senate-passed bill and the House amendment thereto:

"In this connection, you are advised that under the Commission's rules and policies, qualified applicants for the reserved noncommercial educational stations have been limited to the following:

"(a) One or more duly accredited public or private educational institutions, organizations, or bodies;

"(b) A municipality or other political subdivision which has no independently constituted educational organization;

"(c) One or more tax-supported cultural organizations (e.g., public libraries); and

"(d) An association of nonprofit community organizations chartered by a State to engage in noncommercial educational broadcasting. Such groups have been broadly representative of the educational, cultural, and civic groups in the community and have included public or private educational organizations or representatives.

"Thus, a single nonprofit organization, unless it were an accredited educational organization or a tax-supported cultural organization, would not be considered eligible to receive a license for a noncommercial educational television reservation."

Interconnecting apparatus: The conference agreement limits to 15 percent of any grant, the amount that the recipient may utilize for the acquisition and installation of microwave equipment, boosters, translators, and repeaters which are to be used to connect two or more broadcasting stations. The purpose of this change is to assure that most of the available funds will be used for putting new educational television broadcasting stations on the air. Expenditures made to interconnect stations with each other should be incidental to this primary purpose.

Commonwealth of Puerto Rico: The conference agreement adopts the provisions of the House amendment making the Commonwealth of Puerto Rico eligible to participate in the educational television construction grant program.

OREN HARRIS,
KENNETH A. ROBERTS,
MORGAN M. MOULDER,
JOHN E. MOSS,
W. L. SPRINGER,
J. ARTHUR YOUNGER,
PAUL F. SCHENCK,
Managers on the Part of the House.

Mr. HARRIS (interrupting reading of conference report). Mr. Speaker, I ask unanimous consent that the further reading of the statement of the managers be dispensed with.

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

Mr. FULTON. Mr. Speaker, reserving the right to object, may I ask the gentleman if he is going to explain this conference report?

Mr. HARRIS. Mr. Speaker, I intend to take a little time to explain the report and the provisions of it.

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

There was no objection.

Mr. HARRIS. Mr. Speaker, this conference report brings to a culmination long efforts to bring about the construction of additional educational television stations and that will encourage the utilization of a highly important natural resource, the radio spectrum, insofar as radiofrequencies are assigned for educational purposes.

The conference report itself is very explicit. There were some substantial differences between the House bill and the Senate bill, but the conferees have worked together and we feel we have brought back a very good bill. Some of the questions that were raised in the House have been covered, and I will take a minute to discuss them very briefly.

First, I yield to the gentleman from Ohio [Mr. BROWN].

Mr. BROWN. Mr. Speaker, as I understand this conference report, in substance what has been done is to restore to the bill the provision stricken out in the House that would provide for nonprofit educational organizations to be recognized and to be licensed.

Mr. HARRIS. The gentleman is correct. But I will say further that it does tighten and clarify that provision of this legislation to do what the gentleman from Michigan had in mind, in my judgment, at the time he offered his amendment. We have made it very clear and explicit that those organizations he referred to, and which other Members of the House referred to should not be permitted to come under the program. They are excluded. Those that were excluded unintentionally I think are now included and are eligible under this program.

Mr. BROWN. If I understand correctly, any nonprofit organization—in some States it takes only three incorporators and $10 to incorporate a nonprofit organization—incorporated for educational purposes would qualify under FCC so-called restrictions we have heard so much about. There is an organization called the Committee of Political Education—COPE, as it is sometimes used—and that organization, as I understand it, is a nonprofit organization, so recognized under the law for tax purposes as an educational organization. Could that organization, under the provisions of this bill as it is brought back to us, qualify to take the air and educate the public on political matters or on any other matters?

Mr. HARRIS. It would not be eligible and could not participate.

Mr. BROWN. Explain why not.

Mr. HARRIS. Because the conference report provides in section 392(b) as follows: "a nonprofit foundation, corporation, or association, which is organized primarily to engage in or encourage educational television broadcasting and is eligible to receive a license from the FCC for a noncommercial educational television broadcasting station pursuant to the rules and regulations of the Commission in effect on April 12, 1962."

Then on page 8 of the conference report, in the statement of the managers, we set out what those Commission rules are. Therefore, it is clear and explicit that an organization such as the gentleman has suggested would not be eligible.

Mr. BROWN. The gentleman is absolutely certain that under those circumstances that particular organization or any organization of that type could not qualify for one of these licenses?

Mr. HARRIS. I am certain of it. And, I may say categorically to the gentleman that is the type of organization that would not be eligible.

Mr. BROWN. Or any other group of three citizens going out and incorporating as an educational institution, claiming it was strictly for educational purposes? Maybe they would want to promote the idea to the people that the moon is made of green cheese, and under a lot of court decisions that could be held to be an educational program.

Mr. HARRIS. I will say to the gentleman, in the first place they would have to meet the criteria under section 392 (a), paragraphs 1, 2, 3, and 4. Then, in addition to that, they have got to meet the criteria of an association of nonprofit community organizations chartered by a State to engage in noncommercial educational broadcasting. In other words, they have got to meet these criteria to be eligible. Such groups—and here is the crux of it—such groups must be broadly representative of the educational, cultural, and civic groups in the community.

Mr. BROWN. In other words, what you are saying is that the Federal Communications Commission in its great, innate wisdom, will decide what education is, what culture is, and all of these other activities. You and I know that the members of the Commission are only human, after all; they are not demagogs, and sometimes we see different types of men serving on different commissions, with the result that we have different views on these matters quite often. In other words, you feel—and I ask this question because I have great confidence in the gentleman and I have served on his great committee——

Mr. HARRIS. I thank the gentleman.

Mr. BROWN. Both as an expert and as an attorney that this bill will protect the American people from these so-called special incorporated nonprofit organizations that are set up for some particular purpose or other which they may claim is to educate the listeners but that you and I might agree was not for educational purposes?

Mr. HARRIS. Three things I would like to say in response to the gentleman in order to try to make it as definite as possible that the gentleman is correct: No. 1, they have got to be an organization established for educational television purposes; No. 2, they cannot be fly-by-nights.

Mr. BROWN. If you will just pause there, of course, the question of what an educational purpose is might be a matter of discretion.

Mr. HARRIS. Well, let me read you what it says.

Mr. BROWN. I have read it.

Mr. HARRIS. It helps to make the record.

A single nonprofit organization, unless it were an accredited educational organization or tax-supported cultural organization, would not be considered eligible to receive a license for a noncommercial educational television reservation. And, I want to make it very clear here and now that it is the intention that this would be congressional policy, and it is the intention of the Congress that the Federal Communications Commission and the Secretary of Health, Education, and Welfare carry out this policy. If anyone comes in and attempts to get a license or a grant who is not eligible under these rules, then they are to see that the congressional intent is carried out.

Mr. BROWN. Now, I am sure the gentleman from Arkansas, brilliant as he is, knows that the reason why I asked these questions is to well define the legislative history on this bill so that there can be no question arise in the future about it; where the courts, at least, will know what the intent and the purpose of the Congress is, if we have people on the bench who can read the English language.

Mr. HARRIS. I thank the gentleman for making this legislative history as clear as possible and that he will go along with the conference report.

Mr. BROWN. I thank the gentleman.

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

Mr. HARRIS. I yield to the gentleman from Michigan.

Mr. GRIFFIN. Mr. Speaker, since I offered the amendment on the floor, which was a source of some controversy concerning this legislation, I should like to take a few moments to comment upon the conference report.

Mr. Speaker, we should be aware, of course, that in this legislation we are providing a measure and a kind of Federal aid to education. In a sense, we should look at this legislation as we would view a bill to build classrooms for educational institutions, because this bill authorizes the use of Federal funds to finance the construction of educational facilities.

The crucial issue is: To whom should Federal funds be made available for educational purposes?

If my amendment was too restrictive as it was offered, let me say that, in my opinion, the language of the bill on this point, as it was brought to the floor from the committee, was much too broad and all-inclusive.

In the course of the conference, I think the conferees have agreed upon better, more precise language which provides at least some limitation as to the groups and associations that will be considered as "educational" for the purposes of this bill.

The gentleman from California, [Mr. Moss], who made a very good statement when the bill was on the floor earlier, might be inclined to say now: "We said then that the FCC must determine who will get a license to operate an educational TV station." But the conferees have improved the legislation in this respect. They have adopted criteria and standards by referring to specific FCC regulations as of a particular date; and the FCC will not be able to change those standards tomorrow or next week.

Mr. Speaker, as the chairman of the Committee on Interstate and Foreign Commerce, the gentleman from Arkansas [Mr. HARRIS], has said, in order to qualify for assistance under this legislation an applicant must be an educational institution, or tax-supported cultural organization, or a subdivision of government, or a nonprofit association organized for educational purposes that is chartered by the State.

I would still prefer that the assistance be limited to regularly accredited and recognized educational institutions. However, under the conference agreement an educational association must be State chartered to qualify. Accordingly, the ultimate determination and control as to what is an "educational" association will rest with the State.

I think the language adopted by the conferees is an improvement and I shall not oppose the conference report.

I thank the gentleman for yielding.

Mr. HARRIS. Mr. Speaker, I thank the gentleman. Let me say that I would like to compliment the gentleman for his interest in this matter, and the contribution he has made to this very important and worthwhile program.

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

Mr. HARRIS. Yes; I yield to the gentleman who is a member of the committee.

Mr. DINGELL. Mr. Speaker, I appreciate what the gentleman from Michigan [Mr. GRIFFIN] just said. But I would say to the House of Representatives that his judgment in this matter has been of little assistance so far. As I recall, the last time the distinguished gentleman from Michigan offered an amendment and commented on the subject of educational TV, he got in a great deal of difficulty. As I recall, the distinguished gentleman from Michigan's amendment knocked out one educational TV facility in Michigan under the provision of this bill. So I would say that the gentleman's comments are singularly of little value to the House of Representatives today.

Mr. MOORHEAD of Pennsylvania. Mr. Speaker, will the gentleman yield?

Mr. HARRIS. I yield to the gentleman from Pennsylvania.

Mr. MOORHEAD of Pennsylvania. Mr. Speaker, when the bill was up for debate on the House floor, the chairman mentioned a number of broadly based community supported television stations, including the Metropolitan Pittsburgh educational television station, WQED. I would like to ask the gentleman on behalf of my colleague from Pennsylvania [Mr. FULTON] whether a station like WQED would qualify under the conference report?

Mr. HARRIS. Yes. The gentleman from Pennsylvania [Mr. FULTON] also a few minutes ago inquired about the same station as the gentleman now is inquiring about, and the answer is "Yes, they would be qualified."

Mr. MOORHEAD of Pennsylvania. I thank the gentleman.

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

Mr. HARRIS. I yield to the gentleman from Iowa [Mr. GROSS].

Mr. GROSS. I thank the gentleman for yielding. Could this in any way lead to pressure to provide tax support for more cultural organizations in order to provide all of the qualifications for the establishment of a broadcasting facility?

Mr. HARRIS. I do not view it in that light; no.

Mr. GROSS. If the gentleman will yield further, one of the provisions is to the effect that they be a tax-supported, cultural organization. Is that not true?

Mr. HARRIS. That is one of the provisions under the legislation and under the regulations.

Mr. GROSS. I hope we do not get a deluge here of organizations of one kind or another asking for Federal tax support.

Mr. HARRIS. This is a limited program. I think a great many people who are interested in promoting educational television overlook one thing and that is that the purpose of this legislation is not primarily to broaden the educational programs in various areas. The primary purpose here is to utilize a natural resource—the radio spectrum—that is not being utilized so that those who are engaged in education may have the benefit of this natural resource. We are interested in this resource being utilized for the benefit of the public. That is the primary purpose of this legislation.

The House provided a limitation of $25 million. The other body provided for $50 million. Both the House bill and the Senate bill provided a limitation of $1 million for facilities in any one State. That limitation is still included, naturally. We did compromise on the amount. We agreed to a limitation of $32 million in the program. The other body accepted the House requirement of matching grants of 50 percent—50 percent to be supplied by the applicant except where there is a facility that has already been constructed. There they will be given a 25-percent credit toward their future facilities for the amount already expended by the organization.

We placed a limitation of 15 percent on the amount that could be used for microwave relays and similar facilities used to interconnect two or more broadcasting stations.

Mr. Speaker, in my judgment this is a most important step that we are taking toward encouraging local people to utilize this natural resource that we have for educational purposes.

Mr. Speaker, the gentleman from Alabama [Mr. ROBERTS], who is unable to be here today, is in fact the prime sponsor in the House of this program of educational television. The Senator from Washington [Mr. MAGNUSON] has been a long-time sponsor of such a program in the other body. So far as the success of this program is concerned, and the fact that we have reached this stage in

it, we should keep in mind that the gentleman from Alabama [Mr. ROBERTS] has done a magnificent job. He has been constant, he has been sure in his own mind that this would be a program that would contribute so much to the education of our people and the education of our children so that they might become great leaders in this country. I pay him this tribute and I compliment him for the long, continuous, and arduous efforts he has made over the years in behalf of this program. The House bill as reported by the committee was the bill sponsored by him, and therefore he becomes one of the coauthors of this program and is entitled to a great deal of credit.

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

Mr. HARRIS. I yield to the gentleman from South Carolina [Mr. HEMPHILL].

Mr. HEMPHILL. 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 South Carolina?

There was no objection.

Mr. HEMPHILL. Mr. Speaker, as we contemplate the conference report on the educational TV bill, Senate 205, I feel it my privilege, as well as my duty to call attention to the magnificent efforts made by my good friend, the able Representative of the Fourth District of Alabama, the Honorable KENNETH ROBERTS, one of the most active members of the Committee on Interstate and Foreign Commerce, House of Representatives.

He has the distinction of heading up one of the subcommittees, and while I am not privileged to be on that subcommittee, I have frequently attended meetings of his subcommittee because of the importance of the legislation he has been considering for our people all over the Nation. But it is in the field of educational TV that his work has been particularly outstanding this session of Congress.

Mr. ROBERTS has been a legislative pioneer in the field of educational television and the conference report we are considering at this time is a product of his efforts over the past 5 years.

The State of Alabama, whom KENNETH A. ROBERTS has the honor to represent, has been one of the stanchest advocates of the medium, well recognizing the value in the field of teaching.

Congressman ROBERTS first introduced a bill for educational TV during the 85th Congress and has been continually endeavoring to obtain passage of a bill that would provide this medium to all States and thereby greatly increase our Nation's educational potential.

I wish to commend my esteemed colleague and friend from Alabama for his never-ending faith that this distinguished body would some day enact a measure of this type.

It is with pride that I can say I have had the distinct pleasure of sitting with our colleague from Alabama on the Interstate and Foreign Commerce Committee and that I have never seen a more devoted individual toward the health and welfare of his fellow man. Mr. Speaker, for his efforts in assisting to bring about legislation that I am sure we all agree will increase the standards of education in our country and provide specialized training where heretofore it was unavailable due to the limitations of personnel, I believe we should all commend KENNETH A. ROBERTS and express our thanks to him for a job well done.

Mr. HARRIS. Mr. Speaker, I yield to the gentleman from California [Mr. MOSS].

Mr. MOSS. Mr. Speaker, I think that the committees in the House and in the other body share considerable glory at this time in a significant piece of legislation. It was characterized throughout the deliberations as a completely nonpartisan matter. A great many members of the committee in both parties have made contributions to the preparation of this legislation.

I do want to join the chairman in taking particular cognizance of the work of the gentleman from Alabama [Mr. ROBERTS]. The only regret I have in connection with this legislation is that the bill upon which we went to conference did not bear his name, because he has worked for a number of years to bring about the passage of this legislation, which will have a significant impact upon the improved educational opportunities of the American people.

Mr. HARRIS. Mr. Speaker, the conferees unanimously agreed on this conference report. We feel we have a good program here and we commend it to the House.

Since I do not have any further requests for time, Mr. Speaker, I move the adoption of the report.

The SPEAKER pro tempore (Mr. MILLS). The question is on the conference report.

The conference report was agreed to.

A motion to reconsider was laid on the table.

COMMITTEE ON GOVERNMENT OPERATIONS

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that the Committee on Government Operations may have until midnight Thursday, April 19, 1962, to file a report.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

A PRAYER FOR PEACE BY THOMAS MERTON, HOLY WEEK 1962

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that the gentleman from Connecticut [Mr. KOWALSKI] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. KOWALSKI. Mr. Speaker, as Easter approaches and our Nation contemplates the resumption of nuclear testing, I would like to take this occasion to offer a prayer for the preservation of mankind.

My prayer was written for this occasion by Thomas Merton, master of novices at the Abbey of Gethsemani, Trappist, Ky., and a member of the Cistercians of the Strict Observance. Brother Thomas Merton is the author of such enduring works as "Seven Storey Mountain," "Waters of Siloe," "Sign of Jonas," and "Bread in the Wilderness." His most recent work is a prose poem inspired by the bombing at Hiroshima, entitled "Original Child Bomb."

In a letter accompanying his prayer, he writes:

> I feel very close to the people of Hiroshima and Nagasaki. No day goes by without my explicitly praying for the victims of the bomb in my mass. We have an enormous responsibility. I offer you my wholehearted encouragement in your efforts for peace and disarmament. Such efforts are a sacred duty.

In this prayer Brother Thomas expresses for me the anguish of man groping to control the monstrous weapons he has devised for the annihilation of civilian populations and the sorrow of man for the incalculable injury we and our adversaries inflict on all men and on their children for generations to come.

The world is at the crossroad. Ahead lies either the atomic crucifixion of the human race or a resurrection of faith in God's presence in man.

With unanimous consent, I will read Brother Thomas' prayer:

> Almighty and merciful God, Father of all men, creator and ruler of the universe, lord of history, whose designs are inscrutable, whose glory is without blemish, whose compassion for the errors of men is inexhaustible, in Your will is our peace.
>
> Mercifully hear this prayer which rises to You from the tumult and desperation of a world in which You are forgotten, in which Your name is not invoked, Your laws are derided and Your presence is ignored; because we do not know You, we have no peace.
>
> From the heart of an eternal silence, You have watched the rise of empires and have seen the smoke of their downfall.
>
> You have seen Egypt, Assyria, Babylon, Greece, and Rome, once powerful, carried away like sand in the wind.
>
> You have witnessed the impious fury of 10,000 fratricidal wars, in which great powers have torn whole continents to shreds in the name of peace and justice.
>
> And now our Nation itself stands in imminent danger of a war the like of which has never been seen. This Nation dedicated to freedom, not to power, has obtained through freedom a power it did not desire.
>
> And seeking by that power to defend its freedom, it is enslaved by the processes and policies of power. Must we wage a war we do not desire, a war that can do us no good, and which our very hatred of war forces us to prepare?
>
> A day of ominous decision has now dawned on this free Nation. Armed with a titanic weapon, and convinced of our own right, we face a powerful adversary, armed with the same weapon, equally convinced that he is right.
>
> In this moment of destiny, this moment we never foresaw, we cannot afford to fail. Our choice of peace or war may decide our judgment and publish it in an eternal record.
>
> In this fatal moment of choice in which we might still begin the patient architecture of peace, we may also take the last step across the rim of chaos.
>
> Save us then from our obsessions. Open our eyes, dissipate our confusions, teach us

to understand ourselves and our adversary. Let us never forget that sins against the law of love are punished by loss of faith, and those without faith stop at no crime to achieve their ends.

Help us to be masters of the weapons that threaten to master us.

Help us to use our science for peace and plenty, not for war and destruction.

Show us how to use atomic power to bless our childrens' children, not to blight them.

Save us from the compulsion to follow our adversaries in all that we most hate, confirming them in their hatred and suspicion of us.

Resolve our inner contradictions, which now grow beyond belief and beyond bearing, they are at once a torment and a blessing: for if you had not left us the light of conscience, we would not have to endure them.

Teach us to be long suffering in anguish and insecurity.

Teach us to wait and trust. Grant light, grant strength and patience to all who work for peace—to this Congress, our President, our military forces, and our adversaries.

Grant us prudence in proportion to our power, wisdom in proportion to our science, humaneness in proportion to our wealth and might, and bless our earnest will to help all races and peoples to travel in friendship with us along the road to justice, liberty, and lasting peace.

But grant us above all to see that our ways are not necessarily Your ways, that we cannot fully penetrate the mystery of Your designs, and that the very storm of power now raging on this earth reveals Your hidden will and Your inscrutable decision.

Grant us to see Your face in the lightning of this cosmic storm, O God of holiness, merciful to men, grant us to seek peace where it is truly found.

In Your will, O God, is our peace. Amen.

REQUIEM FOR A FREE PEOPLE

Mrs. MAY. Mr. Speaker, I ask unanimous consent that the gentleman from Texas [Mr. ALGER] may extend his remarks at this point in the body of the RECORD and include extraneous matter.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from Washington?

There was no objection.

Mr. ALGER. Mr. Speaker, listen carefully, my colleagues, are the bells tolling the death knell of the liberties of the individual in America and in the passing bringing us the whisper of despair for freedom for all mankind? The past week's events may prove to be the most tragic of our entire history for we have seen a President of the United States use, with a ruthlessness never before experienced, the awesome power of the Federal Government to coerce and intimidate private industry and to arouse public suspicion and distrust by the people of respected business leaders.

In making these remarks I am neither defending nor criticizing the action of the steel companies in announcing an increase in price. There is a much larger question here, the question of to what lengths an ambitious Chief Executive will go in the use of power to achieve results he desires. In the past few days we have seen here in the United States an angry President Kennedy denouncing, without a hearing, the leaders of the steel industry. We have seen President Kennedy using the medium of television and his highly placed public relations experts to arouse public indignation against those with whom he was personally displeased. We have read news stories of private citizens and newspapermen being aroused in the dark hours of the night by the agents of the Federal Government to answer questions pertaining to news sources and stories which had appeared in the press. Are we, the citizens of this land of the free, now to expect the thunder of boots in the night, the knock at the door, the summons to appear to justify our actions whenever we say anything or do anything that does not meet with the approval of the President and the planners who surround him?

I warn those who may now support the President's high-handed methods and disregard of the rights of freemen because they are not directly concerned, that once this power to use the force of the Federal Government against any segment of society is established, then the freedom of all of us is in danger. Does labor truly expect that President Kennedy will be satisfied to pressure business and industry into complying with his plans without exerting that same pressure upon those who work in the mines, mills, and factories when they, too, may attempt to exercise their freedom? Recent history should show us that freedom once lost is most difficult to regain. And can there be any doubt that any man who once finds that he can bend the people to his will on an economic matter will not soon be tempted to try the same tactics to assure political control? Oh, America, will you awake before it is too late, or are we to lie sleeping, while the forces of dictatorship are seething in the dark recesses of the minds of those who do not trust the people to govern themselves?

While a long, tragic step toward the abolishment of our free society has been taken, there is yet hope that it is not too late for the people to convince President Kennedy that his disregard of the rights of freemen is the wrong course. There is a ray of hope in the reaction of the Nation's press in these last few days to what has taken place. Under permission to extend my remarks, I would like to include some of the articles and editorial comment.

In 1960 Candidate Kennedy made a great to-do over the image of the United States abroad. The following items from the U.S. News & World Report show what President Kennedy did to the American image in one short speech and a night of ill-advised action:

Theodore C. Sorensen, Kennedy aid, wrote the statement in which the President criticized leaders of the U.S. steel industry.

Observers from Europe, listening to President Kennedy's remarks on steel, commented that no leader in the most socialized country of Western Europe would think of delivering an attack of that kind on a private industry.

Correspondents for the Soviet news agency, attending the President's news conference, cabled that President Kennedy had pictured a little group of business executives as running the United States against the Nation's welfare.

The Washington Daily News raises the grave question of police-state tactics in the following editorial from the edition of April 16, 1962:

KNOCKS ON THE DOOR

One side-bar aspect of the uproar over the now canceled increase in steel prices has an ugly connotation.

In Philadelphia, an Associated Press reporter was routed out of bed at 3 a.m. Thursday by the FBI and an hour later two G-men were pounding on his door.

At 5 a.m. the same day, a Wall Street Journal reporter was awakened by the FBI.

In Wilmington, Del., the G-men were sitting on the doorstep when a Wilmington Evening Journal reporter got to work at 6:30 a.m.

All of these newsmen were questioned by the FBI about a statement each had got earlier in the week from the president of the Bethlehem Steel Corp., who was quoted as saying "there should not be any price rise." That's all.

The questions could have been asked the next day, in business hours. Or next week. The rush by Attorney General Robert F. Kennedy smacked of hysteria. Knocks on the door, or phone calls, in the middle of the night by agents of the law are repugnant in a free country—especially for such questions. It reflects on our ablest enforcement agency.

The following news story from the Wall Street Journal, April 16, 1962, with the foreboding quotes from some of the President's aids, gives an indication of how business, industry, and labor will probably react to the steel question and indicates the fear with which a free society and free institutions will operate in the future so long as President Kennedy remains in the White House:

STEEL SEQUEL—BUSINESS, LABOR LIKELY TO SHY FROM CHALLENGE TO PRESIDENT'S POLICIES—FARM, MEDICAL LEGISLATION ALSO MAY GET PUSH FROM KENNEDY'S POWER DISPLAY—BUT VELVET GLOVE IS ON NOW

WASHINGTON.—Steel prices are back where they were last Monday. But not the steel industry, nor business generally, nor labor, nor the Government.

President Kennedy is pulling his velvet glove back on—in supreme confidence everyone will keep vividly in mind his display of the iron fist.

"The President has come out of this stronger than if the affair had never happened," declares one of his chief lieutenants. "It has focused the attention of every businessman and labor leader on Kennedy's policy of wage-price stability. Everyone is going to be very reluctant to try to pull off what steel tried."

What the bulk of the steel industry tried, of course, was a 3½-percent average increase in its prices. The move began Tuesday night and appeared successful by Wednesday, but Mr. Kennedy's violent counterattack made use of almost every conceivable governmental weapon; by Friday he had gained his objective—complete capitulation.

"We have no idea of going around flexing our muscles at everyone," says a top Government official. The idea is that it simply won't be necessary. And a good many people outside Government agree that perhaps it won't.

"Now it's going to be tough for any big company in any industry to get a price increase," comments one top steel executive. Says a man in organized labor: "It now will be extremely difficult for any union to break away from the administration's wage guidelines."

BROAD IMPACTS

The confidence which the Kennedy team now feels in its own smartness, skill and strength may spill over into matters far removed from the steel struggle. Officials feel that the President has emerged with the clear image of being on the side of the public and that the public must, of necessity, be grateful. On Capitol Hill, Democrats seem unanimous in believing the President's stock has soared in the wake of the victory. They think it could help him win controversial parts of his legislative program—from farm schemes to medical care for the old folks.

Apart from picking up grassroots support, they predict the President will fight for more of his proposals—making less use of the carrot and more of the stick. A good many of these are measures business has been battling, such as the package of "consumer protection" bills sent to Congress last month.

But the White House makes it very clear it wants to avoid giving any impression of acting out of spite against business. Officials insist that even at the height of the steel price dispute the President was careful to confine his anger to the one industry, and his object was solely to get the price increases rescinded—not to punish.

Now that this has been accomplished, it's stated the administration feels an obligation to help steel companies modernize their equipment, a need they stressed in boosting prices. Thus, Treasury officials will push revision of their Bulletin F which will give steel companies a better tax break in calculating depreciation. And the administration will redouble its efforts to push through Congress a special tax credit for business spending on modern equipment.

NO GLOATING

"The President has set a tone of no gloating, no crowing" after stamping out the steel price hike, declares one Presidential assistant. "The administration's attitude is 'let's forget it happened and get on with the main job of keeping the economy growing without inflation.'"

Magnanimity will have its limits, though. Says one White House official: "Roger Blough [United States Steel Corp. chairman] just can't ever again walk into this office and be treated in the same friendly way he was before." More importantly, perhaps, the Justice Department is not calling off the grand jury probe in New York of the steel industry. Says Antitrust Chief Lee Loevinger: "The investigation will continue until we have enough evidence to reach a determination whether or not we should take action."

Initially, the antitrusters were thinking in terms of two kinds of suits, one striking at an alleged price-fixing conspiracy by the eight steelmakers who in rapid succession scrambled to a higher price plateau and the other aimed at busting up the industry leader, United States Steel, into enough pieces so that it would no longer hold a commanding position in the industry. Specialists in antitrust law suggest the quick rollback to the prehike position would practically kill the first sort of case. "Maybe you could prove a technical violation, maybe not," says one attorney, "but what court or jury would want to impose criminal fines in a case involving a conspiracy lasting less than 3 days?"

But some lawyers argue the speedy withdrawal of the price increases would not necessarily cripple an attempt to break up United States Steel. "Antimonopoly cases are based on price performance not over a period of days, but years," comments one lawyer. Another notes such cases include a variety of elements, including a firm's share of the market, its control over raw materials and transportation facilities depended on by its competitors and its ability to keep new firms from entering the field.

While labor leaders are happy enough about seeing big companies taking their licks, it's plain they have mixed feelings. "Kennedy is obviously committed to being just as tough on us, if the occasion arises, as he was on the steel companies," observes one union official. An AFL-CIO aid says that the power Mr. Kennedy has displayed amounts to being able to dictate wage and price terms in any situation involving what he determines to be the national interest. "The question now is when and how Government will use this new price and wage power," he comments.

It seems likely that the turn-around in steel will not merely rescue but will revolutionize the President's labor-management council. By Thursday night, it seemed as if the council had been struck a fatal blow. But by winning the steel war, the administration puts the council in a different role. Instead of being a forum for labor-management discussions, some union officials believe that it will become a council where labor and management sit and listen to what the Government wants.

"Instead of just being a participant, Government is now the first party in the council," observes one union official. "Labor and management will now figure the Government is ready to use force to get what it wants, so that they had better go along."

This is likely to affect one of the key reports the council is working on, setting forth wage and price policy for unions and industry. Earlier there seemed to be no chance that any significant agreement could be reached on this matter; now, however, it's rated likely that the administration's beliefs will be strongly emphasized. "Both labor and management will go into future council meetings with a new awareness of the power of Government," says an AFL-CIO aid.

UNCONDITIONAL SURRENDER

It can well be argued—and some steel executives do argue—that economics played a greater part than power politics in killing off the steel price boost. But the administration went at it as a power exercise, and Mr. Kennedy was personally determined to achieve unconditional surrender.

This was demonstrated when the President dictated the terms under which Labor Secretary Goldberg and Clark Clifford, a Kennedy friend currently in private legal practice, were permitted to undertake a secret meeting with representatives of United States Steel. The tale of this clandestine confrontation is an intriguing one.

Shortly after the Labor Secretary walked into his office Friday morning he received a call from Mr. Blough. Would Mr. Goldberg, the head of United States Steel asked, be willing to meet with some people in New York if he received a call later?

Mr. Goldberg said he would, but immediately told President Kennedy of the overture from Mr. Blough. Discussions were held as to precisely what the Blough call could mean.

The President, with full concurrence of his advisers, ordered that no "deal" or compromise should be made with United States Steel; the President wanted complete capitulation.

At around 10:30 a.m. Mr. Blough phoned again. Mr. Goldberg canceled out of a White House strategy session on the steel war and was on his way before 11:30 a.m.

The meeting took place in the Carlyle Hotel, an old Kennedy haunt in uptown New York City, far from United States Steel's downtown headquarters. Arrangements had been made for Mr. Blough and the other United States Steel officials to slip into the hotel suite unnoticed: they were there when Mr. Goldberg arrived with Mr. Clifford, former special counsel to President Truman.

The men from United States Steel who were gathered with Mr. Blough were not the same ones with whom Mr. Goldberg had dealt in arranging the early wage contract agreement with the United Steelworkers Union; in the room were members of United States Steel's finance committee, credited by many union and Government officials with having more to do with the steel price increase than Mr. Blough.

"Goldberg did not go there to bargain," declares one of his associates. Whether bargaining was attempted by United States Steel remains unclear; at any rate the conversations were interrupted by two telephone calls which made bargaining pointless. Mr. Blough was called out of the room to take the first message, Mr. Goldberg for the second—and it seems certain both calls conveyed tidings that Bethlehem Steel Corp., second largest in the industry, was rescinding its price hike. With that break in the line of the biggest companies, the Government knew the price fight could only end in victory; Mr. Goldberg left the suite aware that United States Steel would shortly announce its retreat.

The role of economics in the steel industry's sudden abandonment of its sudden price advance can be stated rather convincingly.

It starts with the fact that companies owning about 30 percent of the mill capacity never raised prices in the first place, and a number of them felt no sharp need to do so. Leader of these holdouts was Inland Steel Co., which is producing at about full tilt to meet demand in its Chicago area and is enjoying a profit margin on sales substantially above that of bigger companies. Armco Steel Corp. of Middletown, Ohio, another important holdout, was in similar shape.

BEHIND BETHLEHEM'S RETREAT

Bethlehem, which had proclaimed its need for higher prices, was the first price hiker to retreat—perhaps because its directors are company officers and decisions can be made in a hurry. Some steel men figure Bethlehem reasoned that Armco and Inland were putting heavy pressure on such producers as Youngstown Sheet & Tube Co. by not raising prices and that these other mills would collapse soon. So Bethlehem decided to rescind itself.

One source close to Bethlehem's situation suggests it feared the loss of important markets for flat-rolled steel, used by big auto and appliance makers in the Midwest. Bethlehem serves these Midwest markets from distant mills at Buffalo and Sparrows Point, Md. Also, Bethlehem sends tinplate by boat to the west coast to compete with Kaiser Steel Corp., another holdout. "This is a competitive industry," comments one top Pittsburgh steel man.

Once Bethelehem had yielded, United States Steel faced lower-priced competition in every section of the country, so it pulled back. After that, the parade was on, with Republic Steel Corp., Pittsburgh Steel Co., Jones & Laughlin Steel Corp., National Steel Corp., Youngstown Sheet & Tube, and Wheeling Steel Corp., rescinding their price advances in that order. Announcement after announcement reiterated the contention that higher prices were fully justified to raise funds for building more competitive facilities; yet they were impossible to maintain in a competitive market with other steel companies selling at lower prices.

By this logic, it can be contended prices would have dropped back down again, at least on some products and after a period of testing the market, without any pressure from Government. But perhaps no one will ever be able to prove it, one way or the other, and most industry officials are not discounting the effectiveness of the Presidential activity.

"I don't think there's any question this is a big victory for Jack Kennedy, and I do think this is a clear indication of what Jack

Kennedy and his administration are all about," says one steel executive grimly. He declares such use of Presidential power in the "national interest" could produce a "controlled economy—which means nothing but administered prices."

AVOIDING "VINDICTIVE" ACTIONS

The President opened a Friday war council at the White House with an admonition to his top officials that "it is very important we not take any action that could be interpreted as being vindictive." Yet governmental efforts which might unnerve many a businessman were already in full swing.

Agents of the Chief Counsel's Office of the Internal Revenue Service were ordered on Wednesday to make an intensive check of United States Steel's option plan, which has existed for years to give incentive benefits to that company's executives. Investigators of the tax agency's intelligence division reportedly began an audit of tax reports of other top steel executives.

FBI agents, working day and night, visited the offices of a number of steel companies, trying to build evidence for the criminal antitrust investigation by a grand jury in New York.

Quite apart from the bitter accusations made by the President on television, the industry heard plenty from Washington privately, as Mr. Kennedy's subordinates got on the long distance phone—working especially to encourage those firms which had not raised prices to continue holding out. Under Secretary of Commerce Gudeman, Under Secretary of the Treasury Fowler and Under Secretary of State George Ball were among those intensively employed.

Defense Secretary McNamara spent practically full time on the task, personally dialing the phone numbers of men he knows in the steel industry. He ordered defense contractors wherever possible to shift their purchases to steel companies which had not raised prices, a move some thought put a special squeeze on Bethlehem.

To underline his appeals, Defense officials advanced by about 10 days the decision on award of contracts for about $5 million of special steel plate to be used in Polaris submarines. * * *

Additional articles for your study include five editorials and news stories from the Wall Street Journal; an editorial on "The Angry Government," from the National Observer of Sunday April 15, 1962; a column, "Profits and Inflation," written by George E. Sokolsky for the Washington Post of April 17, 1962; the impact of President Kennedy's spending programs on our currency as contrasted to his bitter denunciation of the steel industry, a column written by Lyle C. Wilson in the Washington Daily News of April 16, 1962, called "Two-Bit Dollar Is Near"; a significant editorial written by David Lawrence for the U.S. News & World Report of April 23, 1962; and a column by David Lawrence, "Will Victory in Steel Boomerang?" from the Washington Evening Star; "The Attack on Steel," an editorial from the Dallas Morning News; "U.S. Coercion Against Steel," a column by David Lawrence in the April 13, 1962, edition of the Washington Evening Star; "Mr. Kennedy and the S-Bomb," an editorial from the New York Herald Tribune.

[From the Wall Street Journal, Apr. 16, 1962]

AN INCREDIBLE WEEK

In a long life not without its share of amazements, we never saw anything like it.

On Tuesday one of the country's steel companies announced it was going to try to get more money for its product. And promptly all hell busted loose.

We wouldn't have been surprised ourselves if some people had shaken their heads in puzzlement at the new price list. Although after 20 years of inflation a price rise in anything is hardly unusual, there was some reason for wondering if the company officials had made the right decision in today's market.

But what happened was no mere headshaking. The President of the United States went into what can only be described as a tirade. Not only had the company changed its price list without consulting him but it had also set a price which, in his opinion, was "wholly unjustified." With a long preamble in which he rang in the Berlin crisis, the soldiers killed the other day in Vietnam, the wives and mothers separated from their husbands by the reserve callup—all of which he cast at the feet of these "irresponsible" steel officials—he wound up by crying that these men had shown their "utter contempt" for the welfare of the country.

The response in Washington was instantaneous. The Justice Department, the Federal Trade Commission, the congressional inquisitors all leaped to arms.

Then came the night riders. At 3 a.m. Thursday morning a reporter for the Associated Press was awakened by Government agents unable to wait even for regular office hours in their driven haste to find out what testimony he could give about the criminal conduct of these steel officials. At 5 a.m. it was the turn of our own reporter in Philadelphia. At 6:30 a.m. the scene was repeated in Wilmington, Del., for a reporter on the Evening Journal. All this without any warrants, only orders from the Attorney General of the United States.

By mid-Thursday morning the United States Steel Corp. had been subpenaed for all documents bearing on the crime and had learned that a Federal grand jury would move swiftly to see what laws had been violated by asking three-tenths of a cent a pound more for a piece of steel.

This brought us to Thursday afternoon. Then Mr. Roger Blough, the chairman of this company, felt forced to stand up to an assembly of microphones and television cameras and defend himself before the country for the wickedness of his deeds. And to be treated by the reporters at that gathering as if they were a part of the prosecution and he was, indeed, a malefactor in the dock.

And that leads to what is probably the most amazing thing of all about last week. Across the country—on the radio, in newspapers and at street corners—the necessity of the defenders to "justify" themselves before the righteous accusers was simply accepted as a premise from which the trial should begin. There were few to say otherwise.

In such a climate it was not at all surprising what the mailed fist could do. All day Friday steel company offices were awash with Government agents, while the threats of punishment were mingled with promises of reward for doing the rulers' bidding. It is a technique of government not unknown elsewhere in the world, and it is a combination almost irresistible. So by Friday night Mr. Kennedy had his victory.

Finally the jubilation. The President himself said all the people of the United States should be gratified. Around him there was joy unrestrained at this proof positive of how naked political power, ruthlessly used, could smash any private citizen who got in its way. So far as we could tell, the people did seem relieved that it was all over and that the malefactors had been brought to heel.

Yet what, in all truth, is this "crime" with which these men stood charged by a wrathful President?

It had nothing to do with arguments about whether this particular asking price was economically justified, or fair to the steel stockholders, or somehow responsible for dead soldiers in Vietnam. This last is sheer demagoguery, and the others are questions no man can answer—neither Mr. Blough nor Mr. Kennedy.

What was really at issue here, and still is, is whether the price of steel is to be determined by the constant bargaining in the marketplace between the makers and buyers of steel; you may be sure that if the makers guessed wrong the market would promptly change their decision. Or whether the price of steel is to be decided and then enforced by the Government. In short, the issue is whether we have a free market system or whether we do not. That, and nothing more.

Thus the true "crime" of this company was that it did not get permission from the Government and that its attempted asking price did not suit the ideas of a tiny handful of men around the White House.

It was for this that last week we saw the President of the United States in a fury, a public pillorying of an industry, threatened reprisals against all business, the spectacle of a private citizen helplessly trying to defend himself against unnamed accusations, the knock of policemen on the midnight door. And there was hardly a voice rising above the clamor to ask what it was all about.

If we had not seen it with our eyes and heard it with our own ears, we would not have been able to believe that in America it actually happened.

[From the Wall Street Journal, Apr. 17, 1962]

THE PRICE OF IGNORANCE

President Kennedy's victory over the steel companies last week was certainly a convincing display of Government power. But it was also an equally convincing demonstration of the administration's lack of economic knowledge.

For one thing, any business, be it United States Steel or the corner drugstore, must continually weigh its income against its outgo if it is to survive. No company can go on indefinitely paying increasing amounts to its employees and suppliers without increasing its income. At the end of that road, as any schoolboy should know, lies bankruptcy.

Wage costs of the steel industry have risen four times since the last price increase, in 1958. United States Steel's profits have been heading downward. In the circumstances, what could have been more normal than to test the market with a price increase?

United States Steel, of course, knew that the price increase might not stick. Competition in its industry was—and is—strenuous. Some smaller, newer companies in the industry, such as Inland Steel, have on the average more modern, more efficient plants than United States Steel, and thus are feeling the profit pinch less severely. Other companies, such as Armco Steel, rely on higher priced specialty steels for much of their volume, and it is these items that have been most affected by import competition.

So it's possible that economic factors alone could have forced United States Steel to back away from its price increase. But the Government seemed not to understand the power of such factors, for it refused to let them even be tested. Indeed, it seemed to argue that these competitive forces did not exist, and that the big steel companies were displaying "monopoly power."

Mr. Kennedy's excuse for forbidding any test of the steel market was that he was fighting inflation. This is a word that the Government seems to misread completely. Whatever Mr. Kennedy may think, it is the Government, and the Government alone,

that has been inflating the supply of money and credit. So it is the irresponsible fiscal and spending policies of the Government, and not the "irresponsible" steel executives, that are to blame for inflation.

In the wake of the industry's cancellation of the price boost, there was fresh evidence of this lack of understanding of inflation. A Kennedy aid was quoted by this newspaper as saying, "The administration's attitude is, 'Let's forget it happened and get on with the main job of keeping the economy growing without inflation.'"

The trouble is that the administration seems to think one sure way to promote growth is to increase Federal spending. Even before the steel debacle, Government officials were worrying about the speed of recovery and talking of the possible need for a new "stimulus" from Federal spending. And last week in Omaha a Budget Bureau aid told an audience of economists that the public's feeling about the budget—that it's a good thing to have it balanced—may "constitute a significant barrier to the achievement of sustained full employment and vigorous economic growth."

"Vigorous economic growth" requires not a fast-spending Government but a vigorous private economy. Businessmen must be developing new products, pushing into new markets, creating new jobs. Government can only retard such growth by levying excessive taxes to support its excessive spending and by creating a climate of fear in the business community.

And there is no question businessmen now are fearful. As a Kennedy lieutenant says, "Everyone is going to be very reluctant to try to pull off what steel tried." The shock absorbed by business confidence could be felt for a long time. No businessman builds a new plant or launches a new product unless he believes it will return a profit—a profit based on prices in reasonable relation to costs. But the Government seems unaware of the importance of business confidence.

The smashing impact of the administration's economic power now is evident to all. We can only hope the Nation will not have to pay too high a price for economic ignorance.

[From the Wall Street Journal]

APPRAISAL OF CURRENT TRENDS IN BUSINESS AND FINANCE

Even before the steel industry started to back down in its battle with the Kennedy administration, the key question about the price increase announced last week was whether it could be maintained, or would have to be canceled or at least shaded in actual practice. Yet the outcome may affect profoundly the course of general business in the United States for many months.

Whether the price increases could be maintained depended at least as much on the economic background as on what the Government did. Indeed, the question about the future of steel prices would have arisen even if Washington had said nothing about the matter, and even if some makers had not thereupon refused to join in the boost and others had not decided to rescind it.

The mere fact that the steel industry has not operated at more than about 80 percent of capacity this winter, even during the recent period of demand inflated by fear of a strike, is itself a basic factor militating against strength in steel prices. So is the lack of inflationary trend in wholesale prices generally for the last several years. The index for all commodities, which throughout 1958 held between 119 and 120 percent of the 1947–49 average, is still there today.

Even more telling, in regard to the price trend, is the fact that the component of the wholesale index which covers "crude materials for further processing" is down 5 percent since 1958. It moved that year within the range of 97 to 102. It is now below 95. This fact suggests that, but for wage increases obtained more than once each by many strong unions since then, the total index might well be down, too. The cost of increased pay is what has pushed semifinished and finished goods prices up enough to offset declining raw material prices, keeping the total index steady.

Under the circumstances, with steel orders reduced below the recent high level, now that wage negotiations are over, it would have been clear without any reaction from Washington that the price was boosted to test the market. The men who made the decision undoubtedly knew the market's ability to take a price rise was doubtful, and that the new prices might not hold.

However, the test was to be an economic one solely. But it became a political one. For an example of how crucial that might make the issue, the record of the late 1930's, when Franklin D. Roosevelt was President, is available.

Almost exactly 25 years ago, on April 2, 1937, President Roosevelt at a press conference attacked what he labeled as excessive prices and production rates for durable goods and singled out a price boost announced in copper a few days earlier for special criticism. He said the Government was going to try to punish the producers of copper and other metals, and of goods containing them, by arranging that less Government money, including unemployment relief money, be spent on such goods.

This move followed by little more than a month another action that had already begun to sap business confidence. It was a request to Congress to pass a bill adding six to the number of Justices on the Supreme Court. His purpose was to "pack" the Court, as the phrase went in those days, with men who would approve left-leaning and reform legislation that he favored. The Court had held unconstitutional two major acts that Congress had passed on his recommendation.

The business community regarded the Court as the final bulwark for the basic rights of the people and was dismayed at the prospect this bulwark might be removed. Coming on top of that news, the attack on prices thoroughly frightened businessmen.

The decline in business which followed was one of the steepest on record. The industrial production index of the Federal Reserve Board declined in 1 year from 42 percent of the 1957 level to an index figure of 28, a drop of 33 percent. By contrast, the 1958 recession, itself a relatively sharp one, pulled the index down 15 percent in 1 year.

New orders received by manufacturers of durable goods dropped from a high of 164 percent of the 1935–39 average (after seasonal adjustment) in March 1937, to 70 in April 1938, or more than 55 percent. Residential building contracts fell more than 40 percent from a seasonally adjusted high of $102 million in January 1937, to $53 million a year later. And total private domestic investment, one of the key components of the gross national product, was almost halved from $11.7 billion in calendar 1937 to $6.7 billion in 1938. This kind of spending, of course, is relatively slow to respond to declines in business sentiment, as most commitments once made have to be carried out.

None of this means, of course, that the decline in business was caused entirely by the Roosevelt moves. It is probable that a recession was on the way early in 1937 and would have occurred in any case. There is a real question, however, whether it would have gone so deep.

In somewhat the same way, the outcome of last week's price boost in steel, whenever it might have occurred, would have had a real effect on business sentiment even with no governmental action. Maintenance of the increase would have been a tonic, and failure to maintain would have been a depressant. But either way the effect would last only as long as normal fluctuations in business do.

Now, however, a more profound and lasting effect could be seen. Business might fear not only the normal forces of economics but the possibly violent impact of politics.

It might wonder what decisions, formerly regarded as within the competence of management, would have to be submitted, whether formally or merely in effect, to Government. It might foresee a spread to all industry of the overregulation which President Kennedy the other day blamed for the ills of the railroads. It might even conceivably adopt the same timid approach to new investment and expansion which caused the labor force's percentage of unemployed to remain throughout the 1930's at three times the present proportion.

GEORGE SHEA.

[From the Wall Street Journal, Apr. 13, 1962]

BUSINESS IN THE DOGHOUSE

The businessman is back in the doghouse, and anything that happens to him from here on out—trustbusting, rough tax treatment, or whatever—will be too good for him. Thus does our Washington bureau sum up the administration's mood in the wake of the steel price increase.

It is an assessment implicit in the President's denunciation of the steel companies and his threats of action. For business generally, it is an assessment long implicit in the antibusiness attitudes of many in the administration and Congress. The price boost gives them what they consider a magnificent opportunity to do many more of the things they have been eagerly trying to do anyway.

In President Kennedy's stated view, of course, it is the business community, spearheaded by the steel industry, that has flung down the gauntlet, and it is the noble knight of Government that has accepted the challenge. As he put it, "a tiny handful of steel executives whose pursuit of private power and profit exceeds their sense of public responsibility" have shown "utter contempt for the interests of 185 million Americans."

With this and other comments in his statement, the President neatly portrays businessmen as unpatriotic monsters of unbelievable greed, whose profits, naturally, never go anywhere except into their own bulging pockets. Obviously this portrayal is considered the way to put oneself on the side of the angels, politically speaking, just as it was 30 years ago.

That may be right, politically speaking. Certainly it has been an axiom for liberal Democrats all these years that the business community is not the place where the votes are.

But there is more to the administration's current mood than politicking on this crass level. There is frustration and resentment that the economy performs so well without the control of officialdom. There is—not to put too fine a point on it—an overweening pursuit of public power and profit, and hence a burning itch to punish these free enterprisers for being free.

This administration has paid an enormous amount of lipservice to business. That is another way of saying it has protested its love too much. For all the while it has been acting in a different way. It has increased all the many harassments at the Government's disposal. Its henchmen in Congress are constantly devising new and fantastic ways of obstructing business activity. It has sought a tremendous broadening of the public sector, which means reducing the private economy to ineffectiveness.

Now there will be much more. Among specific actions being mulled: Stepped-up activity by the already ubiquitous Federal

Trade Commission. An attempt to break up United States Steel. Alternatively, a move to classify the steel and other big industries as monopolies and regulate their prices. Even general price control cannot be ruled out. And price control, let us remember, is the opposite of a free economy.

So the business community will be well advised to understand exactly what its position is. It is not good. We would not venture to predict the outcome, though it is not the first time business has been under insensate political attack.

Still, things have changed since the thirties. The market economy has proved itself a cornucopia for the people. It has brought about a vast improvement in working conditions. Instead of tycoons owning companies, we have today salaried managers of publicly owned corporations, and everyone knows of their contributions to local communities and national culture.

The owners alone number many millions today. The number of people who own United States Steel is far greater than the number of people who work for United States Steel. And both owners and workers throughout the Nation have a better understanding than they used to have of the role of free enterprise in a free society.

Perhaps, in the supercharged air of the moment, many Americans agree with the President's denunciation of business. But on further reflection, it is possible they might find distasteful a rabid new Government onslaught on the free economy.

GRAND JURY INQUIRY SET ON STEEL PRICES; HODGES WARNS FEDERAL POLICY MAY CHANGE—RECORDS SUBPENAED FROM AT LEAST EIGHT BIG STEELMAKERS; DEFENSE BUYING RESTUDIED

The Justice Department gave vent to President Kennedy's intense anger over the steel price increase by ordering a grand jury investigation.

At least eight major producers, including the company that triggered the 3½ percent price rise, United States Steel Corp., have received subpenas. It seems probable that other steel companies, whether or not they've raised prices, will be ordered to provide information for the grand jury to be convened in New York. The pattern became evident when two companies that so far haven't moved on prices, Armco Steel Corp. and Inland Steel Co., received subpenas.

Attorney General Robert F. Kennedy disclosed the grand jury inquiry last night after United States Steel Chairman Roger Blough, defending the price increase before a televised press conference, said that his company had been subpenaed. The Attorney General's brief statement didn't elaborate on the charges the Government will file.

OTHER MEASURES MAY BE STUDIED

So far seven steel producers in addition to United States Steel have raised prices. Though the antitrust action is the most immediate result of President Kennedy's fury at what he called "irresponsible defiance of the public interest," other retaliatory measures may be in the works.

In New York yesterday, Commerce Secretary Hodges warned that the steel price rise "could lead to a change in the economic philosophy and program" of the Kennedy administration. Early yesterday morning the President called a "war council" of top officials, and Mr. Hodges said "all sections of the Government" were asked "to see what can be legally done" in response.

Another facet of this response may come today from the Pentagon, which is expected to make an announcement relating to steel. Although it remained uncertain what the Defense Department will do, it's understood that at least some discussion has covered action designed to encourage defense contractors to use more foreign steel. Another possibility: The Pentagon might try to persuade those domestic steel companies that haven't joined the price rise to hold the line by promising them a larger share of defense steel orders.

At least in one area, however, the administration's initial anger seems to have cooled somewhat, though the steel and other industries still won't like the result. At one point during the retaliatory planning, the President and his aides discussed omitting the steel industry from a long-planned overhaul of tax depreciation rules by the Treasury. The idea appears to have been dropped. Now, Treasury technicians, while still including steel, are studying ways to scale down the revisions so as to minimize Federal revenue losses as an offset to the higher steel-product procurement costs foreseen by the Pentagon. It may be some weeks before a final decision is made on the new depreciation guidelines, which will allow companies to claim bigger annual deductions from taxable income for machinery wear-and-tear in the early years of the equipment's use.

In addition to United States Steel, Inland and Armco, the five other companies known to have received subpenas are: Bethlehem Steel Corp., Republic Steel Corp., Jones & Laughlin Steel Corp., Youngstown Sheet & Tube Co., and Wheeling Steel Corp. All five participated in the price increase.

Officials of two companies said their subpenas were returnable April 20 to the New York grand jury. An official of one company said the Government is asking for names of personnel and for documents, dating back to January 1, 1961, that might have a bearing on the recent price increase. He said the Government's request for information on how price policy decisions are reached within a company makes it clear that the antitrusters are looking for price collusion among the steel companies.

TWO POSSIBLE MAJOR GOALS

Though the exact nature of the Justice Department's prosecution is unclear and may remain so until the grand jury's investigation is completed, top antitrust lawyers feel that two major efforts might be involved: One aimed at breaking up United States Steel on the ground it exercises monopolistic control over the industry; and another aimed at proving that several top steelmakers have illegally tried to establish common prices.

It will be up to the grand jury to determine whether the evidence supports either allegation. If the jurors are not convinced, they simply will refuse to indict. If they believe the facts present a reasonable question of illegality, they will return an indictment or indictments.

An attempt to break up United States Steel —if it materializes—would stem not from a criminal indictment but from a subsequent civil suit. The Justice Department does not have authority to subpena records or require testimony in a civil suit; it may do so only by convening a grand jury. Frequently, therefore, the Government has first investigated by the grand jury method, and followed a criminal indictment with a companion civil suit. At present the administration is asking Congress to authorize the Justice Department to issue subpenas in civil cases too.

At the Department's Washington headquarters about a dozen top antitrust lawyers worked until 10 o'clock Wednesday night preparing to battle the steel giants in court; they reported back to their desks early yesterday morning and continued to toil until late in the day.

Both Attorney General Robert Kennedy and FTC Chairman Dixon attended President Kennedy's special session yesterday morning in the Cabinet room of the White House. Others attending were Defense Secretary McNamara, Labor Secretary Goldberg, Commerce Secretary Hodges, Treasury Under Secretary Fowler, Chairman Heller of the Council of Economic Advisers, and a number of Presidential aides.

Interviewed later in the day, Mr. Dixon said his agency "will give every cooperation we can to the Justice Department."

"We've got a lot of records and expertise on steel here," he added. In 1951 the FTC issued an order in which all major steel producers agreed not to pursue "any planned common course of action" in fixing or maintaining price levels.

Mr. Dixon said the Commission will continue to study recent developments in the steel industry to determine whether that order has been violated. If the FTC went to court, it could seek fines of $5,000 for each steel transaction at the increased price, provided it could prove that the price increase was the result of an industry agreement—tacit or otherwise.

The exact nature of the Justice Department's prosecution is unclear and may remain so until the grand jury's investigation is completed.

EXCEPTION TO "BUY AMERICA"

At the Pentagon, sources said the Buy America Act's preference for domestic companies contains several exceptions that might be used if it were decided to buy more foreign steel. Example: One section of the act removes its restrictions when it is determined that the cost of the domestic product "would be unreasonable or that its acquisition would be inconsistent with the public interest."

Also, Defense Secretary McNamara on Tuesday evening discussed with President Kennedy the possibility of putting a ceiling on the price the Government would pay for steel in defense procurement. But this was before other steel companies followed United States Steel's lead in raising prices, and Mr. Kennedy at his Wednesday press conference conceded that maneuverability in this area was somewhat limited.

As for depreciation rules, the Treasury's overhaul is a revision of the Internal Revenue Service's Bulletin F, a list of suggested useful lives of equipment and other depreciable assets. The project's aim is to shorten the useful lives to more realistic periods. Firms which rely on outdated useful lives in the present Bulletin F could claim bigger annual depreciation deductions in a given year. The Treasury hopes this administrative overhaul, plus congressional approval of tax rebates of as much as 8 percent on new purchases of machinery, will let companies modernize their equipment. The administration has been touting this approach as an alternative to the type of price increases posted by the steel industry as a source of expansion funds.

After some momentary wavering, this philosophy appears to be unchanged. Indeed, Treasury Secretary Dillon is portrayed as feeling that tax actions leading to cost-cutting modernization may be more necessary than ever to combat inflationary pressures of the steel price increase.

Early planning of the Bulletin F project produced estimates that it would cost the Treasury about $1 billion in annual lost revenue, though officials argued much of this would be made up later because of the salutory economic effects. Actually, the range of revenue loss ran between $800 million and $1.2 billion, depending on how deeply the old useful lives were cut.

The prospect of heavier Pentagon spending due to higher steel prices—a prospect contested by Mr. Blough—currently is causing the Treasury to take a second look at the size of the Bulletin F revision. Officials could elect to trim the Bulletin F package closer to the $800 million price tag.

Much of this planning depends, in turn, on the fate of President Kennedy's tax bill now pending in the Senate. The administration wants the Senate to add some revenue-raising features to the bill which the House ignored. These would reduce the revenue loss from the tax credit, and perhaps allow the Treasury to be more generous in its Bulletin F revision. But if the bill's final version contains heavy revenue losses, the Bulletin F plan might be modified further.

[From the Wall Street Journal, Apr. 13, 1962]

FBI ROUSES REPORTER AT 3 A.M. TO CHECK STEEL PRICING REMARKS LAID TO BETHLEHEM

PHILADELPHIA.—The Federal Bureau of Investigation awakened Newsman Lee Linder, of the Associated Press, at 3 p.m. yesterday, to question him about steel price statements attributed to Edmund F. Martin, president of Bethlehem Steel Corp., after the company's annual meeting Tuesday.

The FBI agent asked Mr. Linder to confirm he had attended the Bethlehem meeting in Wilmington, Del., as a reporter and that he had talked with Bethlehem's president afterward. Mr. Linder said "Yes," and the agent replied: "We're coming right out."

Two FBI agents arrived at Mr. Linder's home at about 4 a.m. Mr. Linder, who had suggested they wait until morning to see him at his office, was awakened again, along with his wife, by loud knocking on the door. The agents talked with him less than an hour.

Mr. Linder said the agents went over his entire conversation with the Bethlehem Steel president and what Mr. Martin had told the stockholders. "I repeated what the AP had reported, that Martin had said there should not be any steel price rise, that in fact competition in the United States and from foreign sources should result in price reductions," Mr. Linder said.

Yesterday, Bethlehem Steel issued this statement:

"Neither Mr. Martin nor the company has issued any statement concerning remarks attributed to him at the annual stockholders' meeting on April 10. In response to an inquiry from Washington, made yesterday (Wednesday), a Bethlehem representative explained that Mr. Martin was quoted incorrectly as saying that 'There should not be any price rise even after the new labor contract goes into effect on July 1.' Mr. Martin was, in fact, indefinite about the matter of prices. He indicated that the further increase in costs which will result from the new labor agreement is unfortunate at a time when we were trying to hold the price line."

[From the National Observer]

THE ANGRY GOVERNMENT

We don't know how often President Kennedy gets angry; any President must find frequent occasions to try his temper. In the past week, at any rate, the President didn't bother to conceal his anger at United States Steel's announcement of a price increase. And by the week's end, he had given the Nation an instructive demonstration of his economic and political power. Nobody should miss its moral.

For a look at the cause of his anger tells a good deal about the present relationship of the Federal Government and the private economy. Mr. Kennedy could not be unconcerned about this action of a private company because he and his administration were deeply involved in the recent steel union-management settlement.

The administration put heavy pressure on both sides to settle without a strike, and they did, 3 months before the strike deadline. It was a political victory for the White House, and the President himself hailed the agreement as "noninflationary." That is because the contracts provide for no direct hourly wage increases in the first year, and the administration obviously expected the steel firms to show "restraint" on price increases.

This optimism, however, ignored certain economic facts. In the 4 years since steel prices were last raised, there have been no less than four boosts in steelworker wages and benefits, not counting the cost of the benefits in the new contracts. So it would seem that "restraint" has been a somewhat one-sided affair. In those circumstances, United States Steel argued it couldn't go on without a price increase if it was to continue to be an efficient producer.

Whatever the merits of that argument, and we think them considerable, the upshot was the curious spectacle of the President of the United States reacting to this private economic decision as though it were a personal affront—if not, indeed, a crime. For the Government investigators are already busily looking into the steel price increase.

An observer must wonder where this angry attitude is going to lead. To price controls, perhaps? And it must be asked how the Nation has come to this strange pass of such furious Federal intervention into the lives of all of us.

People talk a lot about the free economy, and it certainly is that compared to many others in the world. Still "free" economy is plainly not a literal description. The Federal impact on the economy has grown enormously, and the Federal momentum is constantly gaining. For one thing, there are so many Government restrictions on managerial freedom of action today that no man could count them all.

Even more important, the cost of Government weighs heavily on the economy, pressing down its freedom and vitality. Federal spending budgeted at nearly $93 billion in the next fiscal year is at the expense of the private economy. Some of it, as for defense, is essential; much of it is just political, and the Government refuses to cut back the latter for the sake of the former.

On the contrary, the Government constantly seeks new ways to spend money, which also means ever new intrusions on the freedom of action of individuals, businesses, municipalities, and States. And the taxes which must be exacted to support this Federal edifice are the greatest single drain on the economy's potential for heavy growth.

Most of the time for more than 30 years, however, even the oppressive taxes have not sufficed to feed the appetite of government. And so we have had the kind of deficit financing which in effect creates dollars out of thin air.

The effects of that inflation hit especially hard in the early years after World War II; we can all remember when the prices of practically everything seemed to take a new leap every week. Prices were jacked up so much, in fact, that our competitive position in world trade is still suffering. Out of that inflationary flood let loose by the Federal Government came the famous wage-price spiral of the postwar years.

The Government did one further thing to encourage the spiral. By granting unions a host of legal immunities—notably exemption from antitrust prosecution—it gave them the powerful bargaining threat of the nationwide strike in such basic industries as steel. Because such strikes can indeed threaten the Nation, the Government feels compelled to intervene still more.

And that progression suggests the larger pattern of the constant Federal encroachment on the free economy. The more the Government tries to take away from the free economy, the more it weakens it, and the more justification it finds for further meddling and regulation. This is, if anything is, the way to the controlled economy, which you may be sure will benefit neither individuals nor unions nor businessmen nor the national economy nor the political liberties we presumably still value.

It is understandable that a President should get annoyed when a particular economic intervention isn't working out as he planned. And given the Government's power, he was able in this case to force a victory. But perhaps the private citizen has cause for anger too—or at least reasons to stop and take a good look at what a Government angry at free institutions is doing to this country.

[From the Washington Post]

PROFITS AND INFLATION

(By George E. Sokolsky)

The capitalist system more correctly might be called a profit-and-loss system. It differs from feudalism or socialism in this fundamental respect, that under the capitalist system an individual may accumulate earnings, no matter how earned, to be disposed of by himself for such purposes, private or public, as he chooses. It is on the basis of this definition that the Internal Revenue Service taxes thieves, gamblers, prostitutes, and other immoral persons and sources of income, without regard to the method by which the funds were accumulated. Al Capone's crime, for which he was punished, was not murder or vice, but failure to pay income taxes.

In a word, a person may do as he pleases with his earnings and accumulations of capital provided he pays his taxes.

The prudent person employs his accumulations of wealth, whether inherited or earned, to increase his estate, to provide for his family, to leave a legacy after his death. He may do this in many ways, such as purchasing insurance, keeping money in savings banks, purchasing real estate, bonds, shares of enterprises, etc.

There can be no purpose in any of this economic activity unless the accumulation increases. Some persons choose conservative methods for this purpose; others are more speculative. That is each individual's free choice, but in every instance, his objective is to increase his accumulation of wealth.

If they purchase shares in a company, the investors have two hopes; one, that the value of the shares will increase through good management; two, that the company will issue dividends, which, in effect, are a share of the profits earned by this economic activity. Of course, sometimes the investment is lost through poor management, the elimination of the industry from the market, noncompetitive conditions, etc. But the purpose of the investment is not to lose but to gain, and a gain can only be made through a profit.

What is a proper dividend? That depends upon the reason the investor has in making the investment. For instance, if one invests in what are called blue chips, he is satisfied with a smaller dividend; his object being a return on a secure investment. Sometimes the security disappears, as with the railroads. The more speculative person, the risk taker, goes into enterprises with the objective of benefiting in rises in value of the shares on the market. But few companies rise in value unless profits are earned.

The easiest way to produce a depression is to put a ceiling on profits, because in such an eventuality those who possess accumulations of wealth either send it out of the country, purchase shares in foreign companies, convert their money into foreign currencies, put their money into savings banks or in a shoebox under the bed.

President Kennedy, in his quarrel with the steel companies, might have used other grounds for attack, but when he attacked the concept of profits, his anger led him astray. Surely, he believes in profits; if he

does not, what is our economic system to be? The flight of capital has already done damage to the American economic system; an attack on profits can be disastrous.

[From the Washington Daily News, Apr. 16, 1962]

TWO-BIT DOLLAR IS NEAR

(By Lyle C. Wilson)

There was in President Kennedy's denunciation of the steel industry one special paragraph that need be changed only a little to mean something else again entirely.

The President's paragraph began like this:

"If this rise in the cost of steel is imitated by the rest of the industry, instead of rescinded, it would increase the cost of homes, autos, appliances," and so on. That was the beginning of a paragraph that firmly put on the steel industry responsibility for inviting more rotting of the U.S. dollar by inflation.

Now, to aim that paragraph in a different direction, read the opening this way:

"If the politicians continue deficit Treasury spending instead of balancing the Government's budget, it would increase the cost of homes, autos, appliances, and most other items for every American family. It would increase the cost of machinery and tools to every American businessman and farmer. It would seriously handicap our efforts to prevent an inflationary spiral from eating up the pensions of our older citizens and our new gains in purchasing power.

If the steel industry does not concede that the cost of living must increase if steel prices are raised, it is equally true that the politicians do not concede the equal or greater inflationary curse of deficit financing. The consumer is caught in the middle.

First to feel the squeeze will be the pensioners mentioned by President Kennedy, with all others on fixed incomes. Last through the inflationary wringer will be the families whose incomes increase at least as rapidly as the purchasing power of the U.S. dollar shrinks. In the end, none will escape.

That is, none can escape the end result of dollar rotting if Government and industry alone or together encourage the dollar rotting trend. In fewer than 25 years the U.S. dollar (1939 value) has shrunk to a real value of less than 50 cents in present purchasing power. The two-bit dollar is not here yet, but it is in sight.

National defense can be no stronger than the U.S. economy. The Nation's economy can be no stronger than its unit of currency. If the economy is tied to a sickly dollar, the national defense is supported by a sickly economy.

If the voters were smart, they would fire the politicians who are spending the United States toward disaster.

[From the U.S. News & World Report, Apr. 23, 1962]

COERCION

(By David Lawrence)

The heavy hand of government has just won a Pyrrhic victory.

The steel companies, which had based their price rise on economic necessity, found themselves coerced by the Kennedy administration as it announced that it would withhold defense contracts and use its investigative powers to bring about prosecutions for alleged violation of the antitrust laws.

When the American people, however, become fully aware of the consequences, they will long remember the outburst of emotion by President Kennedy at his news conference on April 11 as he denounced the decision of a few companies to raise steel prices and issued a public threat of reprisal.

The President's prepared statement, delivered at his news conference, referred to the proposed increase as "a wholly unjustifiable and irresponsible defiance of the public interest." Mr. Kennedy expressed bitterly his feeling that "a tiny handful of steel executives whose pursuit of private power and profit exceeds their sense of public responsibility can show such utter contempt for the interests of 185 million Americans."

Even a President may be forgiven if he manifests his displeasure when things don't go his way. But it's one thing to discuss objectively the merits of a complicated economic issue, and quite another to indulge in invective and to impugn the patriotism as well as the integrity of those with whom you disagree.

Economic facts, moreover, cannot be changed merely because politicians dislike them. Nor can America's private enterprise system survive very long if the Federal Government itself engages in the mudslinging of class warfare and, in effect, tells an industry it must disregard profits, disregard dividends, and pay labor whatever the administration says shall be paid even if, as in this case, it costs the industry an additional $100 million a year.

Did the President really think that the steel industry, which has granted wage increases for nearly 4 years in succession without a price increase, could go on doing this indefinitely? Apparently he believed that the administration could coerce the industry into submission, anyhow. For what else was meant by Mr. Kennedy's statement that "the Department of Justice and the Federal Trade Commission are examining the significance of this action in a free, competitive economy"? Didn't the President also request congressional committees to begin "investigations"?

What was the meaning of the grand jury investigation ordered by the President's brother? This implied a threat of criminal prosecution. It was a move designed to terrorize those who disagreed with the administration. No such rebuke was ever administered to the big labor unions when they demanded and got, by concerted action throughout the steel industry, increases which the companies were really unable to afford.

Furthermore, the Defense Department announced that it would withhold defense contracts not only from contractors but from subcontractors if they accepted the proposed higher prices in steel.

All this had its effect. One after another, the steel companies capitulated.

The President says the first announcement of a price rise came with "suddenness." Yet if he had read the interview with Roger Blough, chairman of the board of United States Steel Corp.—as published in the February 26 issue of this magazine—he would have found the facts about the steel problem stated clearly there and a prediction made as to the inevitability of a price increase if labor costs were raised this time, as they now have been.

If the President felt that the Government must fix prices, then he should have asked Congress to enact a system of wage-and-price control.

The administration has shown that it believes in more and more concentration of power in the executive branch. While denying any inclination toward state socialism, the President's action on steel prices points inevitably to a Federal dictatorship over business.

What is at stake really is the preservation of the profit-and-loss system. The steel companies have borrowed large sums in the last few years in order to modernize their plants. They believe in paying back the money they borrow. They must earn profits to do this and also to pay dividends to compensate investors. Mr. Kennedy minimizes these responsibilities. He now has made the profit squeeze acute.

The only persons in the world who can truly derive satisfaction from President Kennedy's tragic performance are the advocates of state socialism—often a forerunner of communism.

In the congressional elections of November 1962, the American people will be presented with a grave issue. Will they give a vote of confidence to the head of the Democratic Party? For, by disrupting the morale of American industry, has he not frustrated the economic expansion so much needed to bring a real recovery from the current recession?

[From the Washington Evening Star]

WILL VICTORY IN STEEL BOOMERANG?—PRESIDENT'S ACTION CALLED A BLUNDER, WAGE-PRICE LAW HELD INEVITABLE

(By David Lawrence)

There's only one way the American people now can be spared the economic distress which may eventually follow President Kennedy's tragic blunder of last week. For a recession that could conceivably become a deep depression is as certain as day follows night if Mr. Kennedy continues to allow wage increases and then terrorizes and coerces business when it seeks to cover its added costs with a rise in prices. Stability can be achieved now only by the enactment by Congress of a law to fix the standards of wage and price control and to entrust them to a commission to administer during the so-called emergency. This is an action that nobody likes, but which Mr. Kennedy has made inevitable.

For the American people will not long consent to leave in the hands of one man—even the President—the opportunity to raise or lower prices or wages without sanction of law. The talk of "victory" for the President now being heard in Capitol corridors from the leaders in a rubber stamp Congress will be short lived if the big problem of meeting labor costs remains much longer in the confused situation it is in today. For some companies it means a cut in profits and in tax payments to the Government, as well as the passing up of dividends this year Probably about 100,000 steelworkers will be idle in the next few months.

How many businessmen, moreover, who sell across the country will dare to raise prices if they live in fear of Government reprisals? The President has been brainwashed by his advisers and now has led the public into believing that price increases are sinful or unpatriotic but that wage increases usually are justified.

Mr. Kennedy is a man who follows the advice given him that seems plausible even if it is one-sided. In the conference last Tuesday night which he held at the White House with Roger Blough, chairman of the United States Steel Corp., the newspapers now report that Secretary of Labor Goldberg did much of the talking. Mr. Goldberg was formerly general counsel of the United Steelworkers Union, and he read the riot act to Mr. Blough. The President, of course, would never have ventured to appoint the general counsel of the United States Steel Corp. or of any other steel company to be Secretary of Commerce to advise him on the other side of labor questions. What becomes of the "conflict of interest" concept when the same man who helped negotiate for the steelworkers the very contract which prompted the decision last week to increase prices sits at the side of the President and advises him to take reprisals against the steel industry?

The demoralization of businessmen today is extensive. How can they do any long-range planning now?

Politically the President's tactics last week may boomerang. Wage increases in other industries will have hard sledding and the unions will be unhappy. Also, if the profit squeeze continues and more persons are

thrown out of work, the current recession will not soon be ended and could get worse. The Democrats could, therefore, lose many seats in Congress next November.

The talk of prosecuting the steel companies is largely poppycock. If the steel companies violated the antitrust laws by following each other successively with announcements on price increases, didn't they, by the same theory, violate the antitrust laws by withdrawing their price-rise announcements one by one? Isn't price-holding then a form of price-fixing, too? There was no collusion in either case, but the Government says concerted action amounts to the same thing. Yet labor unions fix wage costs in a whole industry by concerted action. Labor, however, contributed millions of dollars to help elect Mr. Kennedy and the Democratic Party. So the antitrust laws will not soon be amended to include national unions.

The fateful events of the last few days are best summed up by the Associated Press in a dispatch from Washington on Saturday which said:

"The arsenal of weapons the President wheeled into his all-out economic foray against big business leaders was an awesome display of coldly determined political and economic power seldom if ever before employed by the Government. Every major governmental department got into the act."

Is this democracy, or is it the forerunner of a quasi-Fascist system? Is it a government under a written constitution, or is it a government by usurpation of legislative authority? Economic facts—unlike political maneuvers—do not depend on artificial public relations. Business depends on confidence in the fairness of a government that operates under laws and rules which can be understood and are applied equally to all sides. Without such confidence there cannot be profits or prosperity or increased jobs. Without prosperity, Treasury receipts from corporate taxes decline and the Government's deficits pile up thus pushing downward still further the purchasing power of the dollar. Loss of public confidence then leads to a psychology of inflation which breeds economic disaster.

[From the Dallas Morning News, Apr. 13, 1962]

THE ATTACK ON STEEL

The President, it seems to the News, could have disagreed with steel executives on the $6-a-ton price increase without accusing them of being power crazy and of showing "utter contempt" for 185 million Americans. Would he have done the same to organized labor which supported him so strongly in his candidacy?

It's popular—and fashionable—for a politician to jump on big business. But the country is not served by such attacks. Steel is basic in our free enterprise economy. It must keep its head above water for steelworkers to have jobs, for the Government to get tax revenues, for investors to get returns, for entire communities from Pittsburgh to Daingerfield to stay alive.

Steel executives who raised the ton price know that the industry must remain solvent—so consider the following:

In the last 10 years, employment costs per hour in steel have gone up 85 percent; output per man-hour rose only 12.

Employment costs per ton went up 70 percent—prices only 49, with no increase the last 4 years.

The new contract adds another 2.5 to 3 percent to costs per hour.

But other threats seriously endanger this industry. Under its foreign-aid program the last 15 years, our Government has lent or given countries like Japan and Germany huge sums to rebuild their own steel mills.

This money came from U.S. taxpayers—including a huge 52 percent whack out of American steel companies. The steelmakers, therefore, have been subsidizing their own competition—and possible extinction.

Not long ago Japanese steel was shipped across the Pacific through the Panama Canal, up the east coast and finally to Cleveland where it was sold for $18 a ton cheaper than the same product made in that Ohio city.

In 1957 we were exporting 4 million tons of steel more than we were importing; in 1961, imports exceeded exports by 1.2 million. In 4 years, then, the net loss in American steel markets has been more than 5 million tons.

Profit margins in the industry are thin. Without profit, there can be no expansion to compete with foreign mills which have been built in large part by American tax revenues. And with organized labor demanding benefits which no doubt they need to live, costs to the American industry have become prohibitive.

The industry is hurt badly enough by inflation, taxes, labor costs, and competition without having to endure Presidential abuse and invective.

The charges he throws at steel—the pursuit of power and "utter contempt for 185 million Americans"—can be made with validity against certain policies of the administration itself.

[From the Washington Evening Star, Apr. 13, 1962]

U.S. COERCION AGAINST STEEL—FEDERAL MOVES SINCE PRICE INCREASE CALLED VENDETTA AGAINST AN INDUSTRY

(By David Lawrence)

A new era in American history—a declaration of war by the Government on the profit system as it functions under private capitalism—has been ushered in by President Kennedy.

The stock market reacted yesterday with a drop to the lowest point of 1962. Businessmen everywhere have become concerned. For the President was not content with an open denunciation of the motives and patriotism of the executives of the steel companies—he undertook, in addition, to use the powers of the Department of Justice to intimidate, if not coerce, the steel industry to do his bidding.

Nothing like this has happened before—the launching of a Government vendetta against a particular industry because it refuses to follow a course of action dictated not by law but by economic theorists in Washington.

The President's own statements at his Wednesday press conference were answered to an assembly of reporters in New York yesterday by Roger Blough, chairman of the United States Steel Corp. Some of Mr. Kennedy's remarks were characterized as unwarranted by the facts. Thus, for instance, the President has said that the increase in steel prices would cost the Government about $1 billion more in defense expenditures. Mr. Blough estimated it wouldn't add much more than $20 million. This is quite a discrepancy.

Mr. Blough conducted himself with dignity and restraint and explained the cost-price problem of his company in detail. He denied the President's comment that there had been no intimation whatsoever given to the public heretofore about a price increase. He cited an interview he had authorized 2 months ago in which he, in effect, predicted an increase in steel prices. The interview was published in the February 26 issue of U.S. News & World Report.

Here is what Mr. Blough said at that time:

"Our hourly employment costs over the last 3 years have gone up fairly close to 12 or 13 percent. At the most, you would expect the output per man-hour—which is not a very satisfactory measure of this thing called productivity, but which is used by some people—to go up, say, not more than 2 percent a year. The steel industry record, since 1940, is something like 1.7 percent. But, if you say it's 2 percent per year, that would be about 6 percent of improvement in the last 3 years.

"Now, our other costs, such as purchased goods and services, have also gone up—all without a price increase in over 3 years.

"So, adding the whole thing up, my guess is that over the last 3 years we've had a cost increase of something in the nature of 6 percent—that is, the 12 percent minus the 6 percent (productivity improvement). It's very close to that.

"And you're asking me how long can that continue to increase and how long can it be borne without some kind of a remedy? I would give you the answer that it's not reasonable to think of it as continuing. In other words, even now there should be a remedy. If any additional cost occurs, the necessity for the remedy becomes even greater."

Mr. Blough's answer was in response to this particular question: "Can you continue to increase your employment costs—whether in the form of fringe benefits or in the form of wage increases—without increasing prices?"

Since Mr. Blough gave the interview, the cost to the steel industry of the fringe benefits granted in the new labor contract has been estimated at approximately $100 million a year.

Mr. Blough in his February interview was also asked:

"Do you think you will raise prices in 1962?"

"Well, since you mention it," he replied, "that's not a bad idea. I wouldn't like to forecast an increase in prices, but I would say that, otherwise, something very unusual would have to happen."

Mr. Blough spoke, for instance, of reducing costs through efficiency, but pointed out that this could not be accomplished overnight.

The steel company chairman revealed in his news conference this week that profits in the first quarter of 1962 are low. He explained that many factors entered into the decision on Tuesday to increase prices, but that the most important one was the need to earn profits immediately so as to pay for the heavy expense of modernizing plant and equipment in order to be able to meet foreign competition.

Mr. Blough spoke of the more than 325,000 stockholders of the United States Steel Corp., in all walks of life, including pension funds, insurance companies and charitable and educational institutions. His company is truly an example of "people's capitalism" in America.

An interesting thing happened just after Mr. Kennedy on Wednesday denounced the price increase. He had spoken of it as "a wholly unjustifiable and irresponsible defiance of the public interest," and had expressed his displeasure that "a tiny handful of steel executives whose pursuit of private power and profit exceeds their sense of public responsibility can show such utter contempt for the interests of 185 million Americans."

These misleading quotations were promptly seized upon by the representatives of the Soviet press who were present at the President's news conference and exultantly cabled at once to Moscow for broadcasting over the airwaves of the world as confirmation of the oft-repeated thesis of the Communists that America is ruled by a few capitalists and that state socialism is better than private capitalism.

[From the New York Herald Tribune, Apr. 13, 1962]

MR. KENNEDY AND THE S-BOMB

The S-bomb that he exploded over Washington—the steel price rise—has already had a blast effect which, United States Steel's

Roger Blough indicated yesterday, surprised him by its intensity. The fallout has yet to be measured. How lethal it will be, and how far ranging, depends largely on President Kennedy.

The reaction of the administration and its friends on Capitol Hill has been marked by a vindictiveness. The talk has ranged from criminal prosecutions to breaking up United States Steel, from withholding Defense Department orders from the offending companies to scrapping the Treasury's plans for liberalized depreciation allowances for all industry. Two congressional investigations have been announced, and the executive departments are honing their knives with all the intensity of juvenile gang members bent on a rumble. "Kennedy can be a hater," one White House official put it, "and right now I don't think there's any doubt he hates United States Steel." Many fear that all business has been kicked into the Kennedy doghouse.

The President has a right to be concerned, both with the direct effect of the rise on the price level generally and with its indirect impact on his drive to achieve a stable balance of prices and wages. But this hardly justifies the massive punitive expedition his forces are mounting.

More to the point, perhaps, is that a President, acutely sensitive to his public image, was given a public drubbing. And he was caught off guard. He had deeply involved his own prestige in holding the steel price line. But this was his doing, not the companies'. They never promised to hold prices.

They offended by not doing the President's bidding. They exercised their right, in a free economy, to set their prices according to market forces and not by Presidential dictation.

In asking them to submerge their own interests, in the face of rising costs, sagging profits, burdensome taxes, and an acute need for investment capital, Mr. Kennedy asked them, in effect, to subsidize his efforts to stabilize prices and hold down future wage increases.

Perhaps they should have done so; perhaps not. But the point is that he has no lawful power to compel them to and he should have none.

The prospect of another kick for the wage-price spiral is disturbing, but not nearly so much so as the administration attitudes—and arrogance—so nakedly exposed. The economy can absorb another steel price rise better than it can stand price controls, whether imposed by law or by the massive extra-legal coercive power at the President's disposal.

If he persists in his war of reprisal against the steelmakers, and even more if he marks all business as the enemy or moves toward more intervention as the answer to an intervention that failed, Mr. Kennedy may patch up his image, temporarily, as the consumer's defender. But the consumer's interest, that of the jobseeker and that of the Nation, lie with the healthy functioning of a free economy. And it won't function healthily in an environment of coercion and fear.

Mr. Speaker, these editorials and news stories should arouse every Member of Congress and every citizen of these United States to the very real danger which threatens our system. The President must be made to realize that his actions are endangering the cornerstone of freedom's foundation. If he is determined to pursue his present course of demanding additional Executive powers and by threatening, intimidating, using the power of his office and the law enforcement agencies of the Federal Government against those who do not fall into line according to his will, this once proud structure of a free society may well fall in ruins, victim to ambition, and the lack of understanding of a free economy.

DISARMAMENT

Mrs. MAY. Mr. Speaker, I ask unanimous consent that the gentleman from California [Mr. HIESTAND] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from Washington?

There was no objection.

Mr. HIESTAND. Mr. Speaker, judging from my mail, the American people are frightened over the policies taken by their own Government. Particularly, they are worried over our efforts to disarm ourselves and leave our Nation and its heritage at the mercy of the Communist madmen.

But watch the storm now, following a United Press International dispatch of April 18, 1962. It opens:

GENEVA, April 18.—The United States today proposed to cut the world's arms by almost two-thirds in 6 years and replace national armies with a United Nations Peace Force in about a decade.

The American plan was presented to the 17-nation disarmament conference as a draft treaty for general and complete disarmament in a peaceful world.

In it, the United States took a considerable political risk by agreeing to accept Russia's word on the amount of arms and troops the Soviets would have in service at the start of disarmament.

That could be the understatement of the history of man. The risk, Mr. Speaker, is freedom's very survival. Have the Soviets kept their word, except in instances where it was distinctly to their advantage? Have the Soviets given us any assurance that their promises are anything more than meaningless? Can the administration, who must account to 180 million people for their lives and fortunes, really propose this plan in seriousness?

Additionally, the UPI dispatch discloses that an inspection system will be based on a so-called sampling technique. The dispatch says:

U.S. officials said Soviet delegates seemed interested in the new inspection proposal.

Mr. Speaker, they certainly would be. Just how foolish and naive are the men speaking for our country. We could not be playing into the Communists' hands any better if we merely attached a motor to the Statue of Liberty's arms and waved them on it.

I urge the Congress to voice its strong disapproval and head off this administration proposal before it brings the United States closer to ruination.

WHAT IS DEFENSE DEPARTMENT TRYING TO HIDE?

Mrs. MAY. Mr. Speaker, I ask unanimous consent that the gentleman from California [Mr. HIESTAND] may extend his remarks at this point in the body of the RECORD and include extraneous matter.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from Washington?

There was no objection.

Mr. HIESTAND. Mr. Speaker, just what is the Department of Defense trying to hide?

The latest censorship of a military man's speech involves the Daughters of the American Revolution, meeting in convention here in Washington. The thought that Maj. Arch E. Roberts would tip off something big, a military or strategic secret, to the dear ladies of the DAR not only reaches comical proportions, but blackens the service of a distinguished military officer.

Mr. Speaker, we have been seeing numerous stories in newspapers in the past 2 weeks, relating to a statement being prepared to define this Nation's goals and objectives. We have seen stories of reported concessions we are preparing to make on the disarmament front. We have seen other stories about administration officials plotting tc eliminate our "first strike weapons."

Nobody can get anybody in an official capacity to explain these reports, published by respectable newspapers and magazines.

I would hope that the wraps would be taken off these budding theories, which if put into practice would alter the entire complexion of this country's past, present and future.

The censorship of Major Roberts' speech before the ladies of the DAR is, on the surface, farcical. Or was the speech scrapped because of something to hide?

DEFENSE DEPARTMENT APPROPRIATIONS

Mrs. MAY. Mr. Speaker, I ask unanimous consent that the gentleman from Washington [Mr. WESTLAND] may extend his remarks in the body of the RECORD at this point and include extraneous matter.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from Washington?

There was no objection.

Mr. WESTLAND. Mr. Speaker, there are three points concerning the Defense Department appropriations which I want to discuss. First, although I support the bill, I regret the committee in recommending funds for an aircraft carrier did not see fit to specify that it would be a nuclear-powered ship.

Recently, as a member of the Joint Committee on Atomic Energy, I participated in hearings aboard the U.S.S. *Enterprise*. Being on a carrier was no new adventure to me because I served in World War II on one in the South Pacific. But the experience of witnessing maneuvers and demonstrations in connection with the hearings on this nuclear-powered carrier gave me a new concept and attitude about the advantage it has over conventional ships of this nature. It seems to me that the success of the *Enterprise* would dictate that all new carriers would be propelled by nuclear energy.

Also, Mr. Speaker, I am sorry no additional nuclear-powered surface ships of

other types were included in the Defense Department appropriations bill we are considering today. One of the arguments for a conventional carrier is that a nuclear-powered carrier is limited by the conventional-powered ships that make up the task force to which the carrier might be assigned.

We already have the *Longbeach*, a carrier, and we soon will have the guided missile frigate *Bainbridge*. It would appear to me the sensible approach would be to construct other nuclear-powered surface ships to form a nuclear-powered task force. Such a task force could be a deterrent that would give us an advantage which would take years for an enemy to counteract.

I am pleased, however, to note that the committee has recommended additional nuclear-powered Polaris-class submarines. I highly approve of this move to increase our Polaris fleet to 12 by the end of the fiscal year.

Now, Mr. Speaker, I want to take up my second point. This is the provision of the bill to authorize that 35 percent of the repairs, alterations, and conversion of naval ships be carried out in private shipyards. As you know, the Vinson-Trammell Act provides that 50 percent of new construction be allocated to private industry. If I remember correctly, the appropriations bill last year set a 20-to-80 ratio for repairs, alterations, and conversions.

On the surface it would seem as if the higher ratio for private yards recommended for fiscal 1963 would reduce the amount of work scheduled for naval shipyards. This isn't the case, however. The fact is that naval shipyards will have $24 million more work during the coming fiscal year than during fiscal 1962. This should eliminate any doubts about the future of naval shipyards in fiscal 1963.

Mr. Speaker, I want to point out that private shipyards save our taxpayers money. Rear Adm. Ralph K. James has stated that costs in private yards are 8 to 15 percent lower than in naval shipyards. An independent survey has supported this contention by showing that private yards can do the same work as naval shipyards at costs between 17 and 23 percent lower. The study, in this case, takes into consideration the tax which private yards have to pay, thereby indicating a higher savings than the admiral anticipated.

Mr. Speaker, the private shipyards can do everything a naval shipyard can do. And, if all work were contracted to private industry, this Nation would save up to $70 million. I say that if the 35-to-65-percent ratio is reduced an unnecessary drain will be put on the public treasury.

One other point, Mr. Speaker, which I think of vital importance is section 535, which provides that no part of the funds appropriated shall be available for paying costs of advertising. I support this section, but from the standpoint of national security I believe it is inadequate because there is nothing in the section to prevent a defense contractor from advertising, with his own funds, classified matter.

All one has to do, Mr. Speaker, is to pick up a technical journal and leaf through its pages to discover advertising of potential value to our enemies. For example, I have seen an advertisement which pictured in detail a silo at one of our hardened missile bases. It is obvious that classified projects are being advertised to the detriment of our national security. Perhaps legislation outside this bill we are considering today is necessary to prevent such leaks of classified information. If this is true, I hope the appropriate committee will study this matter and come up with an acceptable solution for the Congress to act upon.

POSITIVE PROGRAM FOR VICTORY OVER COMMUNISM

Mrs. MAY. Mr. Speaker, I ask unanimous consent that the gentleman from California [Mr. ROUSSELOT] may extend his remarks in the body of the RECORD at this point and include extraneous matter.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from Washington?

There was no objection.

Mr. ROUSSELOT. Mr. Speaker, on December 4, 1961, in Santa Monica, Calif., I delivered a speech in which I outlined what I feel we must do to achieve total victory over the international monolithic Communist conspiracy. I titled my speech, "Positive Program for Victory Over Communism."

Many of my constituents have expressed an interest in reading the speech. For their benefit I would like to have it printed in a public document to which they have ready access. The CONGRESSIONAL RECORD is such a document. I therefore have asked, under leave to revise and extend my remarks, that it be printed in the body of the RECORD:

POSITIVE PROGRAM FOR VICTORY OVER COMMUNISM

(Originally delivered December 4, 1961, in Santa Monica, Calif., before Women for Better Government, Mrs. Robert Mazet, president)

(Introductory remarks were made by former Congressman Donald Jackson)

Tonight, I will offer a positive program for victory over communism. We have heard so much from the leftwing establishment that we as conservatives or "militant patriots" have not come forward with a positive plan for total victory. I say to this sincere but misled group, "You are wrong. We as conservatives do have a plan. You as collectivists just have not had the opportunity to understand it. You have spent so much time attacking those of us who are trying to point out that there is an internal Communist threat that you have become deafened by your own noise."

Before discussing my suggestions for a positive program for victory, we should review quickly the advancement of communism in the world.

In 1848, Karl Marx and Frederick Engels, in their "Communist Manifesto," made the following statement:

"A specter is haunting Europe—the specter of communism." Paraphrasing this statement 113 years later, we can say, "A specter is haunting all the world—the specter of communism."

Remember, it was only 1903 when a devoted follower of Marx, Nicolai Lenin, and a handful of trained terrorists and revolutionaries began to search for a country to call their own. Since that time, the ruthless and barbaric Communists—and that is what they are—have enslaved nearly 40 percent of the world's population, 1 billion people. The rate of growth of this insidious and false ideology is unparalleled in the annals of human history. Those devoted to the preservation of individual freedom and liberty must become alert by taking positive action to halt this menace and, more important, they must advance and vigorously advocate the cause of individual freedom and constitutional government.

It is not necessary to describe in detail the aims, nature, and tactics of communism, because here in southern California we have been fortunate in recent months to have several schools of anticommunism, thousands of study groups, and living-room discussion groups. Many of our service clubs have been of tremendous assistance in providing additional educational programs. However, it does become necessary to review quickly the basic concepts of communism in order to understand why it is absolutely necessary to commence a positive program for victory immediately.

We must not fall for the leftwing or collectivist establishment line that these goals are unrealistic in "today's complex world." We know that communism is anti-God, that it considers each of us as basically an animal who needs only clothing, food, shelter. It has no standards of values other than one which dictates that an act, no matter how ruthless or destructive, is good if it serves to promote one thing—communism. It absolutely refuses to allow freedom of speech, freedom of press, freedom of religion, freedom to assemble, freedom to move about in a country without restrictions, freedom to express oneself and develop one's creative abilities to the fullest, freedom to own property, freedom of opportunity in education, freedom of choosing one's own job, freedom to make a profit, freedom to keep the major portion of one's own wage. Life in a Communist nation for those other than the privileged elite is sterile, mediocre, destitute of ideals, and utterly bankrupt of individual freedoms for which you and I are fighting.

A French woman who recently traveled extensively in Russia summed it up this way in a magazine called Realite: "Russia today is a huge paternalistic and clerical village where the boss is the state and the bible is Pravda." How much more do we need to know about the Communist philosophy when it is so graphically drawn for us?

Conceivably, we could get along with Communists if they were nonexpansionists. But they are not, and this is the important point. Communist ideology dictates that communism must take over control of the world. Communists argue that as a result of class warfare they will rule the world. All Americans have at one time or another been deceived by this insidious philosophy—sometimes our youth, sometimes our journalists, sometimes our teachers, sometimes our businessmen, sometimes our ministers, sometimes our wage earners, sometimes our politicians. No segment of our society has been exempt.

Communism with its sugar-coated humanitarianism claims historical justification which it does not have. On this erroneous claim, Khrushchev bases his "We will bury you" policy. This policy makes it all too clear that we are in a fight for the survival of our free system. In the words of Lincoln we are in a fight to determine whether a "Nation * * * so constituted (as ours) can long endure." The Communists have drawn the line; we have not. It is they who steal, lie, cheat, and deceive at every conference table. It is not the Americans who have done those things. The Communists are the deceivers, as J. Edgar Hoover so aptly observes in his book, "Masters of Deceit."

There is considerable discussion and disagreement among people in all walks of life, as well as among elected and appointed officials, as to where the basic threat to America lies. The question raised is, "Is the threat external or internal?" Many of us know it is both. J. Edgar Hoover said at the 1957 American Legion convention, "To dismiss lightly the existence of the subversive threat in the United States is to deliberately commit national suicide." We have many authorities to prove the validity of Mr. Hoover's statement. James Burnham discusses the internal threat in his book, "Web of Subversion." This well-documented book shows the nature and extent of Communist activity within our own Government and how Communist cell members were able to move and promote themselves upward during and after World War II. We have former FBI counterspies such as Herbert Philbrick and Matt Cvetic who have constantly and consistently said the Communist threat is internal. They ought to know, having participated in the conspiracy. We have books written by Whittaker Chambers, Dr. Bella Dodd, Elizabeth Bentley, and many others who were duped into joining the Communist Party on humanitarian grounds and later left the party because they discovered that Communists profess an interest in humanitarian causes only as a means of covering up their ultimate objective, namely, total enslavement or control of mankind. We have those, and this is very important, who have come to our shores because they have escaped the ironclad control of communism—Hungarians, Czechoslovakians, Cubans. Today in Florida there are over 200,000 exiles from Cuba who did not recognize the internal Communist threat posed by Castro until it was too late.

Just plain American commonsense and logic will tell us the threat is internal. All we have to do is look around us and see the evidence. For instance, a poll taken in one of our local schools showed that 67 percent of the students would rather live under communism than fight a war.

What does the freedom versus communism scoreboard show?

First, we have seen country after country fall not only because of the external threat but because they were internally molded mentally to accept communism before they fell. In eastern Europe—Czechoslovakia, Hungary, Latvia, Rumania, Poland, Albania, Yugoslavia. In the Far East—Outer Mongolia, China, North Korea, North Vietnam, Laos. We find other countries that are in danger today. We know the Communists have heavily infiltrated the northern border of India. There are many active Communists today in Cambodia, South Vietnam, and Indonesia. In Latin America, Communists have scored in Cuba, British Guiana, where a known Marxist was just recently elected Prime Minister, northern areas of Brazil, and Venezuela, whose President is a man who has been a proponent of communism for years. In Africa Communist agitation is extensive in the Congo, Guinea, and Ghana. Thus, we see many countries falling into the Communist orbit, because they have been softened up internally to accept communism.

Examples of the internal threat of communism to the United States are not hard to find. Our Government continues to extend aid to Communist countries, even though we know their goal is to bury us. A group of professors from leading universities formed a Fair Play for Cuba Committee to promote friendlier relations with Fidel Castro. It took our State Department almost 3 years to admit that Castro is a Communist. Let me just give you part of Castro's statement reported by the United Press International last weekend: "Premier Castro has settled once and for all Saturday the question of his politics. He is a dedicated Communist, dedicated to the principles of communism and has been so since the days of his college. 'I am a Marxist-Leninist,' he said, 'and I will remain one until I die.'" As our President told us in the last election, our State Department had continual reports from ambassadors saying Castro, his brother, Raul, and Che Guevara, were Communists. We actually encouraged the Communist takeover in Cuba. Our own State Department helped put Castro in power. In recent months well-meaning Americans with Presidential blessing formed a Tractors for Cuba Committee. Our House Un-American Activities Committee, which is made up of some of the finest men I know from both parties in the House of Representatives, has been degraded by many. Showing of a well-documented film, "Operation Abolition," has been prevented in some places because it is "controversial" or "we have to understand the other side." Our well-meaning administration goes to summits, not really prepared to deal with Communist duplicity. We trade with Communist countries. We make loans to Communist countries. Some of our leaders tell us there is no internal threat. Yet we continue to make the same mistakes. Obviously, we are not winning, and I think most Americans are coming to this realization rather quickly. As a matter of fact, Edward R. Murrow admitted this in a recent interview with the Hearst papers. In response to the question, "Are we winning the psychological war?" he said, "No."

When some of us say we are not winning, that the internal threat is very real, there are those who stand up and call us extremists or superpatriots. They don't understand that the some 5,000 people who recently protested U.S. aid to Tito by picketing outside the Hollywood Palladium during President Kennedy's speech are good Americans who, on their own, have come to the commonsense conclusion that we should stop dealing with our known enemy. I will go a step further—I believe most Americans subscribe to the principle set forth in article III, section 3, of our Constitution. It says that giving aid and comfort to an enemy is treason. Tito is a Communist and he recently reemphasized his close alliance with Moscow. Consequently, Tito is our enemy and to continue giving him aid and comfort would be treasonable. To paraphrase Patrick Henry, one of America's greatest patriots, "If this position be extremism, make the most of it."

I think we should look at some comments made by a very fine American in 1949 in a speech in Congress when, in my opinion, he was a little closer to the people than he is right now. In this particular speech, John F. Kennedy made the following statement: "The indifference, if not the contempt, with which the State Department and the President treated the wife of the head of the Nationalist Government who was then fighting for a free China, Madame Chiang Kai-shek, was the final chapter in this tragic story. [Remember, this is John F. Kennedy in 1949.] Our policy in China has reaped the whirlwind. The continued insistence that aid would not be forthcoming unless a coalition government with the Communists was formed was a crippling blow to the Nationalist Government. So concerned were our diplomats and their advisers—the Lattimores and the Fairbanks—with the imperfections of the diplomatic system in China after 20 years of war and the tales of corruption in high places that they lost sight of our tremendous stake in a non-Communist China. There were those who claimed and still claim the Chinese Communists were not really Communists at all but merely advanced agrarian movement which did not take direction from Moscow. The responsibility for the failure of foreign policy in the Far East rests squarely with the White House and the Department of State. This House must now assume the responsibility of preventing the onrushing tide of communism from engulfing all of Asia."

Mr. Kennedy, the American people are trying to say to you today—not because they are trying to be agitators, but because they recognize the enemy—that all Americans, including you, must accept the responsibility for preventing the onrushing tide of communism from engulfing the world. I say, let's get at it.

Some political writers claim that anti-Communists try to simplify what they (the writers) call complex problems. With this word, "complex," they try to muddy the water with fuzzy thinking so as to make commonsense conclusions virtually impossible. I violently oppose those who try to discourage the American people from studying, understanding, and undertaking the task of doing something about the Communist threat, claiming that it is too complex for them. The strength of our Nation lies in the composite judgment of an informed citizenry—commonsense mixed with personal study and education. Every man has the capacity to contribute to the fight for survival against the international Communist criminal conspiracy. If this is superpatriotism, I am proud to be called a superpatriot.

I have been constructively critical of the leadership of the present administration in the battle against the internal threat of communism, but criticism alone will not get the job done. It is incumbent upon me and other conservatives to present some ideas for a positive program for victory. I am not presumptuous enough to speak for my party, of which I am proud to be a part, or any great segment of people. These are just the ideas which occur to me as one public servant.

On the international scene—

1. We must declare our purpose to win against the Communist conspiracy and say that a state of hostility does exist between ourselves and international communism and that we intend to win. My colleague Congressman DONALD BRUCE, of Indiana, has introduced House Joint Resolution 444 which recognizes that a state of hostility exists, and directs the President to develop a program for total victory. It is time for the administration to stop talking tough, while backing away an inch at a time. We must state to the rest of the world that we have many moral reasons for wishing to eliminate all traces of the Communist conspiracy and that we have a responsibility to develop and execute a program for total victory.

2. It is absolutely imperative that we break diplomatic relations with Russia and all other Communist nations. As I indicated earlier this evening, and as many of you in this audience and most Americans watching tonight know, we cannot honorably deal with Communists. They are nothing more than international cutthroats who intend only one thing and that is "to bury us." Breaking diplomatic relations will not hurt our ability to have listening posts in Outer Mongolia or any other place. Our intelligence sources give us far more information than we are able to gather through most of our embassies, since the Russians usually "bug" our embassies or wiretap our communication systems. We could go on the diplomatic offensive if we broke relations and said to the rest of the world, "We hope you will follow our example, because you know as well as we do that Communists cannot be trusted in any respect. We are willing to take the leadership in breaking relations with an international gangster of this type." When the day arrived that we could honorably reestablish diplomatic relations, we would, of course, do so.

3. I think we must immediately break all trade relations with every Communist country or pro-Communist country and establish a strong economic blockade wherever possible. We have had recent hearings in Washington—Congressman GLEN LIPSCOMB

from our State has been very active in those hearings—showing that you cannot trade with the Communist conspiracy without building up its ability to defeat you. So, I think that this is an absolute must.

4. I think that there must be a drastic change or reorganization within the United Nations or we should cancel our membership. We want to get along with the rest of the world. We have done everything to make the U.N. an effective instrument of freedom and world peace. But, of course, we know Alger Hiss helped to organize the U.N. He hired over 600 people, some of whom are still there. I sincerely believe, and I have given this subject a tremendous amount of study, that the United Nations as now constituted, is an instrument of Soviet foreign policy. The longer we stay in, the more recklessly our money will be spent.

I intend to support a resolution calling for our withdrawal from the U.N. which Congressman JAMES UTT, a great patriot, will introduce early in the next session of Congress. The resolution will be based on a well-documented case showing that the U.N. is today controlled by the Communist conspiracy. This will be a positive thing, because it will make clear to the rest of the world that we do not intend to belong to any organization which the Communist conspiracy controls, dominates and runs. Congressman JOHN ASHBROOK, of Ohio, has also introduced a worthwhile bill which calls for an investigation of U.S. funds spent in the U.N. The bill would prevent the expenditure of any further funds until the investigation is complete.

5. I think we must do a better job of training overseas personnel. In the last session of Congress, I introduced a bill, H.R. 7291, which provides for the establishment of a 5-year Foreign Service Academy, the management of which would be shared by Congress, the Defense Department, and the State Department. The curriculum of the Academy would be such that Academy graduates would be thoroughly prepared to meet the Communist challenge overseas.

6. It is essential that we drastically improve our U.S. Information Agency. I would again like to quote Mr. Edward R. Murrow, who now heads this organization. In an interview with a Hearst organization paper (this organization owns several newspapers, including the Los Angeles Examiner and the Los Angeles Herald-Express, which do an excellent job of telling us what the Communist conspiracy is), Mr. Murrow was asked, "Would you say we are winning the propaganda war?" He answered, "No, I would not." It is obvious that through this agency we must do a better job of telling peoples of other countries about our constitutional form of government and our system of free enterprise. This could be done through books, films, and other things which we send overseas today. I am afraid that USIA has neglected to tell our free enterprise story. USIA books and films tend to suggest that socialism best promotes the ideas of freedom. We must do a better job of using the talent that our free enterprise system makes available in the fields of public relations, advertising and promotion. We spend billions and billions of dollars to promote our own products in this country, but we don't take the time to sell the ideas in our Declaration of Independence and Constitution. Thus, we must improve our overseas information program.

7. I think it is extremely important that we have a full investigation of our State Department—the quicker the better. I am not suggesting witch hunts, as I am sure some of our opponents will imply after tonight. What I am asking for is a well-planned, objective investigation. You know, Senator Robert Taft agreed to get into the 1952 Eisenhower campaign after being promised that should Eisenhower be elected, there would be a full investigation of the State Department. Mr. Taft passed away before this occurred. I think that this investigation has been desperately needed, not because I do not have faith in our State Department (as some will try to infer), but because I believe many people who have the responsibility for managing our foreign affairs, such as the people who dealt with the Cuban problem, do not fully understand what the Communist conspiracy is. This is obvious when we continually lose countries to the Communists by making the same mistakes. And so, I think we need a full and complete investigation of our State Department to make clear to the American people why these mistakes have been made and how we can avoid them in the future.

8. We must reestablish military training programs which inform our troops of the true Communist threat. I know I do not have to go into this extensively, because Gen. Edwin A. Walker did it very ably a few nights ago on television. He told you why it is tremendously important that we always properly indoctrinate our troops not only as to how to work in the battlefield, but mentally to know what the enemy is and how he tries to subvert us. It is important that our troops know what the Communist conspiracy is in order to know what they are fighting to preserve. We must reinstate a more active, vigorous troop information program such as General Walker developed.

9. I think we must totally revise our foreign aid program. It needs new criteria. The money which we send overseas must serve to advance the cause of freedom and not promote socialism and/or communism which tend to be blood brothers and operate together overseas. We must encourage private capital to be reinvested abroad in areas that are safe under a true self-determined type of government. We must not fail, as we did in Cuba, to protect that capital once it has gone abroad. If Castro had known that we would send our troops the moment they confiscated private property belonging to Americans, he never would have started the 26th of July movement. Evidently, he had some strong indication that the U.S. Government would let its own citizens be harassed and their property confiscated without the kind of affirmative protection we enjoyed during the administration of Teddy Roosevelt.

10. We must work more aggressively to help promote the objectives of our true friends. As an example, Chiang Kai-shek is reported to have crack guerrilla troops which could be used in warfare now going on in Asian countries. If the Asian country involved is willing, and only under that condition, we should encourage the use of Chiang's troops to fight for freedom in the Asian area. This would have several important advantages for the free world: eager, effective troops, which we have trained and equipped at considerable time and expense would finally be used. This would nullify any potential claim of white intervention, because it would be orientals against orientals.

We must work aggressively with our friends overseas, and not with known enemies such as Cheddi Jagan of British Guiana, who says, "I am a Marxist."

On the domestic scene:

1. We have to stop inflation by living within our means as a Federal Government. This is important to the stability of our economy. Mr. Bulganin said in 1954, "The American working man is too well fed. We cannot appeal to him. But when through inflation America has priced herself out of the world market and unemployment increases, then we will settle our debt with the United States." The Communists have told us time and time again that they seek to stimulate inflation and Government activity so we can kill ourselves internally by spending ourselves to death. They laugh at us as they tell us, because somehow Communists believe our zealous sense of generosity will allow us to spend ourselves to death through a decadent Government bureaucracy.

I submit that we must stop inflation by living within our means as a Federal Government. A balanced budget is what we need. This is important to the welfare of our country, though some of our left-wing establishment would not like to believe so.

2. We must eliminate unnecessary Federal welfare expenditures which under our Constitution have no justification. Compulsory social security denies an individual the right to determine for himself what retirement system he will use. I think it is wrong for the Government to confiscate property from people who refuse to participate in the social security program for religious reasons. The Amish people in Pennsylvania are a case in point. Recently, Federal officials confiscated the plowhorses of an Amish farmer who had not paid social security taxes. On religious grounds the Amish do not accept social security or any other kind of assistance from the Federal Government. Do the American people ever figure that it may be their car or their home that is confiscated next by the Federal Government on the command of some bureaucrat in Washington?

I say the American people are tired of having the Federal Government impose supertaxes upon supertaxes to promote programs for which no need has been established in congressional hearings and which are properly the responsibility of individuals and/or local groups and governments to do for themselves. When the local or State government or private charities do a more adequate job, let's keep the Federal Government out of welfare programs. This does not mean we who advance this suggestion are anti-welfare. What it means is that we do not believe in economic feudalism imposed by a Federal Government, which is far removed from local problems and largely insensitive to the needs of particular areas.

3. In the field of agriculture I think we could make a tremendous gain by turning agriculture back to the private sector of our economy and getting the Government out of the agricultural business. By the way, Senator JOHN TOWER, of Texas, who has traveled extensively in agricultural areas since his recent election, tells me that farmers are saying they want the Government out of the agricultural business, because it is a poor manager of their business. We saw a good example of this last year when farmer William Smith of Big Flats, N.Y., went into the soil bank program just to show how stupid it is. He got $6,000 for not producing anything on a parcel of land which he said was really marginal in the first place. With the money he bought a Cadillac, on the back of which he put a sign reading, "Thanks to the Government I now have a Cadillac for producing nothing." I am convinced that we must take the Government out of agriculture. Of course, we must do this on a step-down basis in order to avoid chaos.

4. I think we as a Nation must toughen our laws against the narcotics peddlers who operate throughout this country on an interstate basis. Communists work vigorously to destroy the moral vitality of our society. We know the Communist conspiracy uses narcotics to advance the moral disintegration of our country. I am confident that there will be laws introduced this year to toughen the Federal Government's ability to prosecute and get rid of the peddlers who work so insidiously even among our youth.

5. I think it is important that we tighten the internal security laws and penalties for Communist subversion in this country. We must learn that the Communists play for

keeps and that we must deal with them with this in mind. Congressman H. ALLEN SMITH has introduced a bill, H.R. 2302, which provides for the imposition of heavier penalties on people whom we can show have been in the Communist conspiracy over long periods of time.

The bill also provides for extensive jail sentences and fines for people who engage in activity designed to contribute to the overthrow of our fine Government. Such people mean only one thing—to bury us. Congressman SMITH's legislation does something about it.

6. We must eliminate government from businesses that can be properly handled by private enterprise. This is a positive program because it provides that businesses will be returned on an open-bid basis to the private sector of the economy, which is where they belong. Congressman JAMES B. UTT has introduced House Joint Resolution 23, otherwise known as the Liberty Amendment, which provides for the selling, over a period of years, of Government agencies that compete improperly with private enterprise—e.g., agencies which manufacture ice cream, rope, and run railroads. By selling these agencies, nearly 700 all told, to private enterprise, we could reduce the Federal budget by almost $40 billion annually. These businesses would be back on the tax rolls instead of being a drag on all taxpayers. Finally, under this amendment it would be possible to eliminate or greatly reduce the Federal personal income tax. This is not an irresponsible measure. Passage of House Joint Resolution 23 would greatly stimulate our private enterprise economy.

Marx and Engels, in their "Communist Manifesto," recommended a heavy progressive and graduated income tax. I do not believe that they had the best interest of free constitutional government in mind when they recommended this. Yet you look at our tax structure today. We have followed the Communists' concepts of progressive taxation at both State and Federal levels of government. Passage of House Joint Resolution 23 would encourage savings and private investment. It would stop money from going to a Federal Government which keeps from 10 to 50 percent of every tax dollar for administrative costs and unproductive work. This measure is a good, sound, aggressive proposal that you and I should support.

The part of the individual citizen:

You ask, "What can we do as individual citizens to fight communism or collectivism in any form?"

1. There are certain conditions under which we must operate.

(a) We must understand that it is going to take a long time to reverse the advance of this insidious philosophy.

(b) We must have perseverance and determination and not be easily discouraged.

(c) We must learn that we cannot coexist with the Communist conspiracy in any respect, and help others to understand this vital point.

(d) We must be willing to educate ourselves to the tactics and purposes of the Communist conspiracy.

This training and education at the grassroots level will take time. A persistent, dedicated, and patient effort will be required by all.

2. We must learn, as I think most Americans already know, that there is no such thing as a free-lunch program for anybody. You and I pay for it. We must turn this philosophy around so that we understand the need for infusing creative initiative and individual responsibility back into our society.

3. We must educate all people to the benefits and attributes of capitalism and the free enterprise system. "Capitalism," "profit," and other words and concepts which are fundamental to our economic system must be given the dignity they deserve, despite efforts of collectivists to downgrade them. Capitalism works, as we have proven, and it is far more inevitable, logical, and desirable than communism. We must tell this story in our schools, unions, businesses, and community organizations.

4. We must encourage all communication media to report the news accurately, with a sense of integrity and fairplay, and be sure that our side of the issue is not distorted.

5. We must constantly improve the quality of responsible anti-Communist and pro-American activity in all groups. This means in every association in which we participate we must make sure that people understand what the capitalist system is—what free enterprise is—what constitutional government really means.

6. We must reintroduce spiritual values into our daily lives. This will give us the moral judgment, the toughness of purpose that we have lacked in some instances. We must renew our dedication to the spiritual ideals which made this the greatest country in the beginning that was ever created by man. But we did not create this alone. Remember, in the Constitutional Convention Benjamin Franklin called upon all members to begin each day with a prayer. One who holds strong moral and spiritual values is not usually easy prey for communism.

7. Finally, as individuals we must be activists for freedom. We have got to start the greatest do-it-yourself movement ever witnessed by man. Do not wait for someone else to do it. Be willing to stand up and be controversial. Do not just back away because you want to be "socially acceptable."

In closing, many of us have been accused of being superpatriots. "Super" in the dictionary means over and above in quantity and in quality or degree—more than. Patriot means one who loves his country and zealously supports its authority and interest.

I am proud to be among the superpatriots, because I assume the superpatriot is better than just a plain patriot. I am sure that all Americans regard themselves as superpatriots. So let's be proud of our patriotism and not be defensive about it. To those who say, "Well, the superpatriots are overfearful, or too afraid and suspicious," let us say, "No, we are not afraid and suspicious. We believe in this crusade for freedom. We are willing to talk about it." To talk about freedom is good, because to do so might agitate and stimulate a little conversation. Let us join the conversation and not back away. So why don't we pledge tonight to join together in a great movement of superpatriotism. In becoming superpatriots we will work more fervently to see that others in the world have the same rights and freedom that we have. Others will follow our example because we don't apologize or back away from our system. We're for it, and we're willing to fight for its preservation.

Remember, Jesus was not a middle-of-the-road Christian. He placed intense reliance on the deeper spiritual values in life. It must be the same with us as a Nation if we are to survive.

So I recommend as one citizen that we embark upon a dramatic program of intensified patriotism in the classical sense; that we rejuvenate the good concepts of capitalism by eliminating the stifling retrogression of socialistic, economic feudalism and big government muzzlement. We can win with constitutional freedom and economic capitalism. Let us right now begin the task.

DISPENSING WITH CALENDAR WEDNESDAY BUSINESS ON WEDNESDAY, MAY 2

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that business in order under the Calendar Wednesday rule may be dispensed with on Wednesday, May 2.

The SPEAKER pro tempore (Mr. MILLS). Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

CENTENNIAL ANNIVERSARY OF THE JOHN HANCOCK MUTUAL LIFE INSURANCE CO., 1862–1962

Mr. WALTER. Mr. Speaker, I ask unanimous consent that the gentleman from Massachusetts [Mr. MCCORMACK] may extend his remarks at this point in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. MCCORMACK. Mr. Speaker, on April 21, one of Boston's very good neighbors and respected corporate citizens will reach its hundredth year of business life.

I am pleased to extend my best wishes to the John Hancock Mutual Life Insurance Co. and its officers, employees, and well-wishers, who will officially celebrate this proud occasion on Monday, April 23.

At a time when we are witnessing the rebirth of our great city, the John Hancock anniversary serves to remind us of the significant role this and other long-established institutions have played, not only in the advancement of the city of Boston, but of the Commonwealth of Massachusetts and the Nation as well.

When the John Hancock first opened its doors in 1862, we are told that the company comprised a handful of personnel in a crowded, one-room office on State Street in Boston, Mass. There were no customers—only the faith of the founders and of the Boston merchants and bankers whose belief in the instrument of life insurance persuaded them to provide the necessary initial capital.

That their confidence was well placed is evident today. With a nationwide organization and policy owners numbering nearly 12 million, the company ranks among the largest of the country's business leaders. Yet despite its size and scope, the John Hancock has retained its essential Boston character and its contribution to the economic, social, and cultural development of our city continues to be substantial.

More than 5,400 men and women from our metropolitan and suburban areas find employment in the John Hancock's home office, whose lofty tower is a symbol of progress on Boston's skyline. During 1961, the company's compensation to these and other Boston agency forces reached $28¾ million, while property taxes channeled another $2½ million directly into the city's economy.

We have only to look about us to remember that, over the past century, the John Hancock has encouraged the expansion of our urban resources through the steady investment of its policy owners' funds in commercial and residential projects. Currently, the company's outstanding mortgage loans and commitments of $81 million—which most re-

cently include Charles River Park—stand as abundant confirmation of the company's belief in the future of Boston.

In other areas the John Hancock has also conducted itself as a worthy builder, in its support of our arts festival, in its advocacy of the freedom trail, and in its vigorous aid to the many educational and charitable organizations without which our community would be considerably impoverished.

Finally, in the best tradition of the Revolutionary patriot, whose signature the company adopted, the John Hancock has devoted itself unceasingly to those principles of thrift, self-reliance, and financial independence of the individual which Bostonians, lovers of liberty, have long held in the greatest esteem.

SPEAKER MARTIN: GREAT AMERICAN

Mr. PHILBIN. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD, to revise and extend my remarks, and to include extraneous matter.

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

There was no objection.

Mr. PHILBIN. Mr. Speaker, I ask unanimous consent to revise and extend my remarks in the RECORD and include therein articles from the Worcester Telegram, and Boston Globe, relative to the exercises honoring our dear, illustrious friend, Speaker JOSEPH W. MARTIN, JR., on Sunday, by the presentation of a most artistic and beautifully done bust of him, to be placed in the Hall of Fame of the House of Representatives.

Never in the history of this House has an honor been so appropriately bestowed as the one paying fitting tribute to Speaker MARTIN.

Virtually his whole life has been devoted to the service of his country and the people. By reason of his great ability, fidelity to duty, untiring energy and hard work, he has risen to one of the loftiest positions in the Government. His achievements are too numerous to relate; his accomplishments praiseworthy and historic; the reach of his influence for good immeasurable.

Beloved, respected and admired on both sides of the aisle, hailed by every group in the Nation for his broad understanding and noble humane qualities, he is without doubt a man of unsurpassed modesty and humility, of simple tastes and down-to-earth fundamental loyalties.

The present distinguished and illustrious Speaker, JOHN W. MCCORMACK, fittingly referred to JOE MARTIN as one of the greatest Americans of our times and, in that one phrase, he epitomized and summarized better than a thousand words, the fame, patriotism and simplicity of this devoted, lovable and dedicated public servant.

We are all devotees, admirers and friends of JOE MARTIN. We are proud to be his friends. Because the Nation that could produce such a sterling leader, endowed with the finest qualities we prize in American life, can boast a possession richer and more meaningful than that of any kingdom or principality.

I heartily join in the sentiments expressed on the occasion of the presentation of the bust, and heartily congratulate Speaker MARTIN and his family upon this great honor. It symbolizes the great esteem and deep affection which people everywhere hold for him, which history will record in golden letters, because JOE MARTIN is indelibly impressed with the loftiest brand of patriotism and has the endearing love and gratitude of his colleagues, his fellow citizens and the peoples of the entire free world. Generations yet unborn will long continue to be inspired by his great contributions.

Hail and salute to a noble son of Massachusetts. May he enjoy good health and happiness in his great work for many years to come.

The articles follow:

[From the Boston (Mass.) Globe, Apr. 16, 1962]

CONGRESS HONORS MARTIN

WASHINGTON.—Representative JOSEPH W. MARTIN, Republican, of Massachusetts, watched as a marble bust of himself was unveiled yesterday and said simply "I wish I could convince myself that this honor was deserved."

The unusual honor was accorded the 77-year-old former House Republican leader and Speaker as more than 700 members of the National Federation of Republican Women, Senators, House Members and others jammed the caucus room in the old House Office Building.

Speaker JOHN W. MCCORMACK, Democrat, of Massachusetts, summed up the tributes when he said "JOE MARTIN, Speaker MARTIN, is one of the great Americans of all times."

The marble bust, by Madame Suzanne Silvercruys Stevenson, will be taken down one floor to the House's "Hall of Fame" in the rotunda of the office building.

MARTIN will have the distinction of being the only living person with a memorial in the rotunda. The other eight leaders whose busts have been placed there are dead.

They are:

Former Speakers Joseph Cannon, of Illinois, Nicholas Longworth, of Ohio, Thomas B. Reed, of Maine, and Champ Clark of Missouri; former Democratic leaders Oscar Underwood, of Alabama, and Claude Kitchin, of North Carolina; former Republican leader James R. Mann, of Illinois; and Martin B. Madden, Illinois Republican, who once was head of the House Appropriations Committee.

Mrs. J. B. Parks, president of the National Federation of Republican Women, presided at the ceremonies. The GOP women started the idea of a bust of MARTIN while he was serving his second term as House Speaker in the 83d Congress. They sponsored a nationwide campaign for funds.

Mrs. Parks read a greeting from former President Eisenhower and his wife, Mamie, in which they saluted Martin as a "dedicated man." Messages from former Vice President Nixon and Gov. John Volpe, of Massachusetts, also were read.

WILL LIVE 25 YEARS

MARTIN said that when he looks at the statues he thinks "of the end of the road, it brings a touch of sadness," but he brightened and added "someone told me I will live 25 years longer and I am going to, I think."

MARTIN confided that he had decided to quit Congress 2 years ago but someone told him he would be dead within 2 years if he did. He said the advice was probably correct and he was glad he decided to stay on in Congress.

MCCORMACK, who accepted the bust for the Hall of Fame, said that MARTIN "represents the spirit of America. His life is like a Horatio Alger story, newsboy at 5, reporter at 18, owner of a daily newspaper at 24—and over 50 years of humble and trustworthy public service."

[From the Worcester (Mass.) Telegram, Apr. 16, 1962]

BUST OF JOE MARTIN UNVEILED IN HOUSE

WASHINGTON.—Representative JOSEPH W. MARTIN, Republican, of Massachusetts, 77, watched as a marble bust of himself was unveiled Sunday and said simply, "I wish I could convince myself that this honor was deserved."

The unusual honor was accorded the former House Republican leader and Speaker as more than 700 members of the National Federation of Republican Women, Senators, House Members and others jammed the caucus room in the old House Office Building.

GREAT AMERICAN

Speaker JOHN W. MCCORMACK, Democrat, of Massachusetts, summed up the tributes when when he said, "JOE MARTIN, Speaker MARTIN, is one of the great Americans of all time."

The marble bust, by Madame Suzanne Silvercruys Stevenson, will be taken down one floor to the House's "Hall of Fame" in the rotunda of the office building.

MARTIN will have the distinction of being the only living person with a memorial in the rotunda. The other eight leaders whose busts have been placed there are dead.

The other eight busts are: former Speakers Joseph Cannon, of Illinois, Nicholas Longworth, of Ohio, Thomas B. Reed, of Maine, and Champ Clark, of Missouri; former Democratic leaders Oscar Underwood, of Alabama, and Claude Kitchin, of North Carolina; former Republican leader James R. Mann, of Illinois; and Martin B. Madden, Illinois Republican who once was head of the House Appropriations Committee.

GREETING FROM IKE

Mrs. J. B. Parks, president of the National Federation of Republican Women, presided at the ceremonies. The GOP women conceived the idea of a bust of MARTIN while he was serving his second term as House Speaker in the 83d Congress. They sponsored a nationwide campaign for funds.

Mrs. Parks read a greeting from former President Eisenhower and his wife, Mamie, in which they saluted Martin as a "dedicated man." Messages from former Vice President Richard M. Nixon and Mrs. Nixon, and Gov. John Volpe, of Massachusetts, also were read.

DOMESTIC PETROLEUM AND COAL INDUSTRY

The SPEAKER pro tempore (Mr. MILLS). Under previous order of the House, the gentleman from Oklahoma [Mr. STEED] is recognized for 60 minutes.

Mr. STEED. Mr. Speaker, the remarks I make today will, in my opinion, be the most important remarks I have ever made as a Member of this House and, perhaps, ever will make. My remarks will be devoted to the matter of an adequate supply of petroleum and coal for this Nation. I believe in this problem is involved the future security and life of the Nation, and because of that I do not believe anything of greater importance could be discussed by anyone.

Mr. Speaker, we are faced in this Nation in the next few years with a disaster unless something is done to change

the trend that has prevailed in the two great energy industries of domestic coal and the petroleum industry in recent years. The fact that this matter is serious is attested to best by the fact that under existing law the President of the United States in his wisdom has seen fit to issue an executive order in which he found that the importation of foreign oils did pose a threat to the national security and, therefore, he invoked quotas to try to cure the problem. This authority was taken under the national security clause contained in the Reciprocal Trade Agreements Act passed 3 years ago. It is unfortunate that the program to this date has not been effective. The purpose of my remarks today is to try to call the attention of the Congress to the seriousness of the situation and to the urgent and vital need for a very easy and simple answer to this problem.

The simple truth is that unless we can do something and do it now, it will only be a matter of a few years before these United States will run short of the one indispensable source of energy—petroleum.

Mr. Speaker, the gentleman from West Virginia [Mr. MOORE] and I, with many others, today have introduced companion bills which are designed, in order to assure the national security and to support an expanding economy, to make certain that our domestic fuels industries—petroleum and coal—are maintained in a strong position.

Experience of two World Wars, Korea, and the cold war that has followed have demonstrated that this Nation cannot afford to become dependent upon uncertain foreign sources of petroleum which may be cut off without warning by precipitous action of unstable governments or through enemy action.

The Suez crisis of 1956 clearly demonstrates the dangers of becoming dependent upon foreign oil. This experience further demonstrates that adequate supplies of domestic fuels can serve to avert war as well as to win war. During this crisis, Europe was threatened with a fuel shortage. It was the assurance of an adequate supply of petroleum from the United States which served to avert war.

No subject has had more careful and repeated study and consideration during the past few years, by both the Congress and the executive branch, than has the oil import problem. The problem of excessive oil imports was one of the principal considerations Congress had in mind when it adopted the national security provision of the trade law. This provision was last reviewed, amended, and strengthened by the Congress in 1958. Early in 1959, based upon a finding that oil imports threatened the security of the United States, the executive branch of Government inaugurated an oil import limitation program which continues in effect. Three years experience under this program demonstrates that although it has been helpful in mitigating the trend of increasing imports, it has not accomplished the objective of providing a vigorous and expanding petroleum industry.

The proposal constitutes a moderate strengthening of the program now in effect and which has had general acceptance throughout both the Government and the petroleum industry.

Prior to World War II, total petroleum imports, including crude oil and all products amounted to 5 percent of domestic production of crude oil. This ratio has continuously increased, now exceeding 26 percent of domestic production. This constitutes too much reliance and dependence upon uncertain sources. This trend of increasing dependence, in the interest of both domestic growth and national security, must be corrected.

The proposal provides that the national security provision of the Tariff Act of 1930 be amended as follows:

H.R. 11420

A bill to promote the general welfare, foreign policy, and security of the United States

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the national security provision (19 U.S.C.A. 1352a) of the Tariff Act of 1930, as amended, be amended by adding the following new subsections:

"(f) Whenever the President has taken action pursuant to the authority of this section to adjust imports of any article by means of a quantitative limitation on imports, such limitation shall apply to all imports of such article and its derivatives from all sources, and, except as otherwise provided under this section, shall not exceed that quantity which bears the same ratio to United States domestic production of such article for each annual period during which said limitation is in effect as the ratio which all imports of such article and its derivatives bore to United States domestic production of such article during a prior representative base period which the President may select.

"(g) In administering any action taken pursuant to the authority of this section to adjust imports of any article, due regard shall be given to (1) the elimination of competitive inequities, (2) the maintenance of a competitive domestic industry, (3) the prevention of monopolistic practices, and (4) the encouragement of small business.

"(h) In order to assure that imports do not threaten to impair the national security and pursuant to the national security objectives of this section, the President shall establish quantitative limitations on the importation of crude petroleum and its derivatives and liquids derived from natural gas.

(1) Imports (including supplies for vessels or aircraft) of crude petroleum and its derivatives (excluding residual fuel oil for use as fuel) and liquids derived from natural gas shall be limited for each annual period to not more than 14 percent of the U.S. production of crude petroleum during a prior representative base period as the President may select.

(2) Imports (excluding supplies for vessels or aircraft) of residual fuel oil for use as fuel shall be limited for each annual period to an amount which together with domestic production will meet national requirements, provided that in determining national requirements the availability of domestic fuels shall be considered, and provided further that the import level established shall not exceed the average level of such imports during a prior representative base period as the President may select.

"(i) The President, upon finding that an emergency makes it necessary to provide additional supplies, may adjust the import limitations established under this section to the extent he finds necessary to assure adequate supplies of any article or its derivatives to meet national requirements during the emergency period, provided that in determining whether adequate supplies are available the availability of competing or substitute products shall be considered."

I would like at this point to explain the intent and purpose of the provisions of this proposal, but first, I would like to point out that the national security provision of existing law has been incorporated in the Trade Expansion Act of 1962 (H.R. 9900) as section 232. I am hopeful, therefore, and wish to urge that the Ways and Means Committee incorporate the bill my colleague and I have introduced today, as an amendment to section 232 of H.R. 9900.

GENERAL LEGISLATIVE STANDARDS

The first provision of this proposal, paragraph (f), is a general noncommodity amendment which would be applicable to all commodities. This provision would not alter the President's authority under present law in determining whether or not the national security provision should be invoked. The determination as to whether or not imports of an article threatens to impair the security of the Nation is left to the President as under existing law. It, therefore, does not involve a basic change in existing law. It is designed to implement existing law by establishing a clear standard to be followed in the administration of the law whenever the President finds that the national security provision should be invoked.

First, paragraph (f) would require that whenever the President determines that imports should be limited in the interest of national security, then any limitation established would apply to all imports of the article from all sources. The purpose is to require that there be established an overall limitation without exemption of any source. This does not mean, however, that the President would have no flexibility in recognizing that imports from certain countries might be more important from the standpoint of national security than imports from other areas. If the President deemed advisable, he would be free to accord preferential treatment to imports accordingly to source; but any preferred treatment would have to be granted within the overall limitation. For example, under the present oil import program, imports from Canada and Mexico are exempt. As a result, Canadian imports have increased substantially while domestic oil production has been static. This does not serve hemispheric defense and it is inequitable. Under paragraph (f) Canadian imports could not be exempt and would have to be within the overall limitation. It is important to note, however, that under this provision, Canadian imports could be given preferred treatment and be left free to increase as now; but if Canadian imports were permitted to increase, then imports from other sources, less important from the standpoint of national security, would have to be reduced commensurately.

Paragraph (f) would further require, once the President determined imports should be limited in the interest of national security, that a limitation be established which would not exceed the ratio that imports bore to domestic pro-

duction of the article during a prior representative base period to be selected by the President. The purpose of this provision is to assure that imports of the article could not, after a finding that imports theatened security, continue to increase year after year relative to the domestic production of the article. This I submit is a most reasonable and sound requirement.

In the case of petroleum, despite the limitation program, imports have increased while domestic production has been substantially static. This means that the ratio of imports to domestic production of crude oil has continued to increase. This obviously does not serve the national security objective of maintaining a growing and vigorous domestic industry which has been found to be essential to national security.

SMALL BUSINESS STANDARDS

The second provision of the bill, namely paragraph (g), is designed to protect and encourage small business and to provide specific legislative standards to this end. It establishes standards to be followed in the administration of the national security provision in that it would require the administrators of any import limitation program of any commodity established under the national security provision to give due consideration to (1) the elimination of competitive inequities, (2) the maintenance of competitive domestic industries, (3) the prevention of monopolistic practices, and (4) the encouragement of small business.

CONTINUATION OF OIL IMPORT PROGRAM

The third provision of the bill, paragraph (h) would constitute a congressional finding that imports of petroleum threaten to impair the national security and, therefore, should be limited. The Government has recognized the need to limit oil imports for 7 years. First, it was sought to find the solution through Government urging voluntary action on the part of importing companies. That effort was not successful. In 1959, 3 years ago, it was found necessary to invoke the law Congress had provided in 1958 which is referred to as the national security provision of the Trade Agreements Act. This law was first enacted in 1954, strengthened in 1955 and again in 1958. It is particularly pertinent to observe here that petroleum was one of the commodities Congress had in mind in adopting this law. Congress then rightly was concerned about ever-increasing imports of foreign oil. It rightly should be concerned today about too much dependence and growing dependence upon foreign oil.

In 1954, when the national security provision first was enacted by Congress, oil imports already had increased from 5 percent of domestic crude oil production during pre-World War II days to 16.6 percent. By 1958, the ratio had increased to 25 percent and last year, it exceeded 26 percent. Again, I say this is too much dependence on uncertain foreign sources for a fuel vital to our national growth and security.

After this long history of concern and action on the part of both the executive branch and the Congress with respect to the problem of excessive oil imports, it seems to me entirely appropriate for the Congress to further strengthen and implement the national security provision. It seems to me entirely appropriate, and necessary in the interest of the security of our Nation, for the Congress to now strengthen and implement the efforts of the past 6 years on the part of the Executive so as to effectively limit oil imports.

To serve this purpose, paragraph (h) would require that the President continue a quantitative limitation on oil imports such as has been in effect during the past 3 years.

In addition, paragraph (h) would establish a level beyond which oil imports could not exceed, except in case of emergency.

First, under subparagraph (1), imports of crude petroleum and its derivatives—excluding residual fuel oil for use as fuel—and liquids derived from natural gas would be limited to 14 percent of crude oil production. This was the ratio which existed in 1956. And 1956 was a crucial turning-point year in the domestic oil producing industry. Since 1956, the industry has suffered continuous deterioration. Every major activity which serves as an indicator of the economic health of the industry has declined and there is no basis to expect that these declines have yet reached bottom or will cease unless positive action is taken. Subparagraph (1) of paragraph (h) is designed as a step to reestablishment of the oil producing industry to the position enjoyed in 1956. For this reason I believe the ratio imports bore to production in 1956 is a reasonable and logical standard for the determination of the level of imports. The reasonableness of this proposal is shown from the recent history of the ratio these imports bore to crude oil production:

	Ratio
1946–50	7.2
1951–55	10.3
1956	13.9
1957	15.3
1958	17.9
1959	16.6
1960	16.7
1961	17.3

Imports of the products covered in subparagraph (1) during 1961 averaged 1,245,000 barrels daily. Under the 14-percent ratio these imports would be reduced by about 250,000 barrels daily.

Subparagraph (2) of paragraph (h) pertains to residual fuel oil for use as fuel. Residual fuel oil is a fuel used by industry and large commercial consumers such as boiler fuel for ships, utilities, manufacturing enterprises, and large office and residential buildings. It is not used by the individual homeowner or to any great extent by small businesses. Under this provision, residual fuel oil would be limited to the average level of such imports during a prior representative base period to be determined by the President. In the United States, on the average, about 10 percent of each barrel of crude that is refined becomes residual fuel oil. It is, therefore, an important factor in the economics of the industry. Some crude oil contains a much higher content and the relationship in such cases relatively is more important. Producers of such heavy crudes are more directly affected by excessive imports of residual fuel oil. In addition, residual fuel oil competes with coal for many uses, and I am sure my colleague from West Virginia will have something to say regarding the impact of excessive imports on the domestic coal industry.

I wish to emphasize that paragraph (h) would do only two things: first, it would require that a quantitative limitation on oil imports, such as we have now had for 3 years, be continued; second, it would establish the level of the basic quotas. It would not limit the wide discretion the President now has in administering the oil import program. For example, the method or formula for distributing the quota among individual importers would be left entirely to the President or his designate, just as it is under existing law. Also, the President would be free to continue to accord district V—the Western States—different treatment than the remainder of the United States; or to provide preferred treatment to Canada and Mexico as is now done. In other words, the present program could be continued in its entirety. The only difference would be that the overall level of total imports would be reduced by about 250,000 barrels daily below the level of last year. The United States consumes about 10 million barrels of oil daily. The reduction would amount to 2½ percent of the current consumption—a modest and relatively small reduction as compared with the total picture. It would be a small price to pay in the interest of national security and the economic health of a basic industry.

ESCAPE CLAUSE

Paragraph (i) of the bill is a very important provision because it assures that the President at all times will have the broadest of authority to protect the Nation from any situation that might develop. This paragraph would give the President authority to adjust any basic quota established under the national security provision in order to meet a military threat or to protect the Nation from any shortage emergency that might arise. It is a safety valve which, in the last analysis, leaves the matter of import limitations established under the national security clause of the law entirely in the hands of the President.

THE NEED FOR LEGISLATIVE STANDARDS

For 7 years, the Government has recognized the need to limit oil imports in the interest of national security. The specific objective to serve this purpose was the maintenance of a healthy, vigorous domestic oil producing industry. Yet, today, the domestic oil producing industry is not healthy. It is not vigorous.

The need now is specific legislative standards that will give stability to the oil import limitation program that the President has established. The industry needs long-range assurance that imports will not continue to take a larger and larger share of the domestic market.

Only legislation can provide this long-range assurance. Under the present law, the import level is subject to change each 6 months. The industry cannot know what to expect or how to plan. As a result, the industry is depressed. It is stagnate, and in the interest of our economy and security, the Congress should assume its responsibility and act. I believe the proposal Congressman MOORE and I have introduced will meet this need.

The oil import problem has been a matter of concern by Congress and the Executive for 7 years. We should not experiment on such a vital matter any longer.

GOVERNMENT EFFORTS TO LIMIT OIL IMPORTS

The various legislative proposals considered by the House of Representatives are subjected to a variety of criteria by which we measure the justification and adequacy of bills introduced.

Three of these yardsticks are fundamental. They involve the national security, the present and future general welfare, and the impact of specific legislation on a specific industry. This is as it should be.

From time to time we used these yardsticks to assess the need for legislation related to our domestic petroleum industry and have made decisions accordingly. The Executive also has given deep consideration to this industry and has been concerned to the extent that it has initiated studies carried out by special committees. The members of these special committees have been dedicated men, all of exceptional talents, selected for their ability to make critical analysis of the problems and to make recommendations essential to the Nation's well-being.

On July 30, 1954, the President established an Advisory Committee on Energy Supplies and Resources Policy. In addition to its Chairman, the Director of ODM, the Committee was composed of the Secretaries of State, Treasury, Defense, Justice, Interior, Commerce, and Labor. On February 26, 1955, the White House released the report prepared by this Committee and included among their recommendations was one concerning oil imports. The Committee concluded that imports of crude oil and residual fuel should be kept in balance with domestic production of crude oil at the proportionate relationship that existed in 1954. The Committee stated:

> If imports of crude oil and residual fuel oil should exceed significantly the respective level that these imports of oil bore to the production of domestic crude oil in 1954, the domestic fuels situation could be so impaired as to endanger the orderly industrial growth which assures the military and civilian supplies and reserves that are necessary to the national defense.

This conclusion was simple, direct, and uncomplicated based on existing facts.

Gentlemen, the prophetic belief of this Committee that our national security would be undermined by imports in excess of the 1954 ratio has proven to be well founded. I would like to emphasize that the ratio of imports in the benchmark year of 1954 was 16.6 percent of domestic production. Last year the ratio was 26.3 percent of domestic production.

How has this happened? A brief outline of the actions taken by the Government since this Presidential Committee made its report in 1955 will clearly indicate how procrastination and temporizing in the form of additional studies by additional committees plus a lack of firmness in administering the various programs to limit petroleum imports have led to ever-mounting volumes of oil imports each and every year since 1954.

In 1955, the Government attempted to handle the oil import problem by requesting the importing companies to limit their imports voluntarily. No levels or quotas were established. Many importing companies cooperated with the Government's pleas for restraint. However, other importers disregarded altogether the Government's various requests for cooperation and continued to increase their volumes of imported oil. Of course, imports continued to rise alarmingly.

The Director of the Office of Defense Mobilization, who was charged with responsibility for this Nation's industrial mobilization readiness efforts, on April 23, 1957, certified to the President pursuant to section 7 of the Trade Agreements Extension Act of 1955, that he had reason to believe that crude oil was being imported into the United States in such quantities as to threaten to impair the national security.

As a result of this ominous warning, the President, on June 26, 1957, formed a Special Cabinet Committee to make an investigation on his behalf to determine the facts as to whether crude oil was being imported into the United States in such quantities as to threaten to impair the national security. This Special Cabinet Committee was composed of the Secretary of State, the Secretary of Defense, the Secretary of the Treasury, the Secretary of Commerce, the Secretary of the Interior, and the Secretary of Labor.

The Committee made its recommendations which were approved by the President on July 29, 1957. The Committee report stated:

> Your Committee's investigation of the oil import problem has been confined to the effect of the present trend of imports on national security.
>
> In summary, unless a reasonable limitation of petroleum imports is brought about, your Committee believes that:
>
> (a) Oil imports will flow into this country in ever-mounting quantities, entirely disproportionate to the quantities needed to supplement domestic supply.
>
> (b) There will be a resultant discouragement of, and decrease in, domestic production.
>
> (c) There will be a marked decline in domestic exploration and development.
>
> (d) In the event of a serious emergency, this Nation will find itself years away from attaining the level of petroleum production necessary to meet our national security needs.

A formal voluntary program to control oil imports was established for the last half of 1957, by the President's approval of the recommendations made by the Special Cabinet Committee. Some 20 months elapsed during this so-called voluntary import program. Again many importing companies cooperated with the plan. However, a number of others ignored the program and the Government attempt to solve the problem. During this period imports of unfinished oil and finished petroleum, which were not included in the program, soared to record levels.

On January 22, 1959, the Secretaries of State and Defense requested an investigation with respect to imports of both crude oil and petroleum products in accordance with the provision of section 8 of the Trade Agreements Extension Act of 1958. As a result of the investigation made by the Director of OCDM, the President was advised on February 27, 1959, of the Director's conclusion that crude oil, as well as the principal petroleum products, were being imported in such quantities and under such circumstances as to threaten to impair the national security.

The President issued a proclamation which established a mandatory oil import program on March 10, 1959. Thus, 4 years had gone by, with ever-mounting imports, while the fundamental point made by the Advisory Committee on Energy Supplies and Resources Policy back in 1955 was reexamined, restudied, and I might add, reiterated by each group analyzing the impact of excessive oil imports on the Nation's security.

As a result of these delays, import levels when finally established under the mandatory import plan were set at the then existing levels of imports which were too high since damage to the vigor of the domestic industry from these existing volumes of imports were already much in evidence.

Furthermore, the mandatory plan was weakened and watered down almost from the start by amendments which granted exemptions for overland imports being received from Canada. The spirit of temporizing was clearly in evidence when certain imports moved by tanker from Mexico were also granted the exemption from control and included in the "overland" classification. The rationalization behind this move is still vague.

The primary objective of the several import control plans was to assure a healthy and vigorous domestic petroleum industry in the interest of national security.

We have temporized and we continue to temporize and thereby we are failing to face up to this problem.

I submit that the import program of the past 3 years has not accomplished its intended purpose of insuring a stable, healthy industry in the United States capable of exploring for and developing new hemispheric reserves to replace those being depleted.

We have continued to study and investigate this problem of oil imports since 1954. Meanwhile, the domestic industry has suffered and today is sick. A new study is again underway under the chairmanship of the Director of the Of-

fice of Emergency Planning, to be completed by midsummer—again more delay.

While studies continue, petroleum imports move upward relentlessly and the health and vigor of the domestic producing industry continues to wane.

Import limitations have been helpful in preventing a flood of foreign oil from entering this country. But import limitations have been helpful only by comparison; only by conceiving the deterioration of the industry and the rapidly growing dependence on foreign oil that would have resulted without an import program at all.

OIL IMPORTS AND FOREIGN PRODUCTION INCREASE

In 1961, oil imports averaged almost 2 million barrels a day and the value of these imports exceeded $1.6 billion. Petroleum is now the largest item in our import trade while at home we have 30 percent of our producing capacity of oil shut-in for lack of markets. This is like sending coffee to Brazil or textiles to Japan.

It is clear that we should now reorient our purpose. Instead of taking a negative position based on limitation of injury, the Government should so frame its oil import policy as to promote an ascending industry.

Since 1956, while crude production in the United States has been stagnated, what has been the situation in the other major producing areas of the world? Canadian production is up 30 percent, Venezuela increased production almost 20 percent. Other Western Hemisphere countries, 60 percent, the Middle East, 60 percent, and the Soviet Union stepped up its production 100 percent.

It is obvious that our petroleum import program has not prevented substantial expansion of oil production in other producing areas of the world.

I must here emphasize that only two major nations of the entire world are capable of producing all of their petroleum needs. These two nations are the United States and the Soviet Union. In marked contrast to our temporizing and procrastination in coming to grips with this problem, the Soviet Union is exerting its full resources to expansion of its petroleum industry.

During the past 5 years, Soviet oil production has more than doubled. U.S. production has been static. Exploration and development in Russia is expanding. There is a continuing decline in the United States.

Between 1950 and 1960, U.S. crude oil production increased 30 percent, world production doubled, but Soviet output quadrupled. The Soviet Union in 1960 displaced Venezuela as the world's second largest producing country, second only to the United States. Russian production, which was only 9 percent of U.S. output in 1945, has increased steadily during the postwar years and in 1961 amounted to 46 percent of U.S. production.

The Soviet petroleum industry is now in the fourth year of its 7-year plan—1959–65. This plan calls for doubling the 1959 production rate of 2.6 million barrels daily, and a fourfold increase in natural gas production. The initial phase of this planned expansion program covering the years 1959–61 have been completed successfully, and competent observers believe that the Soviet petroleum industry will attain or perhaps exceed the petroleum goals for 1965.

In view of Russia's increasing strength as to petroleum, the United States must have the assurance of adequate domestic oil supplies. This requires an effective program of limiting U.S. oil imports so that domestic production can expand in keeping with national requirements.

DOMESTIC INDUSTRY DECLINES

Domestic producers must be given an opportunity to participate in any future growth in the home market if our security as to oil is to be maintained.

In the interest of national security, and to assure adequate energy reserves here at home, it is high time that we closed the screen door a little tighter on imports. I say screen because it resembles a sieve, and I say to you further that it has some holes in it as witness the exempt crude imports from Canada and Mexico. These imports represent a large part of the "leakage" in the present Government program.

Now let us examine the conditions in one of the bellwether operations of the industry—the drilling and completing of wells.

In this department, there has been continuing decline in activity since 1956. In that year the domestic industry drilled 58,160 wells—last year only 46,962 wells, a 5-year decline of 20 percent.

But these figures tell only part of the story. With prorated wells in Texas limited to only 8 producing days, and with Oklahoma allowables at a bedrock level and with other prorating States restricting production, there is not the incentive to add new oil wells.

Under present producing rates, payouts are being stretched over an uneconomic span of years. The small operator who requires bank loans on production to finance his ventures is in deep trouble. There is increased reluctance on the part of outside money to foot the bill for an interest in wells in the face of severely restricted producing rates. Gentlemen, the situation is drastic.

Possibly the most revealing and startling element in the entire drilling picture comes from a look beneath the surface of the declining statistics.

While total well completions have declined 20 percent, 1956 as compared with 1961, the number of exploratory wells drilled has declined by 30 percent. It is this latter activity which is the principal yardstick in measuring the future vigor of the industry. The violent drop in the all-important exploratory activity, the wildcat wells that find new fields, is cause for real concern as to our future reserve position.

The future of the domestic producing industry can also be directly related to our geophysical and core drilling activity which precedes the drilling of exploratory wells by 2 years or more. The history of this activity tells a clear but alarming story.

Average number of crews active

1952	734
1953	752
1954	713
1955	666
1956	623
1957	580
1958	506
1959	490
1960	434
1960 versus 1956:	
Crews	−189
Percent	−30.3

The decline in the number of crews in 1954 was a clear warning. The decreased drilling during the past 5 years was the inevitable result of the decline in geophysical activity which still continues.

We need more drilling in the United States. We need a capacity, beyond question or doubt, to produce our military and civilian needs without reliance on a single barrel of foreign oil. And we need this capacity in wells that have recently been drilled; where there is substantial additional flush production promptly available by merely turning a valve.

This factual requirement suggests still another aspect of concern. Again, it is a point frequently overlooked.

I refer to the production from stripper wells—those producing 10 barrels daily or less—and secondary recovery operations. In 1960, wells in these categories produced 22.3 percent, or nearly one-fourth of the total production of the Nation.

But these wells—over 400,000 in number—have a fixed ability to produce. Their production rates are virtually inflexible, ranging from one-quarter barrel per day in Pennsylvania to 12.8 barrels per day in Michigan.

While these wells are a vital link in our producing pattern, by their very nature they do not possess the reserve producing capability we so urgently require in time of emergency.

Our reserve picture is heartening but has been on a plateau, showing little change for several years. The American Petroleum Institute has only recently released its reserve figures for 1961. These calculations show that we have 38.8 billion barrels of proved recoverable reserves. But last year we only added some 378 million barrels to our proved reserves after deducting 2.9 billion barrels of production.

This volume of added reserves, which required a year to develop, would only last this Nation a little more than 1 month at the present rate of consumption.

Under the existing adverse circumstances, this is quite a laudable achievement on the part of the industry. But we must do better than that. We must drill more wells.

Historically, the domestic industry reinvests two-thirds of its income from production in the drilling of new wells. Under the proposal my colleague and I have introduced, imports would be reduced by 250,000 barrels daily, which is a relatively small cut compared with the

2 million barrels daily of total oil imports. Even so this action woud give the domestic industry additional income to drill some 5,000 more wells each year. This would restore less than half the decline in drilling since 1956, but it woud be a start.

The declining exploration and development activity in combination with a static level of crude oil production in this country have taken toll in employment. The number of employees engaged in the production of crude oil and natural gas has decreased significantly since 1957, as is shown by the following table:

Number of employees, crude oil and natural gas production

1954	318,100
1955	331,900
1956	340,100
1957	344,000
1958	327,500
1959	330,900
1960	313,900
1961	308,800
1961 versus 1956:	
Employees	−31,300
Percent	−9.2

Source: Bureau of Labor Statistics.

The employment in 1961 was the lowest experienced since 1951 despite a 40-percent increase in U.S. oil consumption. The prospects for improvement in the employment situation this year are nil under the present conditions of excessive imports and the current low level of drilling operation.

BALANCE-OF-PAYMENTS PROBLEMS

Excessive oil imports also contribute to our balance-of-payments problem. Last year, the excess of petroleum imports over petroleum exports amounted to $1.2 billion. The total deficit in our balance of international payments totaled $2.4 billion. The deficit in our petroleum trade account has amounted to over a billion dollars annually for each of the last 4 years.

Our bill, proposing a reduction in oil imports of 250,000 barrels per day, would save about $210 million a year off of our adverse petroleum trade balance. I realize that such a saving is indeed modest in view of our balance-of-payments difficulties but it would at least provide a positive step toward a solution of a most pressing problem.

CONGRESS SHOULD ACT

There is a critical need, in the interest of our national security, to come to grips with the problem of oil imports. There is a pressing need for a stable balance between imports and domestic production. The long-range efforts to find and develop sufficient petroleum supplies require a firm policy relative to oil imports. The stability needed can be provided only by legislation.

Immediate and positive action must be taken. We can no longer afford to delay or temporize.

In the public interest, we must rebuild the vigor of this industry. It must have more economic breathing room. It must drill more wells. It must create the ability to produce sufficient oil to satisfy any need at any time.

I submit it is late, but not too late.

The oil industry's domestic exploratory program last year moved at the slowest pace in a decade. The effort was more expensive, too, because the fewer wells were directed to greater depths with less success.

The statistical box score shows:

Total wells 10,992—lowest since 1950.

Producers 1,970—lowest since 1949.

Success rate 17.92 percent—lowest on record.

Total footage 54,442,127—lowest since 1951.

Average footage per well 4,952—highest on record.

The figures are being made public in the annual report of the American Association of Petroleum Geologists. The compilation is the work of a special committee headed by J. Ben Carsey, Houston consulting geologist, assisted by Marion S. Roberts, geologist with Humble Oil & Refining Co., Houston.

TRUE TO FORM

Most oil men were aware that selective drilling was the exploratory theme for 1961, but few actually realized how tight drilling was.

The 10,992 wildcats drilled during the year were 712 fewer than 1960 and the lowest since 1950 when the industry drilled only 10,306 tests.

But just as disturbing was the trend—1961 wildcatting marked the 5th straight year of declining drilling since the postwar peak of 16,173 wildcats in 1956.

This might not have been so serious if the success ratio had not hit the skids also. The 1,970 wildcats that discovered oil or gas last year were the lowest number of producers since 1949 when explorers turned up 1,830 producers. And 1961's success rate of 17.92 percent rivals the 18.3 percent rate of 1948 for the postwar low.

Total exploratory footage last year of 54,442,127 represented a decline of 1,388,509 feet from 1960 and was the lowest since 1951, when the industry drilled 49,343,694 feet of hole.

Average footage per well, however, is another story. The average of 4,952 feet was sharply deeper than the 1960 average of 4,770 feet and the 1959 average of 4,795 feet which was the previous alltime record depth average.

NEW FIELDS

Figures for new-field wildcats—those tests drilled on nonproducing structures—totaled 6,909 for the lowest effort since 1952. They represent a decline of 411 from the year before.

The new-field success rate showed a slight improvement over 1960. Of the 6,909 tests drilled, 745 were producers—a 10.78-percent rate. The year before, 7,320 tests were drilled, also with 745 producers, for a 10.18-percent success rate.

Average depth of the new-field wildcats also was greater. It was 5,125 feet compared with 4,904 feet in 1960 and the previous alltime high of 5,043 feet in 1959.

Statistics show that oil finders had to drill 3.88 feet of dry hole for each producer found in 1961 and had 4.58 dry holes for each successful well. The year before the figures were 3.54 feet of dry hole and 4.34 dry holes for each producer.

PROFIT PICTURE

The AAPG also made an interesting study of exploratory drilling in a 17-State area between 1945 and 1955 in an effort to determine profitably of drilling.

Of 56,593 new-field wildcats drilled during the period, only 1 out of 8.8 wells had some oil or gas. Only 1 out of 11.6 showed promise of being commercial. Of these, 1 out of 36.9 producers proved to be capable of containing reserves of more than a million barrels.

Even the producers often proved disappointing. Figures in the survey showed that of all wells starting as producers only 1 of 3.8 wells completed actually proved commercial.

Mr. Speaker, at this point I ask unanimous consent that the text of the bill we have introduced be made a part of my remarks and that I may have permission to revise and extend my remarks and to include a detailed and factual analysis of the bill and this problem involving imports.

The SPEAKER pro tempore (Mr. MILLS). Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

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

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

Mr. JENNINGS. Mr. Speaker, I commend my colleagues for their interest in this oil import problem and their sponsorship of legislation to help bring about improved future conditions.

I have introduced a bill similar to that mentioned by the gentleman from Oklahoma [Mr. STEED] and I hope it can become a part of the legislation pertaining to the extension of the Reciprocal Trade Agreements Act. It is vital to the future of the domestic coal and oil industries that such action be taken.

I represent the major coal-producing district of Virginia, and we have felt the effects of the unfair competition from residual oil imports. During my tenure in the House, I have constantly sought to bring about improvements in this situation—through many contacts with the executive branch regarding the oil import control program, through legislation, through committee appearances, and so forth. Last August, 16 of my colleagues joined me in a discussion of the need—for national security reasons—to retain the residual oil import controls. If you will refer to this discussion, as printed in the RECORD of August 16, 1961, you will find a clear-cut case for the adoption of the legislation we have introduced here today. But, if national security reasons are not sufficient, I suggest that anyone interested in learning more about the problems of our coalfields, which are of severe economic nature, visit in southwest Virginia, eastern Kentucky, or West Virginia. The loss of any further coal markets to residual oil would be unthinkable.

As I have previously pointed out, the Nation faces the sobering fact that if coal production is depressed any further, it is extremely doubtful that the industry could possibly expand production significantly or rapidly enough to meet emergency needs. We should remember

that it would fall to the coal industry not only to meet any emergency, but to also fill the gap that would be caused by the cutting off of foreign oil shipments.

I had the pleasure of appearing before the subcommittee headed by my distinguished colleague, the gentleman from Oklahoma [Mr. STEED], which made the detailed study of the oil import problem referred to in this discussion. My testimony was aimed at correcting information previously given to the subcommittee by the New England council. I mention this because these hearings are "must" reading to secure the overall and correct picture of this situation.

My concern that the entire east coast coal market might be lost to foreign oil imports was strongly expressed to the subcommittee. This concern is no less today. We simply cannot afford to have further reduction in coal production, if we are to maintain our industry in a state of readiness to meet any demands made upon it.

Mr. Speaker, a spokesman for coal recently appeared before the Ways and Means Committee regarding the trade bill. I quote from his statement:

> Under these circumstances, we believe that the national security and welfare require establishment of a stable program for foreign fuel imports based on the principle that such imports should supplement domestic supplies rather than supplant them. As previously indicated, the security amendment (sec. 232) was designed for the purpose of protecting the national security as it depends on domestic industry. However, experience clearly demonstrates that this is completely inadequate. Since this section, in similar form, is now a part of the trade expansion bill, we suggest that a permanent legislative formula be adopted as a part of the proposed act, under which foreign fuel imports would be related proportionately to a level of imports established on a historical basis (we suggest a 5-year average); and that provision be made whereby future increases in such imports be limited to a reasonable share of the total energy growth together with domestic fuel sources.

The objectives of the coal industry, and those of us concerned with our national security and the economic problems of the coalfields, would be met by the bill I have introduced today. The bill states, regarding residual oil:

> Imports (excluding supplies for vessels or aircraft) of residual fuel oil for use as fuel shall be limited for each annual period to an amount which together with domestic production will meet national requirements, provided that in determining national requirements the availability of domestic fuels shall be considered, and provided further that the import level established shall not exceed the average level of such imports during a prior representative base period as the President may select.

I would stress, Mr. Speaker, that the amendment we have proposed be for the life of any bill that is adopted on the trade program. This would insure stability and thus produce a favorable effect on the coal industry. It would tend to eliminate the "on again-off again" approach we have seen in the past.

The adoption of the amendment we have proposed is reasonable to expect. It is aimed at promoting the Nation's "general welfare, foreign policy, and security," quoting from the title of the bill. It then, has the same general objectives as the pending trade legislation. Those of us interested in seeing the Nation's trade opportunities grow and new markets obtained for our products, can rightly feel that we must have consideration for the problems that have been and are being created by the growing importation of oil and its derivatives, such as residual.

I join fully in the effort to bring about adoption of this bill and will promote its chances at every opportunity.

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

Mr. STEED. I yield to the gentleman from West Virginia.

Mr. MOORE. Mr. Speaker, I would like to ask the gentleman from Oklahoma a question with respect to some of the evidence which was developed in our hearings and that I believe adversely affect the oil producers of our country.

Was it not the gentleman's impression as the testimony was developed at our hearings that this very thing could possibly happen to our domestic oil producers in the United States; that is, they might find themselves in the not too distant future by reason of this vast network of pipelines being developed from Canada, coming into the United States, that would be combating foreign oil, foreign and domestic crude, right in their own backyards, and there is in reality an invasion of the midcontinent area by Canadian crudes which places itself in direct competition with Texas and Oklahoma crude and the vast oil refineries in the southwestern part of the United States.

Mr. STEED. The gentleman is entirely correct.

And, I might say that additional information that has come to our attention since the hearings tells the story of how this impact from the Canadian sources has become even heavier than our witnesses thought it would at the time we were listening to them, and it is getting constantly worse.

Mr. MOORE. Let me ask the gentleman this further question as the result of our hearings. Were you not rather amazed to hear testimony develop which indicated that in Petroleum District No. 1, which is the vast New England industrial complex, their energy boilers are now fired to the percentage of about 70 percent of their energy needs by foreign residual oil and that these boilers are now so constructed that if they were to lose that foreign residual oil, they could not convert back to either coal or any one of the energy sources that would be available in the United States?

Mr. STEED. That is absolutely true, and in such an instance they would be dependent completely upon the domestic supply of oil or they would have to shut down. And, if the New England complex ever loses its productive power, it would bring industrial disaster to the entire United States, because it dovetails in with our entire industrial complex. While this matter may seem to be primarily a problem to New England, I think that their dependence on foreign oil is a risk that they do not run by themselves. They compel the entire Nation to run that risk with them.

Mr. MOORE. In the event we would have an accumulation of factors similar to that which existed during World War II, is it not reasonable to assume that the United States would lose this vast industrial complex, as contributing to the overall defense effort of the United States as the direct result of their overreliance on foreign residual oil?

Mr. STEED. I think the evidence was so clear that nobody could dispute it.

Mr. MOORE. Mr. Speaker, will the gentleman yield further?

Mr. STEED. I yield.

Mr. MOORE. I should like very much to be brief. The gentleman from Oklahoma has very well described the work of our subcommittee. I think the thing that we really want to emphasize here is that ours was an open hearing. Invitations were sent out to all of those that might be affected by that which would be taken into consideration during the hearings. We did accumulate a vast amount of information, and I believe both the gentleman from Oklahoma and myself, it is fair to say, received a rather modest education on this particular problem. It is really a known fact for those of us that represent coal-producing States that our problem today is more difficult than it has been over a long period of years. We were beset with unstable market conditions which are directly attributable to the great extent of dumping of foreign residual oil and natural gas sold under various sorts of contracts into the United States.

Dumping is resorted to in a number of instances. I might say, as the gentleman speaks of his concern, and of the area that he represents, the oil producing area of the United States, that my observation, coming from the coal producing States, is this—I want this one thing perfectly clear—the coal industry and its workers do not expect or ask that all imports of foreign oil should be prohibited. It realizes that there are certain amounts of imports that become necessary because the great volume of such imports in recent years has encouraged many users to convert to burning equipment which can no longer utilize any other fuel. However, the coal industry believes that a reasonable limit should be placed in this legislation.

Mr. Speaker, my colleague the gentleman from Oklahoma [Mr. STEED], always an uncompromising fighter for a prosperous domestic oil industry, and I today are introducing an amendment to the Tariff Act of 1930, as amended, "to promote the general welfare, foreign policy, and security of the United States" and we hope that every Member of this House will join us in supporting this bill, or in sponsoring similar bills.

Coal, oil, and gas all are available and important to the people of West Virginia's First District, which it has been my privilege to represent in the 85th, 86th, and the 87th Congresses, so that

it may be said in truth that I am well acquainted with the problems of the domestic fuels industry, and the best interests of all segments of the vital industry are close to my heart.

The gentleman from Oklahoma, as chairman, and I as ranking minority member of the House Small Business Subcommittee which held extensive hearings on residual and crude oil imports last fall, heard many expert witnesses, and have given considerable thought to the substance of the Steed-Moore amendment which we are both sponsoring today.

The matter of domestic fuels production and the prosperity, profits, and growth of the industry are of vital importance to everyone in the Nation. In complete agreement and in the spirit of bipartisanship and deeply concerned with the national interests, the gentleman from Oklahoma and I believe that our bills go to the heart of the security of this Nation.

Regardless of Common Market considerations, the benefits of international trade and, indeed, the essentiality of trade among nations which we all recognize, no device has yet been brought forth to put aside, lightly, the interests of a nation in the preservation of its national security. In this instance, the United States must, above all else, be able to deal on a global basis as a Nation with a strong economy, tremendous productivity, and without doubts and fears that anyone in another nation by political coup, the issuance of a proclamation, or the denial of a treaty can cut off our life's blood which is truly that of our fuels supply which produces the energy upon which our entire productive economy depends, and from which our wonderfully high standard of living is derived.

Therefore, it is not a partisan effort in which I am participating; it is one which must have the approval of both of our great political parties and of all Members of the Congress. This effort motivates, and is expressed in the bill, which seeks to establish a means whereby the domestic fuels industry can thrive and grow, and provide the necessary fuels, without interruption, for the support of our Nation.

During the past 15 or 16 years, the United States has changed from an exporting country, with respect to petroleum products, to a major importing country. Coal is our only fuel sold to any extent in international trade. Our domestic fuels industries are efficient, capable, and dedicated to supplying the Nation's needs if safeguarded ever so slightly from the onrush of a worldwide flood of petroleum, mainly in the control of countries far distant from our shores—a perilous distance, I may say—should an emergency situation ever again arise.

In bringing about the high standard of living which has long been maintained in the United States, we are not generally a "cheap" producer of products. For many years, we have enjoyed a tremendous advantage of mechanization, and widespread use of ingenious machines of all kinds in our production complex. Today, after many years of foreign aid which we have generously bestowed on a large scale, we find that many countries have attained the same standard of efficiency which we have, but with a lower standard of living to maintain, thereby confronting us with a differential which must be frankly recognized if we are to support and encourage the development of a strong domestic fuels industry.

The tremendous investments required to build new coal mines, and maintain an adequate transportation system demand that Congress grant not only the coal industry, but also the oil and gas industries, some recognition of their problems, and establish a long-term stability of relationship between domestic and imported fuels. Congress needs to act now so these industries can develop the facilities necessary to insure our Nation of an adequate fuel supply at all times.

Congressional action is desperately needed because fluctuations are inherent in the type of voluntary and mandatory control programs which the domestic fuels industry has been obliged to live with in recent years, and it is now imperative to establish a stable relationship among the fuels.

We have seen increases of foreign fuels compounded upon increases, and it is high time that this situation should be corrected. There is no alternative except for Congress to spell out exactly what it deems to be in the best interests of our national security and what it wishes to take place.

Everyone is aware of the devastation which has taken place in coal areas in many States across our country and of the hardships suffered by the coal industry as a result of the flood of cheap residual oil deluging a great industrial area on the eastern seaboard.

The basic unsettling characteristic of the present mandatory quota program is that it is subject to revision or abandonment by the executive branch of the Government at any time.

The coal and allied industries—management, owners, workers—have no way of knowing from year to year how extensive residual oil imports will be. They do not even know that the quota system will be maintained more than 1 year, if that long. The annual review provides the possibility of a change at any time and subjects the coal industry to the prospects of disaster at least once every 12 months. No other American industry must undergo such risks.

The situation makes it impossible for the coal industry to plan for the future. It does not know what cutrate competition it will have. Consequently, it cannot plan for the large investments required by the replacement of existing mines as they are depleted. The very real possibility of greatly increased residual imports, which will undercut coal and take away additional sizable markets is an impediment to capital expenditures. And yet, these expenditures must be made if the coal industry, as an essential part of the American economy, is to survive. The average life of a coal mine is about 20 years. This means that just to remain even, the industry has to spend at least $5 billion in the next two decades. To expand to meet the anticipated fuel requirements of the next 20 years—to say nothing of capacity to meet any national emergency demands—would require additional billions.

Profits in today's coal industry—beset by unstable market conditions attributable to a great extent to dumped foreign residual oil and natural gas sold under interruptible contracts—just does not provide that kind of money.

The coal industry does not expect, or ask, that all imports of foreign oil should be prohibited. It realizes that a certain amount of imports have become necessary because the great volume of cheap imports in recent years has encouraged many users to convert to burning equipment which can utilize no other fuel. However, it believes that a reasonable limit, which recognizes the needs of domestic industries which have become reliant on it and the foreign nations which produce it, should be established without ignoring the welfare of the coal industry or without disregarding the national security implications of a sound domestic fuels complex.

The coal industry must have long-term assurance of a stable market so it can commit the capital funds necessary to maintain capacity and insure proper expansion. This requires—

First. A residual oil import control program established on a long-term basis of at least 5 years.

Second. Import quotas limited to those of a fair base period, such as the average annual rate of imports during the last 5 years, or a representative year to be selected by the appropriate governmental agency.

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

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

Mr. BURLESON. Mr. Speaker, I compliment the gentleman from Oklahoma and the gentleman from West Virginia in taking the initiative in this matter at this time. Both of you have performed an excellent service, in bringing this issue before us at this appropriate time

Mr. Speaker, this matter of excessive oil imports is an issue of long standing. I think I am justified in pointing with pride to the fact that on October 18, 1949, I introduced the first bill embodying the general principles of the measure a number of us are introducing today.

Subsequent to the introduction of the measure in 1949, in the 82d Congress, I introduced another measure in 1950 in which was included the element of domestic consumption of petroleum products to justify limitation of imports.

I think, however, it is more understandable and more simple to relate imports to domestic production, the data on which can be definitely established.

Even back 13 years ago it was obvious that a problem existed, and as obvious that the problem would grow. No one can successfully argue that it has not grown and that it has long since reached proportions untenable from the standpoint of the domestic oil producer. The domestic oil-producing industry is in a seriously depressed condition. The rec-

ord shows the decline in the number of exploratory wells. While our general economy is advancing at an unprecedented rate, the domestic oil production has been static for about 6 years. Inevitably it will decline more rapidly in the future than it has in the past, unless action which we propose here today is adopted by the Congress and becomes the policy of our Government.

The proposal which we make here today should be a part of H.R. 9900, and I trust the Ways and Means Committee of this House of Representatives will make it a part of that bill.

Mr. Speaker, many of our colleagues in this body have brought forcefully to our attention the plight of several other domestic industries by reason of excessive imports which affect them. I have joined in some of the efforts to protect our domestic industries, with the deep conviction it was wholly justified. We did so because industries such as textiles and others were in serious circumstances. We did so on the basis of protecting the investments of American citizens in free enterprise undertakings.

We are well aware of the difficulties confronting the coal industry as related to oil imports. The coal people have able representatives to speak for them and it is not necessary I comment further, but I would remind you that several expensive schemes are proposed for the relief of people caught in these circumstances They call for expenditures of Federal funds and for Federal controls which would not be required if proper action was taken to cure the cause of unemployment in the coal industry.

In this instance, of course, this is an important part of our argument, but in addition there is the further tremendously important proposition of it being in the interest of our national defense. Either of these major reasons would be adequate argument to limit foreign oil imports. I have become weary of hearing arguments to the effect that we must give priority consideration to the interest of those nations from which major imports come. I am not impervious to this consideration, but not to the extent that it impairs the welfare of our own citizens and impairs our national defense posture.

Mr. Speaker, I probably represent as many independent oil operators as any Member of Congress. It is not necessary to turn to paper statistics to see the results of declining operations. In my area, the fact that oil rigs are stacked on storage lots is evidence to anyone that a serious situation exists.

Another important and vital consideration is education in petroleum.

One of the greatest bulwarks of American industry and free enterprise has, through the years, been education, skills, and know-how.

In objectively viewing the sorry state of the domestic petroleum industry, no one factor is more alarming or indicative than the reduction in numbers of those receiving formal education in petroleum engineering. As the outlook for the future of the industry has grown darker with each recent year, there has been a parallel decline in freshmen enrolling in petroleum engineering classes.

The bare facts set the stage. At the University of Texas, as an example, freshmen enrolling in petroleum engineering have dropped, during recent years, from a norm of 130 to less than 15 in the current semester. The number of students in geology are dropping off as rapidly.

In the areas of skilled workers, drilling crews are searching for employment in other business as rigs are stacked.

Highly trained geophysical workers are in a similar position with this activity down in all areas of the Nation as well as Texas.

For the industry that found birth in this country, that developed the technology and know-how and tools that have spread the world over, to be now so technically enfeebled is unthinkable. But it is what has happened.

Still another vital consideration is that of proved reserves.

There is a definite sequence to adding to the Nation's stockpile of proved crude oil reserves.

The first step is to undertake initial exploratory work by seismograph or other means.

Structures so located and considered favorable are then tested with exploratory wells.

The successful ventures result in new field discoveries which are then developed with additional drilling of the new reserve.

The money to finance these steps in the total operation is gained primarily from the sale of production.

However, when total Texas crude and condensate production has declined from 1,108 million barrels in 1956 to only 940 million barrels in 1961, the money for these operational steps toward added reserves are not available.

As another measure of this activity of the industry, allowable producing days per year have declined from 190 days in 1956 to only 101 in 1961, or to an average of only 8.4 days per month.

These adverse conditions express themselves in exploration, "wildcat" drilling, development drilling, and in the final analysis, in the reserves of oil for national security.

In the State of Texas we are witnessing progressive but certain deterioration of a great industry—one that serves the State and the Nation, and one acknowledged as essential to the security of 180 million American citizens.

We hope, Mr. Speaker, that we may have the interest of our colleagues in this vitally important matter, and hence, our efforts here today in order that we may present factual data supporting our position that the measure to which we refer may become a part of the reciprocal trade bill, which we shall soon consider.

Mr. MOORE. Mr. Speaker, if the gentleman will yield further, I ask unanimous consent that the gentleman from Wyoming [Mr. HARRISON] be permitted to revise and extend his remarks following my own remarks.

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

There was no objection.

Mr. HARRISON of Wyoming. Mr. Speaker, I wish to commend and congratulate the distinguished gentleman from West Virginia [Mr. MOORE] and the gentleman from Oklahoma [Mr. STEED] on the introduction of their bills to amend the Tariff Act of 1930, as amended.

It is with extreme pleasure that I introduce similar legislation at this time.

There can be no question, Mr. Speaker, but that the domestic fuels industries are vital to the strength and security of our Nation. Yet these industries are being severely damaged by excessive imports of crude and residual oil imports. As I stated recently in a booklet published under the auspices of the National Coal Policy Conference, Inc.:

> The importance of domestic fuels to this country of ours cannot be underestimated. The financial, as well as the military, strength of the United States is the result of the wise use of these natural resources. We must conserve these valuable resources so that we will not be dependent on other countries in time of need.

I am sure I will be joined in my statement by many Members of Congress.

I sincerely hope, Mr. Speaker, that all of those who have spoken out in the past for reasonable oil import controls, as well as many others, will support this amendment.

The importance of our domestic fuels can be judged by the fact that significant quantities of coal, oil, and natural gas are present in at least 40 of our sovereign States, and contribute substantially to their economic well-being.

Wyoming is blessed with substantial quantities of both coal and oil, although it is not listed among the major producing States of either fuel. Although our production of coal amounted to only approximately 2 million tons last year, we have reserves of more than 120 million tons to supply the energy needs of our country.

Recent forecasts indicate that there will be tremendous increases in the demand for energy fuels in the Mountain States and on the west coast in the 1960's and 1970's, and States such as Wyoming, which have large, untapped resources of fuels, must be in a position to expand their production to meet the demand. The domestic industries can do so only if they are provided with a fair share of the market today.

I believe that the gentlemen from West Virginia and Oklahoma are performing a genuine service in introducing a bill which would relate foreign oil imports to domestic production, providing the stability which our domestic fuels need in order to make their proper contribution to the growth in our national economy, and to our national security.

Mr. MOORE. Mr. Speaker, if the gentleman will yield further, I ask unanimous consent that the gentleman from Kansas [Mr. SHRIVER] be permitted to extend his remarks along with others making statements in support of the Steed-Moore bill in respect to oil imports.

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

There was no objection.

Mr. SHRIVER. Mr. Speaker, I have today joined with other Members of the House of Representatives in introducing legislation which is designed to correct the continuing threat of excessive oil imports. My study of the effects of imports upon our domestic petroleum industry, and continuing discussions with knowledgeable leaders of the industry and of this legislative body, have revealed the need for such legislative action.

It is essential to the well-being and safety of the Nation that its sources of energy be strong and healthy, with an assured future based on an increasing demand for its products.

Seventy percent of the energy needs of the Nation are met by the petroleum industry. In ordinary circumstances, given a rising American economy and increasing standard of living, the petroleum industry would seem assured of a glowing future.

However, there is a world surplus of oil. Many new and major sources of oil have been developed since World War II. These have been primarily in low productive cost areas. Similarly, a surplus of tankers has contributed, combined with the market pressure of the new sources, to depress the world price of crude oil.

It is only natural that the greatest market for petroleum and its products, the United States, would be sought with deadly aim. The result has been a flood of oil from the Middle East, Latin America, and nearby continental sources.

Initially relief was sought through voluntary controls. This system was at the point of collapse when the mandatory program was initiated. American companies were attracted to investment overseas to hedge against increasing costs at home. Once they were in production they sought their share of the home market.

This, then, has become the situation. Costs of drilling, oil field goods, labor, development, refining and marketing costs are rising in America. An ever increasing flood of low-cost oil is pressing for a market in a consumers market which in recent years has reached maturity and a period of much slower growth. The volume of imports is such as to depress the market price even though domestic costs justify fully present sales prices.

The effects upon the American oil industry have been drastic. Maintenance of a healthy volume of reserves depends upon a steady supply of new capital, wildcatting for new sources, and considerable developmental costs. All have sagged since the flow of imports has appeared in the American markets.

Dependence upon foreign sources of oil is fatal to the national interest and security. Foreign supplies could be cut off instantly on the whim of the producers, or by positive action by an aggressor nation, or by any of a variety of political actions, such as closing the Suez Canal.

Additionally, it is foolish to believe that once foreign oil had captured the American market from a weak and dormant American oil industry prices would remain low. A monopoly or controlled market is a high-priced market.

The oil industry of Kansas is representative of the problems faced today, particularly by midland producers who customarily market their products in peripheral areas such as in the States bordering the Great Lakes and the Atlantic seaboard. Kansas historically has been the fifth largest oil-producing State in the United States, and in the year 1960 was the sixth largest oil-producing State.

The cost of discovering and producing a barrel of oil in Kansas has been found to be over $3 which is the prevailing market price in a market depressed by the impact of oil imports.

The Kansas oil industry cannot long be expected to invest capital which is needed to maintain or improve its oil reserves when the sale price of its product does not equal its cost.

The day of the wildcatter, typically the rugged individualist, independent, and indispensable to the oil industry, is numbered.

The Kansas oil industry as it exists today, with steadily increasing imports, is suffering grievous attrition. Market after market, served for years, is being lost. These losses are primarily in the Great Lakes area which is open without restriction to Canadian oil imports.

Make no mistake about it, unless imports are not only not allowed to increase, but are actually cut, Kansas oil, especially the independents, who do not have the resources of the major companies, are in for serious trouble.

While the loss of a market for 7,000 barrels per day may not be serious to one of the mammoth corporations, it can be nearly fatal to the small independent operator. Such an event has actually been recorded in the case of one small Kansas producer.

The oil industry has long been one peculiarly in need of fresh capital for prospecting, drilling, and development, with returns far from sure. The present situation is drying up capital sources. The future of the Kansas oil industry is inextricably tied to a strengthening of limitations on oil imports.

The U.S. oil industry is capable of producing all of the oil desired by consumers even in a growing market, if it is permitted to remain healthy. In order to remain in such a condition depleted reserves must be replaced. In order to replace depleted reserves it is necessary, at many times, to wander far afield, to take chances. This is historically the role of the wildcatter, the independent.

However, today's prospects of regaining investment in exploration and development are dim indeed. Capital is hesitant to enter a market of surplus, where the prospects of recovering cost are so dim due to the market conditions caused by competition of low-cost oil imports.

The results of this are that drilling activity and developmental procedures are lagging. Many are thrown out of work. Pipelines slow down their flow of fluids, refineries curtail their activities in midland areas, throwing more people out of work. We note that even college enrollments in petroleum geology have declined.

Thus we have an industry beginning to wither on the vine, so to speak, which is capable under normal conditions of completely serving the American market.

In periods of emergency, when the need is greatest, dependence must be placed necessarily on domestic sources of supply. How can this be done with a starved industry?

With State conservation agencies rigorously controlling production by cutting allowables to the bone it is inevitable that much oil economically recoverable will be lost forever. This is particularly true of secondary recovery projects.

Should the imports of crude oil and petroleum products, excluding residual fuel, be reduced to and stabilized at 14 percent of domestic crude production, as has been suggested as an equitable solution, it would reduce the present rate of imports by about 250,000 barrels per day. This in turn would trim by some $210 million the adverse trade balance. An adverse trade balance or an excess of imports over exports means a drain on the Nation's gold reserve because that excess of imports must be paid for.

The drain of gold reserves has already reached alarming proportions, it is affecting the value of the dollar on the international market and contributes to inflation.

In 1961 there was a net imbalance of international trade in petroleum, its products, casing and line pipe, and oilfield equipment which reached a total of about $1.5 billion. Considering only petroleum and petroleum products the deficit in 1961 was about $1.2 billion or nearly one-half of the total national deficit which was approximately $2.5 billion on total balance. Military purchases of oil overseas amounted to an additional $300 million. This is dangerous to the national security.

There has been a marked decrease in the vigor, growth pattern, and competitive structure of the American oil and gas industry. This is dangerous to the future economic progress and improved standards of living. An industry which supplies 73 percent of the total energy for the national economy, as it did in 1960, must be healthy, vigorous, and growing; and its growth should not be inhibited by the deadly competition of oil imports, no matter how low the monetary cost might be. There are other factors which are more important.

Theoreticians say that in a world free of aggression, where competitive forces were such as to serve to protect the public interest of all, the lowest cost sources of supply should be utilized. The present case is not so simple. The world, to begin with, is not free of aggression and the potential threat of aggression. The world is divided into the East, the West, and the neutrals. In such a situation the nations of the West must maintain themselves at the ready in order to be prepared for any contingency.

America cannot afford to let one of its most vital industries wither by default, for want of vigorous action. Oil imports must be controlled so as to permit the domestic industry to have its fair share of the domestic market, replace its depleted reserves, maintain an efficient distributive system and a strong financial structure. Only then can America retain its position of world leadership and prosperity in peace as well as a posture of strength to meet any military situation.

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

Mr. STEED. I yield to the gentleman from Oklahoma.

Mr. JARMAN. Mr. Speaker, I am in complete accord with my colleague from Oklahoma in the remarks he is making on the need to correct the continuing threat of excessive oil imports. He has taken a strong lead on this subject in the Congress and I welcome this opportunity to pay him a well-deserved tribute.

I believe the Steed proposal will provide a much-needed incentive to develop the oil and gas reserves necessary to provide for the national security of our Nation. It is with that belief that I have introduced a companion bill to that of the gentleman from Oklahoma. It is my sincere hope that this proposal will be incorporated as an amendment to H.R. 9900, the trade bill now before the Ways and Means Committee.

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

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

Mr. THORNBERRY. Mr. Speaker, I want to congratulate the gentleman from Oklahoma [Mr. STEED] for the work he has done in this area, and for his presentation to the House of Representatives today. As the gentleman knows, in our State the income to our State depends a great deal upon the well-being of the oil industry. I have been very interested in what the gentleman has had to say today.

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

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

Mr. BREEDING. I want to compliment the gentleman from Oklahoma [Mr. STEED] for the introduction of this bill, and say that most of the independent dealers in my area in the State of Kansas are highly interested in this legislation. Therefore, for that reason I have also introduced a companion bill today in connection with the introduction of the bill by the gentleman from Oklahoma.

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

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

Mr. KILGORE. Mr. Speaker, I rise to congratulate my distinguished colleague, the gentleman from Oklahoma [Mr. STEED], for the outstanding work he has done in connection with the hearings which he held last year, and for the fine legislation that has resulted from those hearings. I congratulate the gentleman further for the presentation he has made in the House of Representatives today.

Mr. Speaker, I would like to associate myself with the remarks of the gentleman from Oklahoma and say that I have introduced the same legislation as he introduced today, and hope to work with him toward its inclusion in the trade bill.

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

Mr. STEED. I yield to the gentleman from North Dakota.

Mr. SHORT. Mr. Speaker, I am glad to join with a number of my colleagues today in introducing legislation which would provide for a limitation on imports of petroleum and petroleum products in order to protect the security of the United States—the stability of our domestic petroleum industry and the orderly development of additional domestic reserves.

The story of the importation of petroleum and petroleum products is a long and complicated one. In order that the Members of the House may have the benefit of a carefully prepared commentary on this subject, Mr. Speaker, I ask unanimous consent to insert immediately following my remarks an excerpt from a statement made before the Ways and Means Committee on March 22, 1962, by Mr. Harold Decker, president of the Independent Petroleum Association of America.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from North Dakota?

There was no objection.

The matter referred to follows:

STATEMENT BY MR. DECKER

I would like to invite your attention to our foreign trade balance in petroleum in relation to the total deficit in the U.S. balance of international payments. During the past 7 years the excess of oil imports over oil exports shows an average deficit of $829 million per year. The total deficit in our balance of payments has averaged $2.2 billion annually during this same period. Therefore, the adverse balance of trade in petroleum represents 38 percent of the overall U.S. balance of payment deficit during the past 7 years. Last year alone, the excess of petroleum imports over exports amounted to $1.2 billion or approximately one-half of the Nation's $2.4 billion deficit in international payments.

For the period 1956–60, petroleum was the principal item in U.S. import trade, averaging $1,503 million per year or 11 percent of the total value of all imports. The value of U.S. petroleum imports has quadrupled since 1947–49 whereas the value of all other commodity imports has doubled. This is an anomalous situation since about 30 percent of our oil producing capacity, or 3 million barrels per day, is shut-in and idle. It seems clear that the domestic petroleum industry has contributed more than its fair share to expanding foreign trade.

From the security standpoint, the vital importance of adequate and readily available domestic supplies of petroleum for peace or war—and perhaps most important, as a deterrent to war—has been recognized by both the Congress and the executive branch of Government as requiring special consideration in foreign trade policies. Under the national security provisions of the Trade Agreements Extension Act of 1958, oil imports have been limited by the Government since March 1959, thereby setting aside petroleum imports from other commodities in U.S. foreign trade.

The need and justification for an effective Government program of limiting oil imports to assure adequate domestic supplies is apparent when we recall how oil imports were cut off during World War II, when 6 of the 7 billion barrels needed to meet the requirements of the United States and our allies came from U.S. sources. More recently, during the Suez crisis, it was U.S. oil that overcame shortages in Western Europe and averted the threat of World War III.

With the world in a state of tension, Soviet oil production is being expanded greatly to strengthen Russia internally and to increase oil exports as a prime weapon in the Russian economic offensive. It would be foolhardy in the extreme for the United States to pursue policies that would weaken our security position as to petroleum supplies.

In short, we cannot afford the risks involved in becoming increasingly dependent on foreign sources of oil.

From the standpoint of economic growth, petroleum (oil and natural gas) supplies three-fourths of total U.S. energy needs. Energy is the indispensable ingredient of higher standards of living, and national income in the United States has paralleled the growth in energy consumption. In addition to its role in supplying energy for the consuming public, petroleum is the principal mineral produced in the United States, exceeding the combined value of all other mineral production including coal, iron ore, aluminum, uranium, gold and silver. Petroleum producing activities provide the economic lifeblood for thousands of communities in 33 states.

Increasing oil imports, resulting from a substantial and increasing world surplus of oil, pose a grave threat to the domestic producing industry. Imports of crude oil and oil products (excluding residual fuel oil) increased from 255,000 barrels daily in 1946 to 991,000 barrels per day in 1956. From 1956 to 1961, these imports increased to 1,245,000 barrels daily, despite the voluntary controls imposed in 1957 and the mandatory controls established in 1959. The ratio of these imports to U.S. crude oil production rose from 5.4 percent in 1946 to 13.9 percent in 1956 and increased further to 17.3 percent in 1961.

Petroleum imports, therefore, have continued to increase both in total and in relationship to U.S. production. In contrast, U.S. production of crude oil has shown practically no change since 1956 and there has been a marked decline in the vigor and health of the domestic industry.

1. Geophysical and core drilling crews active in exploration in 1961 were 30 percent below 1956.

2. Wells drilled in 1961 were 19 percent below 1956. Exploratory drilling dropped 30 percent in this period.

3. Rotary rigs active in 1961 were 33 percent below 1956.

4. Employment in the production of oil and gas was 9 percent below 1956.

5. The price of domestic crude oil in 1961 was 21 cents a barrel below 1957, in the face of steadily increasing costs.

6. The rate of return on invested capital for the petroleum industry is below all manufacturing companies.

7. During the last 5 years there has been an unhealthy trend toward sellouts and mergers in the producing segment of the domestic oil industry.

Deteriorating conditions in the domestic petroleum industry and continuing increases in oil imports brought about a series of Government actions as to oil import policies, culminating in the establishment of the so-called mandatory oil imports program on March 10, 1959. This program of limiting U.S. oil imports has been in effect since

March 1959. These 3 years afford ample experience by which to evaluate the program's effectiveness in attaining its stated goal of maintaining a vigorous domestic oil industry.

The facts show that there is a clear need, in the interest of national security to strengthen the mandatory oil import program. There is a need for a substantial reduction in the level of oil imports. Of fundamental importance, there is a need for a stable and assured balance between imports and domestic production established by law. The necessary long-range investments required to find and develop adequate petroleum supplies require the assurance of a lasting national policy as to oil imports. That assurance is lacking today. Uncertainty prevails and the industry's future is thereby threatened. While the mandatory oil import program has been helpful, experience has demonstrated that the program has not accomplished its security objectives.

Mr. SHORT. Mr. Speaker, I thank the gentleman for yielding.

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

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

Mr. WRIGHT. Mr. Speaker, I rise in support of this bill and to congratulate the gentleman from Oklahoma for his intelligent interest in this matter. I have today introduced a companion measure.

So far as the economy of the southwestern part of the United States is concerned, this is not just an ordinary bill. It is a prescription to cure the insidious economic illness which for 10 years now has been sapping the strength of our domestic oil industry.

There can be no doubt that the oil industry is ailing. It is in dire straits because it has been denied the markets essential to its health and growth.

As to the reasons for this ailment, you have to look no further than statistics on the volume of foreign oil imports. In 1947, this country was importing approximately 410,000 barrels a day. Today the import level is about 1,900,000 barrels a day—an increase of more than 460 percent.

As the level of imports has climbed upward, it has gobbled up an ever-increasing percentage of the domestic market, and U.S. oil production has sharply declined.

Who imports this foreign oil? Well, practically all of it is imported by 31 big companies—31 big companies that have been growing at the expense of the 15,000 independent producers in the United States.

These 31 huge importers enjoy a competitive economic advantage of about $1 a barrel because of lower production costs on foreign oil, and because of Government subsidies applied to foreign investments.

These major companies can use this profit advantage in turn to advance their own competitive position in the domestic industry. The result is that the small independent producer is being squeezed out. Thus the increasing import level has intensified the stranglehold of monopoly.

Many of these small independents have, in fact, found themselves driven to the wall. In my own State of Texas, for example, producers are supplying 470,000 barrels a day less than they were in 1956.

Production allowables have been trimmed to the point that Texas wells are being allowed to produce for only 8 days out of every month. Any business limited to such a narrow base of operation would be a sick business. But that is not the worst of it.

Our oil reserves have been jeopardized, too. Historically, it has been the small, independent producer who has done most of the exploring for new oil fields. Today such exploratory activities have dwindled drastically.

In one 19-county area of west Texas, for example, there were 275 rotary drilling rigs operating 2 years ago. Today there are only 40.

The sickness besetting our oil industry affects our defense posture as well. Foreign oil sources would be vulnerable, of course, in case of war. Look at the Middle East. Russia is probably capable of seizing this area almost at will. Therefore we dare not develop any basic reliance on Middle Eastern oil.

This means that if the United States is to be assured a continuing supply of petroleum in emergency, exploration and drilling must continue at a pace sufficient to keep the oil industry alive and healthy and active in the United States first, and then in the neighboring nations of the Western Hemisphere.

For these reasons, Mr. Speaker, I am proud to join in sponsorship of this bill.

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

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

Mr. SHIPLEY. Under the gentleman's bill, is the President given the power to set the quantity limitation on imports of crude and byproducts based on a past period? Is that how it operates?

Mr. STEED. Yes. Under present circumstances when the President finds that the importation of an article impairs or threatens national security, he invokes quotas. If our amendment is adopted he would have to select a base year and the ratio of the division of the market from that point forward would be in the same ratio as it was in the base year that the President selected. In other words, since we have imports of oil under the national security clause already, if he saw fit he could freeze it where it is today.

Since the figure of 26 percent has been used here, if that happened 5 years from now the division of the market would still be 26 percent. The amount of it might change but the percentage would remain fixed.

Mr. SHIPLEY. Also, in case of national emergency, he can increase this quota? Is this true?

Mr. STEED. Yes. The amendment has sort of an escape clause in that under certain emergency conditions the President can adjust the program to meet whatever the national interest would call for.

I think it is important for me to emphasize right here that even with the adoption of paragraph F of this amendment, until and unless the President of his own initiative has found that the national security is in danger, there would be no program at all and none of this section would apply. I want to emphasize over and over again that what we propose here today would be largely a limitation on what is already law. It would have nothing to do with the vast power the President already has under this program itself, the fixing of an exact ratio once he decided that it should be fixed.

Mr. SHIPLEY. I appreciate very much the effort on the part of the gentleman from Oklahoma in bringing this to the attention of the Congress.

To help protect the welfare and security and economic growth of the United States, I enthusiastically cosponsor the bill to regulate petroleum imports recommended by the House Committee on Small Business which recently held extensive hearings. Excessive petroleum imports have killed outright many small domestic coal and petroleum producers, thrown thousands of employees, many with families, out of work and on to taxpayer-supported relief, created sorry pockets of economic distress, and stifled the growth of the domestic coal and oil industries.

Crude oil production in the United States has increased only 17 percent in the past 10 years. Production in 1951 was 2.25 billion barrels as compared with 2.62 billion barrels in 1961. In sharp contrast, Russia has doubled its crude oil production in the last 6 years. In that same time period production by the free world outside the United States has increased 50 percent, whereas the U.S. share of world oil production in the last decade dropped drastically, from 51 percent to but 34 percent.

From 1954 to 1961 our imports of all petroleum and petroleum products increased 78 percent, from 388 million barrels to 689 million barrels. In the same period, imports of crude oil alone rose 58 percent, from 242 million barrels to 382 million barrels; imports of residual fuel oil rose 82 percent, from 129 million barrels to 235 million barrels, and imports of other petroleum products rose 341 percent, from 16.5 million barrels to 72.8 million barrels. Imports from Canada and Mexico which are now exempt from controls should be included in future import controls. Imports from Mexico have been decreasing, but imports from Canada have increased considerably.

The tremendous increase in imports of oil and its production depressed or repressed the petroleum and coal industries in the United States. This has been the case even under the mandatory import quotas on petroleum and its products put into effect in 1959. Production has been nearly static; employment has declined; new oil wells drilled annually dropped 29 percent as between 1955 and 1960; and average prices of domestic crude oil at wells dropped 13 cents per barrel from 1958 to 1960. Indeed, oil production in Texas has averaged only about 8 days per month in recent years.

I urge your support of this bill because it is high time that we set a limit on imports of oil and its products. We must

give our domestic industries a fair chance to thrive.

This bill would give the President power to set quantitative limits on imports from all sources of crude oil and its derivatives based on levels of a prior based period, and, in national emergencies, he could allow reasonably increased imports over those limits. In regulating imports, due regard would be given to elimination of competitive inequities, maintenance of a competitive domestic industry, prevention of monopolistic practices, and encouragement of small business. The availability of competing or substitute domestic products would also be considered.

This legislation is badly needed. The bill is a just and fair one which deserves our support.

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

Mr. STEED. I yield to the gentleman from Oklahoma.

Mr. EDMONDSON. I do not know of a Member of this House who has made a greater contribution in calling to the attention of the membership of this body and the entire Nation, for that matter, the significant importance of a healthy domestic oil industry to the best interests of the United States. I think the gentleman has consistently fought for the idea that unless we do have a strong and a vital domestic production we are in dangerous waters in any time of war or in any time of international distress. I have heard him make remarks many times in groups of Members of this body that the most dangerous thing that could happen to the United States from the standpoint of military security would be to get in a position in which we had to rely on foreign sources of supply for petroleum products. The arguments in support of the gentleman's position on the subject of safeguards for our domestic industry have been convincingly advanced by my distinguished colleague from Oklahoma, who is chairman of our Oklahoma delegation in the Congress of the United States. I do not know much that could be added from this angle on that subject. Every member of our delegation shows the deep concern already expressed by the gentleman who is in the well of the House as to what is happening to the oil industry of Oklahoma.

The decline in exploratory wells of about 39 percent since 1956 and the decline in the total of all wells drilled of about 27 percent since 1956 are two indications of the very serious trend that has continued for a number of years in this industry.

I am equally concerned about what the employment figures show in our State in the field of the crude and natural gas production industry. Just a few years ago, in 1956, in fact, we had 48,692 people working in this industry in Oklahoma. The preliminary figures for 1961 indicate that has fallen to 41,817, down nearly 7,000 from the level of employment just a very few years ago in this most vital industry.

Needless to say, the entire economy of our State is suffering as the result not only of this loss of income for the industry and of reduced production, which is at the lowest level it has been in 10 years, but also in the loss of jobs, in the loss of economic security for thousands of American working men and women.

I thank the gentleman, who performed a great service not only to our State but to the Nation by leading this fight to see that we have in our basic legislation adequate safeguards for a strong domestic oil industry.

I thank the gentleman for yielding to me.

Mr. STEED. I thank the gentleman.

Mr. RYAN of New York. Mr. Speaker, will the gentleman yield?

Mr. STEED. I am happy to yield to the gentleman.

Mr. RYAN of New York. I was interested in the gentleman's observations about the finding and drilling of oil wells. I wonder if this means it is no longer necessary to have the oil depletion allowances?

Mr. STEED. I might say to the gentleman, in my opinion, the only reason we have any drilling at all going on right now is because the depletion allowance gives a little crutch to the industry. If you take that away, we would have disaster in the industry tomorrow, and not in 2 or 3 years. Without that one incentive, the industry would already have reached the point of disaster. There just is not enough incentive left. I certainly hope that we do not contemplate making an already dangerous and complicated situation worse by adding to it unnecessarily by tampering with the depletion allowance.

Mr. ROGERS of Texas. Mr. Speaker, will the gentleman yield?

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

Mr. ROGERS of Texas. I commend the gentleman for the great contribution he has made in the effort to find a solution to this problem. This is not a new problem. It is a problem that we have been working on for a long time. Many people have put in much exhaustive time and study on it. The gentleman from Oklahoma and his committee are entitled to the highest commendation for the work they have done in preparing a bill which has now been introduced and which I think will do a great deal to solve this problem.

In the hearings, the gentleman from Oklahoma had a great deal of testimony with regard to the economics involved. I want to ask him this question. If this bill is passed by the Congress and signed by the President, in his opinion as an expert on this subject having gone into it exhaustively, what will it do for the economics of this country?

Mr. STEED. Unfortunately, I think it will not do nearly enough. I do believe it will answer the national security part of the problem. I think it will assure the Nation of an adequate supply of oil. But I think in the administration of this act lie some of the answers for the economic phases of it. I have no illusion that the adoption of this amendment, vital to the very life of our Nation as it is, will solve the economic problems of the oil industry. We will still have many, many difficult problems facing us, but I do believe the industry can and will solve these problems if it is given this one absolutely necessary protection that is asked for here.

Mr. ROGERS of Texas. I would like to point out to my colleagues that there are other areas of the economy that are also greatly affected just as the oil industry is. But I think the oil industry is in a situation where it can act as a leader. I have in mind the sugar situation. The House of Representatives in the very near future will have to face that problem. At the present time we are importing a tremendous amount of our sugar. As a matter of fact, 45 percent of our domestic requirements and needs for sugar is imported from foreign countries.

We made some very bad mistakes in the past trying to depend on foreign sources for some of the strategic minerals and metals. I do not think we should make that same kind of mistake at this time with regard to oil. I think it would be well for the Members of this Congress and for the people of the United States, if they would keep in mind that during World War II when we needed manganese, and we have manganese in this country, yet, we were dependent upon foreign sources for that manganese. And when the manganese was being shipped in, guarded by convoys consisting of 70 ships, the German intelligence was so good that they were able to come with their submarines and sink two or three of the ships carrying the manganese. That put us in a very serious position several times, so I repeat, I think it would be well for the people of America to think about that when we think of the problems of our own economy and when we think of a product as important as the fuel needs of this country.

Mr. STEED. I thank the gentleman.

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

Mr. STEED. I am happy to yield to my colleague.

Mr. HARRIS. I want to join the others of my colleagues in commending the gentleman from Oklahoma and his very fine subcommittee for bringing to the attention of the House and of the Congress this very vital and important problem. For many years the industry has been concerned about the effect of continued encroachment by the increased importation of oil; that is, crude oil and crude oil products. I share the feeling the gentleman has expressed here this afternoon as have other gentlemen. I think it is of vital concern to the American people as well as to the industry itself. I hope that the kind of study and attention that the gentleman and his committee has given to this problem will be carefully considered by all those concerned.

I am sure the great Committee on Ways and Means will take into consideration what has been said and offered here this afternoon as they consider this problem now and certainly in the light of what has happened in the past. I would not want, however, to leave any impression, by the discussion, that we are now faced with running out of fuel.

Serious as the problem is from the long-range standpoint, that is the concern I have, but I do not want our American people to get any idea that we are about to run out of fuel in the field of petroleum and coal.

I think it is abundantly clear that we do have ample supplies of both coal and fuel oil, but if we permit the condition which the gentleman has explained here to continue, the long-range proposition is that we will not have a sufficient new coverage to keep up as we have had ever since 1914, as the record has shown. But in this regard and insofar as the present administration is concerned, is it not a fact that the regular quotas on a quarterly basis under the law have been maintained and that in recent weeks the Secretary of the Interior recommended, and I believe the President approved quotas for the present quarter we are in and I believe for the next quarter also, which is the same as the last quarter. Is that not true?

Mr. STEED. That is true. The point here is this: 30 percent of our daily production of our reserve picture is in what we call secondary recovery. That has been a windfall, a blessing, but to take advantage of that secondary recovery you have got to get those reserves out of maximum speed. That is a measurable thing. We know we are going to use up that oil in a few years. The gentleman knows, as I do, that in bringing in a well there is a long leadtime after getting the drilling started. The thing we are trying to bring to attention here is that we know that in the next few years if conditions go as they are going that soon we are going to be faced with this very serious shortage situation unless the long leadtime necessary to get wells drilled is anticipated and provided for so that secondary recovery will carry us along and we will have in being the new wells, some 7,000 a year more than we are getting now, but which we will have to have 4, 5, or 6 years from now if we are going to have enough oil to meet our needs.

The oil men who must drill these wells tell me that they must have the assurance in law that in 4 or 5 years when they drill these new wells they will be assured of having at least as much of the market then as they have now. That has not been so during the last 11 years. The increase in the market over the last 11 years has gone to foreign importers rather than to our domestic producers.

The whole thing resolves itself down to this, it makes no difference what anybody says or does until and unless something is done to get the men in the oil business to drilling. That the situation is serious is evident from the fact that this is the first time I can ever remember when virtually the entire domestic coal and oil industry is unanimous in standing before Congress and making this request.

The very fact that those two industries can get together and agree on anything emphasizes how desperate they find the situation today.

Mr. HARRIS. I do not disagree with the gentleman. I think he has stated the situation on a long-term basis exceptionally well. The fact remains that we not only have the long-term or long-range problem ahead of us if we are looking to the future but we also have presently about a 3-million-barrel-per-day capacity that is shut in. In other words, if it were not for the fact there were extensive importations or if there was increased consumption, we have a capacity in this country now of an additional 3 million barrels per day that we could supply our consumers.

Mr. STEED. I think right here is a good place to say that none of us want to quit using foreign oil. We want to use as much of it as we can without destroying our own domestic industries and getting out into this short supply situation.

On the ability to produce, such authorities as Chairman Murray of the Texas Railroad Commission, who sits in control of and in touch with two-thirds of all the known reserves in this Nation, and more than one-third of the Nation's total production—in other words, the one man on earth who has more contact with oil than anybody else—says we cannot produce this extra 3 million barrels of oil for 30 days. It would hard press us to maintain that margin for 30 days.

When I asked him how long he thought we had, how much additional time we could drift, he said we have no time, it has run out, we must make the change now or it is too late.

It is in view of statements of authorities like that that I state here we are at a more serious point in our national security than ever existed in the history of our country. We do have plenty of oil now, we can always have plenty of oil, there is no question about this Nation's ability to provide the oil source that we need if we can get the drilling done.

Mr. HARRIS. I share the gentleman's feeling toward the distinguished and very able gentleman from Texas, and his colleague, General Thompson. I think he is one of the most outstanding men in this field. He is probably about the most knowledgeable in the entire field. I would certainly agree that whatever the general said is pretty much the fact.

But I want to get back to the present situation. I know that when recently the matter of the import quotas came up, there was consideration given to it and there was great feeling among the industry, I think with some justification, that the import quotas were going to be thrown wide open. I do know that the decision was made at the White House or in the administration, on the part of the Secretary of the Interior who had the responsibility that we maintain for the next quarter the same quota that we have had in the past quarter.

Has there been any increase in the importation quotas in crude oil for the last six quarters that the gentleman is aware of?

Mr. STEED. There has been an increase, not in the quotas as such, but under the program we have. The continental sources are exempt. There has been a very marked increase in the amount of oil coming into the United States from Canada, which is not included in the total, so the total amount of oil coming in is considerably higher than when this program was started.

Mr. HARRIS. That is the point I wanted to bring out, and I hoped it would be brought out, because we have a program set up under the Reciprocal Trade Act wherein quotas are imposed. But there is a loophole that permits an increase, without having any authority to do anything about it, on what is coming in, and particularly with reference to the loophole, as it might be called, to the south of us.

I say this is one of the most important things that ought to be impressed on the Committee on Ways and Means and this Congress, the State Department, and the President himself. I think there is really the problem that ought to be pursued in order that this matter might be stabilized and, if we do not, why, the industry cannot, in my judgment, expect any stabilization in the future.

Mr. STEED. I agree with the gentleman. Our bill will cure exactly what the gentleman is talking about.

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

Mr. STEED. I yield to the gentleman from West Virginia.

Mr. BAILEY. Mr. Speaker, I failed, for the first time in 16 years in the Congress, to vote for the Defense Department appropriation bill. I was over at the Defense Department trying to get some contracts for West Virginia, and I did not get back in time.

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

Mr. STEED. I will be happy to.

Mr. PURCELL. Mr. Speaker, I join the distinguished gentleman from Oklahoma in introducing legislation dealing with this most important problem. I rise to make my first speech in this body since being elected to represent the 13th District of Texas in January of this year.

I realize that the traditional role of a first-year Member in Congress is to say little and try to observe and learn much. But the problem before us is one which is vital to all the people of the United States, and one that is misunderstood by too many of us.

I rise, Mr. Speaker, because I see a danger which could result in the destruction of these United States.

I think all of us realize the importance of oil and its products in the time of war or other national emergency. This Nation must be capable of producing the petroleum required to carry us through such a period. If the present policy continues, this will not be the case. For at this moment, we are pursuing a policy which is leading directly to the destruction of the independent oil industry. We are depressing our domestic oil industry to the point where it is faced with extinction.

In the next 3 to 4 years, 30 percent of our present domestic sources of oil will be depleted. Under our present conditions, the independent businessmen who drill new wells and discover new sources of oil are going out of business by the hundreds. One does not need to look very hard at this picture to see what would happen if no change is made in our basic policy on oil imports and an emergency should arise.

We can foresee, without much difficulty, situations that would completely

cut off our supply of oil from other countries. If this should happen we would be entirely dependent on our domestic oil producers for the vast supplies of petroleum that we would need to fight a war, carry out airlifts like the one in Berlin a few years ago, and for many other uses. For this reason alone, I believe, it is imperative that we keep our domestic oil industry strong enough to meet these potential demands. The bill that is being proposed, then, is in the interest of our national security; in fact, is imperative to our national security.

While we strive to maintain an acceptable balance of payments in foreign trade with the result that we still are losing gold in the process, we continue to increase the imports of oil from other nations. Until 1950, this Nation was an exporter of oil. Since that time, our domestic oil industry, particularly the independent producer, has dwindled to the point that he is now in danger of vanishing from the American scene.

And I would point out here that the independent producer, the small businessman in the oil industry, drills 90 percent of the wells and produces 65 percent of the oil.

We are all very interested in reciprocal trade and our policies in that field. If we are not careful, if we do not approve this proposal and grant the oil man some relief from oppressive imports, there is not going to be a domestic oil industry capable of trade reciprocation.

Those of us who feel we know the problems that face our domestic oil producing industry are of the opinion, I believe, that the Congress must show that it is going to take action to help preserve this important segment of our economy before we can justify any favorable action on proposed legislation in the broad field of reciprocal trade agreements that would further hamper this already crippled industry in our Nation.

This great Nation was founded on the premise that a man could go into business, and make a profit if he knew how to operate that business in an efficient and proper manner. Our Federal Government is empowered with the responsibility of protecting the businessman who is operating his business in the proper manner from financial damage at the hands of foreign competition using labor that gets almost slave wages, in countries where the worker gets a very small share of the benefits of his labor.

I know that none of us want to be a party to the systematic destruction of a vital segment of American industry. I know that none of us want to see the production of our petroleum products fall entirely into the hands of a few giant worldwide companies. We recently saw the results of that kind of situation in the steel industry.

We must, I believe, for our own protection, save our domestic oil producers from unfair foreign competition that is right this minute in the process of destroying them completely.

What is the situation in the domestic oil industry today? The independent oil producers in this country are being economically wiped out through no fault of their own. The enemy of this industry is the growing import of crude oil and its derivatives from other nations. As a result of these ever-increasing imports, the millions of dollars spent by these small independent businessmen to locate the necessary new oil reserves is locked in the ground. There is just not enough of a market left after the foreign oil is consumed to make oil production profitable for the independent operator.

While the consumption of oil in the United States continues to climb, there has been no appreciable increase in the allowable production of domestic producers since 1956. I think it is time we started to look after this vital industry before we lose it.

Let us look now at some of the actual results on the economic health of the domestic oil-producing industry in the years 1956 through 1961, the period since the sharp increase of foreign oil imports began.

First. In our area of Texas, the drilling of new exploratory wells, known in the industry as "wildcat" wells, is down 75 percent below the 1956 level.

Second. In that same area, the drilling of new wells of all kinds, including those in established fields, is down to one-half of the 1956 level.

Third. In our area, the expenditures for drilling operations are down to one-half of the 1956 expenditures in this phase of the industry.

Fourth. In the field of exploration, there were 30 percent fewer geophysical and core drilling crews in operation in this country last year than in 1956.

Fifth. The price of domestic crude in the United States last year was 21 cents per barrel below the 1957 price, in spite of increased operating costs, and the decrease in the value of the dollar.

Sixth. All this in face of the fact that imports of crude oil from foreign sources was up 31 percent during the same period of 1956 through 1961.

This is a very sad picture, indeed, in the face of our ever-increasing standard of living on a national scale. It is unfair, I think, to ask any one segment of our economy to bear this much of a load in our efforts to increase trade with nations in the Middle East and north Africa.

This existing situation is particularly disheartening when we think of the important part oil has played in the progress of our Nation. The tremendous strides of economic progress and social achievement in the United States have been principally evolved out of the development of machines and the production of fuel to supply them. Even today, the relationship of oil to the standard of living we enjoy throughout the world is evidenced to a large degree by the parallel of each nation's per capita consumption of oil.

I think it should be pointed out here that oil imports are one of the largest causes of the Nation's unfavorable balance of payments and gold outflow. Oil imports accounted for the deficit in the U.S. balance of payments in the last 4 years as follows: 30.7 percent in 1958, 26.9 percent in 1959, 27.8 percent in 1960, and over 40 percent in 1961. The deficit on oil imports alone last year amounted to about $1.2 billion, not counting $300 million in foreign military purchases.

The world oversupply of oil is now further complicated by the entry of Soviet oil into the world market with the twofold purpose of gaining foreign exchanges, or foreign goods, coupled with their economic and political offensive against the free world. Recent action on the part of the Soviets indicates that they will make any sacrifice to gain either political advantage or to gain much needed steel and other products necessary to expand their oil operations. So we see our potential enemies building up their oil-producing potential while we in America seem bent on destroying this potential in our own country.

In the interest of national security, in the interest of our balance of trade, in the interest of our domestic economy, and in the interest of good, old-fashioned American fairplay, we must pass this legislation to give relief to the independent oil producers of the United States.

Thank you, Mr. Speaker.

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

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

Mr. THOMAS. Mr. Speaker, I certainly want to compliment our distinguished colleague from Texas on this very learned speech he is making upon the value of our oil resource and the part it plays in our national defense structure and our national economy.

It certainly reflects, Mr. Speaker, that the gentleman from Texas [Mr. PURCELL] has studied the subject, and knows what it is all about.

Mr. Speaker, since this is his first speech I want to commend him on it. My guess and hope is that he will be with us for many, many years.

Mr. Speaker, if the gentleman will yield further, may I compliment my colleague, the gentleman from Oklahoma [Mr. STEED], for taking the lead in this very vital subject. The gentleman comes from the great State of Oklahoma where oil is a large resource. The gentleman knows his subject, and we are all indebted to him for his leadership in this particular undertaking. May I say to my friend, the gentleman from Oklahoma [Mr. STEED], that as long as he, the gentleman from Arkansas who is now occupying the chair and who is chairman of the great Committee on Interstate and Foreign Commerce of the House of Representatives, and who has certainly studied the oil and gas problem of this country for many years, and the gentleman from Texas [Mr. PURCELL], go hand in hand, the Nation is going to be safe, and I think our oil problem will be worked out.

Mr. Speaker, again may I compliment my distinguished colleague, the gentleman from Texas [Mr. PURCELL].

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

Mr. STEED. I yield to the gentleman from West Virginia.

Mr. BAILEY. Mr. Speaker, I would like to observe for the information of the gentleman from Texas [Mr. PURCELL] that some of the big, giant oil companies

to which the gentleman referred happen to come from the State of the gentleman from Texas [Mr. PURCELL]. I would like to call the gentleman's attention to the fact that they are operating and developing their foreign concessions under the benefits of the 27.5-percent depletion allowance. I think that allowance should be confined to domestic operations.

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

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

Mr. PURCELL. I am glad to have the comment of the gentleman from West Virginia [Mr. BAILEY] on the matter to which he referred.

Mr. STEED. Mr. Speaker, I ask unanimous consent that the gentleman from Kentucky [Mr. NATCHER] may extend his remarks at this point in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. NATCHER. Mr. Speaker, the oil import problem is one of the major domestic problems confronting our Government today.

In the district which I have the honor to represent, we have 5 counties which mine and sell over 25 million tons of coal annually and, in addition, the Second District produces more oil than any other section of Kentucky. The home office of the Texas Gas Transmission Corp. is located in the Second District of Kentucky and the program presented today to the House is of vital concern to all of the power producers in my section of this Nation.

Unless we operate under an adequate residual control program, our national security will be dangerously threatened due to the fact that our depressed fuels industries will be unable to meet the demands for increased production which an emergency would impose upon them. Today we are passing through the most crucial period in the history of our country and we must be prepared to meet every eventuality.

Mr. Speaker, I want to commend the distinguished gentleman from Oklahoma [Mr. STEED] and the distinguished gentleman from West Virginia [Mr. MOORE] for their presentation of this all important problem and to assure you that my people are very much concerned over its solution.

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

Mr. STEED. I yield to the gentleman.

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

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

There was no objection.

Mr. HECHLER. Mr. Speaker, a great deal has already been said and written about the threat of residual oil imports to the bituminous coal industry. In West Virginia, where coal is king, these residual oil imports have had a serious and biting effect on our economy.

For many years, I used to read George Sokolsky only before going into battle for some worthy cause—not to receive inspiration, but to be spurred by a reaction against what he said. But there is a new George Sokolsky who makes a great deal of sense. Two days ago on April 16, Mr. Sokolsky's column on residual oil proved to be a brilliant summary of the West Virginia story. It tells the story better than I can, and I will insert it at this point in the RECORD:

THE PROBLEMS WITH RESIDUAL OIL

(By George Sokolsky)

In a police state, it is possible to decide that the country requires so many engineers, so many doctors, so many miners and the state recruits the individual and forces him to accept the career allotted to him. A free society is defined by freedom of choice. In a free society, a person selects the pattern of his own life and assumes responsibility for that, come what may.

In such a State as West Virginia, the coal miners are trapped by the accident of the elimination of their product. Bituminous coal cannot compete with other producers of heat and light. Despite the high cost of production, the price of bituminous coal has not advanced during the past 10 years. The average value of bituminous coal at the mine in 1957 was $5.08 a ton; in 1960, $4.73. As the value of the dollar has decreased, the price of coal has actually decreased during this period. Nevertheless, American bituminous coal has been sold in West Germany, England, France and Belgium, in coal producing countries, at from $2 to $5 less a ton than native coal because of superior quality and the mechanization of American mining processes.

John L. Lewis, one of the truly great statesmen in labor, always supported mechanization in the hope of increasing the output per miner and therefore increasing his wages; he did not, however, count on quotas, tariffs, Government licenses and other devices used in Europe against American products. It is reported, for instance, that recently the British steel mills petitioned their Government to import American coking coal as it was $2 to $3 a ton cheaper than British coal and of a better quality, but the British Government turned down the petition and refused to grant import licenses. While American exports suffer in European markets because of quotas, etc., the United States permits residual oil to come in from Venezuela to compete with American products.

What is residual oil?

The name is clear. It is a waste product, left over from the processing of crude oil. Generally it is thrown away or sold at whatever price it can get. It is being dumped into this country at less than coal can be produced at the mine. Its economic and social effect is to throw American miners out of work. It would be like selling the sudsy, dirty water that is thrown down a drain after the dishes have been washed. I suppose someone will some day find use for that, too.

Why is residual oil imported into the United States despite the demonstrable fact that it has brought ruination to such a State as West Virginia? It is done for political, not economic, reasons; that is, the objective is to make Venezuela prosperous, just as we pay exorbitant prices for coffee to benefit Brazil and Colombia.

This type of oil cannot be used by most folks. It requires special equipment which only large users can afford.

What is the solution for such a problem?

Of course, politically, Venezuelans seem to be more important than West Virginians, which is one reason that President Eisenhower was unpopular in that State. So, the idea is to retrain the miners and to move them from their homes to where jobs can be found for retrainees. Young people in the mining towns move to the big industrial cities and, in time, the mining towns can become ghost towns like the silver and gold towns of the West. How many Americans want to be forcibly retrained? How many of them want to leave their homes and churches and graveyards because Venezuela wants to export residual oil?

There is some very bad thinking in the political approach to economic problems. The sociology of it is all wrong. From the standpoint of the Kennedy administration, it would seem to me that the economics of this country cannot be dealt with piecemeal but as a whole, as a matter that requires a national rather than an international approach. The export of jobs has imperiled the automobile and some smaller industries; the import of steel products has imperiled the steel industry; the import of residual oil has ruined the bituminous coal industry.

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

Mr. STEED. I yield to the gentleman.

Mr. DOLE. Mr. Speaker, I merely wanted to say to the gentleman from Oklahoma that I have introduced a bill as a coauthor of the measure sponsored by him and by the gentleman from West Virginia [Mr. MOORE].

I come from the State of Kansas. Western Kansas depends, to a large part, on the oil industry. As the gentleman has stated, we are in a depressed condition there and do need some protection from foreign imports. Less than an hour ago I was in contact with the officials of the Kansas Independent Oil & Gas Association and they are in full accord with the legislation the gentleman has sponsored.

Mr. STEED. Mr. Speaker, I am happy to have the gentleman's remarks.

Mr. Speaker, I appreciate personally and I am sure the others who have worked so hard on this problem also appreciate the fine show of cooperation and support we have had here today. I am very happy for and flattered by the kind remarks that have been addressed to me personally. I hope that the administration and those in a position to decide this matter will take note of the strong, the overwhelming interest shown here today in this very vital problem. I hope they make no mistake in the way they analyze its significance.

I say that this problem must be solved and if it is not solved this Nation is going to face a disaster. I can only say that failure to solve this problem would have to come under one of two headings: either lack of understanding of it or for a selfish interest. If we fail, if we are defeated in what we are trying to do I think history will tell us under which classification those who are the architects of defeat will be listed.

Mr. BREEDING. Mr. Speaker, I am happy to join with my colleagues, the gentleman from Oklahoma [Mr. STEED] and the gentleman from West Virginia [Mr. MOORE], in introducing legislation to stabilize the relationship between imports and the domestic fuels industries—oil and coal.

This legislation is not aimed at the President's foreign trade proposals. It seems to me, Mr. Speaker, that the matter of an adequate supply of fuel is so basic to the security of the Nation that it deserves special consideration apart from all other commodities involved in

our international trade. Without adequate amounts of fuel at reasonable prices this country's industrial and economic expansion could be checked and the very defense of the Nation in time of emergency could be made extremely difficult.

What we are trying to do in this legislation is to establish a reasonable base for the importation of oil. We are not trying to deny foreign oil producers access to the U.S. market. But we are trying to hold imports in check and not permit them to increase as fast as they have in recent years.

Imports have contributed materially to the present depressed state of the domestic oil industry. Imported oil can be landed at the head of the Houston ship channel for $1 a barrel below the domestic price. If enough oil comes into the country at that depressed price, the domestic oil industry will be forced to curtail its operations even further.

The Nation needs a strong, expanding oil industry. This can be achieved only through a reasonable, realistic import policy such as proposed in this legislation.

Mr. YOUNG. Mr. Speaker, the domestic oil industry of the United States is sorely pressed.

This is especially apparent in the 14th Congressional District of south Texas, which I have the honor to represent in the Congress. An accurate picture of the condition of our domestic oil industry can be readily found in an examination and comparison of the activities of the industry in the year 1961 to the year of 1951. During this decade drilling operations and new discoveries fell off at least one-half and the industry reached the lowest level it has sunken to since oil was selling for 10 cents a barrel back in 1932.

Although, admittedly, the domestic oil industry of this country has various inherent economic problems of the times, as is true of most industries, there is no doubt, that the importation of foreign petroleum and petroleum products has contributed substantially to the economic difficulties of this vital industry.

Much of the economic problems of my congressional district are directly caused by the plight of the domestic oil industry and I have joined in introducing companion legislation which I hope will bring some relief to the situation. That the national interest and the security of our Nation demands a wholesome domestic oil industry is so well recognized as to not admit of controversy.

I desire to associate myself with the remarks of the gentleman from Oklahoma [Mr. STEED] and I commend him for his effort and activity in the interest of promoting a more wholesome condition of the domestic oil industry of our great Nation.

Mr. WALTER. Mr. Speaker, I would like to associate myself with the legislation introduced today by my colleagues, the gentleman from Oklahoma [Mr. STEED] and the gentleman from West Virginia [Mr. MOORE]. The legislation would serve as an amendment to the pending Reciprocal Trade Agreements Act, and would affect the imports of fuel oils.

As a Representative of an area that includes a section of the anthracite belt of Pennsylvania, I am quite familiar with the plight of the coal industry in this country.

The survival of the domestic fuels industry, particularly the major coal-producing areas, depends on import quotas being set up on a long-range stable basis.

It also is quite obvious that we must place firm restrictions on fuel imports for no other reason than to preserve our national security. There is no question in my mind that the foreign sources would be immediately cut off in the time of war.

The legislation introduced today will help conserve these valuable resources so that we will not be dependent on foreign countries in time of need.

Mr. BECKWORTH. Mr. Speaker, I commend the gentleman from Oklahoma [Mr. STEED] on his work as chairman of the subcommittee to which he refers and the gentleman from West Virginia [Mr. MOORE]. He and his associates have worked diligently and effectively. I do trust proper action will be taken to protect our domestic oil industry. As one who represents a congressional district in east Texas I shall continue to exert every possible effort to see that this vital industry is protected properly.

Mr. STEED. Mr. Speaker, I ask unanimous consent that all Members have permission to extend their remarks in the RECORD on this subject.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

UNITED NATIONS BONDS FOR PEACE

The SPEAKER pro tempore. Under previous order of the House, the gentleman from New York [Mr. SANTANGELO] is recognized for 15 minutes.

Mr. SANTANGELO. Mr. Speaker, President Kennedy's proposal that the United States purchase a total of $100 million in United Nations bonds, out of a total issue of $200 million, to bail the organization out of its present near-bankruptcy, is running into heavy weather in the Congress. The Senate Foreign Relations Committee has recommended that the original purchase be limited to $25 million, further purchases to be made on a matching basis with the United States buying, beyond the original sum, only as other countries buy.

The Senate on April 4 adopted the Mansfield-Dirksen substitute to S. 2768. In addition to authorizing appropriations for a $100 million loan, with interest and duration to be set by the President, the substitute retained provisions in S. 2768, requiring that the amount beyond $25 million would be on a matching basis with other nations and requiring that a sum equal to the annual installment on the principal and interest due on the loan be deducted from the annual U.S. payment of its assessed share of the United Nations budget. This amendment is an improvement and the House should favor it.

Now, what are the real issues at stake in the U.N. bond proposal? Perhaps the best approach to the discussion of this subject would be to start with the general aspects of the problem and then narrow consideration down to the specifics.

From a general point of view, the real, the fundamental issue is perhaps the issue of war and peace itself, the consuming issue of our times. For those who may think I exaggerate to pose the question in these terms, I invite your attention to where the proceeds from the bonds will go.

Essentially, they will be used to underwrite two immensely important peacekeeping operations, one in the strategic Middle East, the other in a large, rich and important country in the heart of Africa.

Each new crisis with which we are faced tends to obscure or erase an older crisis. For this reason, under the strains and stresses of Berlin, gigantic Soviet nuclear test explosions and other current headline news we are inclined to forget the harrowing weeks in 1956 when the great powers drifted close to war in the Middle East, or the more recent events in July of 1960 when U.N. Secretary General Dag Hammarskjold called the U.N. Security Council into session to try to avert an explosion in the Congo. But the situations which gave rise to these older crises still exist, in large measure, and without the dampening influences of the United Nations they could flare up again and threaten general conflagration.

Perhaps it would be well to recall at this point just why a United Nations Emergency Force was sent to the Middle East in 1956 and why a United Nations operation was started in the Congo in 1960.

In 1956 Great Britain had developed a dangerous mood of frustration over the Egyptian seizure of the Suez Canal. Although a solution was in sight, and the late U.N. Secretary General, Dag Hammarskjold, was, among others, including Secretary Dulles, working ably toward this end, the British Government's exasperation at President Nasser's high-handedness had reached the breaking point. France and Israel, for reasons of their own, were also prepared to play for very high stakes in the Middle East, risking their own fate and that of the rest of us in the process. Without consulting their friends and allies, these three countries launched an attack against Egypt, to impose their policies by force where persuasion had been to no avail.

The United States, at that time under a Republican administration, was faced with immensely difficult choices. Would we oppose our two strongest allies in the North Atlantic with risks to our protective treaty in that area? Would we slap down Israel, whom we had helped to found? Should we stand by and perhaps chance world war?

The choice this country had to make was that of picking among several evils. I, for one, believe that the Eisenhower administration and his Secretary of

State, the late John Foster Dulles, made the moral decision. They decided to oppose the aggression, the flagrant violation of the United Nations Charter, by our closest allies. The United States voted against them in the U.N. Security Council. Secretary Dulles instructed the U.S. delegation at the United Nations, then headed by Ambassador Henry Cabot Lodge, to vote in favor of sending a U.N. Emergency Force to the Middle East to stabilize the situation and help keep the peace. No American forces were to serve, or have served, in this peace-keeping operation. All this country obligated itself to do was to help pay the bills.

The Emergency Force has been helping to keep the peace in the Middle East since 1956. It is a small force and the cost of sustaining it is not great, only about $20 million a year. Other countries join with us in footing this bill, including Great Britain, France, and Israel who, to their great credit, took their setback with equanimity and good grace. Indeed, Great Britain, at least, has paid more than its assessed share for the maintenance of the Force.

Now, for the Congo operation. In the middle of 1960 the Belgian Government, panicked by the tornado-like winds of change sweeping through Africa, precipitously abandoned its responsibilities in the Congo and turned the government over to inexperienced and untrained native leaders. The results were hardly surprising: a mutiny of the Congolese armed forces; general economic breakdown; secessionist movements in various parts of the country—which is as large as the United States east of the Mississippi—and massacres among both Congolese and white settlers. As precipitously as they had withdrawn, the Belgians sought to rush back in. But this was no longer possible without serious international repercussions. The Congo had become independent, for better or worse. At the same time it had become a fertile breeding ground for power politics.

In July 1960, the United States, under its Republican administration, backed to the hilt the U.N. intervention in the Congo. I, for one, believe that this decision was a proper one. The choices, in this case, were also difficult. Would the United States back a move by the United Nations to try and restore law and order? Should this country gamble on intervening and thus invite Soviet intervention? Would it be better to back certain Congolese factions, even at the risk of a divided Congo, one Communist and one free world? Should we risk a long-drawn-out struggle of the Spanish Civil War type against the Communists, laboring, as we would be, under the burden of our NATO connections? A dangerous war far from our own shores perhaps eventually involving United States and Soviet troops? Again, I repeat, I believe the decision of the Eisenhower administration to allow U.N. Secretary General Dag Hammarskjold to try to keep the cold war, and perhaps a hot war, out of the Congo was a proper one. Things have not always gone well there, but there is now hope for a united and stable Congo—a hope which, under other circumstances, might long since have died.

The U.N. Congo operation has cost on the order of about $10 million a month, or $120 million a year, and the United States has picked up the tab for about half this sum. I think we should compare this with what it cost the United States to engage in the Korean war, which was largely U.S. run. The minimum estimate of U.S. expenditures in the Korean war is something like $18 billion for the 3 years of the war. The maximum estimate is in the neighborhood of $79 billion. But more important, thousands of American soldiers were killed and wounded. It seems incredible that so much fuss should be made over the costs of the United Nations Congo operation, in which no U.S. troops are employed and for which we only pay part of the bill, when we compare it with the Korean war, and, indeed, with other actions in which we are engaged throughout the world today, notably in southeast Asia, where funds are being consumed at a really enormous rate running into the hundreds of millions yearly with far less promising results.

Narrowing the question down to specifics, the United Nations bond issue has been proposed as one way of bailing the organization out of the disastrous financial position in which it now finds itself due to these two police actions in the Middle East and the Congo. After careful consideration it seems to me that the U.N. bond proposal is a carefully thought-out and prudent plan. I commend the people in our Department of State and in our U.S. mission to the United Nations who, I am sure, had much to do with the original conception.

Basing myself upon the premise that we really want to keep the United Nations in the Middle East and in the Congo—a premise which I doubt that some of the opponents of the bond proposal hold—what are some of the specific advantages of this plan over previous methods of financing?

In the first place, the U.N. bond plan would reduce our share of the financing from close to half to about a third, and it would spread the costs throughout the entire membership of the United Nations. The United States has, since 1956, paid about 46 percent of the costs of the Middle East force, and, since July 1960, about 49 percent of the Congo operation. Under the U.N. bond plan, redemption of the bonds would come from assessments on U.N. members through the regular United Nations budget. Members of the United Nations have, without a single exception, always paid their assessments for the regular budget. The reason for this is that if they do not do so they eventually lose their vote in the U.N. General Assembly. Now, the U.S. share of the regular budget is 32.02 percent. Therefore, through the U.N. bond plan our percentage of the cost of financing these and other peace-keeping operations would be sharply reduced.

In the second place, the U.N. bond plan would provide the poorer members of the United Nations with a method of paying for peace "on the installment plan" as it were. For a number of U.N. members, particularly among the new countries, the payment of their assessments to international organizations, however small, comes as a real hardship. Stretching payments over a period of 25 years, as the U.N. bond plan provides, would make it easier for them to meet their obligations.

A third advantage would be that it would do away with the system of rebates for poorer U.N. members, made up by voluntary contributions from richer countries, chiefly the United States, which has grown up during the past 1 or 2 years. I need not point out the dangers of this trend, under which countries vote themselves out of paying their full share for peace-keeping operations. The U.N. General Assembly is a body of sovereign states where each country has both duties and responsibilities. Any tendency to exercise power while shirking duty is a dangerous tendency. Under the U.N. bond plan, the financing of peace-and-security operations by the U.N. would be put back under the regular scale of assessments and each country, no matter how small or how poor, would have to pay its fair share.

Fourth, the Communist countries oppose our participation in the bond plan. They desire to see the Congo operation fail because if it does fail then communism will have a chance to succeed. The Communist countries refuse to contribute any funds to bring about a successful Congo operation, for success in the Congo means failure for communism in that area. It behooves us to see that communism will fail by approving the plan to have the United States purchase $100 million in bonds, which is in essence a loan. Since the bonds must be repaid by regular assessments on each country, including the Communist bloc, the burden of financing the Congo and Far East operations will be placed where it properly belongs, that is, upon all participating members of the United Nations. Failure to meet the regular assessments carries with it the loss of voting privileges.

Now, a word about the Republican substitute proposal of a 2-year loan to the United Nations. It may be, as some suggest, such as in the New York Times, that the U.N. bond plan only serves to reprieve the United Nations and does not provide a solution to its long-term financial problems. Even if this is true, it is clear that the Republican loan proposal does not even offer a reprieve. The U.N. General Assembly would never approve a loan on such terms from the U.S. Government simply because it would know that such a loan could not be repaid within the length of time, and subject to the interest rate, stipulated. This proposal strikes me as irresponsible, an attempt to put its proponents in the position of being able to affirm: "We support the United Nations, but——." But we do not support what is necessary to keep it functioning.

The danger in the Republican proposal is not that it will be adopted by the Congress. Rather, it is that it will rob the U.N. bond plan of so much sup-

port that it, also, will fail of adoption. Such an event would be truly disastrous. Let us recognize this danger and act while there is still time.

I would plead with my fellow Members of Congress to give this U.N bond issue their most careful and serious consideration. We are here to lead and to act wisely for those we represent back home and for our country.

One scholar, John G. Stoessinger, stated recently: "There has never been a shortage of Cassandras predicting that the United Nations would end with a bang. There now exists a real possibility that it may end in a whimper"—the whimper of fiscal insolvency. In large measure the result rests with this body. I feel certain that we shall meet our responsibility and approve the plan to purchase $100 million in United Nations bonds.

PRESERVING OUR HERITAGE

The SPEAKER pro tempore. Under the previous order of the House the gentlewoman from Ohio [Mrs. BOLTON] is recognized for 15 minutes.

Mrs. BOLTON. Mr. Speaker, last summer this body passed unanimously a bill to protect the property across the Potomac from Mount Vernon from the encroachments which are attempted from time to time—Public Law 87-362. The immediate danger then was the determination of the Washington Suburban Sanitary Commission to build a large sewage disposal plant on Mockley Point. A local hearing brought loud protests from several hundred people and the representatives of a number of national organizations as well against such intrusion upon the view from Mount Vernon, the Memorial Highway, and Fort Washington. The bill passed both Houses of Congress without a dissenting vote and was signed by the President on October 4, 1961. This resolute effort to insure protection for the view from Mount Vernon, our most cherished national shrine, had both President Kennedy's and Speaker Rayburn's earnest support. That the Sanitary Commission contemplated building a sewage disposal plant on Mockley Point was as impossible a thought to them as to the hundreds of thousands of Americans who come to Mount Vernon. Indeed, that anyone should aggressively refuse to protect the area for future generations is truly shocking. Such, however, has been the case. The Interior appropriations bill, which contained the funds approved by the Budget to implement Public Law 87-362, came out of committee with this appropriation deleted.

Examination of the hearings revealed that not only was the full story not told, but the testimony given was strangely inaccurate.

Never in the 22 years of my service in this House have I witnessed committee action taken on so much misstatement of fact, on so little actual knowledge, and with so little courage. The report gives little, if anything, upon which to base judgment. Partial quotations were used and the real situation was beclouded by them. Unfortunately the House paid little attention during the floor discussion to the statement of the Honorable JOHN SAYLOR, who presented the true facts of the case with great restraint and clarity in an effort to preserve the integrity of this body.

On George Washington's birthday this year the distinguished gentleman from Pennsylvania [Mr. SAYLOR] told the story of what has been done to protect the area. He gives the matter so succinctly that I include portions of his statement here as part of my remarks:

On this commemoration of the birthday of George Washington, the 87th Congress may take pardonable pride in its recent efforts to further protect the Nation's most beloved shrine of Mount Vernon. Last year, Mount Vernon was about to experience a serious onslaught of commercial urbanization. The shores opposite Mount Vernon have been maintained to date, much as they were in the time of George Washington. Not only has this been of significant historical consequence, but it has been an inseparable part of the character and setting of Mount Vernon, and this view from the veranda of the mansion has thrilled and inspired the citizenry of our country and foreign dignitaries alike.

When the threat to establish a sewage treatment plant on the Maryland shores of the Potomac, directly across from Mount Vernon, was apparent, the Congress of the United States acted swiftly and decisively. The Congress enacted Public Law 87-362, which authorized the Federal Government to acquire the land opposite Mount Vernon for preservation in keeping with its original open and wooded character.

The overwhelming support of this measure by the Congress offers proof, beyond the words of praise, of the feeling the citizens of this country, and their elected representatives, have for the memory of George Washington.

This body has been extremely fortunate over the years to have the very capable counsel and leadership in the area of natural resources of the chairman of the Interior and Insular Affairs Committee, the gentleman from Colorado, Mr. WAYNE ASPINALL. In learning of this threat, he introduced legislation to protect properly the environs of Mount Vernon. He was joined in this leadership by the distinguished chairman of the Subcommittee on National Parks, Mr. RUTHERFORD. These men were acutely aware of the need for fast action, if Mount Vernon was to receive adequate protection.

During the committee's deliberation it became apparent that the preservation of this area heretofore had been achieved through planning and sacrifice by individual citizens. Private covenants were established to maintain the character of the area. Local government cooperation was asked, and plans were effected to establish zoning to the end of preservation. In addition, regional organizations charged with the overall planning and coordination of the other areas of Metropolitan Washington, cooperated in urging that the area be kept in an open or park status.

The State of Maryland had initiated standards to achieve the preservation of these lands. These activities have continued for over 15 years—activities that were manifested in good government by private citizens and local authorities. Unfortunately, the Washington Suburban Sanitary Commission had wide powers of condemnation and eminent domain granted to it by the State, and the groups, both private and governmental, that labored so long were unable to restrain the sanitary commission from their plans of establishing a sewage treatment plant opposite George Washington's front porch.

The Washington Suburban Sanitary Commission held hearings over a year ago, on January 13, 1961, in which the majority of the affected landowners, in addition to national conservation and historic societies, vigorously objected to these plans and procedures.

On August 17, 1961, the Subcommittee on National Parks, under the chairmanship of the distinguished Congressman from Texas, held hearings on the measures introduced to afford Federal protection to these areas. In the course of these hearings, it became apparent that there were other locations that could better serve the area than the one chosen by the Washington Suburban Sanitary Commission. A great deal of testimony was given to the committee as to the advisability of locating a much larger sewage treatment plant at the Mattowoman Creek site, and in an area already industrialized. This would be a plant more in keeping with the future needs of the area, would be a joint venture between Prince Georges and Charles Counties, in the State of Maryland, and a design and type much recommended by the Federal Anti-Pollution Control Act. Additional testimony was given that existing facilities could indeed handle the existing sewage treatment problem. No opposition witnesses appeared before the subcommittee. As a result, the proponents of the sewage plant could not be questioned. Yet despite their failure to appear, those urging the construction of such a plant continued to urge the need for speeding up this construction.

None of the supporters of the measure to protect Mount Vernon desired precipitous action. None desired to work serious hardship on the local residents. All were somewhat baffled at the insistence of the great urgency to construct this sewage treatment plant.

On further investigation, it was revealed that the developers of a subdivision across the Piscataway Bay, and some distance from the area in question, had plans to create a high-density development. In order to achieve this objective, proper sewage disposal was necessary. They applied for a permit to erect a sewage treatment plant on their own area of development. They then proceeded to abandon the plans for such a plant, and indicated plans to build a marina in the area that was to have served them for proper sewage disposal.

At this point, they then urged the Washington Suburban Sanitary Commission to construct a sewage plant at Mockley Point, which had the effect of taking the sewage from a high density development and dumping it onto an area of low density development. With this knowledge and information, the committee acted to authorize the Federal Government to acquire these areas. The measure was drafted in order to avail the Federal Government of the generosity of the private foundations who offered to give their land to the Federal Government for the purposes of preservation.

Our own colleague, the distingushed Congresswoman from Ohio, Mrs. FRANCES BOLTON, who is also the vice regent of the Mount Vernon Ladies' Association, provided from her private resources, funds to enable the Accokeek Foundation to acquire considerable acreage in order to prevent commercialization. These foundations now stood ready to donate almost 50 percent of the entire land that would be acquired under Public Law 87-362. The House, upon hearing the able presentation of the chairman of the National Parks Subcommittee, Mr. RUTHERFORD, acted without a dissenting vote to authorize this legislation.

The Senate was no less mindful of this threat to Mount Vernon, and under the capable leadership of the distinguished chairman of the Interior and Insular Affairs Committee, Mr. ANDERSON, who was joined in

this effort by the distinguished Senator from Nevada, chairman of the Subcommittee on Public Lands, Mr. BIBLE, introduced legislation to provide for the Federal protection of Mount Vernon. Since a number of inquiries had not been answered by those seeking to erect a sewage treatment plant, Senator ANDERSON wrote the chairman of the Washington Suburban Sanitary Commission, Mr. Blair Smith, indicating that the 1st session of the 87th Congress was about to end, and that the Senate might better appraise the situation, if it were allowed the time to do so.

Senator ANDERSON then asked if any plans for construction could be held in abeyance until the Senate returned, thus affording a more ample opportunity to investigate the matter. The chairman of the Washington Suburban Sanitary Commission replied that they would be happy to have the advice of the Senate, but made no commitment as to holding plans in abeyance until the Senate returned. As a result of this correspondence, hearings were scheduled quickly before the Subcommittee on Public Lands, under the able chairmanship of Senator BIBLE. Witnesses opposing the measure were members of the Washington Suburban Sanitary Commission, the real estate developers and two landowners. The overwhelming majority of witnesses however, were in strong support of the Anderson bill. The indecisive actions of the opposing witnesses appeared no match for the volume of evidence in support of the measure, and this no doubt hastened the committee, and subsequent Senate action, as the measure passed without dissent. Few measures have come before the Congress with such wide and vigorous support, and it appears that the Congress, in its swift resolve of the matter, has worked the will of the people.

Beginning with the hearings in the Senate, the tactics of the real estate developers and the Washington Suburban Sanitary Commission underwent a subtle change. They renounced their earlier position of placing a sewage treatment plant at Mockley Point and assured the Senate that the area could accommodate a park and a sewage treatment plant. There were further assurances that such a plant would not be seen from Mount Vernon, or intrude in any way upon the scenic area, or be disadvantageous to the proposed park itself.

This, of course, would have required a reduction in the proposed park area. Later arguments of this same group indicate not only would the plant not be visible, but it would be appropriately landscaped and blended with the area surrounding it. Evidence to this fact, they contend, is the sewage treatment plant contiguous to the Washington-Baltimore Parkway, which is so well concealed that few people know of its existence.

The proponents of the legislation to protect Mount Vernon have sought to decide these issues on the merits of the relative cases. It should be stated candidly however, that the proponents of the sewage treatment plant are either incompetent, or they are not coming clean in their discussion of these issues. They use the analogy of the sewage treatment plant near the Baltimore Parkway. Is it their contention that their proposed sewage treatment plant on the Piscataway Bay shore of Maryland is to be of the same size, using essentially the same techniques of sewage disposal? Why do they continue to be vague as to the new location of the sewage treatment plant. Precisely where is it to be? Are we to take their word that while they will need part of the park area, it still will not be seen from Mount Vernon?

Mr. Speaker, these arguments are spurious and fall by their own weight. If the plant is to be so small, why do not the developers put it on their own land? But then can it be so small, if the main reason for locating it in the Piscataway area is to serve a large area? As to the exact location, the framers of the legislation were completely aware of possible alternatives and drew the boundaries for Federal acquisition and protection of Mount Vernon with precisely this in mind. The argument that a little sewage treatment plant tucked in the corner of the proposed park would not be intrusive, will not wash.

That the developers are anxious to place their sewage in this low density area, or into the park, is without question. I ask unanimous consent Mr. Speaker, to include in the RECORD, at the conclusion of my remarks, a letter from the Washington Suburban Sanitary Commission to Mr. Douglas L. Hatch, president of the Prince Georges Utilities Co., an organization controlled by one of the real estate developers, confirming that these real estate developers, through the Prince Georges Utilities Co., had offered a contribution of $500,000 to the Washington Suburban Sanitary Commission, if they would build this plant in the Piscataway Bay area. Perhaps it is good business for the developers to enhance the value of their own property by paying to have their sewage dumped on someone else, but it is a serious question as to whether it is good business for the American people.

Mr. Speaker, I suggest that it takes quite a degree of callousness to infer that the legislation authorizing Federal acquisition is too greedy, and too asking in terms of the need it seeks to meet, when the people making these charges are the same ones who would have public agencies bail them out of their own financial dilemma at a considerable cost to the American public in terms of a most serious intrusion upon one of the most majestic, most historic, most revered scenes of the Nation.

The concern of this country has been manifest again and again at the disappearance of open space. The encroachments upon national shrines and monuments, and the need for concerted action to preserve and protect these beneficences of nature that are irreplaceable. This is not a matter of partisan politics, but rather of deep national concern that touches all regardless of political persuasion. Those who have been active in the effort to further protect Mount Vernon represent every walk of life.

The leadership in this great body to which I referred to earlier has been forthright and basic, and practiced by Chairman ASPINALL and the members of his committee. The same statement can be made of the distinguished chairman, Mr. ANDERSON, who has a like role in the Senate. The backgrounds of these men indicate the knowledgeability and wisdom that they consistently bring to these matters.

Certainly, the Mount Vernon Ladies' Association is to be congratulated for their longtime efforts in the early restoration and preservation of Mount Vernon, inclusive of all its grounds and buildings. The State of Virginia has aided and abetted the Mount Vernon Ladies' Association over the years in order to present to the American people and the world, the home of America's first President in a proper and reverent setting, and their efforts should be honored and appreciated.

Aid and invaluable assistance in this vigilance was received by the Citizens Committee on Natural Resources, under the leadership of Dr. Ira N. Gabrielson, often referred to by his colleagues and Government leaders alike as "Mr. Conservation." Their concern for the dignity and preservation of monuments so cherished by this country has been long evidenced by the activities of this fine group and their judgments respected.

Of great significance, has been the appreciation and gracious demeanor of our First Family for the shrine of Mount Vernon, perhaps evidenced by Mrs. Kennedy's description as the "Nation's most revered house." This is a charge to all Americans to keep it that way.

WASHINGTON SUBURBAN
SANITARY COMMISSION.

Mr. DOUGLAS L. HATCH,
President, Prince George's Utilities, Inc., Washington, D.C.

DEAR MR. HATCH: Please refer to the commission's letter of August 26, 1960, wherein you were advised that the commission had approved the project consisting of a sewage treatment plant and the necessary sewers and pumping stations to serve the Piscataway drainage basin, subject to a contribution of $500,000. As you know, since that time considerable opposition has been voiced toward the construction of a sewage treatment plant in the Piscataway Bay area, both by letters and in person at the hearing held by the commission on January 13, 1961, at the courthouse at Upper Marlboro regarding this project.

At the hearing the commission was strongly urged to undertake a joint project with Charles County and construct a sewage treatment plant in the vicinity of Mattawoman Creek. Preliminary investigations have been made and the matter discussed with the officials of Charles County and the indications are that Charles County would not be in a position to proceed promptly with such a project. Before making any final decision on the location of a sewage treatment plant, however, the commission would like the engineering department to complete its study regarding this possibility and pursue the matter further with officials of Charles County.

One of the major objections to the construction of a sewerage system in the Piscataway drainage basin at this time is that a large part of the area is outside of the regional district of the Maryland-National Capital Park and Planning Commission and not subject to zoning controls. The Park and Planning Commission has included in its proposed legislation that this area be added to the regional district at this session of the General Assembly of the State of Maryland. If such legislation is passed it would normally be effective June 1, 1961.

At the hearing the commission presented a letter from Mrs. Wolman and Geyer, consultants to the Washington Metropolitan Regional Sanitary Board, indicating that the construction of a plant on Piscataway Bay would not be inconsistent with the regional sewerage system for the metropolitan area. The commission has been advised that the final report being prepared by those consultants is expected to be completed in June. The commission desires, if possible, that its sewerage program be consistent with the regional sewer plan for the metropolitan area.

In view of the above, the commission has decided that it is not in a position to proceed at this time with the proposed project for Piscataway Bay which it indicated it would undertake subject to a contribution of $500,000. Before definitely deciding to proceed with this project, the commission desires to have available to it the results of further discussion with Charles County, the decision as to whether the area is added to the regional district and the report of the Washington Metropolitan Regional Sanitary Board. It appears that all of this information should be available by July of this year, at which time a decision can be made as to the method of handling the sewage of the Piscataway Basin. The commission realizes that this will delay our program, but it is believed to be in the best public interest to follow such a procedure.

Very truly yours,

JOHN BONIFANT,
Secretary.

Much work has been done on this by many people. So that we may have the whole story in one place, let me give you the speech made by the distinguished gentleman from Pennsylvania [Mr. SAYLOR] when the Interior appropriations bill was before the House on March 20, 1962:

Mr. Chairman, as the Members of the House are aware, I have attempted many times in recent years, to call their attention to the preservation of our great natural and historical resources in the valley of the Potomac River.

Last summer, this House approved a bill which I introduced without a dissenting vote.

A companion bill, introduced into the Senate by Senator CLINTON ANDERSON, of New Mexico, chairman of the Senate Interior Committee, also passed without a dissenting vote.

Our efforts were signed into Public Law 87-362 by President Kennedy.

Members of both parties acclaimed this action to preserve the view from Mount Vernon, the home of George Washington.

Now we have before us the report of the Committee on Appropriations of the House. This report disallows in toto the authorization of $937,600 to carry out the provisions of Public Law 87-362, passed less than 5 months ago.

The House Appropriations Committee report correctly states the reasons why the Congress passed Public Law 87-362. From that point the committee report appears to try to make these three points:

First. The present plans of the Washington Suburban Sanitary Commission will not detract from the Mount Vernon view.

Second. Adequate planning and zoning controls now exist.

Third. The cost will be far greater than that estimated when the bill was passed a few months ago.

Before this body votes on this measure, I wish to correct the records on these points, so that the House is voting with true facts at their disposition.

The House Appropriations Committee report cites that the Washington Suburban Sanitary Commission piously states that it will "refrain from further consideration of a site at Mockley Point." But the report fails to quote the next sentence from the Washington Suburban Sanitary Commission publicity release which says:

"The commission believes that a treatment plant can be located at another site on the southern shore of Piscataway Bay."

Nor does the committee read further in the commission's same recent public pronouncement which says:

"The commission will not consider * * * any site which adversely affects the Mount Vernon vista."

Despite this pronouncement the commission testified in the Senate only 10 days ago on the site it now contemplated.

Of course the commission testifies that the two-story structure it will build at the present will be attractive, and that a sewage treatment plant need not be obnoxious. To sanitary engineers they are the most beautiful and utilitarian structures in the world.

The House Appropriations Committee report states that the Maryland National Park and Planning Commission has recommended the new location planned by the commission for the sewage disposal plant in the lower valley of Piscataway Creek.

Again the House Appropriations Committee, in an otherwise commendable attempt to save printing costs, has treated this body to a partial quotation. The report referred to states:

"The long range needs of the [Prince Georges] county will be better met by a plant located at Mattawoman Creek in Charles County."

The report continues:

"It would be our preference that a lagoon system be used rather than a disposal plant [at the Piscataway Bay site] with the thought that when a larger plant is ultimately located in Charles County, those sites could be abandoned as disposal plants and the lands used for park and recreation purposes."

A careful reading of the full Maryland National Park and Planning Commission report shows almost the exact opposite of the House Appropriations Committee report citations.

For example, the House Appropriations Committee report states that the area in question is under "adequate planning and zoning controls."

The same Maryland National Park and Planning Commission report has this to say on zoning controls for the area:

"We do not believe that a proper zoning plan can be developed for this area unless and until an estate and farm zone requiring 2- and 5-acre lot sizes are available."

No such classification now exists in Prince Georges or Charles Counties.

Even if such a zone classification did exist, it could not be applied to prevent a sewage plant here, or any place else. Repeated testimony before the Congress last fall showed that the Washington Suburban Sanitary Commission was not subject to zoning in location of its plant, and that local government in this area has no control and no veto over the location of a sewage plant. As the Members of the House may remember, the Washington Suburban Sanitary Commission in its majesty did not deign to testify before the House last summer, and refused pointblank to give a commitment to the Senate that it would not proceed to build a treatment plant while we considered the matter further. That is why the law was passed. It was the only way to stop this agency of the State, and was resorted to only after all local remedies had been tried and failed.

The House Appropriations Committee report further states:

"The acreage in question is primarily owned by three families which have held property (totaling 540 acres) for generations."

This is not even a half-truth. Public Law 87-362 refers to 1,186 acres of land along the waterfront. One-half is owned by foundations who have offered to donate their holdings to the Government without cost. Despite repeated testimony on these generous gifts, the House Appropriations Committee completely ignores this fact.

In addition, two other major waterfront landowners have told the Department of the Interior since Public Law 87-362 passed that they will donate easements on their property to the Government.

The three cited by the committee in their report are the only waterfront landowners who have objected.

The report states:

"No evidence was given to the House Appropriations Committee that these (the three cited above) plan to dispose of their property or take any action that was not in keeping with the present rural character of this area, or would not give satisfactory scenic easements."

The House Appropriations Committee chose to ignore that the Washington Suburban Sanitary Commission testified before them that it is currently planning to acquire one of the three tracts for its sewage disposal plant and has the power of eminent domain to back up its decision. The owners plans have little to do with this impending change.

The House Appropriations Committee is also unaware that despite the fact that these protesting owners did not testify to this point, they have advised the Department of the Interior that they would not give any easement which would in any way restrict their right to develop their lands as they saw fit.

The House Appropriations Committee questions the adequacy of the $937,600 authorized in Public Law 87-362 and questions the $1,600-per-acre estimate on the 586 acres proposed for purchase in addition to the over 500 acres which will be donated outright.

This estimate was made by the Department of the Interior. It was based on the sale of a 50-acre farm in the center of the area along the river opposite Mount Vernon. This sale, which took place last summer, was a private sale between a willing seller and an informed buyer, and was at the price of $1,300 per acre, including the house, barns, and other improvements.

Of course, the objecting families cited by the House Appropriations Committee testified that the acquisition price of their land would be much higher, but I believe that courts would hold that the fair market value is established by recent sales. One of the protesting families' representatives testified before the Senate last fall that the price would be much higher. Close questioning by the chairman of the Senate subcommittee failed to elict any figure at all from the witness.

The House Appropriations Committee, in making this report on the purported inadequacy of the authorization, was apparently unaware that two of the major waterfront landowners have offered to donate easements on their lands to the Federal Government without cost, since Public Law 87-362 has passed. Another major landowner offered to donate easements on his waterfront lands before the bill passed. These easement donations, if accepted by Interior, would be deducted from the estimated cost of acquiring the 586 acres.

In addition, the House Appropriations Committee was apparently not aware that testimony given subsequently in the Senate showed that over one-half of the resident landowners in the Moyaone Reserve in the area covered by Public Law 87-362 have signed statements that they will donate visual easements on their property to the Federal Government without charge. The House Appropriations Committee was also unaware that several hundred acres in the Moyaone Reserve area as covered by this bill are under conservation covenants whose provisions already meet the requirements of this bill. Therefore, even where payments for scenic easements were required, the cost would be very small.

Lastly, the House Appropriations Committee makes the point of its policy that acquisition of park lands in this area is the responsibility of local jurisdictions, and suggests that the local planning commission should acquire the acreage in question if it is determined desirable or necessary.

This body should be aware that the Interior Committee in considering Public Law 87-362 made very clear in the hearings that this was not a local park bill passed for the local citizens. We, on the committee, recommend this bill unanimously to protect the view from Mount Vernon for the millions of visitors who come to the shrine from all over America and all over the world.

It must not, cannot, and will not be considered a local park bill. The support for this legislation and for the proposed appropriation which has come from all corners of the Nation, is not support of a local park bill. It is support for protection of a national shrine. I cannot believe this country is so poor that we cannot afford to protect that shrine, especially in view of the fact that private individuals are contributing such a large share of the cost.

In addition, Mr. Speaker, I quote part of an editorial as recent as April 3, 1962, from the Washington Star:

Especially disappointing was the refusal of funds to preserve a large park area on the scenic Maryland shore of the Potomac opposite Mount Vernon. This action flew unaccountably in the face of a specific authorization voted by Congress after extensive hearings were held last year. In explaining the rejection, the Appropriations Committee referred to its policy that future acquisition of parklands in the Washington area should generally be the responsibility of the local jurisdictions, which enjoy some of the highest per capita incomes in the country.

The fallacy in this policy, however, is its assumption that local jurisdictions in Maryland and Virginia will provide the wherewithal not only for their local recreational playgrounds and parks, but for those which are wholly of a national character, as part of the setting of the Federal City. This is a role which local areas of course will not fill, nor should they be expected to. There is no reasonable way in which the proposed, 1,186-acre shoreline park across from Mount Vernon can be rationalized as a local responsibility. As Congress agreed in its legislation last year, this stretch of shoreline would become a marvelous addition to the National Capital park system. It possesses historical and archaeological importance as the site of an early Indian village described by Capt. John Smith. And most important, it would preserve a view of great beauty from Mount Vernon which, unless Congress acts, most certainly will give way to bulldozers in the not-too-distant future.

Also, from the Washington Post editorial of March 24, 1962:

The public can never be sure that this national shrine has been properly safeguarded until the land on the opposite shore of the Potomac is in public ownership reserved for park purposes. The fact that last year's authorization now seems too small merely illustrates the cost of procrastination. To our way of thinking, the national interest requires this buffer park across the river from Mount Vernon, and if the House Appropriations Committee's dilatory tactics should prevail the site may ultimately cost several times its present price.

There have been actions taken by the Congress in the past that required vision and courage. One of these gave us Rock Creek Park. I wonder what this Capital city would be without it. Certainly the thousands upon thousands who come here each year are proud that their Capital is so surrounded. Have we lost our vision, Mr. Speaker, here on the Hill? Certainly our people across the country even to Alaska and Hawaii have not lost theirs, or there would not have been a unanimous vote in both Houses to authorize this acquisition of land across the Potomac from the home of President Washington. More and more people, as they realize that their Representatives did not have the courage to carry through this national demand, will insist upon the protection they consider both valid and necessary for this small area on the Potomac River. No, the matter is not ended, and there are many from all areas of the United States who will watch every move made in the area lest damage be done.

The Congress should also note the following organizations, both local and national, that are actively supporting this move to protect the environs of Mount Vernon:

LOCAL GROUPS

The Accokeek Civic Association.

The Calvert Manor Civic Association.

The Moyaone Reserve Civic Association.

The Piscataway Hills Civic Association.

The Alice Ferguson Foundation will donate land.

The Accokeek Foundation will donate land.

The Swan Creek Citizens Association.

The majority of local landowners have signed a statement that they will donate easements.

NATIONAL GROUPS

Citizens Committee on Natural Resources.

Izaak Walton League of America.

Mount Vernon Ladies Association.

National Audubon Society.

National Wildlife Federation.

National Trust for Historic Preservation.

Wild Life Management Institute.

Wilderness Society.

The General Federation of Womens Clubs.

LOCAL GOVERNMENT

Prince Georges County commissioners of the State of Maryland.

Governor and Legislature of the State of Virginia.

Maryland National Capital Park and Planning Commission.

That this may be as complete as possible this record should note at least the following editorials supporting this law which have been sent to Mount Vernon in addition to literally hundreds of news stories:

The Harrisburg (Pa.) Patriot, June 14, 1961; the Alexandria Gazette, July 18, 1961; the Des Moines Register, July 24, 1961; the Baltimore Evening Sun, August 2, 1961; the St. Paul Pioneer Press, August 3, 1961, and March 29, 1962; the Savannah Evening Press, August 9, 1961; the Boston Sunday Herald, August 20, 1961; the Augusta Herald, August 23, 1961; the Raleigh News & Observer, August 27, 1961; the Richmond Times Dispatch, August 30, 1961; the Charlotte News, September 4, 1961; the Nashville (Tenn.) Banner, September 14, 1961; the Washington Post, September 19, 1961; the Washington Star, September 25, 1961; and the Covington Virginian, February 7, 1962.

COMMUNISM

The SPEAKER pro tempore. Under previous order of the House, the gentleman from New York [Mr. DULSKI] is recognized for 60 minutes.

Mr. DULSKI. Mr. Speaker, I ask unanimous consent to revise and extend my remarks, and to include extraneous matter.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. DULSKI. Mr. Speaker, today as never before we are faced with the stark reality that communism is an ever-increasing threat to our Nation.

In recent years we have witnessed the struggle that has taken place in other countries in this hemisphere. Only 90 miles from our shores the Communists have overrun Cuba. We would be foolish to think it could not happen elsewhere—even right here in the United States.

We believe all men are created equal, that they are endowed by their creator with certain inalienable rights. The doctrine of communism denies this. Philosophically, communism is a complete throwback. It is a return to barbarism.

The Communist assault on the foundation of our Government goes on day after day without end. Our laws, particularly those pertaining to our security, are principal targets of Communist subversion.

What can we do to combat these Communist assaults? For one thing, we should all know more about it. We must study communism, learn its basic doctrines, its strategies and tactics, its approach to current national and international affairs.

This was the purpose of the cold war seminar recently sponsored by the Buffalo Jaycees in Buffalo, N.Y. If we have knowledge of what communism stands for, what it proposes to do, and how it plans to accomplish its purpose, we will not become its stooges, and we can successfully attack and thwart this menace.

In 1958, an Institute for American Strategy was organized for the purpose of educating the American people as to the profound strategic problems facing this Nation, and to offer positive programs for helping to meet them.

Cold war seminars were inaugurated by this institute to stimulate and encourage research and public study of the technical, ideological, economic, military, and moral factors in the protracted conflict between the free world and the totalitarian Sino-Soviet axis.

More than 4,000 speeches have been made at these seminars during the past few years by institute advised programs.

Last year the Buffalo Junior Chamber of Commerce was asked to conduct a cold war seminar in Buffalo. The Buffalo Jaycees, believing that this would provide area educators, businessmen, Reserve and National Guard reservists with a comprehensive grasp of the global conflict between the free and Communist worlds, and of the original resources and methods used by the Communists to achieve their aim of world domination, made the necessary arrangements, and the seminar was held in Buffalo on March 30 and 31, 1962.

The Jaycees also plan to develop objective discussion and understanding of the requirements for successful U.S. strategies, plans, and programs in support of free world military, political and economic security. American traits and ideals will be explored, and also how our beliefs can be preserved and fulfilled in harmony with the aspirations of other free people.

Months of preparation went into this seminar, under the able direction of Mr. John R. Owen, Jr., general chairman. Mr. Owen, born and educated in Buffalo,

is employed as a representative of the Whitmier & Ferris Co. in Buffalo. He has served in the Army, saw duty in Korea, and holds the Army Commendation Ribbon with Medal Pendant. He is presently assigned to the Buffalo USAR School as the unit's sergeant major. As a member of the Buffalo Junior Chamber of Commerce, he was an adviser to the Junior Achievement of the Niagara Frontier.

The honorary chairman for this seminar was B. John Tutuska, sheriff of Erie County. Mr. Tutuska was born and educated in Buffalo and joined the Buffalo Police Department in 1946. Sheriff Tutuska has been very active in this field, and on many occasions has called the public's attention to the threat of communism and Communist infiltration in our community. He is a strong believer in our American heritage and rights of all citizens in a democracy.

I had the privilege of attending this seminar, and I want to commend Mr. Owen on the splendid job he did in making this a success and procuring outstanding speakers. Some of the speakers traveled hundreds of miles to address the seminar.

Under the chairmanship of Mr. Martin J. Travers, senior vice president of the Marine Trust Co., the Strategy Seminar was opened by welcoming ceremonies, followed by the keynote address which was delivered by the Honorable MICHAEL A. FEIGHAN, a Member of Congress from Ohio.

Mr. FEIGHAN was born in Ohio and educated at Princeton and Harvard where he received his law degree in 1931. Representative FEIGHAN has been in public life since 1937, when he was elected a member of the Ohio State Legislature. He has been a Member of the the United States House of Representatives since 1942. Representative FEIGHAN is an authority on the enslavement of the non-Russian nations in the Communist empire and their rights to national sovereignty and independence. He is a member of the House Judiciary Committee, since 1943, serving on the Immigration Subcommittee. He is also a member of a Select Committee of the House of Representatives, 83d Congress, to investigate Communist aggression. Mr. FEIGHAN has received many awards and honors, a few of which are: the Grant Cross of the Royal Order of Phoenix awarded him by the King of Greece; honorary degree of doctor of political science, University of Munich; Vigilant Patriot Honor Plaque awarded by All-American Conference To Combat Communisn. The President of the Italian Republic conferred the Cross of Knight Commander upon him for his interest in the problems of emigration. Congressman FEIGHAN was also awarded the Freedom Plaque for Distinguished Service by the United Anti-Communist Action Committee of Western New York, July 20, 1960. In January 1962, he was elected Hibernian of the Year.

Congressman FEIGHAN'S address appears in the CONGRESSIONAL RECORD of April 3, 1962, on page 5861.

This was followed by a movie, "Communist Encirclement," sponsored by the United Anti-Communist Committee of Western New York.

Dr. Anthony Bouscaren, professor of political science at Le Moyne College, Syracuse, N.Y., spoke on the subject, "Soviet Challenge and Free World Response." Dr. Bouscaren has lectured at the National War College, Naval War College, Command and General Staff College, and other military commands and posts. He is a nationally prominent authority on communism, and has authored many books. One, "A Guide to Anti-Communist Action," with J. Edgar Hoover's "Masters of Deceit," was recommended by the American Bar Association's 1958 Committee on Communist Strategy, Tactics, and Objectives. Other books include: "Soviet Expansion and the West," "Imperial Communism," "America Faces World Communism," and "Modern Ideologies." He has written a number of articles for leading publications. Dr. Bouscaren has also received several awards, including the Freedoms Foundation, Wisconsin DAR Award, and the Christopher Award.

The afternoon session of the first day was chaired by Mr. Russell F. Kleinhans, State chairman of the national purpose project, New York State Junior Chamber of Commerce.

Brig. Gen. S. L. A. Marshall, U.S. Army, retired, who was Deputy Chief of Information, U.S. Army, from 1951 until he retired last August, spoke on the topic "Military Preparations and Policies."

He was followed by Rev. Joseph Cantillon, of Canisius College. Reverend Cantillon, speaking on the "United States and the United Nations," made a great contribution outlining the features of the United Nations program. He stressed why it was very important for the United States to keep its voice in the United Nations. He cited a number of fine examples in his lecture.

Dr. Charles Wesley Lowry, D.D., president of the Foundation for Religious Action in the Social and Civil Order, delivered a talk on "Communism and Christianity."

Dr. Lowry was Episcopal chaplain, University of California, 1949–50. In 1952 he represented the United States at the first International Convention on Peace and Christian Civilization in Florence, Italy. During 1956 he received a special audience by Pope Pius XII and lectured in England and France. In 1959 he was elected president of the American Peace Society.

Mr. Mark F. Soukup, member of the board of directors, Buffalo Jaycees, was chairman of the morning session on the second day of the seminar.

A movie, "Challenge of Ideas," prepared by the U.S. Information Office, was shown.

"The Civil Defense Problem" was the title of Mr. Richard P. Draine's address.

Mr. Draine is presently Director of Training, Education, and Public Affairs of the Department of Defense—Civil Defense Region I at Harvard, Mass. He is a graduate of the University of Chicago and the Chicago Teachers College.

Mr. Stuart L. Hannon, of Radio Free Europe, spoke next on "Why the Russians Win."

Mr. Hannon is presently the Staff Assistant, Office of the President of the Free Europe Committee—Radio Free Europe.

Prior to his present position, he served for 9 years with the Department of the Army and the U.S. Foreign Service in England, Luxembourg, Germany, Greece, and Switzerland. At the end of World War II, Mr. Hannon was assigned by military government to Radio Stuttgart to help direct the rebuilding of the former Reichssender into a democratic, public service institution. In 1947 he became Chief of the Information Control Division in Baden-Wuerttenberg. In 1948, during the period of Communist guerrilla warfare in Greece, he was sent on a special assignment to Athens. Under the U.S. High Commissioner, John J. McCloy, Mr. Hannon became the Director of the Public Affairs Division in south Germany. In September 1952 he was reassigned to the U.S. Embassy in Bern as Public Affairs Officer for Switzerland. On behalf of Radio Free Europe and Crusade for Freedom, Mr. Hannon makes regular lecture tours throughout the United States.

Col. William R. Kintner, U.S. Army, retired, chose as his topic for this seminar, "Strategy for the Sixties."

Dr. Kintner is deputy director, Foreign Policy Research Institute, University of Pennsylvania. He has written many articles and authored and coauthored many books: "Forging a New Sword," "Protracted Conflict," "A Forward Strategy for America," and "The New Frontier of War." Colonel Kintner has been awarded the Legion of Merit, Bronze Star (OLC) (V). Colonel Kintner is a graduate of the U.S. Military Academy at West Point.

Rev. Stephen Gerencser, headmaster of Calasanctius Preparatory School in Buffalo, spoke on "Education: Russian and the United States."

Reverend Gerencser obtained American citizenship in September 1954. He was educated in Hungary and obtained his Ph. D. and S.T.D. at the University of Budapest. Reverend Gerencser's activities are well known in the fields of psychology, philosophy of religion, and education, and he has published several books and articles. He speaks Hungarian, German, Latin, French, Catalan, Greek, and English.

In the afternoon, the seminar was chaired by Judge William J. Regan.

"Disarmament and Its Prospects" was discussed by Ambassador Jacob D. Beam, of the State Department.

Dr. Lev Dobriansky, of Georgetown University, delivered a lecture on "Soviet Russian Weaknesses and Vulnerabilities."

Dr. Dobriansky is presently a professor of economics at Georgetown University. He has had a brilliant career in education and public service. Dr. Dobriansky authored the Captive Nations Week resolution (Public Law 86–90) and has received frequent testimonies in the U.S. Congress since 1948. He has received many honors: Charles Hayden Memorial Scholar, Hirshland Political Science Fellowship, Freedom's Foundation Award, and holds an honorary LL.D.

from Munich. His published works include: "Veblenism a New Critique," "The Free Trade Ideal," "Discussion for a Better America," "The Great Pretense," "The Crimes of Khrushchev," and "Europe's Freedom Fighter: Tara Shevchenko."

Dr. Dobriansky's lecture follows:

SOVIET RUSSIAN WEAKNESSES AND VULNERABILITIES

(By Dr. Lev E. Dobriansky)

The authorities of the University of Buffalo, the membership of the Buffalo Junior Chamber of Commerce, and others responsible for this important cold war seminar deserve the highest praise and admiration not only from the citizens of this Greater Buffalo area but also from our people throughout the country. It is a distinct privilege for me to participate in this seminar because the ideas, perspectives, and judgments exchanged here will undoubtedly make themselves felt in other parts of our Nation, not to say in several quarters of the globe. If you think this is simply a flowery introduction to my subject, then just ponder the fact that the intense activity shown by the city of Buffalo in the annual observance of Captive Nations Week has had a continuous impact not only on other major cities in the United States but also, in another way, upon the imperio-colonial city of Moscow.

It is plainly evident to every alert citizen that never before has the relationship of commercial and industrial enterprises, military preparation, educational effort, and governmental conduct been more interlaced and interdependent than in our time. The proceedings of this seminar clearly reflect the chief aspects of this basic pattern, and its results, bearing on cold war problems, cannot but prove to be salutary for alert citizenship, for popular interest in our foreign policy, for our will and determination to win the cold war. As I view it, this seminar is a people's forum for a free exchange of ideas, for the flow of data and facts which many of our newspapers, periodicals, and other media fail to bring to public light, for constructive evaluation and also criticism of the policies of our Government. This is intellectual democracy in action. And surely one of our most responsible tasks is to gain an understanding of the strength, weaknesses, and vulnerabilities of the Soviet Russian adversary.

THE STRENGTH-WEAKNESS-VULNERABILITY FORMULA—(SWV)

In analyzing the Soviet Russian colossus it is necessary to distinguish at the outset between weakness and vulnerability. The two are not identical and should not be confused. A weakness is a condition of defect and impairment which does not in itself constitute a vulnerability. For it to develop into this state requires an active external agent, a stimulus seeking to take advantage of the condition. No doubt there are many deep and open weaknesses in the totalitarian Soviet Russian Empire, but so long as they remain untapped—indeed, in many critical instances unnoticed and even ignored—they cannot by logical definition be deemed as vulnerabilities. Thus, in terms of a working formula of thought, policies of patched-up containment, evolution, and wishful thinking on the coming break-up of the so-called Communist bloc serve only to guarantee the inconvertibility of imperial Soviet Russian weaknesses into vulnerabilities. The active external agent, the powerful stimulus or catalyst, is lacking.

Now there is little difficulty in taking an item-by-item inventory of weaknesses in the Soviet Union and enumerating them in the ideologic, political, economic, sociologic, military, and other spheres of this substrate empire. Essentially, this bookkeeping approach would be meaningless, devoid of perspective and weighted proportion, and virtually useless for pragmatic objectives in our struggle for survival. By far the more effective and meaningful way is to rank the paramount points of weakness and possible vulnerability in some order of logical importance, revealing the main and crucial spots of each in a particular critical area.

What significantly results from this realistic approach is the strength-weakness vulnerability formula. According to this formula, the points of Soviet Russian strength increase in some direct proportion to our failure to convert its weaknesses into vulnerabilities and can substantially decrease in inverse proportion to our success in staging such conversions. The prodigious irony of the current situation is the fact that beneath the surface of most Soviet Russian accomplishments and points of strength rest their most profound weaknesses.

As will be shown by concrete fact and experience, rather than by dangling theory or speculation, it is my aim here to emphasize one area of strength and also actual weakness over others. This is not because I am especially attracted to this area. Rather, it is because this most critical area still is quite vague and unfamiliar to most Americans; it is because in history, logic, and strategy the area of totalitarian Soviet Russian domination and influence over the two dozen captive non-Russian nations from the Danube to the Pacific still is the primary battleground between the forces of freedom and totalitarian imperialism. The areas of southeast Asia, Africa, the Middle East, and Latin America are only secondary and tertiary battlegrounds of the enemy's choosing. Further plans and expenditures to mend the fences of freedom in these areas are, to be sure, necessary, but they are also, in the context of the cold war, expressions of inadequacy under a shortsighted policy of patched-up containment.

THE PERMANENT COLD WAR CONTEXT

To assess with meaning and a ruling sense of proportion the strength and real weaknesses of imperialist Soviet Russia, it is indispensable for us to bear constantly in mind the permanent cold war context. Outside of this existential context, predicated by the backward political institutions of Russia itself, the accomplishments and weaknesses of Moscow fall short of significant meaning. As some of us have taught for over a decade, we should consciously recognize that, given our own military buildup, the future will not be one of any global military holocaust involving the insecure forces of Moscow. Instead, it will be one of more or less intense cold war activity whereby the Russian totalitarians will seek in the best tradition of Russian empire-building to frustrate and sap the will and determination of their targeted victims.

Looking back over the past 17 years, one would be justified in writing a book on our foreign policy under the title "From Air Supremacy and Atomic Monopoly to Creeping National Self-Paralysis." This is not a pretty title, but neither is our sad record of losing the peace and also parts of the free world piece by piece twice in this century. Rarely in the history of mankind has a country spent so much in life and treasure for peace and freedom, and yet has lost so much in so little time than our Nation since World War II. Policies have their results and consequences, and ours have spelled increasing failure to halt the enemy, no less defeat him. There is not only no indication of any necessary substantial change in our policy today but also no evidence of a complete grasp of Russian cold war activity.

When we focus our attention on the major strengths and also weaknesses of the Soviet Union and Moscow's extended empire, let us keep reminding ourselves of the real "ifs" of history as well as the "whens." If President Wilson had an accurate knowledge and understanding of the Czarist Russian Empire, there can be no doubt that he would have listened to the French and applied the basic principle of national self-determination to all the non-Russian nations in that empire. The mythology of communism and the reality of Russian imperio-colonialism would surely have been but echoes in the arena of contemporary history. If President Roosevelt had understood the makeup of the Soviet Russian empire, under the legalistic disguise of the U.S.S.R., there also can be no doubt that he would have utilized our overwhelming power to place Moscow under increasing pressures of freedom. Instead, duped by Moscow's skillful propaganda and diplomacy, he acquiesced to the power-politic thought of dividing the world into spheres of influence. As the files of Cardinal Spellman show: "China gets the far East; the United States, the Pacific; Britain and Russia, Europe and Africa. But as Britain has predominantly colonial interests, it might be assumed that Russia will predominate in Europe."[1]

And, as I shall show, our operational understanding of Moscow's colonial empire, and its effective techniques haven't improved much since. This situation as certainly a source of tremendous comfort and encouragement to Moscow and its quisling puppets. It indicates to them that if they can largely realize their 7-year and other plans, if they can improve and expand their military hardware, if for propaganda and other reasons they can continue their spectacular explorations into space, they will enjoy even greater successes in the cold war with the diverse instruments and resources produced in these fields. Through these means and more they will, in time, expand their empire, whether it will be in the Middle East, Asia, Africa, or Latin America, and at the same time avoid any hot global conflict. After all, part of their totalitarian empire lies only 90 miles from our southern border.

Cuba is an actual example. But for a possible example, if as a result of Russian-supported subversion and agitation Iran falls under the process of an overtake, ask yourselves what really could we do? Would you send SAC or the marines in there? Would you employ nuclear weapons? In short, with all our armaments and economic handouts, aren't we neutralized on the world scale by the special type of cold war activity Moscow wages? The sudden discovery of the uses of guerrilla warfare—10 years after many of us advocated it in connection with the captive nations—is on this scale an open invitation to miniature Koreas along the broad front of the free world.

The techniques of Russian cold war activity are in form and substance old techniques. They are scarcely the creation of self-designated Communists. They are in essence the techniques by which Russian imperio-colonialists were able to build up an unprecedented empire in the past, from Ivan the Terrible down to 1917, and the present empire is a continuation and expansion of the past one. As then, so now, they skillfully utilize deceptive ideologies to mask themselves and their colonialist movements; as then, so now, they employ Potemkin Village tactics, whether in the military field, the economic, diplomatic, or even athletic, to disarray, confuse, and frighten their targeted victims; as then, so now, they make full use of conspiratorial, infiltrative, subversive, and blackmail methods. These techniques of incessant cold war aggression are plainly not the products of irrelevant Marxism or of Pavlovian psychology. They are the fashioned tools of centuries of cumu-

[1] "The Cardinal Spellman Story," Look magazine, Mar. 13, 1962, vol. 26, No. 6.

lative experience in successful empire-building.

The real decision before this Nation today is not whether to push or not to push into space, to disarm or not to disarm, to negotiate or not to negotiate, to trade or not to trade with the Red Empire. Instead, the basic and real decision is whether to meet or not to meet the full cold war challenge of colonial Moscow. Once we make this decision, all other subordinate decisions will fall into place. When and if the real decision is placed before this Nation and we should resolve seriously to engage the enemy in the total context of the cold war, it wouldn't and couldn't be a matter of fighting this war only on our side of the 50-yard line. In any league the best defense is the offense, and it should be obvious that the defense of freedom is being battered from Laos to Cuba because our mere defensive and reactive posture is not the best defense.

Where, then, do Soviet Russian achievements and correlative weaknesses enter into this analytic framework? Quite clearly, a cold war offensive would not permit Moscow's imperialism to nibble away at us, for such an offensive necessitates the conversion of well-known weaknesses in the enemy's empire into vulnerabilities and the systematic exploitation of these vulnerabilities toward his eventual destruction. We would have to seize upon these formed vulnerabilities with the same caution, skill and courage as they do in the free world, this despite the overhanging presence of thermonuclear weapons. Put in another way, we must study the weaknesses and the associated achievements of the avowed enemy to convert them into vulnerabilities which can be exploited for our national self-preservation and the survival of freedom. The manifest irony of our present situation is that we wouldn't think twice about attending to this necessity if we were suddenly catapulted into a hot global war, but in the more insidious cold war of our time this necessity is being virtually overlooked. Instead, some seem to content themselves with philosophical exhortations about the spreading disease of freedom and the human penchant for diversity.

THE IDEOLOGICO-PROPAGANDA SWV

There are five major areas for our analysis: (1) the ideologico-propaganda; (2) the empire; (3) the so-called economic race; (4) the military-space field; and (5) the party apparatus. Applying to each our working formula of strength-weakness-vulnerability, let us consider the first, the ideologico-propaganda. The strength of Moscow's ideologico-propaganda drive is admitted as being superior by most students of the subject. Moscow's tremendous feat in this all-encompassing area is the sustained impression and opinion generated in too many parts of the free world that a new way of life, a new philosophy, and new methods and operations of social order are represented by the Soviet Union and other sectors of Moscow's empire. The way of life is socialism in transition to communism; the philosophy is Marxism-Leninism with unspecified revisions now and then; and the new methods and operations are ostensibly the products of a planned economy. Our personalist way of life, our democratic philosophy, and our capitalist methods and operations stand in contradiction to these essentials of so-called Soviet society.

With his grandiloquent and constant babble Khrushchev has enlarged this ideologico-propaganda achievement by convincing many unsuspecting Americans and others that the momentous contest is between two social systems—socialism versus capitalism—in the atmosphere of peaceful coexistence. We are supposed to be in an economic and technologic race, the outcome of which is predestined by Moscow's interpretation of history. As in the case of Hitler and his 1,000 years of the New Order, the Russian totalitarians see themselves riding the wave of the future.

To prevent this, we spend considerable time, capital, and energy in the simple belief that we are fighting international communism or, at best, Communist imperialism. Clouding up the situation further is the notion that our adversary is "the Soviets"—mind you, councils of workers and peasants. No one will deny here that to confuse, deceive, and distract your chosen opponent is a basic accomplishment in and of itself. As concerns the nature of the struggle and its manifold ramifications, the Russian totalitarians have succeeded in this with us. In the past Russian tyrants cloaked their totalitarian rule and imperialist conquests with equally spurious ideologies of super-religious orthodoxy and racist pan-Slavicism. Today it is millenarian communism, interspersed at times with these old ideologies in what suits the occasion.

We have uncritically accepted this and inadvertently impute philosophic respectability and dignity to what is essentially not the ideology but the mythology of communism. The pendulumic swings of attitude in the United States, viewing the Russians as 4-footers at one time and then 11-footers at another, indicate both our uncertainty of knowledge and susceptibility to Moscow's manipulation of half or isolated truths. On the one hand, we deprecate Moscow's activities in Asia, Africa, and Latin America as "mere propaganda," while, on the other hand, we complain that our story is not reaching the university students and the peoples of these areas. We have still to appreciate the central importance and significance of propaganda in the cold war. The heirs of Pushkin, Tolstoy, Dostoyevsky, and other practical psychologists have remarkably developed this basic art to make a relatively backward state appear as a prime contender to the slumbering American giant, to make the worst empire of its kind appear as the great proponent of national liberation and independence, and to move the minds of millions throughout the world in the belief that all this is so.

However, the weaknesses of Moscow's ideologico-propaganda are deep and fundamental. These have been time and time disclosed by experience and events, not theory or speculation. After 20 years of so-called indoctrination millions of Ukrainians, Georgians, Russians, and others deserted colonial Moscow in World War II; after 10 years of heavy propaganda Hungarian students and workers staged the 1956 revolution, shouting, "Russky, go home"; after years of enslavement in the Vorkuta, Karaganda, and other labor correction camps, inmates of all different nations struck for freedom. These are only a few of the hundreds of examples proving the utter bankruptcy of what we uncritically call Communist ideology. Without iron curtains, walls, and the oppressive apparatus of totalitarian rule this existential bankruptcy would come into full bloom, the Hitlerian totalitarian and imperialist nature of so-called communism would be clear to all, this Trojan horse of thought and weapon of deception with no basic relevancy to 19th-century Marxism would become transparent even to the newly independent nations and peoples who know little about Soviet Russian imperio-colonialism.

Nevertheless, Moscow continues to capitalize on this massive deception chiefly because of our failure to develop these weaknesses into critical vulnerabilities. Such development requires a realization of the central importance of propaganda—a forceful, well-planned propaganda of truth and fact—and also a grasp of the real nature of the threat stemming from Eastern Europe. Our Voice of America is but a pygmy compared to Moscow's media. Worse still, the policies of USIA run counter to the task of developing vulnerabilities in the U.S.S.R. For example, 4 years ago, by virtue of congressional hearings, the USIA was stopped in its attempt to curtail and eliminate Lithuanian, Ukrainian, Georgian, and other non-Russian broadcasts to the U.S.S.R.[2] It sought to have the captive non-Russian peoples listen in the language of their Moscow captor. Today, again, this attempt is being made to appease Moscow.

The opportunities for demolishing the image Moscow casts of its empire are many. For one, we could easily show the theoretic Russian perversion of Marxism and the vacuity of so-called Communist ideology. Points on economic determinism, the technocratic elite in the U.S.S.R., the appeal to underdeveloped areas in the name of socialism, surplus value and economic and colonial exploitation in the Soviet Union, state versus society, are only a few to establish the Russian mythology of communism. As one writer recently put it: "Bolshevism evidently stems from the traditional messianic and universalist outlook of the Russian revolutionary intelligentsia which fastened upon Marxism as an instrument of its own will to 'change the world.'"[3] The fact is that Soviet Russian mythology is a Comtean impulse to reorganize wholesale the societies of other nations in the image of backward and barbarian Russian institutions.[4] The combination of oppressive institutions and modern technology, the latter largely the creation of the West, has produced a mythology which in every fundamental respect is Hitlerian totalitarianism.

If we are to win the cold war, we must recognize and repeatedly stress the real threat which Soviet Russian mythology conceals. And this is the Soviet Russian imperio-colonial system of totalitarian rule. Make no mistake about this. This is not a matter of academic theorization and speculation. As I'll show in connection with our second area, it has been successfully tested and, indeed, more tests are in order so that this fundamental truth would be ingrained in the minds of our people and the people of the world. It is scarcely comforting to learn, alas, that we are fighting against a mythology, but it is reassuring to know that along with all the captive nations in Moscow's empire we have pierced through the mythological facade of communism to the real enemy, Soviet Russian imperio-colonialism.

Our most powerful weapon against this last remaining empire in the world is the ideology, the system of ideas and truths, embodied in our own Declaration of Independence. About 10 years ago we called for a universalization of the Declaration, aimed particularly at the captive non-Russian nations in the Soviet Union.[5] The evidence of this past decade proves the soundness of this position. However, when we find Secretary of State Rusk declaring in a letter to the House Rules Committee last August that Ukraine, Armenia, and Georgia are traditional parts of the Soviet Union, meaning, in effect, that we should not disturb Moscow's eminent domain over these captive

[2] "Review of U.S. Information Agency," Committee on Foreign Affairs, September–October 1958, Washington, D.C., pp. 102–122.

[3] Lichtheim, George, "Marxism, An Historical and Critical Study," New York, 1961, p. 398.

[4] Dobriansky, Lev E., "Veblenism: A New Critique," Public Affairs Press, Washington, D.C., 1957, pp. 85–86.

[5] "Universalized Declaration of Independence: America's New World Revolution," CONGRESSIONAL RECORD, volume 99, part 9, pages A713–714.

areas, we cannot but wonder about the understanding and vision of some of our leaders.[6] Three months later Ambassador Stevenson in a U.N. declaration talks about an independent Ukrainian Republic, about an Armenia that declared its independence in 1918, about the independent state of Georgia.[7] It is such confusion of thought that inhibits us from converting a major weakness into a critical vulnerability. It is such cross-purpose operation that causes men like Madariaga to say, "This is a war of ideas, brains, and heart. The West's foreign policy is passive and flaccid. It will never get an understanding with Russia. How about Russian imperialism? It's the worst imperialism the world has ever known * * *."[8]

MOSCOW'S EXPANDED EMPIRE

Well, how about Russian imperialism? The second general area of Moscow's obvious strength is its expanded empire. Contrary to much current wishful thinking about Red China and Albania, about "the slow fragmentation of the Communist bloc," the Soviet Russian Empire continues to consolidate itself in substantial terms of economic integration, military accretion, and an expedient exploitation of nationalist forces. One of Moscow's paramount goals in the past 5 years has been to gain Western acquiescence to the permanence of its present empire, and our increasing indifference toward the captive nations has helped in this.

Since its accidental inception in 1917, Soviet Russia has reduced to captivity one non-Russian nation after another. The history of Soviet Russian conquest began with most of the nations now held in bondage within the Soviet Union itself—White Ruthenia, Ukraine, Georgia, Armenia, Turkestan, and others—and this process, either directly or indirectly, continues in Cuba, South Vietnam, Laos, Iran, and elsewhere.[9] The most significant development in all areas of the empire is the emphasis placed on the old formula, "national in form, socialist in content." To attract the instinctive nationalist forces in Poland, Ukraine, Hungary, Azerbaijan, Turkestan, North Korea to the global ambitions of Moscow, the Russian totalitarians are accommodating themselves to the stress of national heroes and events of the past. In this they hope to prove that the future of these captive nations rests with them rather than "the imperialist powers" of the West. Moscow exploits past and present national grievances to its own advantage, constantly telling Poles and Ukranians, for example, about the Germain atrocities of the past and constantly reminding Azerbaijani and Armenians about their claims against Iran and Turkey, respectively.

Moscow plays every angle to strengthen its hold on the empire, on both the internal captives within the Soviet Union and the outer captives outside it. Feelings of pan-Slavicism, religious orthodoxy, national pride, past hatreds and national uncertainty toward the future are exploited. Disagreement with Red China and Albania is more of a proof of this overall tendency of expedient accommodation than of any basic disintegrative tendency. Whether in Georgia or Azerbaijan or Ukraine or Turkestan, Khrushchev often has tried to persuade the non-Russian nationals there that they are "independent."

Those who today preach that the Soviet Russian Empire is showing signs of disintegration, that the future is with us, that all that is required is a military buildup and trade with this empire, are gravely misleading the citizens of this country. There is no substantial evidence of this. In fact, all the important and basic evidence of increasing empire strength points the other way. Of course Moscow has its problems. Who doesn't? It had even graver problems at Stalin's death, during the Hungarian Revolution, but it nonetheless continued to build up its composite power.

Yet beneath the surface of this imperial power and strength lies the most profound weakness of the Soviet Union and of the entire structure of Moscow's imperial rule and power. This weakness is the immense latent power of genuine patriotic nationalism, both within and outside the Soviet Union. This weakness is so deep that despite his public disclaimers of Stalinist terrorism, Khrushchev deemed it necessary to have two Ukrainian nationalist leaders in exile murdered.[10] It is this power of patriotic nationalism which is our most formidable weapon against Soviet Russian imperio-colonialism, not the superficial disagreements between puppets and the prime power.

Despite the unmistakable clues given by Khrushchev himself, we have yet to translate this fundamental weakness into a vulnerability. The most important and conclusive test of my observation here is Khrushchev's haunting fear of any implementation of the Captive Nations Week resolution, passed by Congress in 1959. Except for the U-2 incident, no event in the past 10 years has had as violent an impact on Moscow as this resolution. Our Presidents and others have spoken in behalf of some of the captive nations before 1959, but this produced no sensitive reaction from Moscow. It was only when Congress included all the captive nations, meaning the majority of them in the Soviet Union, that Khrushchev and his puppets exploded. And they have been erupting over this ever since because they know, if we do not, the disastrous effects that a methodic implementation of this resolution could have on their worldwide propaganda operations and on the nations within their empire.

Let me cite just one example of how our opinionmakers interpret this resolution. In an article a few months ago Stewart Alsop wrote, "When I was in Moscow during the October party congress, Khrushchev once again violently denounced the innocuous Captive Nations Week Resolution which Congress passes every year to attract minority votes."[11] I wonder how an informed and intelligent American reader reacts to this stroke of logic and fantasy. Very simply, if the resolution is truly innocuous, why should Khrushchev, the leader of the supposed second largest power in the world, again violently denounce this resolution? As to the other parts of this fantastic observation, the resolution is self-renewing and thus is not passed every year, nor had its bipartisan passage any relation to minority votes. Is it any wonder that we are losing the cold war?

THE ECONOMIC ILLUSION

Turning now to the economic area, it should be readily recognized that for cold war objectives the empire economy of the Soviet Union is strong, secure, and increasingly threatening. The usual comparisons about their surpassing us in this or that are of barren meaning, a source of much economic illusion. The U.S.S.R. economy is and always has been a war economy in essence. With a gross imperial product of only about 40 percent of our GNP, with an industrial output of about 45 percent of ours and requiring over 20 percent more labor, with an agricultural output below ours by one-third and requiring 50 percent of their labor force as against 10 percent of ours, with available goods and services only 33 percent of ours and on a per capita basis only 25 percent of ours, and with the inevitable problems of growth yet to be experienced by them, Moscow has a long way to go to match our economy even in its present state. However, being a totalitarian and essentially a war economy, the U.S.S.R. poses an increasing threat as $12 to $20 billion of additional output becomes annually available to it for cold and hot war purposes.

Weaknesses in this economy are many, but most fundamental are the disparities of real income and status between the new class of the ruling elite and party functionaries and underlying population, and also the rampant economic colonialism to which the captive non-Russian peoples are subjected. In combination with the other weaknesses, these can be transformed into vulnerabilities as we concentrate on the Russian people and the captive non-Russian nations in the U.S.S.R. Such concentration by way of focusing worldwide attention and opinion on these two paramount economic weaknesses would provide important political leverage to the liberal Russian and nationalist non-Russian forces within the U.S.S.R.

Again, to cite an example, there are today some 40 resolutions in the House Rules Committee calling for the creation of a Special Committee on Captive Nations.[12] One of the main objectives of this committee would be to study and make known the scope and depth of Moscow's economic colonialism in the Soviet Union. These measures seek to implement the Captive Nations Week resolution, but so far the leadership and the administration have resisted such a step, despite all the evidence of Moscow's troubled concern over such implementations.[13]

THE MILITARY-SPACE SWV

Perhaps even clearer and more distinct SWV aspects appear in the military-space field. The general and specific strength of the U.S.S.R. in this area are the consummate result of top priority allocation in this war economy. Matching in dollar volume our total military expenditures, over 20 percent of the gross product in the U.S.S.R. goes to military pursuits. Every weapon, every means, from ICBM's to pistols, receives high qualitative and quantitative development. In space exploration, tremendously expensive in itself, Moscow has, as we know, made an early start under the rule of inordinate concentration. In all these areas the technologic achievements are basically and almost entirely Western. They have little or nothing to do with so-called Socialist economy or Communist pretension. Their further development poses, nevertheless, certain dangers, particularly in significant breakthroughs capable of magnifying the military power of the imperio-colonial tyrant.

Behind the military technocracy in the U.S.S.R. lie deep weaknesses which no amount of nuclear blackmail or military display can hide. Before World War I the Rus-

---

[6] "State Proves the Necessity of a Special Committee on the Captive Nations," CONGRESSIONAL RECORD, Mar. 7, 1962, p. 3583.

[7] "Spotlight on Moscow's Imperio-Colonialism," CONGRESSIONAL RECORD, Mar. 7, 1962, p. 3569.

[8] Salvador de Madariaga, Washington Post, May 26, 1961.

[9] Dobriansky, Lev E. "History of Communist Aggression," report, Fort Leavenworth, Kans., 1961, pp. 14–22.

[10] George Vine, "I Killed for Russia," the Daily Mail, London, Nov. 18, 1961.

[11] Stewart Alsop, "The Berlin Crisis: Khrushchev's Weakness," the Saturday Evening Post, Dec. 16, 1961.

[12] "Action on the Creation of a Special Committee on Captive Nations," CONGRESSIONAL RECORD, volume 107, part 11, pages 15376–15384.

[13] See "Russian Colonialism and the Necessity of a Special Captive Nations Committee," CONGRESSIONAL RECORD, volume 107, part 3, pages 3518–3544.

sian czar virtually terrorized the capitals of Western Europe with the threat of the great Russian "steamroller," the vast imperial forces of the Russian Empire. Today, following in the paved traditions of Russian cold war diplomacy, Khrushchev threatens us and the world with "global missiles." He has been so effective in propagandizing the empire's military and space feats that in addition to naive and pacifist groups doing his work for him in the free nations, even our own leaders invoke from time to time the pangs of nuclearitis as an excuse for the absence of a well defined and developed cold war policy.[14]

But the innovation of present military-space technology in no way alters the persistent weaknesses in the armed services of the U.S.S.R. Complete and striking military power is not just a conglomeration of new weapons. The ultimate weapon is still man and his morale, loyalties and will. No one is more aware than Moscow of the overriding fact that, despite changing military technology, in all three major wars in this century the motley and multinational forces of the Russian Empire, whether czarist or Soviet, disintegrated early. In the Russo-Japanese and the two World Wars political factors associated with the freedom of the Russian people and the independence of the non-Russian nations accounted for this record. About 43 percent of U.S.S.R's armed forces is non-Russian and, despite the fact that the Constitution of the U.S.S.R. calls for separate Republic war ministries, troops are carefully intermixed and dispersed.

Capitalization of this vital weakness into a vulnerability rests obviously on a broader program directed at the captive non-Russian nations in the U.S.S.R. Along with this is the necessity for a full and superior development of all our arms, nuclear and conventional. We made a grave mistake in accepting a nuclear test ban, and disarmament in the realistic context of the cold war is a political myth. The only sure and safe way to preserve the gray peace and to move forward toward cold war victory is by attaining to unquestioned superiority along the entire spectrum of military technology and weaponry. Our economy can flexibly accommodate this; the empire economy of the U.S.S.R. cannot. In space, with 33 of our earth satellites as against 2 of theirs, we already enjoy an overall superiority. As in so many other respects, the Russians potemkinize their firsts and demonstrate in time their lack of depth. There is no commonsense reason why we or the free world should cooperate and share our space discoveries with the Russian totalitarians. Whether we like it or not, even space is not excludable from the Russian cold war matrix.

THE PARTY

The final major area for SWV analysis is the party. Not unlike the Nazi Party under Hitler, the Communist Party of the Soviet Union is the cohesive agent of totalitarian Soviet Russian strength. There are some 8 million in the party today, but this figure is misleading. Predominantly Russian, the party consists of members with families, relatives and associates who, though not members, share both material and spiritual interests in the strength and power of the party. And these number well over 25 million. The party, thus, is the strong vehicle for totalitarian rule in the empire and subverting conspiracy beyond it.

However, it is not without weaknesses that, along with others, could not be developed into fatal vulnerabilities. The perennial problem of succession, intraparty feuding, the pressures of national parties in Ukraine, Georgia, and elsewhere, and infiltration of party councils and machinery lend themselves to such a development. Here, as elsewhere, our offensive in the cold war would necessarily have to be organic, composite and totalistic. Pursuing one weakness as against others would be both foolish and wasteful. But it will be noted that involved in each of these major weaknesses is the basic cross-sectional problem of the captive non-Russian nations in the U.S.S.R. Can you now understand why for 3 years Khrushchev and his puppets have been violently attacking the Captive Nations Week resolution? From the viewpoint of our cold war disadvantage, can you now understand why our State Department opposes this resolution and why our Presidents have with the utmost reluctance issued proclamations of the week every July?

These are facts, not academic theories and speculations inscribed in some newly written book. It was painful for me, as indeed to others, to see how thoroughly incapable our Vice President was in his encounter on these problems with Khrushchev in July 1959. It is equally painful to observe how, today, we continue to miss our opportunities for eventual cold war victory. However, I haven't the slightest doubt that with more shock treatments and an aroused citizenry the dominant facts of international life and the predominant weaknesses of the Soviet Russian Empire will lead us to the pursuit of an inescapable policy of emancipation and a cold war strategy designed for decisive victory. All the elements, all the outlines for such a policy and strategy are available to us. All that is necessary is will, courage, and an understanding of the Soviet Russian Empire which, after all, is our prime foe and the world's cancer.

Mr. Speaker, "Thinking of the Russian People Regarding Their Leaders" was an interesting subject discussed by Senator James F. Murray, Jr., of New York City.

Senator Murray is now an international lawyer. He travels extensively and in the past 2 years he has been behind the Iron Curtain twice. Mr. Murray has been awarded the Lateran Cross and the Italian Order of Merit for his international cultural activities.

The main address of the afternoon was given by the gentleman from New York, Hon. JOHN R. PILLION. Congressman PILLION has been a Member of the U.S. House of Representatives since the 83d Congress in 1950, and has been a leading western New York Congressman since that time. His interest in the democratic process has earned him the respect of his colleagues and the people of western New York. He is author of House Resolution 447, "A Declaration of War Against 98 Communist Parties," a psychomoral offensive against the international Communist conspiracy.

Congressman PILLION's speech, entitled "War, Survival and Peace," follows:

ADDRESS BY HON. JOHN R. PILLION, REPUBLICAN, OF NEW YORK, AT THE COLD WAR SEMINAR UNIVERSITY OF BUFFALO, MARCH 31, 1962

Mr. Chairman, my compatriots, and my esteemed friends, you know about a month ago, the Young Republican Clubs held their national convention in Washington.

I was invited to participate in a panel discussion. The subject question was:

"Shall we make communism a campaign issue?"

My initial answer was "Yes" and "No" and "Maybe."

Now, please do not conclude that this was a flippant politician's answer. Nor was it intended as an ambiguous Delphi oracle pronouncement.

Rather, my purpose was to emphasize the fact that the subject of communism is of such great magnitude, imbedded with so many variables and imponderables, permeated with so many complex policies, strategies and tactics, that it does not lend itself to a simple, categorical, dee-finitive solution.

I don't suppose there is anyone in this room who has not given some apprehensive thought of how much radioactive materials our families may safely ingest through the air we breathe and the food we consume.

Each of us, I'm sure, has given some fleeting consideration to protective measures, including fallout shelters, against a possible nuclear attack.

This is taxpaying time. Fifty-five billion dollars, or 60 percent of the Federal budget of $93 billion, is allocated for military and other defense purposes.

A reduction of 60 percent in our Federal taxes would be a most attractive prospect.

Today's newspapers are headlining the crises over Berlin, nuclear testing, disarmament, Dutch New Guinea, and South Vietnam.

Why, who, and what threatens your life and mine?

Why, who, and what threatens to destroy this Nation and those cherished constitutional principles upon which it was founded?

Why, who, and what is endangering the morality, the ethics, the political freedom, the religious bodies, the economies, of the free world of the Christian-Judaic concepts, of all Western civilization?

What is the common denominator in this sweeping, deliberate devastation?

Is the Soviet Government the common denominator? The answer is "No."

Is it the basic principles and philosophies of Marx and Lenin?

Is it a historical inevitability?

Is it colonialism, or imperialism?

The answer in each case must be "No."

The common denominator is communism. The direct and immediate causative force is the international Communist conspiracy.

Despite our fears, despite our stark realization of the depth and imminence of our peril, we stil know relatively nothing about this Communist enemy force.

As a corollary, and as a result, we know relatively nothing about the principles, policies, strategies, and tactics needed to contain or destroy this enemy.

It is most discouraging for me to hear highly respected citizens, businessmen, professional men, educators, parrot and lend their support to pro-Communist causes. These men are loyal citizens. Their idealism exceeds their practical knowledge.

It is most disheartening to see our television networks, newspapers, and other communications media repeatedly serve the Communist cause.

But most frightening, and most frustrating, is to know that our highest Government officials, including the membership of the U.S. Congress, lack a basic knowledge and comprehension of the magnitude, the scope, the principles, the strategies, the tactics of this predatory force, the international Communist conspiracy.

In a representative republic, such as ours, public opinion does exert a direct and powerful effect upon governmental policies.

Cuba is a prime example of an American public opinion that brought about a pro-Communist result. The New York Times, Jack Paar, Ed Murrow, the Columbia and National Broadcasting Networks, share in this dishonorable distinction.

It is not essential that the American public have a profound and detailed knowledge of the complexities of communism.

[14] "Text of President's News Conference," the Evening Star, Feb. 14, 1962, Washington, D.C.

It is essential, however, that the American public does understand the broad general principles of communism. It is necessary for the American public to be able to recognize pro-Communist causes and pro-Communist actions.

It is vital that the leaders of our community, in our churches, in our schools, in our fraternal organizations, in our businesses, oppose, attack, and defend against those persons and those causes that are giving aid and comfort to the Soviet and to the international Communist conspiracy.

That is why this seminar is a superb public service. I take this opportunity to commend each of you for your devotion and sacrifice in the cause of freedom.

There is no community, social, recreational, or educational project that can compare with this in value and in importance.

The Buffalo Junior Chamber of Commerce has performed a great service in sponsoring, organizing and presenting this seminar.

The Niagara Frontier Chapter of the Association of the United States Army deserves our highest praise and deep appreciation for their cosponsorship.

Up until the last 5 years, this Nation was faced with the primary question of whether or not we had the will, the willingness to make the necessary sacrifices to defend our system, our Government of maximum freedoms, our highest living standards.

It is my judgment that we must now add another condition to this question. That is, "Can we win this war, even though we may be able to muster up our will to do so." I am not at all complacent about the answer.

The American people, collectively and currently, are giving lipservice to the ideals of freedom, survival, and peace. To most of us these words are merely vague, abstract concepts.

We cannot hope to resolve the constantly recurring crises confronting the free world without a careful examination and evaluation of freedom, survival, and peace as human aspirations and as national goals.

Our political, educational, and religious leaders have, in large measure, failed to grasp the significance of these universal ideals.

As a result, our people are confused and befuddled. Our Nation today lacks direction and purpose. It has lost its sense of destiny. It is helpless in the revolutionary storms surrounding it.

We must, as a people, as a nation, first establish priorities in value for freedom, survival, and peace.

A large segment of our population judges peace to be of supreme importance. They are the citizens who accept the pro-Communist slogan: "Peace at any price."

This attitude is reflected in our national policies, that too often materialize into appeasement, and the attempted bribery of the Communist-Soviet forces.

Another large segment of Americans consider survival to be all-important. This spirit is exemplified by another pro-Communist slogan: "Better Red than dead."

These Americans have forgotten that survival without freedom is servitude.

It is heartening to know that there is a third segment of the American people. It is they who accept freedom as the indispensable ingredient of man's existence.

Human history is a record of man's struggle to be free. This Nation was founded not upon concepts of survival or peace. It was founded upon the concept of human freedom.

In order to effectively bear the burden of our world responsibility, this Nation must reestablish freedom as the keystone of our national purpose. It must be the rallying cry for the free world against the Communist dictatorship, not of the proletariat but over the proletariat.

We must never forget that freedom is indispensable, survival is crucial, peace is desirable.

There are those, including Mr. Khrushchev, who maintain that this country must choose between freedom, survival, or peace. I do not believe that we must necessarily sacrifice any one of these objectives in order to preserve the others.

I am convinced that a realistic approach by this Nation, and our people, to the causes of the world crises would realize freedom, secure survival, and attain an enduring, true peace for all humanity.

No sober-thinking American can fail to see that this world is in the midst of the greatest political, economic, social, and military crisis in all history.

The phenomenal sweep of Communist power is a gruesome fact of life. It immediately threatens our lives, our freedoms, our national existence.

If we reflect upon the past, assess the present, and look to the future, we cannot help but ask, "How long will it be—3, 10, or 15 years—before the United States becomes another captive nation of the Communist-Soviet Empire?"

The free world has been shocked and staggered by an uninterrupted series of Communist aggressions and victories.

Since 1939, country after country has fallen before the Communist offensive. Total power has been seized in Estonia, Latvia, Lithuania, Albania, Bulgaria, Czechoslovakia, East Germany, Hungary, Poland, Rumania, North Korea, Red China, North Vietnam, Outer Mongolia, Tibet, Cuba, and British Guiana.

Another 20 or more nations are on the verge of Communist seizure, ready to follow Communist direction and dictation.

Let us examine the causes of today's crises:

Why is communism winning?

Why have our policies failed?

Unless we immediately recognize our enemies, and fully comprehend the magnitude of the forces that seek our destruction, we shall very soon reach a point of "no return."

If we understand the Communist philosophy, its organization, its strategies, its tactics, we cannot fail to conclude that we are engaged in a life or death total global war.

It is a war of demoralization, disintegration, and destruction. It is a relentless, incessant war.

It is a war of indefinite duration, of orthodox and unorthodox methods.

It is a war being waged by a disciplined organization, combing new techniques conceived by that mad genius, Lenin.

This total war is a dual war, carried on in two separate campaigns.

The major campaign is being waged by the international Communist conspiracy.

The Communist Internationale was established at Moscow in 1919. Ever since then, the International Communist Conspiracy has carried on a continuous campaign of infiltration, subversion, and all forms of revolutionary and guerrilla warfare.

It is not a conflict, it is not economic competition, it is not peaceful coexistence, it is not a cold or warm war. It is an all-out global war for total destruction.

It has mastered the techniques of political power seizure and quasi-military conquest.

This international conspiracy consists of 98 Communist parties, all of whom are associated together in one common goal, the destruction of all non-Communist organizations, institutions, societies, and nations.

You may be interested to know that three of these Communist parties are in the United States; Communist Party United States, Communist Party Puerto Rico, Communist Party Hawaii.

The Communist parties have a force of 36 million disciplined, trained member agents, distributed throughout the world. They owe a single allegiance, not to any nation, not to any church, but solely to the Communist-Soviet conspiracy.

This alliance of Communist parties has repeatedly declared its incessant war against the free world.

At their last world conference in December 1960 they adopted the Moscow Manifesto. It repledges all these parties to an intensified offensive against us.

Yet this Nation, our people, the free world, cannot grasp the deadliness of this war.

We have failed to comprehend the nature, the totality, the scope, the strategies and tactics of the new forms of war.

We have allowed ourselves to become obsessed with only the minor phase of this war, the other part of the war carried on by the Soviet Government, the Soviet satellites and the Soviet associated nations.

If we look back upon the Communist advances, we will find that almost all of their success has been due, not to military power, but was achieved by the Communist techniques of political, psychomoral war.

The United States has in the past, and continues today, to wage a unilateral campaign for peace. The Communist forces have been waging a unilateral campaign of political, psychomoral, diplomatic and economic war.

No one can dispute that we are steadily losing this war at an alarming and accelerating pace.

As a consequence of our lack of comprehension of the true nature of the Communist force, our foreign policies have completely failed to meet the realities and the practicalities of this war.

Our foreign policies have not materially changed in the past 30 years, under either Democrat or Republican administrations. Our policies have been, and are today, defensive, self-deceptive, and self-defeating.

Permit me to remind you of a few of these foreign policies:

For a long period of time, we relied upon military supremacy to contain the Communist drive. Yet our heaviest losses, all of middle Europe, Red China, were sustained in the period between 1945 and 1953 when the United States had a preponderant military superiority.

NATO and our other military alliances have had considerable value. However, they have not proven an effective answer to the Communist war of subversion.

You remember Mr. Dulles, and his theory of massive retaliation. Massive retaliation has not been the answer.

The world's reliance upon the United Nations has been shattered.

Summit meetings and endless negotiations have not even slowed down the Communist drive.

Foreign aid, President Eisenhower's atoms for peace plans, international loans, disarmament proposals, have all proven to be figments of our own gullibility.

Our foreign policy, in a broad sense, has been that of containment. It has had variations, such as bribery of the Communists, appeasement, negotiation, compromise and vacillation. The trouble is, they have not remained bribed.

All of our efforts have eventuated into retreat and surrender, bit by bit, nation by nation.

It is my conviction that the steady decline of U.S. power and prestige, coupled with the increase in Communist-Soviet power, is leading us to the grim and desperate alternatives of either:

Surrender, or a preventive thermonuclear war.

Our international posture is seriously threatened. Our allies in the free world, especially in Europe, are seriously questioning the quality of our leadership, the effectiveness of our policies. We face the possi-

bilities of general demoralization and panic of the peoples of the free world.

I am hopeful and confident that there is a third alternative, besides those of surrender or war, if we possess the will to accept the realities of our situation.

We must find and adopt a course that will assure our people and the free world not only peace but survival, and, above all, freedom.

This third alternative is contained in House Joint Resolution 447 which I introduced on June 12 of 1961.

This resolution proposes to meet and counter the Communist war with our own declaration of a political, economic, psychomoral war against the international Communist conspiracy.

The best testimonial I know for the resolution is that Pravda, Izvestia, La Rubezhum have printed four separate attacks upon me and this resolution.

It would be a war not of missiles and marching soldiers with bayonets.

It would not be a war against any government. It would meet the Communist war in the fourth dimension.

It proposes a war against our actual enemy, the 98 Communist parties, constituting the international Communist conspiracy.

This declaration would not create a new war. It realistically recognizes an existing war in which we are the No. 1 target.

We cannot hope to successfully defend this Nation if we ignore this war against us.

We cannot survive, if we limit ourselves to suffer all losses in this war, and allow all victories to go to the Soviet.

We cannot formulate effective policies to cope with Communist-Soviet aggressions, infiltrations, subversions, guerilla wars, unless we fully comprehend the magnitude of this war, identify our enemies, locate the deployment of its forces.

The United States cannot survive this war alone, nor can we win it alone. The resources of all the free world must be totally committed in this life and death struggle. The leadership must come from the United States. How can we expect other peoples to resist Communist threats and bribes if we in the United States continue our policies based upon fiction and fantasy?

We must face the stark reality. The Communist philosophy allows no compromise. Our domestic programs must be subordinated to, and consistent with the all-important cause of survival.

Gentlemen, we are being warred upon. Let us recognize and declare it. Let us win it.

In the main, there are two fundamental requirements that this country must adopt if we are to survive.

These requirements are basic to the declaration of nonmilitary war. They must be met before we can take the offensive in a war upon the Communist parties throughout the world.

The first requirement is that of military superiority. The Communist-Soviet mentality completely lacks Christian-Judaic ethics. It knows no moral or legal restraint. It respects only power and force.

We have permitted our military and retaliatory power to erode to a point where the Soviet has attained a relative parity.

The Soviet, today, is acknowledged to be superior in the fields of rocketry, space technology, and intercontinental missiles.

Its army of 150 divisions located west of the Urals, together with 60 satellite divisions, is vastly superior in number, in equipment, in training, to that of the free world.

Although the United States excels in its Air Force, its Navy, and its total atomic stockpile, the question of overall superiority, of total destructive firepower and war capability is in serious doubt.

Superiority would depend upon the strategy and the nature of war.

Unless we take immediate action to restore an unquestioned military supremacy, we are inviting national and international suicide.

This Nation should place our intercontinental missile program on a crash, 24-hour-per-day, 7-day-a-week basis.

We should proceed with full-scale atomic testing to further increase our atomic firepower and weapons system.

We must proceed full scale with the development and testing of the neutron bomb.

We should concentrate upon the development and production of a weapons system, not for clean fusion bombs, but for fission bombs having a maximum radioactivity and a low ceiling, to take advantage of the prevailing air currents over Russia.

I have personally urged Chairman Seaborg and the Atomic Energy Commission, over a long period, to take these steps.

They would be a salutary answer to Mr. Khrushchev's threats to launch his 100-megaton bomb.

Our Navy is technologically obsolete, with the exception of our Polaris submarines. Although we had complete mastery of the seas in the Korean war, our Navy was almost helpless, except for maintaining our supply lines. That war decisively exposed the impotence of our existing naval strategy concepts.

We need a vast program to equip every naval vessel with both nuclear power and nuclear missiles.

This program would give the United States hundreds of movable missile bases dispersed around the world. This program would divert Soviet missiles away from the United States.

Our present concrete embedded missiles attract and invite a missile attack upon our land.

The recommendations of Governor Rockefeller and President Kennedy for the construction of fallout shelters by our citizens is a confession of the gravity of our situation.

We must be prepared not only to wage a war, and to win that war; but more important, we must strengthen ourselves to a degree that will prevent the inception of any kind of war.

Our military superiority should be maintained at a minimum ratio of 1.5 to 1 over the Soviet. A 2-to-1 ratio is preferable.

We have the wealth, the technology, the economy to attain and maintain this superiority.

It is a cheap price to pay for our survival.

In the field of international affairs, we need a complete reexamination, reevaluation, reorganization of our national goals, our foreign policies and our policymaking machinery.

There is an apparent complete failure of orientation and coordination between our military capabilities and our foreign policies.

Our foreign policies and military capabilities are interdependent and must be mutually supporting if we are to attain our national objectives. As Mao Tse-tung has repeatedly reminded us, foreign policy comes out of the muzzles of guns.

The fiasco of Cuba, under both the Eisenhower and Kennedy administrations, is a classic example of the failures. the lack of coordination between the President's Office, the State Department, the Defense Department, the National Security Agency, and the Central Intelligence Agency.

A military supremacy, combined with a firm, tough, realistic foreign policy, is our last and only hope for survival.

I am, presently, preparing and drafting a bill to implement my resolution, House Joint Resolution 447. I hope to introduce this measure within the next 2 weeks.

It proposes to create a new Cabinet post and Department for International Political Affairs. It would centralize into one agency the responsibility of coordinating the political efforts of our Government. Today, they are disjointed, uncoordinated, and spread throughout more than a score of Federal agencies.

This Department would also be directly and primarily charged with formulating, coordinating, and executing all political objectives in the international field.

The power to formulate political policies is too awesome a responsibility for any one man. The life of this Nation, of the free world, is dependent upon our international political decisions. This responsibility does not belong and should not be placed exclusively upon the occupant in the White House, whoever he may be.

We must not forget that the U.S. Constitution charges Congress with the responsibility for safeguarding the welfare of this Nation, to provide for its defense, to declare war, to regulate our Armed Forces.

That is why I will propose in my bill that the power and responsibility for international political decisions be placed not in the Cabinet officer but in a board, consisting of the following responsible public officials:

1. The Vice President, as Chairman.
2. Secretary of Defense.
3. Secretary of State.
4. Secretary of Treasury.
5. The Cabinet officer, to be appointed by the President, upon the recommendation of the board.
6. The Speaker of the House of Representatives.
7. The majority leader of the House of Representatives.
8. The minority leader of the House of Representatives.
9. The majority leader of the U.S. Senate.
10. The minority leader of the U.S. Senate.

The Cabinet officer shall be the executive officer for the board.

We must remember that, in essence, we are in a political war.

Military power, or weapons, per se, do not create wars.

The Communists clearly recognize that war is only another method of attaining political objectives.

Military power can, however, be used either to accelerate or reduce the possibilities of war. Military power gives shape, a time element, to political aims.

It is basic political aims or conflicts that create wars. That is why we must reanalyze, reevaluate, and completely overhaul and reorganize our present totally inadequate, totally ineffective, disorganized structure for formulating and effectuating our international political policies.

This proposal is not intended to, nor would it actually, interfere with the President's powers. It is intended to fortify his powers, to strengthen his powers, to integrate the congressional responsibilities with those of the Executive, to give maximum public support to a unified political effort, to successfully defend this Nation's goals of freedom, survival, and peace.

We must never forget that freedom has never been free. Its price has always been vigilance, courage, sacrifice, and dedication.

Mr. DULSKI. At this point I yield to the gentleman from New York [Mr. PILLION].

Mr. PILLION. Mr. Speaker, it is a high privilege to join my distinguished colleague [Mr. DULSKI] in extending our highest praise to the Buffalo Junior Chamber of Commerce for sponsoring a cold war seminar in the city of Buffalo, on March 30 and 31. This seminar

was an outstanding public service. It is evident that the general public, and our highest national leaders, continue to lack a basic understanding of the Communist conspiracy, its organization, its purposes, its strategies, and its tactics.

As a consequence of this lack of comprehension, the United States and the free world are steadily losing the total global war being waged by the Communist-Soviet forces.

Our policies are basically defensive and ineffectual. For the last 30 years, our approach to the Communist-Soviet offensive has been one of vacillation, accommodation, negotiation, compromise, bribery, appeasement, direct aid to Communists, and piecemeal retreat.

This country is under the tragic delusion that it can negotiate an honorable and effective disarmament agreement with the Soviet. We are deluding ourselves and the free world with dreams of a just and lasting peace.

We fail to understand that communism is basically and fundamentally a philosophy of war and destruction. It cannot coexist with a system of free nations.

The essence of the Communist total global war is that of political penetration, political infiltration, political subversion, and political seizures.

The Communist-Soviet gains in this war have been so alarming that today, we face not the question of whether we have the will to win, but the added question of, Can we win this war, even if we can summon a united national will to win?

Mr. Speaker, I pay special tribute to Sheriff B. John Tutuska, and Mr. John R. Owen, Jr., for their great contributions as honorary chairman and general chairman of this seminar.

Our distinguished colleague, the gentleman from Ohio [Mr. FEIGHAN], delivered a most impressive keynote message.

Our esteemed colleague, the gentleman from Michigan [Mr. JOHANSEN], delivered a most stirring and informative concluding address.

They are to be highly commended for their devotion and their sacrifice in the greatest of all causes—man's struggle to remain free.

I take this opportunity to publicly acknowledge the extensive and most valuable contributions made by my neighbor and colleague, Mr. DULSKI, to awaken this Nation to the Communist-Soviet war upon all free peoples, societies and nations.

Mr. Speaker, I note in today's newspapers that our Government is proposing to the 17-nation Geneva Conference a plan for partial disarmament. It would place the responsibility for peace upon the armed forces of the United Nations.

This is a tragic, monumental error. We are fanatically, and foolishly obsessed with disarmament and peace.

The freedom of our people, the survival of this Nation, the peace of the world lies not in reliance upon Communist-Soviet promises. It lies on our own strength, our power to defend the Nation.

We must never forget that wars are not the result of military forces. Wars and military forces result from political objectives. Our nuclear and military power are not contributing forces toward a war. Our military retaliatory power has been a preservative force for peace. Military might is not, in itself, a determinant of war. Our great danger lies not in the war powers of the Soviet forces. The basic threat to peace, the imminent danger of war, is caused by the inflexible and immutable political philosophy and political goals of the Communist Party and the Soviet nation to impose a Communist system upon every free nation.

Mr. DULSKI. Mr. Speaker, the evening and concluding session of this very informative and effective seminar was chaired by Mr. Elmer Lux, former city councilman and president of the common council, and now serving in an executive position with the State of New York.

The major address was delivered by the Honorable AUGUST A. JOHANSEN, a Member of the House of Representatives from Michigan.

Representative JOHANSEN, who has been in Congress since 1955, is the second ranking member of the House Committee on Un-American Activities. He is also a member of the House Committee on Post Office and Civil Service. Congressman JOHANSEN is a former newspaperman and Congregational minister.

Congressman JOHANSEN's address appeared in the CONGRESSIONAL RECORD on April 4, 1962, on page 5977.

I highly recommend the reading of the speeches made by Congressmen FEIGHAN and JOHANSEN at this seminar.

We, who live in the Niagara Frontier area, are very fortunate to have an active committee in this field—the United Anti-Communist Action Committee of Western New York.

On alert—long before Cuba became a Russian satellite and the Soviet Union polluted the atmosphere of the earth with atomic fallout, an earnest group of western New Yorkers formed a committee to alert the rest of us to the serious menace of world domination by the Communists. Since 1959 the United Anti-Communist Action Committee of Western New York—U.A.C.A.C. of W.N.Y.—has maintained a speakers bureau, and to date has given nearly 200 lectures to alert the people of western New York and Canada to the serious menace of world domination by the Communists.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

Mr. BECKWORTH, for 15 minutes, today.

Mr. TOLL (at the request of Mr. ALBERT), for 10 minutes, tomorrow, Thursday, April 19.

Mr. DOMINICK (at the request of Mrs. MAY), for 1½ hours, on May 9, 1962.

Mr. HALPERN (at the request of Mrs. MAY), for 10 minutes, on April 19.

EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the CONGRESSIONAL RECORD, or to revise and extend remarks, was granted to:

Mr. DENT.

(The following Members (at the request of Mrs. MAY) and to include extraneous matter:)

Mr. DOOLEY.
Mr. FINO.
Mr. PILLION.
Mr. MINSHALL.
Mr. AVERY in two instances.
Mr. MACGREGOR.
Mr. AYRES.
Mrs. BOLTON.

(The following Members (at the request of Mr. ALBERT) and to include extraneous matter:)

Mr. CASEY.
Mr. PETERSON.
Mr. WICKERSHAM.
Mr. ASHMORE.
Mr. JOELSON.

Mr. GLENN (at the request of Mrs. MAY), in two instances and to include extraneous matter.

Mr. CURTIS of Massachusetts and to include extraneous matter.

ENROLLED BILL AND JOINT RESOLUTION SIGNED

Mr. BURLESON, from the Committee on House Administration, reported that that committee had examined and found truly enrolled a bill and a joint resolution of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 11027. An act to amend the Agricultural Adjustment Act of 1938, as amended; and

H.J. Res. 449. Joint resolution providing for the establishing of the former dwelling house of Alexander Hamilton as a national memorial.

SENATE ENROLLED BILLS SIGNED

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 505. An act for the relief of Seymour Robertson;

S. 508. An act for the relief of John E. Beaman and Adelaide K. Beaman;

S. 704. An act for the relief of Marlys E. Tedin and Elizabeth O. Reynolds;

S. 1057. An act to provide for a National Portrait Gallery as a bureau of the Smithsonian Institution;

S. 2151. An act for the relief of Harvey Burstein;

S. 2319. An act for the relief of Harry E. Ellison, captain, U.S. Army, retired; and

S. 2549. An act for the relief of Edward L. Wertheim.

ADJOURNMENT

Mr. PURCELL. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 29 minutes p.m.) the House adjourned until tomorrow, Thursday, April 19, 1962, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1957. A letter from the Secretary of the Army and the Secretary of Agriculture, transmitting in duplicate notice of the intention of the Department of the Army and the Department of Agriculture to interchange jurisdiction of military and national forest lands, pursuant to the act of July 26, 1956 (70 Stat. 656); to the Committee on Agriculture.

1958. A letter from the Comptroller General of the United States, transmitting a report on examination of the procurement of unassembled jettisonable fuel tanks by the Department of the Air Force under negotiated fixed-price contracts with Beech Aircraft Corp., Wichita, Kans., and Fletcher Aviation Corp., Rosemead, Calif.; to the Committee on Government Operations.

1959. A letter from the Comptroller General of the United States, transmitting a report on the review of selected supply management functions and responsibilities of the Military Clothing and Textile Supply Agency (MC & TSA), Philadelphia, Pa., the operating agency that was established in 1956 to manage clothing and textile materiel within the Department of Defense; to the Committee on Government Operations.

1960. A letter from the Administrator, General Services Administration, transmitting a report which provides information on contracts negotiated for experimental, developmental, or research work during the 6-month period ending December 31, 1961, pursuant to Public Law 152, 81st Congress, as amended; to the Committee on Government Operations.

1961. A letter from the Chairman, Federal Communications Commission, transmitting a copy of the report on backlog of pending applications and hearing cases in the Federal Communications Commission as of February 28, 1962, pursuant to Public Law 554, 82d Congress; to the Committee on Interstate and Foreign Commerce.

1962. A letter from the Comptroller General of the United States transmitting a report on the review of the automatic data processing of series E U.S. savings bonds by the Parkersburg, W. Va., office of the Bureau of the Public Debt, Treasury Department; to the Committee on Government Operations.

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. ROGERS of Texas: Committee on Interior and Insular Affairs. H.R. 23. A bill to authorize the Secretary of the Interior to construct, operate, and maintain the Arbuckle reclamation project, Oklahoma, and for other purposes; with amendment (Rept. No. 1619). Referred to the Committee of the Whole House on the State of the Union.

Mr. COOLEY: Committee on Agriculture. H.R. 9736. A bill to authorize the Secretary of Agriculture to permit certain property to be used for State forestry work, and for other purposes; with amendment (Rept. No. 1620). Referred to the Committee of the Whole House on the State of the Union.

Mr. COOLEY: Committee on Agriculture. H.R. 10594. A bill to amend section 372 of the Agricultural Adjustment Act of 1938, as amended, with respect to privately owned nonprofit agricultural research and experiment stations or foundations; with amendment (Rept. No. 1621). Referred to the Committee of the Whole House on the State of the Union.

Mr. COOLEY: Committee on Agriculture. H.R. 10708. A bill to amend section 203 of the Rural Electrification Act of 1936, as amended, with respect to communication service for the transmission of voice, sounds, signals, pictures, writing, or signs of all kinds through the use of electricity; with amendment (Rept. No. 1622). Referred to the Committee of the Whole House on the State of the Union.

Mr. POWELL: Committee on Education and Labor. S. 1126. An act to provide for the registration of contractors of migrant agricultural workers, and for other purposes; with amendment (Rept. No. 1623). Referred to the Committee of the Whole House on the State of the Union.

Mr. FORRESTER: Committee on the Judiciary. H.R. 10204. A bill to amend section 47 of the Bankruptcy Act; with amendment (Rept. No. 1624). Referred to the House Calendar.

Mr. FORRESTER: Committee on the Judiciary. Senate Concurrent Resolution 62. Concurrent resolution commemorating the 25th anniversary of the establishment of soil conservation districts; without amendment (Rept. No. 1625). Referred to the House Calendar.

Mr. JONES of Alabama: Committee on Public Works. H.R. 11261. A bill to authorize an adequate White House Police force, and for other purposes; without amendment (Rept. No. 1626). 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. BENNETT of Michigan:

H.R. 11389. A bill to repeal section 13a of the Interstate Commerce Act; to the Committee on Interstate and Foreign Commerce.

H.R. 11390. A bill to amend title II of the Social Security Act, to provide full benefits (when based on retirement age) at age 60 for women and age 62 for men; to increase benefits and the amount of earnings on which benefits are computed; to provide more liberal terms and conditions for determinations of disability and entitlement to disability benefits; to provide hospitalization and surgical insurance; and for other purposes; to the Committee on Ways and Means.

By Mr. BERRY:

H.R. 11391. A bill authorizing the Secretary of the Interior to make loans to finance the testimony of expert witnesses before the Indian Claims Commission; to the Committee on Interior and Insular Affairs.

By Mr. BONNER:

H.R. 11392. A bill to provide medical care for certain Coast and Geodetic Survey retired ship's officers and crew members and their dependents and for other purposes; to the Committee on Merchant Marine and Fisheries.

By Mr. GALLAGHER:

H.R. 11393. A bill to authorize a study of methods of helping to provide financial assistance to victims of future flood disasters; to the Committee on Banking and Currency.

H.R. 11394. A bill to amend title 38, United States Code, to provide for the payment of pensions to widows and children of World War I veterans; to the Committee on Veterans' Affairs.

H.R. 11395. A bill to amend title 38, United States Code, to provide for the payment of pensions to veterans of World War I; to the Committee on Veterans' Affairs.

By Mrs. GRANAHAN:

H.R. 11396. A bill to authorize the Housing and Home Finance Administrator to provide additional assistance for the development of comprehensive and coordinated mass transportation systems in metropolitan and other urban areas, and for other purposes; to the Committee on Banking and Currency.

By Mr. HALEY (by request):

H.R. 11397. A bill relating to the Indian heirship land problem; to the Committee on Interior and Insular Affairs.

By Mr. CLEM MILLER:

H.R. 11398. A bill to require the establishment of an appeals procedure in matters related to the sale of timber from national forests, and for other purposes; to the Committee on Agriculture.

H.R. 11399. A bill to amend the Tariff Act of 1930 to require the marking of lumber and wood products to indicate to the ultimate purchaser in the United States the name of the country of origin; to the Committee on Ways and Means.

By Mr. MILLS:

H.R. 11400. A bill to continue for 2 years the existing suspension of duties on certain lathes used for shoe last roughing or for shoe last finishing; to the Committee on Ways and Means.

By Mr. O'BRIEN of New York:

H.R. 11401. A bill to provide for the acquisition and preservation of the real property known as the Ansley Wilcox House in Buffalo, N.Y., as a national historic site; to the Committee on Interior and Insular Affairs.

By Mr. PRICE:

H.R. 11402. A bill to provide for the expansion of the national cemetery at Alton, Ill.; to the Committee on Interior and Insular Affairs.

By Mr. PURCELL:

H.R. 11403. A bill to provide for the District of Columbia an appointed Governor and secretary, and an elected legislative assembly and nonvoting Delegate to the House of Representatives, and for other purposes; to the Committee on the District of Columbia.

H.R. 11404. A bill to amend section 21 of the Second Liberty Bond Act to provide for the recognition and retirement of the public debt as reflected by the budget; to the Committee on Ways and Means.

By Mr. RUTHERFORD (by request):

H.R. 11405. A bill to provide for the maintenance and repair of Government improvements under concession contracts entered into pursuant to the act of August 25, 1916 (39 Stat. 535), as amended, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. RYAN of Michigan:

H.R. 11406. A bill to authorize the Housing and Home Finance Administrator to provide additional assistance for the development of comprehensive and coordinated mass transportation systems in metropolitan and other urban areas, and for other purposes; to the Committee on Banking and Currency.

By Mr. WIDNALL:

H.R. 11407. A bill to amend the Small Business Act to increase the lending authority of the Small Business Administration; to the Committee on Banking and Currency.

By Mr. BEERMANN:

H.R. 11408. A bill to provide for the division of the tribal assets of the Ponca Tribe of Native Americans of Nebraska among the members of the tribe, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. DELANEY:

H.R. 11409. A bill to amend the act of August 13, 1946, relating to Federal participation in the cost of protecting the shores of the United States and its territories and possessions; to the Committee on Public Works.

By Mr. GLENN:

H.R. 11410. A bill to amend section 36 of the Investment Company Act of 1940; to the Committee on Interstate and Foreign Commerce.

H.R. 11411. A bill to amend section 641 of title 38, United States Code, to provide that deductions shall not be made from Federal payments to a State home because of amounts collected from the estates of deceased veterans and used for recreational or other purposes not required by State laws; to the Committee on Veterans Affairs.

By Mr. PURCELL:

H.R. 11412. A bill to amend the Agricultural Act of 1961 to permit the planting of additional nonsurplus crops on diverted acreage; to the Committee on Agriculture.

By Mr. REIFEL:

H.R. 11413. A bill to amend the Agricultural Act of 1961 to permit the planting of additional nonsurplus crops on diverted acreage; to the Committee on Agriculture.

By Mr. SCHERER:

H.R. 11414. A bill to amend the Internal Security Act of 1950 to provide for the protection of classified information released to or within U.S. industry and for other purposes; to the Committee on Un-American Activities.

By Mr. SHELLEY:

H.R. 11415. A bill to authorize the Housing and Home Finance Administrator to provide additional assistance for the development of comprehensive and coordinated mass transportation systems in metropolitan and other urban areas, and for other purposes; to the Committee on Banking and Currency.

By Mr. STAGGERS:

H.R. 11416. A bill to repeal section 13a of the Interstate Commerce Act; to the Committee on Interstate and Foreign Commerce.

By Mr. TOLLEFSON:

H.R. 11417. A bill to provide for the District of Columbia an appointed Governor and secretary, and an elected legislative assembly and nonvoting Delegate to the House of Representatives, and for other purposes; to the Committee on the District of Columbia.

By Mr. BAILEY:

H.R. 11418. A bill to promote the general welfare, foreign policy, and security of the United States; to the Committee on Ways and Means.

By Mr. MOORE:

H.R. 11419. A bill to promote the general welfare, foreign policy, and security of the United States; to the Committee on Ways and Means.

By Mr. STEED:

H.R. 11420. A bill to promote the general welfare, foreign policy, and security of the United States; to the Committee on Ways and Means.

By Mr. BECKWORTH:

H.R. 11421. A bill to promote the general welfare, foreign policy, and security of the United States; to the Committee on Ways and Means.

By Mr. BREEDING:

H.R. 11422. A bill to promote the general welfare, foreign policy, and security of the United States; to the Committee on Ways and Means.

By Mr. BURLESON:

H.R. 11423. A bill to promote the general welfare, foreign policy, and security of the United States; to the Committee on Ways and Means.

By Mr. CASEY:

H.R. 11424. A bill to promote the general welfare, foreign policy, and security of the United States; to the Committee on Ways and Means.

By Mr. DENT:

H.R. 11425. A bill to promote the general welfare, foreign policy, and security of the United States; to the Committee on Ways and Means.

By Mr. DOLE:

H.R. 11426. A bill to promote the general welfare, foreign policy, and security of the United States; to the Committee on Ways and Means.

By Mr. GONZALEZ:

H.R. 11427. A bill to promote the general welfare, foreign policy, and security of the United States; to the Committee on Ways and Means.

By Mr. HARRISON of Wyoming:

H.R. 11428. A bill to promote the general welfare, foreign policy, and security of the United States; to the Committee on Ways and Means.

By Mr. HARVEY of Indiana:

H.R. 11429. A bill to promote the general welfare, foreign policy, and security of the United States; to the Committee on Ways and Means.

By Mr. JENNINGS:

H.R. 11430. A bill to promote the general welfare, foreign policy, and security of the United States; to the Committee on Ways and Means.

By Mr. KILGORE:

H.R. 11431. A bill to promote the general welfare, foreign policy, and security of the United States; to the Committee on Ways and Means.

By Mr. MAHON:

H.R. 11432. A bill to promote the general welfare, foreign policy, and security of the United States; to the Committee on Ways and Means.

By Mr. MONTOYA:

H.R. 11433. A bill to promote the general welfare, foreign policy, and security of the United States; to the Committee on Ways and Means.

By Mr. MORRIS:

H.R. 11434. A bill to promote the general welfare, foreign policy, and security of the United States; to the Committee on Ways and Means.

By Mr. OLSEN:

H.R. 11435. A bill to promote the general welfare, foreign policy, and security of the United States; to the Committee on Ways and Means.

By Mr. PURCELL:

H.R. 11436. A bill to promote the general welfare, foreign policy, and security of the United States; to the Committee on Ways and Means.

By Mr. ROBERTS of Texas:

H.R. 11437. A bill to promote the general welfare, foreign policy, and security of the United States; to the Committee on Ways and Means.

By Mr. ROGERS of Texas:

H.R. 11438. A bill to promote the general welfare, foreign policy, and security of the United States; to the Committee on Ways and Means.

By Mr. RUTHERFORD:

H.R. 11439. A bill to promote the general welfare, foreign policy, and security of the United States; to the Committee on Ways and Means.

By Mr. SAYLOR:

H.R. 11440. A bill to promote the general welfare, foreign policy, and security of the United States; to the Committee on Ways and Means.

By Mr. SHIPLEY:

H.R. 11441. A bill to promote the general welfare, foreign policy, and security of the United States; to the Committee on Ways and Means.

By Mr. SHORT:

H.R. 11442. A bill to promote the general welfare, foreign policy, and security of the United States; to the Committee on Ways and Means.

By Mr. SHRIVER:

H.R. 11443. A bill to promote the general welfare, foreign policy, and security of the United States; to the Committee on Ways and Means.

By Mr. SLACK:

H.R. 11444. A bill to promote the general welfare, foreign policy, and security of the United States; to the Committee on Ways and Means.

By Mr. TEAGUE of Texas:

H.R. 11445. A bill to promote the general welfare, foreign policy, and security of the United States; to the Committee on Ways and Means.

By Mr. THOMPSON of Texas:

H.R. 11446. A bill to promote the general welfare, foreign policy, and security of the United States; to the Committee on Ways and Means.

By Mr. WICKERSHAM:

H.R. 11447. A bill to promote the general welfare, foreign policy, and security of the United States; to the Committee on Ways and Means.

By Mr. WRIGHT:

H.R. 11448. A bill to promote the general welfare, foreign policy, and security of the United States; to the Committee on Ways and Means.

By Mr. YOUNG:

H.R. 11449. A bill to promote the general welfare, foreign policy, and security of the United States; to the Committee on Ways and Means.

By Mr. BONNER:

H.R. 11450. A bill to extend the provisions of the Railway Labor Act to certain carriers by water engaged in interstate or foreign commerce and their employees; to the Committee on Interstate and Foreign Commerce.

By Mr. JOELSON:

H.R. 11451. A bill to provide for assistance to States in the promotion, establishment, and maintenance of safe workplaces and work practices, thereby reducing human suffering and financial loss and increasing production through safeguarding available manpower; to the Committee on Education and Labor.

By Mr. MORRISON:

H.R. 11452. A bill to authorize modification of the existing project for the Mississippi River, Baton Rouge to the Gulf of Mexico, La., in the interest of navigation; to the Committee on Public Works.

By Mr. WAGGONNER:

H.J. Res. 699. Joint resolution proposing an amendment to the Constitution of the United States reserving to the States exclusive control over public schools; to the Committee on the Judiciary.

By Mr. DERWINSKI:

H.J. Res. 700. Joint resolution providing for the establishment of a joint committee of the two Houses of the Congress to study all matters relating to national strategy; to the Committee on Rules.

By Mr. TEAGUE of Texas:

H. Con. Res. 461. Concurrent resolution expressing the sense of the Congress with respect to participation by the United States with foreign nations or international bodies in a program for the utilization and exploration of space; to the Committee on Foreign Affairs.

By Mr. CASEY:

H. Con. Res. 462. Concurrent resolution expressing the sense of the Congress with respect to participation by the United States

with foreign nations or international bodies in a program for the utilization and exploration of space; to the Committee on Foreign Affairs.

By Mr. MORRIS:

H. Con. Res. 463. Concurrent resolution expressing the sense of the Congress with respect to participation by the United States with foreign nations or international bodies in a program for the utilization and exploration of space; to the Committee on Foreign Affairs.

By Mr. YOUNG:

H. Con. Res. 464. Concurrent resolution expressing the sense of the Congress with respect to participation by the United States with foreign nations or international bodies in a program for the utilization and exploration of space; to the Committee on Foreign Affairs.

By Mr. KILGORE:

H. Con. Res. 466. Concurrent resolution expressing the sense of the Congress with respect to participation by the United States with foreign nations or international bodies in a program for the utilization and exploration of space; to the Committee on Foreign Affairs.

By Mr. PURCELL:

H. Con. Res. 467. Concurrent resolution expressing the sense of the Congress with respect to participation by the United States with foreign nations or international bodies in a program for the utilization and exploration of space; to the Committee on Foreign Affairs.

By Mr. ROBERTS of Texas:

H. Con. Res. 468. Concurrent resolution expressing the sense of the Congress with respect to participation by the United States with foreign nations or international bodies in a program for the utilization and exploration of space; to the Committee on Foreign Affairs.

By Mr. RIEHLMAN:

H. Con. Res. 469. Concurrent resolution expressing the sense of the Congress with respect to participation by the United States with foreign nations or international bodies in a program for the utilization and exploration of space; to the Committee on Foreign Affairs.

By Mr. WAGGONNER:

H. Con. Res. 470. Concurrent resolution to withhold participation in any program for space exploration with the Soviet Union; to the Committee on Foreign Affairs.

By Mr. ROUDEBUSH:

H. Con. Res. 471. Concurrent resolution expressing the sense of the Congress with respect to participation by the United States with foreign nations or international bodies in a program for the utilization and exploration of space; to the Committee on Foreign Affairs.

By Mr. SAYLOR:

H. Res. 609. Resolution amending the rules of the House of Representatives relating to the appointment of professional and clerical staffs of the committees of the House; to the Committee on Rules.

By Mr. O'HARA of Illinois:

H. Res. 610. Resolution requesting the Secretary of State to furnish to the House of Representatives full and complete information with respect to the reasons underlying the U.S. sponsorship and active support of the censure of Israel by the United Nations Security Council; to the Committee on Foreign Affairs.

By Mr. REIFEL:

H. Res. 611. Resolution to authorize and direct the Committee on Agriculture to investigate the Agricultural Stabilization and Conservation Service of the U.S. Department of Agriculture; to the Committee on Rules.

By Mr. WAGGONNER:

H. Res. 612. Resolution to authorize the Committee on Foreign Affairs to conduct an investigation and study of the policy making procedures, methods of assessing foreign developments, and personnel practices of the Department of State; to the Committee on Rules.

By Mr. TOLLEFSON:

H. Res. 614. Resolution to direct a study by the Secretary of Commerce of the processes and conditions of collective bargaining in the ocean shipping industry and of the consequences thereof upon the domestic and foreign commerce of the United States as such commerce is conducted under the Shipping Act, 1916, the Intercoastal Shipping Act of 1933, and the Merchant Marine Act, 1936; to the Committee on Education and Labor.

By Mr. DULSKI:

H. Res. 615. Resolution creating a select committee to conduct an investigation and study of the production, distribution, and exhibition of objectionable motion pictures and related advertising; to the Committee on Rules.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BUCKLEY:

H.R. 11453. A bill for the relief of Dr. Lionello Farrari; to the Committee on the Judiciary.

By Mr. GLENN:

H.R. 11454. A bill for the relief of Gerald St. John; to the Committee on the Judiciary.

By Mrs. KELLY:

H.R. 11455. A bill for the relief of Winifred Campbell; to the Committee on the Judiciary.

By Mr. JOHNSON of Maryland:

H.R. 11456. A bill for the relief of R. V. Myers; to the Committee on the Judiciary.

By Mr. MONAGAN:

H.R. 11457. A bill for the relief of Mr. and Mrs. Domenico Colaiacovo and their children, Giuseppa and Maria; to the Committee on the Judiciary.

By Mr. MONTOYA:

H.R. 11458: A bill for the relief of Mrs. Leè Ma Chin-Ying; to the Committee on the Judiciary.

By Mr. ROOSEVELT:

H.R. 11459. A bill for the relief of Kam Man Leung; to the Committee on the Judiciary.

By Mr. ROSTENKOWSKI:

H.R. 11460. A bill for the relief of John Tomaras; to the Committee on the Judiciary.

H.R. 11461. A bill for the relief of Eleftherios Theodore Kamarinos; to the Committee on the Judiciary.

By Mr. SCHNEEBELI:

H.R. 11462. A bill for the relief of Akabi Ozdere; to the Committee on the Judiciary.

By Mr. THORNBERRY:

H.R. 11463: A bill for the relief of Llewellyn B. Griffith; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII,

313. Mr. STRATTON presented a petition of the Town Board of the Town of Rotterdam, Schenectady County, N.Y., supporting legislation pending in Congress to incorporate into the social security system medical care features, which was referred to the Committee on Ways and Means.

EXTENSIONS OF REMARKS

Model Congress: Kansas State University

EXTENSION OF REMARKS

OF

HON. WILLIAM H. AVERY

OF KANSAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 18, 1962

Mr. AVERY. Mr. Speaker, during the last week in April, the students of Kansas State University, Manhattan, Kans., will conduct a unique laboratory experiment on how the Federal legislative process works. On the campus of the school, a model congress will be held. The entire event is planned and carried out by the students. A steering committee, headed by Art Groesbeck, junior in government, Manhattan, has provided the organizational structure for the congress. Students are chosen to be senators and representatives on the basis of written application. The interesting point is that any student may make application. Such is not limited only to students majoring in political science and other like fields. As a result, students in practically every curriculum at the university will be taking part in the novel experiment. In order to make the participation more meaningful, voting records and political affiliations of the Members of Congress are distributed and thereby a student can make application to represent a Congressman whose views most nearly represent his own.

The model congress will operate as nearly as possible as does the U.S. Congress. The opening joint session features two keynote speakers from the Congress of the United States representing the Republican and Democratic Parties. Following this meeting, the model congress will meet for the introduction of bills. The next session will consist of committee meetings for consideration of the bills. This is followed by a session during which the bills reported by the committees will be debated. Then the bills will be voted on by the two bodies of congress. Finally, a joint session is held during which the accomplishments of both legislative bodies will be summed up.

Throughout the 3-day affair, campus organizations will register as national lobbies and will in turn present their views on various legislative proposals to the "congressmen."

For anyone who has visited the Congress of the United States, they soon learn the famous bean soup is a part of the tradition and atmosphere of the hallowed legislative halls. The Kansas State students are not to be denied—they too will have their bean soup. Through the cooperation of this office, the recipe for bean soup has been sent to the university cafeteria and such will

be offered the "hungry and hard-working legislators" during the course of the model congress.

Kansas State is one of the few universities offering such a realistic and broad educational activity in an attempt to give the students a practical understanding of the legislative process. In previous years at K-State, the students have staged mock political conventions and model U.N. assemblies, but this will mark the first time a model congress has been held. Certainly this endeavor should provide the students with a valuable education to supplement that gained from the textbook.

In addition to Art Groesbeck, the following students are active with the arrangements of the model congress:

Bob Ireland, junior majoring in agricultural economics, from Yates Center, is the representation commissioner for the congress.

Gary Keeny, senior majoring in medical technology, from Manhattan, is the scheduling clerk.

Verna Wilborn, junior majoring in history, from Hoisington, is the administrative assistant to the chairman.

Tom Atkinson, junior majoring in psychology, from Belleville, is the special coordinator.

Marion Loper, junior majoring in speech, from Plainville, is the public relations counsel.

Senator Keating Speaks His Mind on the Moral Crisis in America

EXTENSION OF REMARKS

OF

HON. EDWIN B. DOOLEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 18, 1962

Mr. DOOLEY. Mr. Speaker, the author of "The Moral Crisis in America," an address delivered at Iona College in New Rochelle, N.Y., on the occasion of the inaugural Charles Carroll lecture in American history and government, of the Iona College Alumni Association lecture series needs no introduction.

It gives me pleasure to incorporate in the RECORD this provocative statement by an outstanding U.S. Senator:

THE MORAL CRISIS IN AMERICA

(By Senator KENNETH B. KEATING)

Tom Kelly, brother president, reverend brothers, reverend sisters, County Executive Michaelian, Mr. President, ladies, and gentleman, I am delighted to be here today, and it is a great honor which you have accorded me in inviting me to deliver one of the Charles Carroll lectures. This patriotic pioneer in our Nation's history was not only, as we know, a signer of the Declaration of Independence but he was also one of the most distinguished members of the legislative body in which I now have the honor and privilege of serving through the assistance, I am sure, of many in this group. Your respected alma mater, which I have had the privilege of inspecting in part, is a college young in years but rich in reputation. Here at Iona there is being continued a tradition of excellence that has its roots deep in time and history—for excellence is an anticipated and certain attribute wherever in this world the Christian Brothers of Ireland establish a seat of learning.

Speaking of learning, it may surprise you to know that I once was a teacher. Indeed, I taught Latin. As to the transformation from a teacher of Latin to my present status, I have only this to say: After having declaimed over and over again that all Gaul is divided into three parts, I discovered that all of America was divided into only two parts—Republicans and Democrats—and since this struck me as a much simpler arrangement, I entered political life.

In the language of today's geopolitics, strength is determined by a precise, virtually mathematical formula. It is determined by the arithmetic of power—by the cold, inexorable statistics of nuclear force, missile thrust and missile quantities, bombers and bomber speed, submarine range and rocket firepower.

Like boxers, nations are placed in categories of strength—with the nuclear heavyweights dominating the scene.

Today, as never before in history, this concept of strength—the lethal ability to destroy—or to retaliate—dominates the lives of men.

The interplay of claim and counterclaim—the running tally of rocket thrust achieved, megatons exploded and missile accuracy is like a cosmic scorecard that the world follows with bated breath—because power has become the common denominator of security, of success—yes, and of survival. You will recall our national apprehension during the 1960 presidential campaign at the claim that Russia was stronger than we—that a so-called missile gap existed. And later, you will remember, our mass sigh of relief in this country when the missile gap proved to be a figment, not fact. Never in all of our political history was the truth more efficiently taught to do the twist.

But tendency to equate raw power with national strength—to consider that we are one up on the Soviets if we merely send a rocket higher or further—represents a grave, self-deceiving trend in our national thinking. To use the language of the day—indeed, the language of power—it has clouded and contaminated our thinking with a "fallout" of materialism—in the sense that national strength has become in our minds a matter of muscle, of hardware. We have become accustomed to contemplate the power image of our Nation—as though science gave us the one and exclusive attribute of national strength. The sublime, timeless, infinitely deeper, more meaningful spiritual source of our strength is minimized, if not disregarded in the mass worship of raw power as both symbol and substance of greatness. I suppose that one might say that, historically, there is a certain poetic justice in the adoption of this popular frenzy that I referred to called the twist. For it reflects a distortion—yes, a contortion in our system of values—for traditional values, I mean, upon which our country was founded in which Charles Carroll had such a prominent part, and which have made our country preeminent in the world.

The dangerous fallacy exists that the power to destroy—or to keep from being destroyed—is virtually an end in itself. Surely, we cannot minimize the importance of security—but man does not live by security alone any more than by bread alone.

It is a sad and disheartening paradox that in this age which finds our military strength unparalleled, our moral and spiritual strength is sapped and weakened as never before in our history. We have forged the massive shield to protect our way of life, yet that way of life was never less noble, less worthy of those who created it and fought for it, than it is today.

While we arm militarily, we disarm morally—and this moral disarmament may well prove an ally of our enemies, a time bomb of our own creation that will explode in our faces.

It is not merely that we are nurturing an enemy within our walls, within our frontiers, but within ourselves. America's moral weakness is a mass problem because it is first and foremost an individual problem. The infection is not localized. It has spread through the structure of our society, seeped its poison into big cities and small, young minds and old—and this virus thrives until the antibiotics of individual conscience and of a Nation's conscience intervenes to arrest it. One need not look beyond the unprecedented mass of pornographic literature that is flooding this Nation to know what I mean.

This country was founded upon values hard as the rock the Pilgrims landed on. In our day we have witnessed the erosion of those values, as expediency, opportunism, materialism, apathy have ridden like the legendary Four Horsemen across the land.

So often we protest our Americanism in words that ring like steel on steel—but we live that Americanism in milksop fashion, avoiding, not practicing its principles, circumventing, not observing its basic responsibilities.

We pay lipservice, not soul service to freedom. We subscribe to the concept of equality, provided that it is a membership club, or that it has a sliding scale of applicability. We inveigh against Communist oppression, while engaging in oppression ourselves. We wear patriotism as though it were a carnation, to be worn on appropriate occasions, or we go to the opposite extreme and wrap ourselves so tightly in the American flag that we stumble into the pitfall of intolerance.

As we know full well, the basic strength of America has historically been a strength of soul and heart, built upon a deep and abiding belief in God, expressing itself in thoughts and actions wholly consonant with such a belief. What makes this country great is not what is in her arsenals, her atomic stockpiles, or in her skyscrapers. It is in the character of her people.

We talk much these days of projecting our image of this country to the world. Let us here for a few moments today project it to ourselves. Not in its entirety, not by any means in its entirety, but only in those aspects that distort the true image, the aspects that you and I would wish to change.

To begin, I think that you will agree with me that there has grown up in this country what might be described as a "gold rush" philosophy—a preoccupation with getting rather than giving—a measurement of everything in terms of price rather than value. There is a veneration of things rather than principles—a tendency to make success in life a purely financial proposition.

Now I hasten to say that I am by no means condemning materialism as such. In its essence, materialism is not wrong. This is a fact of life with which we must live. We have to be materialistic to survive, as a people or as individuals. It is only when materialism becomes an end in itself, when it becomes a kind of tribal religion, with mammon as its deity—when it loses all identity with the lofty spiritual side of man, that it becomes a virus against which we must attempt to inoculate ourselves.

There is no "crash program" possible in this kind of development—there is no such

thing as "instant culture" or "instant morality." You know, sometimes I think the concept of speed in our social and economic system is carried to a dangerous extreme. I read an ad the other day in the newspaper for "instant French." The promise was that if you bought this course you'd be speaking French like crazy in 3 hours. This opens up another vista which I wish I had the time to explore with you. For instance, a course in "instant chemistry" would certainly have instant reverberations.

But the essential point I want to make is that it is the true, deep culture of the spirit—the spirit of man's response to his relationship to God that puts armor plate on a man's or woman's character—that fortifies the basic moral fiber. Easy money is an affront, not a temptation, to the person whose soul has been educated as well as his brain. And that is one of the things you do at Iona, and that's why Iona is so important to this community, and to our State, and to our Nation.

This is a part of the great challenge of our times. The Communists, ignoring their own black scars, gloat over every wound in the body of freedom. With monumental hypocrisy, the Communists portray opportunism and materialism as major characteristics of the Western World.

Unfortunately, we sometimes supply the Communists readymade illustrations. Placing profits before principles, there are those who are doing their best right now to increase business with the Communists. And, incredibly, these Red-traders are being aided and abetted by high Government officials attempting to limit any controls whatever on trade with the bloc. A Presidential task force has recommended that we remove all controls on shipments of strategic goods or anything else to the Soviet Union and other Communist countries. Now, I don't want to be misunderstood—that's a task force; it has not had the approval of the President, nor do I believe it will, and it certainly will not have the approval of the Congress of the United States. Under present circumstances, the embargo on Cuba recently placed, which is long overdue and which I have been advocating for many, many months—this embargo is itself hypocritical. We have adopted economic sanctions against Cuba because of its domination by the Soviets, but we have not imposed any such sanctions on the Soviets themselves. On the contrary—in one of those ironies of diplomacy which I cannot fathom, we are gradually reducing our restrictions on trade with Russia, and their commercial missions are warmly welcomed throughout the free world. Our State Department frowns upon any kind of economic warfare against the Russian Communists at the very moment in history when it calls upon all of our Latin American neighbors to cooperate in a program designed to economically annihilate Cuba's Communists.

Now, don't misunderstand my remarks. I favor every action which will speed the end of Castroism, and I pray that our embargo will succeed. In fact, I believe it is imperative to obtain cooperation from all of our allies in our economic offensive against this Soviet satellite. The embargo on Cuba cannot be effective if our friends in Canada or France or West Germany or Britain stand ready to fill every gap we open in the Cuban economy. The free world's professed mutual dedication to defeating Communist tyranny will have a hollow ring indeed as long as our allies embrace every Communist overture with profit potentialities.

We cannot blame our European allies completely for their lack of cooperation. According to my information, the United States has not to this day requested such joint action in its move against Cuba. The time for such a request is long overdue. The American people have been making sacrifices for more than two decades in joint efforts to halt Communist expansion in Europe. It is not too much for us to ask that our friends there join in a similar effort to halt Communist expansion in the Americas.

Now perhaps we hesitate because of the basic inconsistency in our position on Cuba and the Soviet Union. We may find it difficult to explain to our allies why it is all right to send jet airplanes to Yugoslavia and diesel generators to Russia—but not all right to send cotton or woodpulp to Cuba. Let's face it. Let's face it. The Soviets are a more attractive market. Red China, moreover, seems to appeal to some of our allies as the answer to all their economic woes. The benefit of such trade to the Communist military machine and economy is not considered. The danger of such trade to the security of the free world is ignored. And the immorality of such trade in the light of the nature of communism is ridiculed. These are disheartening observations, but we cannot escape from the facts. At home and abroad this Nation needs to reaffirm its ideals, and renew its dedication to high purposes—in the face of the iron resolve of a competing philosophy to win the minds and souls of men.

No one ever speaks of "adult delinquency"; yet, how richly is the term deserved. The payoff, the kickbacks, the brazen theft of union dues by appointed stewards, collusion in the awarding of contracts, undercover deals between management and labor executives, the padding of expense accounts, the protection-for-pay that certain police sell to lawbreakers—these are not mere malefactions, they are shames. That is what I mean when I say that anything that detracts from our national honor detracts, too, from each of us. Worse than the effect of any bomb is the "fallout" of contamination that an evil precept or an evil example showers upon the land.

Any assessment of morality in America would be incomplete without mention of what is surely the most formative influence of all—the home. Too often, in our time, the home is an address rather than a place of living and learning. In extreme cases it becomes a kind of hotel, with the mother and father as resident managers—often with neither the time for residing nor the gift for managing. Our homes must be made, not addresses, not stopover places, but places of unity and love—sacred places where God dwells as well as people, where the good is learned by precept and example, because the home marks a man or woman for life, and the parent alone makes that mark.

One thing we must always remember: We cannot consider human dignity as a birthright, as something traditionally handed down like grandmother's silver. It has had to be fought for to be won—fought for to be preserved—over all the centuries, and we must fight for it in our time. It can be a quiet, even silent fight, not a dramatic one.

Every time we speak up against bias or prejudice, we are on the side of human dignity—or moral rectitude. Every act of charity is an act of faith in the high destiny of mankind. And—if you'll permit a Senator to talk shop—the very act of voting—of making your voice count—is a blow struck for the freedom of the human spirit.

After all, we have the lessons of history to show us that nations can lose this freedom. There is a dehumanization in Russia that has attempted to legislate man's soul out of existence. Fortunately, they have found it extremely difficult to separate a man from his God by an official decree. There is even a refinement of this dehumanization in Red China—where the system of communism seeks to root out not only the spirit of man but the spirit of the family.

Too many—far too many—Americans believe that they are the soul of patriotism because they are against communism. They attack it with words—belligerently, righteously—in private conversation—and stand as godly as Sir Galahad, guarding Castle Freedom against the scaling parties, against the battering rams of the insidious enemy. But this conversational aggression is too often a substitute for positive action—for forcing communism back not with dialog but with dedication—with active, dynamic involvment in the promotion of the kind of nation, the kind of world that affords no soil for the growth of communism, no climate for its nourishment.

In a word, it's not enough to know the wrong and to condemn it—above all, we must know the right and practice it. Here is the difference between the negative and positive approach in this tremendous and fateful problem that history has forced upon us. We must know, not what we are fighting against—but what we are fighting for—and to do this we must search into our souls and into our history for the values that are beyond the reckoning of dollars and cents—for the principles that anchor us not to the free-floating buoy of expediency but to the imbedded rock of eternal truths, of timeless virtues, of personal lives that reflect the glory of God, not the abasement of man.

And in this regard, and in these rather sober observations, there is one final thought I would leave with you. One of the great ironies of history, I feel, is that the success of communism—the success we do deplore, has come about through the intensity of purpose, the selfless dedication to a goal, the unremitting toil, the boundless zeal which characterized the creation of our own nation, which carved our free government out of the wilderness. This fact is at once a paradox and a challenge. Our forefathers dedicated their lives, their sacred honor, to ennoble man. Communism dedicates itself—with scarcely less ardor—to degrading, dehumanizing man.

The challenge for each of us is clear. We must rebuild America from the heart outward. We must know that the ultimate weapon against tyranny and its forces lies not in our arsenals but in our souls—and that to the extent our spirit is eroded by false values, our survival as free men in a free nation is placed in ever greater jeopardy. Wherever and whenever the bell tolls for freedom—for freedom that has died—let us remember that freedom is only as immortal as men make it—only deathless for those who do not let it die. For history has recorded the many ways in which freedom has died—gloriously, cravenly, but the saddest, most ignominious death of all is when freedom has died in its sleep.

Hadassah, the Women's Zionist Organization of America

EXTENSION OF REMARKS

OF

HON. CHARLES S. JOELSON

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 18, 1962

Mr. JOELSON. Mr. Speaker, Hadassah, the women's Zionist Organization of America, has 300,000 members divided into 1,200 chapters and groups. It is

organized in every State of the United States and in Puerto Rico. In 1956 it had a budget in excess of $9 million.

Hadassah was founded in 1912 by Henrietta Szold, a noted scholar, social worker, and reformer from Baltimore, Md. Its object was and is threefold: To raise the standard of health in what was then the state of Palestine and what is today the Republic of Israel; to encourage the development of Jewish life in America; and to foster the Jewish ideal.

In 1912 Palestine was plagued with many diseases, and had little in the way of medical facilities or financial resources. To meet this problem, a group of women Zionists—the Daughters of Zion—was organized in New York under the leadership of Henrietta Szold, with the object of raising funds to finance the dispatch of a medical team to Palestine. The Daughters of Zion were later to adopt the name of "Hadassah," which is the Hebrew name of Queen Esther and also means "myrtle," the hardy plant, indigenous to Palestine, that binds barren soil and returns fruitfulness to the earth. In 1913 Hadassah sent two American-trained nurses to Palestine to establish a small welfare station in Jerusalem for maternity care and the treatment of trachoma, a dread eye disease common to underdeveloped sections of the Middle East.

In World War I Hadassah sent one of its nurses to Alexandria, Egypt, to aid the refugee health crisis there, and at the close of the war, in 1918, the American Zionist Medical Unit was established on a permanent basis, with funds supplied by Hadassah. Four American-style hospital-clinic operations went into effect the same year in different sections of Palestine; sanitation activities were introduced in both rural and urban centers, and a nurses' training school was opened in Jerusalem.

The concept of educating a population to understand its medical problems and to demand a high standard of medical services was one of Hadassah's most significant contributions to Palestine.

Today, in Israel, Hadassah conducts a health and social welfare program, which includes a network of diagnostic, curative, and preventive medical service and health stations; a youth program, "Youth Aliyah," for the benefit of young persons recently arrived from different lands; vocational education, and land redemption projects.

Together with Hebrew University, Hadassah runs the only medical school in Israel, which is an integral part of the Hadassah-Hebrew University Medical Center.

In the United States Hadassah conducts a general and Jewish education program. Hadassah policy is the responsibility of the entire membership represented in an annual national convention, and is carried out by a national board. Junior Hadassah—organized in 1920—is the Young Women's Zionist Organization, which includes girls between the ages of 17 and 25.

Summary of Replies to a Questionnaire—Part 4

EXTENSION OF REMARKS

OF

HON. JOHN R. PILLION

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 18, 1962

Mr. PILLION. Mr. Speaker, I am pleased to insert the fourth and final part of the tabulated results of the replies to my questionnaire. This part covers the sections entitled "Reciprocal Trade; Education; Medical Care; and Postage Rates and Federal Pay."

The tabulated results follow:

	Yes	No
RECIPROCAL TRADE—EDUCATION—MEDICAL CARE		
54. Do you favor extending the present reciprocal trade law for 1 year to enable the United States to obtain more definite information concerning European Common Market impact on U.S. exports and imports?	5,374	855
55. Is it practical to legislate Federal loans to businesses for modernization, automation, diversification, where they are adversely affected by imports?	2,705	3,349
56. Do you believe that assistance to unemployed (caused by imports) and subsidies to business (due to imports) will develop into massive, unworkable Federal subsidies, and should be avoided?	5,033	1,137
57. Do you believe that a stabilization of wages, taxes, plus increased production to lower costs is desirable to both stabilize living costs at home and to meet foreign import and and world market competition?	5,418	745
58. Do you favor the President's reciprocal trade recommendations subject to such safeguards as Congress may deem appropriate?	4,804	1,018
59. What is your judgment of the Morse bill to provide Federal aid to public secondary schools?	2,204	3,996
60. Do you favor an additional Federal grant of 4-year scholarships to college students, costing $500,000,000 per year?	3,369	3,205
61. What is your position on Federal aid for art and culture?	1,250	5,115
62. Do you favor retaining the Kerr-Mills Act, providing hospital-medical payments under Federal-State program, limiting payments under a formula based on need?	3,090	2,850
63. Do you favor the King-Anderson proposal, providing automatic hospitalization payments limited to social security beneficiaries?	2,774	3,389
64. Do you favor limiting public medical-hospital payments to the indigent and leaving medical-hospital insurance to private health insurance plans, such as Blue Cross and Blue Shield?	3,951	2,311
65. Do you favor creating a new Cabinet Department of Urban Affairs and Housing?	1,779	4,453
POSTAGE RATES—FEDERAL PAY		
66. What is your attitude on the increase in postage rates as contained in the Murray bill?	4,251	2,079
67. Do you favor legislation to ban postal delivery of foreign Communist propaganda?	5,591	914
68. What is your position on the proposed Federal pay increases amounting to about 15 percent spread over the next 3 years?	2,900	3,199
69. Do you favor increasing the pay of Cabinet members from $25,000 to $35,000 per year?	1,762	4,866

Fairness on Medical Care

EXTENSION OF REMARKS

OF

HON. CLARK MacGREGOR

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 18, 1962

Mr. MACGREGOR. Mr. Speaker, I have drafted legislation providing needed hospital and medical care for our senior citizens. We are all familiar with the rapidly rising costs of medical services and hospital facilities which have accompanied the fast-developing modern improvements and refinements of medical techniques and equipment. We know of the financial burdens these rising costs place on some citizens, particularly those in many cases who are least able to pay. My legislative plan is embodied in H.R. 11066 which I introduced April 3, 1962.

The MacGregor bill would supplement, not supplant, the legislative help already provided in the Kerr-Mills Act of 1960. The latter provides financial help through State governments on the basis of demonstrated needs of the individual. About half of the States have qualified for participation in the Kerr-Mills program and the act is now at work in those States. My State of Minnesota has not as yet qualified, and I am doing my utmost to see that our State legislature passes the needed legislation to achieve this early next year.

The MacGregor bill, like the Bow bill, stresses voluntary participation by any person over 65 who wishes to participate. It is tailored to fit the differing needs of individuals, with two alternative insurance plans offered for the free choice of each participant. Under this proposal, any person aged 65 or over would subtract $125 from his Federal income tax due, and use that amount for the purchase of a medicare insurance plan. Or a relative or employer providing this medicare insurance for an individual aged 65 or over would be allowed the tax credit of $125.

For those whose tax is less than $125, including those who have no tax liability at all, the MacGregor bill authorizes the Treasury Department to issue insurance certificates. Each certificate would cover the difference between $125 and the actual tax due, and would be used to apply on purchase of the insurance.

The insurance people have indicated that they can provide the insurance under this proposal for persons 65 and over regardless of their previous medical history and on a guaranteed renewable basis. The program would result in little, if any, profit for the insurance companies. The first of the two alternative plans is a general health insurance program providing payment of hospital and surgical charges. The second is a more major medical plan involving a deductible amount and partial payment of certain charges by the insured.

The MacGregor bill corrects several weaknesses of the King-Anderson bill which is compulsory, discriminatory and is financed by a basically regressive tax. The King-Anderson bill would force

people to pay higher taxes for benefits many do not want or need, it discriminates against senior citizens not under social security, and it would be financed by tax rates which are the same for the wealthy as for the poor.

My plan would cover about 16.2 million persons as opposed to about 14.2 million to be covered by the King-Anderson bill. It would cover physician and surgeon fees. The Kennedy-supported bill would not. The MacGregor bill provides hospitalization benefits unlimited by duration of stay while the King-Anderson plan offers only limited hospitalization and nursing services subject to a $90 deductible feature if a patient is hospitalized 9 days or more.

My bill offers every elderly American the opportunity for complete and meaningful medical care insurance including payments for surgery and doctor's services. It does not create any expanded Government bureaucracy, and eliminates the possibility of Government interference in medicine. It would serve to stimulate an important segment of our free enterprise economy.

It is completely voluntary, does not require action by State or local governments, contains no means test, does not discriminate between citizens, and fosters the highly desirable personal relationship between each individual and the tax collector, the health insurance carrier of his choice, his doctor and his hospital.

Tabulation of Results of the Questionnaire

EXTENSION OF REMARKS

OF

HON. WILLIAM H. AVERY

OF KANSAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 18, 1962

Mr. AVERY. Mr. Speaker, it is essential that a Congressman be properly informed on the views of the people he represents. In this connection, a public information questionnaire was sent to the constituents of the new Second Congressional District of Kansas. The following are the results. Approximately 102,000 questionnaires were distributed. They were mailed to every person with a telephone, to post office boxes, and copies were distributed through clubs and organizations requesting such. A total of 9,500 questionnaires were returned with over 50 percent including a special letter or additional comments.

When analyzing the results, consideration was made for the fact that it is difficult to answer some of the questions with a simple "Yes" or "No."

If anyone desires extra copies of the tabulation, I will be happy to send such.

I am grateful for the fine response and I hope everyone will continue to write me on matters of interest.

The tabulation follows:

Question	Percent		
	Yes	No	No opinion
1. If more Federal spending is necessary for national defense, should the money—			
(a) Be raised by increased taxes?	40	39.0	21.0
(b) Be financed through deficit spending?	18	54.0	28.0
(c) Come by a postponement of domestic programs now planned?	72	15.0	13.0
2. Do you favor Federal aid to education for—			
(a) School construction?	39	54.0	7.0
(b) Teachers' salaries?	19	74.0	7.0
(c) Parochial and private schools?	10	83.0	7.0
3. Under existing world tensions, do you believe a summit meeting between President Kennedy and Premier Khrushchev would be helpful?	24	64.0	9.0
4. Do you believe the $40,000,000 Peace Corps mission is necessary for the success of our foreign policy?	19	60.0	21.0
5. Do you favor resumption of nuclear testing in the atmosphere if necessary, notwithstanding the fallout hazard and world opinion?	49	42.0	9.0
6. Do you favor medical care to the aged program?	50	41.0	9.0
If so, should it be financed by—			
(a) Social security?	39	39.3	21.7
(b) Federal grants to State medical aid programs?	19	49.0	32.0
(c) No Federal program assistance, leaving it to the States?	44	28.0	28.0
7. Do you favor increased postal rates to reduce the Department deficit?	54	39.0	7.0
8. Do you favor the foreign aid program with long-range planning?	46	38.0	16.0
(a) Financed by Treasury borrowing (backdoor spending)?	8	63.0	29.0
(b) Financed by annual appropriations by Congress?	63	21.0	16.0
9. Do you believe we need more civil rights legislation?	30	54.0	16.0
10. Do you believe our world prestige is as high as in January 1961?	45	39.0	16.0
11. In view of the recall to military duty of many men, do you believe current Reserve and draft programs are effective and equitable?	54	19.0	27.0
12. Do you think labor union leaders should be permitted to call a nationwide strike in an industry which affects all phases of our economy, such as the transportation industry?	7	89.0	4.0
13. Should we abolish the loyalty oath now required in the National Defense Education Act?	10	76.0	14.0
14. Do you favor the use of U.S. military forces to defeat Castro in Cuba?	47	38.0	15.0
15. Do you think we need intensified fallout and bomb shelter programs?	36.0	48.0	16.0
(a) Should the Federal Government pay part of the cost?	24.0	59.0	17.0
16. Do you favor extending production and price controls to farm commodities not now included?	12.0	76.0	12.0
17. Do you favor a GI educational benefits program for peacetime veterans?	32.0	60.0	8.0
18. Do you believe the Federal Government should have control over TV and radio programs?	24.0	67.0	9.0
19. Number the following issues in the order of their importance to you:			
(1) National defense		(7) Labor problems	
(2) Balanced budget		(8) Farm problems	
(3) Reduction in Government spending		(9) Civil defense	
(4) Inflation		(10) Social security	
(5) Foreign affairs		(11) Federal aid to education	
(6) Juvenile delinquency		(12) Veterans' benefits	

ATCHISON COUNTY

	Percent		
	Yes	No	No opinion
Question 1(a)	34	47	19
Question 1(b)	18	53	29
Question 1(c)	73	13	34
Question 2(a)	39	54	7
Question 2(b)	19	71	10
Question 2(c)	17	76	7
Question 3	25	63	12
Question 4	22	62	16
Question 5	54	39	7
Question 6	54	39	7
Question 6(a)	42	37	21
Question 6(b)	15	44	41
Question 6(c)	51	34	15
Question 7	60	35	5
Question 8	47	37	16
Question 8(a)	6	63	31
Question 8(b)	55	25	20
Question 9	23	58	19
Question 10	43	42	15
Question 11	48	18	34
Question 12	15	80	5
Question 13	9	78	11
Question 14	44	42	14
Question 15	38	52	10
Question 15(a)	22	62	16
Question 16	13	78	9
Question 17	28	59	13
Question 18	23	69	8
Question 19:			
(1) National defense		(7) Labor problems	
(2) Reduction in spending		(8) Civil defense	
(3) Inflation		(9) Social security	
(4) Balanced budget		(10) Juvenile delinquency	
(5) Foreign affairs		(11) Federal aid to education	
(6) Farm problems		(12) Veterans' benefits	

BROWN COUNTY

	Percent		
	Yes	No	No opinion
Question 1(a)	33	33	34
Question 1(b)	17	37	46
Question 1(c)	21	18	11
Question 2(a)	31	54	15
Question 2(b)	21	74	5
Question 2(c)	11	75	14
Question 3	22	52	26
Question 4	23	57	20
Question 5	53	30	17
Question 6	44	36	20
Question 6(a)	25	19	56
Question 6(b)	24	25	51
Question 6(c)	58	21	21
Question 7	55	43	2
Question 8	48	34	18
Question 8(a)	7	44	49
Question 8(b)	60	16	24
Question 9	24	58	18
Question 10	44	38	18
Question 11	53	14	33
Question 12	7	82	11
Question 13	7	82	11
Question 14	38	51	11
Question 15	34	44	22
Question 15(a)	20	62	18
Question 16	12	78	10
Question 17	29	60	11
Question 18	30	54	16

Question 19:
(1) National defense
(2) Reduction in spending
(3) Balanced budget
(4) Inflation
(5) Foreign affairs
(6) Labor problems
(7) Juvenile delinquency.
(8) Civil defense
(9) Farm problem
(10) Social security
(11) Veterans' benefits
(12) Federal aid to education

CLAY COUNTY

Question 1(a)	37	49	14
Question 1(b)	23	44	33
Question 1(c)	76	14	10
Question 2(a)	34	57	9
Question 2(b)	11	75	14
Question 2(c)	11	75	14
Question 3	30	58	12
Question 4	17	63	20
Question 5	45	43	12
Question 6	49	40	11
Question 6(a)	44	40	16
Question 6(b)	26	46	28
Question 6(c)	63	34	3
Question 7	49	46	5
Question 8	43	42	15
Question 8(a)	14	56	30
Question 8(b)	71	17	12
Question 9	37	44	19
Question 10	35	42	23
Question 11	69	16	15
Question 12	8	85	7
Question 13	9	75	16
Question 14	49	33	18
Question 15	28	57	15
Question 15(a)	19	69	12
Question 16	12	80	8
Question 17	38	51	11
Question 18	25	64	11

Question 19:
(1) National defense
(2) Balanced budget
(3) Reduction in spending
(4) Inflation
(5) Foreign affairs
(6) Juvenile delinquency
(7) Labor problems
(8) Farm problems
(9) Civil defense
(10) Social security
(11) Veterans' benefits
(12) Federal aid to education

DONIPHAN COUNTY

Question 1(a)	35	46	19
Question 1(b)	18	60	22
Question 1(c)	69	13	18
Question 2(a)	39	51	10
Question 2(b)	23	72	5
Question 2(c)	9	85	6
Question 3	28	59	13
Question 4	22	66	12
Question 5	52	38	10
Question 6	47	47	6
Question 6(a)	43	40	17
Question 6(b)	16	56	28
Question 6(c)	55	29	16
Question 7	54	39	7
Question 8	45	38	17
Question 8(a)	9	65	26
Question 8(b)	62	21	17
Question 9	25	54	21
Question 10	42	41	17
Question 11	43	19	38
Question 12	5	91	4
Question 13	9	74	17
Question 14	49	32	19
Question 15	26	55	19

DONIPHAN COUNTY—Continued

	Percent		
	Yes	No	No opinion
Question 15(a)	18	68	14
Question 16	17	75	8
Question 17	33	56	11
Question 18	25	62	13

Question 19:
(1) National defense
(2) Balanced budget
(3) Reduction in spending
(4) Inflation
(5) Foreign affairs
(6) Labor problems
(7) Farm problems
(8) Civil defense
(9) Juvenile delinquency
(10) Social security
(11) Veterans' benefits
(12) Federal aid to education

GEARY COUNTY

Question 1(a)	46	42	12
Question 1(b)	22	67	11
Question 1(c)	69	16	15
Question 2(a)	38	39	3
Question 2(b)	19	79	2
Question 2(c)	10	89	1
Question 3	20	70	10
Question 4	26	64	10
Question 5	53	38	8
Question 6	54	37	8
Question 6(a)	50	38	12
Question 6(b)	27	59	14
Question 6(c)	47	40	13
Question 7	63	22	5
Question 8	55	34	11
Question 8(a)	16	72	12
Question 8(b)	70	23	7
Question 9	31	60	9
Question 10	54	35	11
Question 11	54	27	19
Question 12	6	90	4
Question 13	17	75	8
Question 14	52	39	9
Question 15	42	48	10
Question 15(a)	36	53	11
Question 16	11	77	12
Question 17	31	63	6
Question 18	33	55	12

Question 19:
(1) National defense
(2) Reduction in spending
(3) Balanced budget
(4) Inflation
(5) Foreign affairs
(6) Juvenile delinquency
(7) Labor problems
(8) Civil defense
(9) Farm problems
(10) Social security
(11) Federal aid to education
(12) Veterans' benefits

JACKSON COUNTY

Question 1(a)	44	41	15
Question 1(b)	17	73	20
Question 1(c)	71	18	11
Question 2(a)	44	55	1
Question 2(b)	16	80	4
Question 2(c)	4	93	3
Question 3	26	67	7
Question 4	15	75	10
Question 5	52	45	3
Question 6	49	44	7
Question 6(a)	44	44	12
Question 6(b)	15	60	25
Question 6(c)	57	25	18
Question 7	59	38	5
Question 8	43	44	13
Question 8(a)	1	80	19
Question 8(b)	70	26	4
Question 9	33	52	15
Question 10	40	43	17
Question 11	58	20	22
Question 12	2	95	3
Question 13	11	78	11
Question 14	43	48	9
Question 15	29	60	11
Question 15(a)	19	67	14
Question 16	16	69	15
Question 17	26	69	5
Question 18	24	73	3

Question 19:
(1) National defense
(2) Balanced budget
(3) Reduction in spending
(4) Inflation
(5) Farm problems
(6) Social security
(7) Civil defense
(8) Labor problems
(9) Juvenile delinquency
(10) Foreign affairs
(11) Veterans' benefits
(12) Federal aid to education

LEAVENWORTH COUNTY

Question 1(a)	40	41	19
Question 1(b)	20	56	24
Question 1(c)	74	14	12
Question 2(a)	39	55	6
Question 2(b)	21	65	14
Question 2(c)	12	82	6
Question 3	22	70	18
Question 4	20	66	14

LEAVENWORTH COUNTY—Continued

	Percent		
	Yes	No	No opinion
Question 5	56	34	10
Question 6	60	33	7
Question 6(a)	46	37	17
Question 6(b)	15	56	29
Question 6(c)	62	34	4
Question 7	60	32	8
Question 8	47	43	10
Question 8(a)	11	76	13
Question 8(b)	59	23	18
Question 9	36	53	11
Question 10	49	36	15
Question 11	50	26	24
Question 12	7	90	3
Question 13	12	80	8
Question 14	56	26	18
Question 15	39	47	14
Question 15(a)	26	63	11
Question 16	15	66	19
Question 17	36	58	6
Question 18	27	64	9

Question 19:

(1) National defense
(2) Balanced budget
(3) Inflation
(4) Labor problems
(5) Reduction in spending
(6) Civil defense
(7) Foreign affairs
(8) Farm problems
(9) Juvenile delinquency
(10) Federal aid to education
(11) Social security
(12) Veterans' benefits

MARSHALL COUNTY

Question 1(a)	46	47	7
Question 1(b)	25	67	8
Question 1(c)	73	18	[illegible]
Question 2(a)	35	55	10
Question 2(b)	15	77	8
Question 2(c)	11	80	9
Question 3	22	68	10
Question 4	21	66	13
Question 5	49	44	7
Question 6	42	45	13
Question 6(a)	24	31	45
Question 6(b)	26	49	15
Question 6(c)	48	18	42
Question 7	53	46	1
Question 8	45	42	13
Question 8(a)	8	63	29
Question 8(b)	67	23	10
Question 9	30	60	10
Question 10	44	36	10
Question 11	57	15	28
Question 12	9	87	4
Question 13	8	78	14
Question 14	43	40	17
Question 15	33	46	21
Question 15(a)	27	44	29
Question 16	10	75	15
Question 17	30	60	10
Question 18	20	70	10

Question 19:

(1) National defense
(2) Balanced budget
(3) Reduction in spending
(4) Inflation
(5) Foreign affairs
(6) Juvenile delinquency
(7) Farm problems
(8) Civil defense
(9) Labor problems
(10) Veterans' benefits
(11) Social security
(12) Federal aid to education

NEMAHA COUNTY

Question 1(a)	32	42	26
Question 1(b)	20	56	24
Question 1(c)	72	12	16
Question 2(a)	37	58	5
Question 2(b)	15	75	10
Question 2(c)	9	85	6
Question 3	20	71	9
Question 4	20	62	18
Question 5	44	47	9
Question 6	41	50	9
Question 6(a)	34	49	17
Question 6(b)	16	49	35
Question 6(c)	49	23	28
Question 7	49	45	6
Question 8	46	37	17
Question 8(a)	3	60	37
Question 8(b)	62	27	11
Question 9	34	43	23
Question 10	37	47	16
Question 11	51	22	27
Question 12	4	94	2
Question 13	7	79	14

NEMAHA COUNTY—Continued

	Percent		
	Yes	No	No opinion
Question 14	53	34	13
Question 15	44	46	10
Question 15(a)	19	65	16
Question 16	9	85	6
Question 17	35	61	4
Question 18	18	77	5

Question 19:

(1) National defense
(2) Balanced budget
(3) Inflation
(4) Foreign affairs
(5) Reduction in spending
(6) Farm problems
(7) Labor problems
(8) Civil defense
(9) Juvenile delinquency
(10) Social security
(11) Veterans' benefits
(12) Federal aid to education

POTTAWATOMIE COUNTY

Question 1(a)	32	44	24
Question 1(b)	17	58	25
Question 1(c)	74	11	15
Question 2(a)	39	52	9
Question 2(b)	17	73	10
Question 2(c)	17	75	8
Question 3	20	68	12
Question 4	21	52	27
Question 5	40	48	12
Question 6	45	44	11
Question 6(a)	44	37	19
Question 6(b)	27	43	30
Question 6(c)	46	24	30
Question 7	59	31	10
Question 8	37	40	23
Question 8(a)	11	57	32
Question 8(b)	65	18	17
Question 9	33	48	19
Question 10	41	40	19
Question 11	53	11	26
Question 12	9	84	7
Question 13	10	71	19
Question 14	47	33	20
Question 15	40	37	23
Question 15(a)	29	48	23
Question 16	15	75	10
Question 17	40	53	7
Question 18	18	76	6

Question 19:

(1) National defense
(2) Inflation
(3) Balanced budget
(4) Foreign affairs
(5) Reduction in spending
(6) Farm problems
(7) Juvenile delinquency
(8) Labor problems
(9) Civil defense
(10) Social security
(11) Federal aid to education
(12) Veterans' benefits

RILEY COUNTY

Question 1(a)	43	37	20
Question 1(b)	10	55	35
Question 1(c)	73	22	5
Question 2(a)	42	55	3
Question 2(b)	22	71	7
Question 2(c)	6	89	5
Question 3	30	55	15
Question 4	25	61	14
Question 5	48	45	7
Question 6	51	38	11
Question 6(a)	40	54	6
Question 6(b)	23	69	8
Question 6(c)	54	40	6
Question 7	60	35	5
Question 8	67	24	9
Question 8(a)	15	77	8
Question 8(b)	70	20	10
Question 9	29	50	21
Question 10	38	36	26
Question 11	54	14	32
Question 12	5	91	4
Question 13	18	72	10
Question 14	42	45	13
Question 15	38	45	17
Question 15(a)	28	58	14
Question 16	10	79	11
Question 17	32	59	10
Question 18	23	68	9

Question 19:

(1) National defense
(2) Foreign affairs
(3) Reduction in spending
(4) Balanced budget
(5) Inflation
(6) Juvenile delinquency
(7) Labor problems
(8) Farm problems
(9) Civil defense
(10) Federal aid to education
(11) Social security
(12) Veterans' benefits

SHAWNEE COUNTY

	Percent		
	Yes	No	No opinion
Question 1(a)	44	31	25
Question 1(b)	10	49	41
Question 1(c)	79	15	16
Question 2(a)	44	52	4
Question 2(b)	26	67	7
Question 2(c)	10	82	8
Question 3	26	69	5
Question 4	24	66	10
Question 5	50	43	7
Question 6	60	37	3
Question 6(a)	45	29	26
Question 6(b)	17	43	40
Question 6(c)	37	29	34
Question 7	48	34	18
Question 8	52	35	13
Question 8(a)	4	57	39
Question 8(b)	60	23	17
Question 9	28	61	11
Question 10	46	44	10
Question 11	45	33	22
Question 12	8	88	4
Question 13	13	76	11
Question 14	50	36	14
Question 15	37	48	15
Question 15(a)	28	52	20
Question 16	9	64	27
Question 17	34	60	6
Question 18	19	78	3

Question 19:
(1) National defense
(2) Balanced budget
(3) Reduction in spending
(4) Inflation
(5) Foreign affairs
(6) Civil defense
(7) Labor problems
(8) Farm problems
(9) Federal aid to education
(10) Juvenile delinquency
(11) Social security
(12) Veterans' benefits

WABAUNSEE COUNTY

Question 1(a)	48	33	19
Question 1(b)	24	58	18
Question 1(c)	79	13	8
Question 2(a)	43	52	5
Question 2(b)	15	82	3
Question 2(c)	11	86	3
Question 3	23	65	12
Question 4	15	68	17
Question 5	42	47	11
Question 6	56	35	9
Question 6(a)	44	44	12
Question 6(b)	19	64	17
Question 6(c)	57	31	12
Question 7	47	48	5
Question 8	45	42	13
Question 8(a)	13	69	18
Question 8(b)	63	22	15
Question 9	30	52	18
Question 10	47	34	19
Question 11	49	15	36
Question 12	5	94	1
Question 13	9	71	20
Question 14	48	38	14
Question 15	39	52	9
Question 15(a)	22	64	14
Question 16	6	90	4
Question 17	28	61	11
Question 18	22	70	8

Question 19:
(1) National defense
(2) Inflation
(3) Foreign affairs
(4) Reduction in spending
(5) Balanced budget
(6) Juvenile delinquency
(7) Farm problems
(8) Labor problems
(9) Social security
(10) Federal aid to education
(11) Civil defense
(12) Veterans' benefits

WASHINGTON COUNTY

Question 1(a)	36	35	29
Question 1(b)	12	44	44
Question 1(c)	75	9	16
Question 2(a)	41	49	10
Question 2(b)	19	71	10
Question 2(c)	7	83	10
Question 3	24	67	9
Question 4	21	61	18
Question 5	41	47	12
Question 6	40	53	7
Question 6(a)	21	75	4
Question 6(b)	19	34	47
Question 6(c)	44	20	36
Question 7	40	50	10
Question 8	30	50	20
Question 8(a)	5	79	16
Question 8(b)	65	20	15
Question 9	29	41	30

WASHINGTON COUNTY—Continued

	Percent		
	Yes	No	No opinion
Question 10	44	45	11
Question 11	56	14	30
Question 12	1	97	2
Question 13	8	84	8
Question 14	37	50	13
Question 15	42	44	14
Question 15(a)	25	54	21
Question 16	14	80	6
Question 17	30	63	7
Question 18	21	64	15

Question 19:
(1) National defense
(2) Balanced budget
(3) Foreign affairs
(4) Reduction in spending
(5) Inflation
(6) Labor problems
(7) Social security
(8) Farm problems
(9) Juvenile delinquency
(10) Civil defense
(11) Veterans' benefits
(12) Federal aid to education

WYANDOTTE COUNTY

Question 1(a)	48	33	19
Question 1(b)	14	51	35
Question 1(c)	66	17	17
Question 2(a)	45	54	1
Question 2(b)	22	71	7
Question 2(c)	12	77	11
Question 3	25	72	2
Question 4	26	65	9
Question 5	50	44	6
Question 6	67	25	8
Question 6(a)	51	25	24
Question 6(b)	18	40	42
Question 6(c)	30	34	36
Question 7	56	35	9
Question 8	45	39	16
Question 8(a)	6	52	43
Question 8(b)	56	23	21
Question 9	30	60	10
Question 10	58	30	12
Question 11	55	23	22
Question 12	14	84	2
Question 13	6	82	12
Question 14	49	36	15
Question 15	42	44	14
Question 15(a)	31	49	20
Question 16	9	73	18
Question 17	39	54	7
Question 18	31	62	7

Question 19:
(1) National defense
(2) Foreign affairs
(3) Balanced budget
(4) Inflation
(5) Reduction in spending
(6) Farm problems
(7) Juvenile delinquency
(8) Labor problems
(9) Civil defense
(10) Veterans' benefits
(11) Social security
(12) Federal aid to education

OUT OF DISTRICT

Question 1(a)	40	31	29
Question 1(b)	12	40	48
Question 1(c)	52	14	34
Question 2(a)	39	53	8
Question 2(b)	12	76	12
Question 2(c)	5	90	5
Question 3	25	53	12
Question 4	17	65	18
Question 5	49	41	10
Question 6	41	41	18
Question 6(a)	26	22	52
Question 6(b)	4	35	61
Question 6(c)	32	16	52
Question 7	58	32	10
Question 8	46	29	25
Question 8(a)	2	40	58
Question 8(b)	57	12	31
Question 9	21	63	16
Question 10	53	29	18
Question 11	61	18	21
Question 12	4	94	2
Question 13	10	55	35
Question 14	58	32	10
Question 15	34	46	20
Question 15(a)	18	53	29
Question 16	10	82	8
Question 17	25	71	4
Question 18	20	70	10

Question 19:
(1) National defense
(2) Balanced budget
(3) Reduction in spending
(4) Foreign affairs
(5) Inflation
(6) Labor problems
(7) Farm problems
(8) Social security
(9) Juvenile delinquency
(10) Civil defense
(11) Veterans' benefits
(12) Federal aid to education

Minshall Opinion Poll

EXTENSION OF REMARKS

OF

HON. WILLIAM E. MINSHALL

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 18, 1962

Mr. MINSHALL. Mr. Speaker, since 1955, I have had the privilege of representing the 23d District of Ohio in the Congress of the United States. This intellectually outstanding district, with a population of 440,000 people, includes some of the finest residential communities in America. During the time that I have represented this suburban area of Cleveland, every effort has been made to sound out the sentiment of the district and be well informed of the views of the residents. I have also made a continuing effort to keep the people advised of the events in Washington through regular newsletters, other news media, opinion polls, and annual traveling office meetings. This constant interchange of ideas between voter and Representative has helped me keep in close touch with the district and better enabled me to represent my constituents effectively in Congress.

Again this year another opinion poll was mailed to the home of every registered voter, 125,000 homes in all. As in previous polls, the response was excellent. Nearly 20,000 returned the questionnaire and of these approximately 2,500 amplified their views with additional comments, some with detailed letters on the key issues before the Congress. Many were personal notes of appreciation for being asked to participate in this activity. The percentage of returns from Ohio's 23d District is much higher than other areas conducting similar polls. I am pleased with this response for it shows the great interest the residents of this district have in their Government.

I should like to emphasize that I do not use the results of the poll as a blueprint or political weathervane for voting on the many issues, but do derive much benefit from having the excellent comments and thinking of those I represent. This expression of the sentiment of a good cross-section of suburban Cleveland voters will aid me in the process of arriving at decisions on the issues that confront the Congress and the Nation.

In comparing the results with previous polls, it is interesting to note that Federal aid for public school construction shows a large decline in support, for last year 62.8 percent voted yes and this year the vote was 49.9 percent yes and 42.5 percent no. The vote on foreign aid remained about the same as a year ago, with 46.5 percent voting yes against 44.4 percent last year. Opinion on mandatory medical care for the aged under social security remained about the same with an increase of less than 1 percent in favor of it.

Protest at big spending was reflected by the overwhelming number who opposed raising the debt ceiling. There were 64.6 percent who did not want to see the debt limit raised to $308 billion. The new trade and tariff proposal received outstanding support with nearly 73 percent in favor. The military defense of Berlin was given tremendous support with 73 percent voting for the use of combat forces, if necessary.

The results of the poll follow:

Minshall opinion poll

[In percentages]

Do you favor—	Yes	No	No opinion
1. Federal aid to education to provide for—			
(a) Public school construction?	49.9	42.5	7.5
(b) Teachers' salaries?	30.2	59.8	10.0
(c) Aid to private and parochial schools?	17.2	76.5	6.3
(d) Aid to colleges and universities only?	26.9	56.3	16.7
2. A mandatory program of medical care for the aged under social security?	49.8	44.5	5.6
3. Continuation of the foreign aid program?	46.5	41.6	11.6
4. The President's program to lower U.S. tariffs to compete with the European Common Market?	72.8	16.0	11.0
5. Formation of a Department of Urban Affairs and Housing?	24.6	62.2	13.0
6. Purchase of $100,000,000 of U.N. bonds for financing special U.N. operations?	39.2	48.9	11.8
7. Continuation of the Peace Corps?	56.3	31.3	12.3
8. The Federal fallout shelter program?	17.6	69.4	12.7
9. Granting the President the power to adjust income tax rates?	19.9	69.4	10.2
10. Tighter Federal controls over TV programing?	39.3	49.3	11.4
11. The administration proposal to increase the national debt limit to $308 billion?	19.4	64.6	15.8
12. Entering into a cooperative space program with Russia?	47.0	39.6	13.3
13. The intervention of U.S. combat forces in Vietnam if present measures prove inadequate?	51.2	31.6	17.2
14. The use of U.S. combat forces to defend Berlin?	73.0	18.3	8.7

Eightieth Anniversary of the Knights of Columbus

EXTENSION OF REMARKS

OF

HON. M. BLAINE PETERSON

OF UTAH

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 18, 1962

Mr. PETERSON. Mr. Speaker, this year the Knights of Columbus is observing its 80th anniversary and I should like to felicitate the organization on the work it has done since its founding in 1882 in helping to foster such admirable causes as regards the safeguarding of Christian morality, inculcating ideals of American patriotism, promoting the advance of tolerance, concern for the education of youth, and other humanitarian ends.

This 80th anniversary finds the organization with a membership of some million and a quarter men. They make good, responsible neighbors. While my own religious persuasion differs from their beliefs, I am fortunate to have among my friends a number of men belonging to this Catholic fraternal society. In the Utah district I represent, as in every area Knights of Columbus councils have been established, the story is much the same: members have a well-earned reputation for their unselfish willingness to join hands with other highminded fraternal or civic organizations in projects directed toward the benefit of the whole community, regardless of creed, race, or economic status.

The record is not newly compiled. During World War I, as many of our surviving doughboys can recall, the Knights of Columbus rendered yeoman service in looking to the welfare and morale of the troops. Throughout World War II and since, this society has given unflagging support to the work of the USO.

In these days of a peace which is not peace, members of the Knights of Columbus can be counted on for enthusiastic and effective participation in the proper observance of patriotic occasions, and make common cause with veterans' and other patriotic groups in their efforts to nurture the spirit of love of country along with a sense of all it embodies, particularly among the young.

The Knights of Columbus constitute an admirable society in our land, working with dedication in the service of God and country. Over the past many months we have heard many eminent citizens and organizations of long-proven fidelity irresponsibly denounced as being soft on communism. Thus far I have yet to hear of the demagog—and these individuals seem to make a fat living with their rhetoric—who has had the temerity to fling such a smear at the Knights of Columbus.

Massachusetts General Court Passes Resolution Urging the Department of State To Take a Firm Position Against Arab Interference in the Conduct and Business of American Citizens

EXTENSION OF REMARKS

OF

HON. LAURENCE CURTIS

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 18, 1962

Mr. CURTIS of Massachusetts. Mr. Speaker, the resolution of the Massachusetts Legislature urging action to end the discrimination in certain foreign countries against American citizens deserves support. The Committee on Foreign Affairs, of which I am a member, has had ample evidence of discrimination by Arab countries against certain American citizens. There was even evidence that an airplane carrying a congressional delegation might not be permitted to land in one Arab country until assurance

had been given that no person of a certain minority group would be included in the visiting party. This requirement was subsequently waived.

The Foreign Affairs Committee has taken a strong position against discrimination. The Foreign Assistance Appropriation Act of 1961 provided:

It is the sense of Congress that any attempt by foreign nations to create distinctions because of their race or religion among American citizens in the granting of personal or commercial access or any other rights otherwise available to U.S. citizens generally is repugnant to our principles; and in all negotiations between the United States and any foreign state arising as a result of funds appropriated under this title these principles shall be applied as the President may determine.

These provisions duly enacted by the Congress should be implemented by executive action. Discrimination against American citizens by some countries which receive our foreign aid is inconsistent with such aid. If it results in shutting off a profitable tourist trade because visitors from an adjoining country are *not* allowed to cross the border to view shrines and monuments of worldwide interest, the country practicing that discrimination is denying itself foreign income which would reduce the need for our aid.

The Massachusetts resolution urging such implementation should be commended and will receive my vigorous support.

National Lottery of New Zealand

EXTENSION OF REMARKS

OF

HON. PAUL A. FINO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 18, 1962

Mr. FINO. Mr. Speaker, I would like to tell the Members of the House about the national lottery of New Zealand. Although New Zealand is a small nation, it is long on financial wisdom, for it has had the sense to recognize the merit in harnessing the gambling urge so as to make it work for the public good. This worthy end has been accomplished, in New Zealand as elsewhere, by a national lottery.

In 1961, the national lottery of New Zealand took in just short of $2 million, which figure represented a 15-percent rise over the previous year.

Needless to say, New Zealand utilizes its lottery revenues for sound purposes, the profit of the Government—which last year amounted to over $800,000—going to help support welfare, charitable, cultural, and youth organizations.

In New Zealand, they have the good sense to realize that even if a lottery is not operated on a large scale, it is in many ways still a great boon to the nation. Not only does the New Zealand lottery aid many worthy causes, but it controls the gambling urges of New Zealanders, which otherwise might turn in directions less favorable to the general welfare.

We in the United States, Mr. Speaker, would do well to look discerningly at the experience of New Zealand and other nations profiting from national lotteries. A national lottery here in America would not only cut away the props of organized crime, but would provide vast new revenues totaling $10 billion a year to our hard-pressed Treasury. Let us grasp this financial wisdom—it is never too late.

Tribute to Hon. Olin Teague

EXTENSION OF REMARKS

OF

HON. BOB CASEY

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 18, 1962

Mr. CASEY. Mr. Speaker, on occasion it is necessary for Congress to move swiftly to protect the interests of our Nation and the American people.

Today I pay tribute to a great American, the gentleman from Texas, Representative OLIN TEAGUE, my colleague on the House Science and Astronautics Committee, for his foresight. And it is with deep pleasure that I join with him in introducing a concurrent resolution to alert the Congress and the American people to the dire effects that can occur from sharing our space secrets with Russia.

Such a proposal has my vigorous opposition, and I call on my colleagues in this House to join with us in expressing the sense of Congress that our Nation should not disclose any information concerning our advances in space technology, until positive action is taken by the Soviet Union. And this positive action must be agreement to a full and complete inspection system as part of any international agreement on disarmament—and the release of information that it now holds secret from its own program of space exploration.

In my opinion, Mr. Speaker, you cannot separate the peaceful exploration of space from military application, as some are trying to do.

Our Nation today stands ahead of the Russians in a vast system of satellites—such as mapping, weather, geophysical, navigational, and communications.

Our Nation is rapidly closing the gap between us in the race for powerful booster rockets. Our guidance system, in my opinion, is far superior. We have, by far, the most sophisticated electronic systems, developed down to microminiature size. We stand on the threshold of atomic-powered rockets.

History has proven that you cannot cooperate with the Soviet Union, for to them cooperation is a one-way street.

Mr. Speaker, the President, in his state of the Union message, delivered before this Congress, stated:

Today, this country is ahead in the science and technology of space.

There is no doubt that we are in a race for space, and that we are ahead in many fields. Why then, Mr. Speaker, throw your adversary a towrope to pull him even with you? If Russia plays this game as it has in the past, once it acquires all the knowledge it can from the United States it will again clamp down on information of its own efforts.

Mr. Speaker, the President has called for a cooperative effort in the peaceful exploration of space with the Soviet Union. This resolution would not prohibit such a program. But it would require the Soviet Union to exhibit its good faith prior to the release of any of our secrets. And, in this, I strongly agree with my colleague, the gentleman from Texas, Representative TEAGUE.

Send the Reservists Home

EXTENSION OF REMARKS

OF

HON. WILLIAM H. AYRES

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 18, 1962

Mr. AYRES. Mr. Speaker, the administration's decision to release 20,000 Navy and Air Force men by June 30 accentuates the need for immediate release of 145,000 Army, Navy, and Air Force reservists called up last fall.

The callup has been admitted as an error. It has been shot through with inefficiency. The administration should reexamine its callous attitude that "there is injustice in all of life." These men should be returned to their careers now instead of prolonging the injustice until August. Since they are due to be released in August, it is obvious they are not needed for defense, but are being kept in unnecessary service by the capricious conduct of the Kennedy administration.

The callup was an inexcusable foulup from the start. Some 45,000 men who had served their draft hitches were called—some had just gotten out of uniform—to act as fillers in Reserve units that had vacancies. They were not even active reservists, but were required by law to return to military service if needed.

Camps were not ready for the reservists. Three men who could not walk without canes were called, kept in service for 3 months before they were released. A helicopter training center had no helicopter to operate. Equipment was old, scarce, and misdirected to units not needing it, withheld from units supposed to be trained in its use.

Medical officers were overabundant in one camp—Fort Smith, Ark.—yet transfers were refused. Two Morse code operators were called back into duty to repair radios at one camp. Neither could repair radios.

Misassignments were rife. A reservist with 2 years of active duty who was a flight operations specialist was assigned to the position of a washman in a medical unit. A reservist who was an aircraft maintenance crewman was made an ambulance driver. A Reserve officer who was an air defense missile unit commander was assigned as a general duty

nurse. An accountant, who was an administrative specialist was made an ammunition storage inspector. A guided-missile propellant-explosive specialist and a carpenter were assigned to positions requiring a single-rotor helicopter mechanic.

A guided-missile installation electrician, with 13 months active duty in that job, was sent to school to become a cook.

The list goes on and on—waste of manpower, should the need for military action have been real incapacity to perform as fighting units—waste for a year in the lives of these men, many of whom had served their country honorably and well in the Armed Forces in past wars or in the regular peacetime forces.

The Kennedy administration made the callup as a grandstand play to divert attention from its failure in the Berlin situation. The administration made the callup with no intention of military activity since most of the reservists were held for weeks in idleness before the military decided what to do with them.

The President delivered his Berlin crisis speech in late July. It was not until adverse public reaction began swelling that the callup was formulated. On August 25 the Pentagon announced the first callup. Many were not called until mid-September.

After the complaints became so widespread that they could no longer be brushed off, the Army sent out a questionnaire to 5,000 recalled men. It had 17 parts and required a Philadelphia lawyer to answer.

First, the reservists were asked if they had completed DA forms 1140. Then they were asked if they knew what the form was.

Then, in ludicrous, unmilitary fashion, they were asked how they learned that their unit had been called. From the unit commander; at a Reserve meeting; radio; television; newspaper; friend or relative?

Then, a loaded question:

> Do you feel there was a need for your unit to be called to active duty at this time?

They were assured that their answers would be kept confidential and not go into their military record.

Many reservists did register a protest. One wrote a letter to Senator WALLACE F. BENNETT, Republican, of Utah. He is now facing court-martial for criticizing President Kennedy in his letter. He wrote the letter, 75 members of his unit signed it.

Another talked to a reporter. He is doing 6 months at hard labor for daring to criticize this "Keystone Cops" boondoggle.

Then John Bailey, hoof-in-mouth Democratic national chairman, charged that anyone criticizing the callup was "playing the Communist game for them." This attempt to silence by smear was liberally blasted in the press as discomfited Pentagon officials began to realize the magnitude of their errors. His blast at me was termed by the Akron Beacon Journal: "almost too silly to take note of."

On November 21, Maj. Gen. Michael J. Galvin, commander of the 94th Infantry Reserve Division told the Massachusetts Legislature:

> The Government should not call up Ready Reserve again to support diplomatic offensives in a cold war that may last a generation.

President Eisenhower had earlier warned against "responding to each new feint of the Communists in panic."

General Galvin said that Khrushchev had made the administration look like it was crying wolf by simply ending the Berlin crisis as quickly as he had created it.

The Reserve callup came as draft quotas were being cut. Married men with children were serving in misassigned roles as 19-year-olds eligible to be drafted were not called.

In all, the Reserve mess indicated that Defense Secretary McNamara erred when early in 1961 he resisted efforts by Congress and the military to bring Reserves to top strength. It proved America was not ready should the need for hard-hitting units have been actual. It proved the Democratic Party's high command was willing to resort to a Communist smear campaign to support blindly an action that sensible Americans realized was a phony from the start.

It proved that the Kennedy administration was incapable of measuring the Russians and East Germans in terms of intention or capability. It proved that the panic button is on a desk at 1600 Pennsylvania Avenue.

It was, and its prolongation by a willful administration today, is, a sorry chapter in the annuals of America's military history—a history brimming with brave deeds and sacrifices by brave men—a history that deserves better than to be sullied by the deplorable Reserve mess we have witnessed.

In simple justice to men who came when called, for what purpose they may never find out, this travesty should end and these men should be restored to civilian life.

Congress should demand the full story, then take measures to see that this type of fiasco, which could be mortal to our Nation's welfare in the event of a real shooting war crisis, cannot be repeated.

Securities and Exchange Commission

EXTENSION OF REMARKS

OF

HON. MILTON W. GLENN

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 18, 1962

Mr. GLENN. Mr. Speaker, the Investment Company Act is a comprehensive regulatory scheme and not merely a disclosure act. The Securities Exchange Commission is the regulatory agency of Government under the act.

For the last several years, there has come about a slew of vexatious lawsuits alleging gross misconduct or gross abuse of trust on a theory of implied liability under section 36 of the act. An undue advantage has been taken by reason of the unsettled condition of the law and, in my opinion, this is a studied weakness that could be cured by regulation without any harm to the exercise of bona fide rights.

When the present administration first came to power, there was an immediate move to reorganize all of the independent agencies. One of the most important of all of the independent offices and agencies is the Securities and Exchange Commission which was established by Congress to regulate the securities industry. One of the laws which it administers is the Investment Company Act of 1940 which provides a regulatory scheme authorized by Congress for the protection of shareholders in investment companies, more popularly known as mutual funds. That law was based on an original bill recommended by the SEC in 1940 and was drafted on the basis of a 5-year study of investment companies. Congressional hearings occupied 21 days during a period of 3 months, and the final bill was drafted after 5 weeks of intensive work by the SEC and lawyers representing the investment company industry—hearings on S. 3580 and H.R. 10065, 76th Congress, 3d session, 1940.

For over 20 years after its enactment in 1940, the Investment Company Act has been considered one of the most effective of all the securities laws. During those 20 years the courts were often faced with cases involving provisions of the other Federal securities laws, but mutual funds coming under the 1940 act were rarely involved in court actions.

During these 20 years mutual funds have become a major financial institution. Mutual fund growth has been spectacular and the net asset value of mutual funds has grown from less than one-half billion dollars in 1940 to over $20 billion today. There are now more than 250 individual funds with more than 5 million shareholders, most of whom are small investors in the middle and lower middle income groups who now have a stake in the free enterprise system and own a share in American industry.

Nothing is more important to the well-being of our national economy and to the strength of the free enterprise system than the encouragement and protection of small shareholders, so that all Americans can safely and effectively participate in the ownership of the companies which provide employment opportunities and profits from which Federal tax revenues are drawn.

I am greatly disturbed by a recent publication in the Columbia Law Review entitled "Mutual Fund Litigation—New Frontiers for the Investment Company Act." This article by implication seems to consider that mutual funds are paying excessive advisory fees to the management organizations whose counsel and advice have resulted in the extraordinary growth and profits experienced by mutual funds. The value of professional and management advice, like the advice of doctors and lawyers, is worth about what one pays for it. Over 80 percent of the mutual funds have followed an industry pattern of paying one-half of 1

percent of net asset value for management advice, with the contracts approved by the directors or stockholders annually. Management depends on personal qualities of experience, knowledge, training, and judgment. It cannot be purchased like physical property on a low-bid basis.

The law imposes high fiduciary standards on fund managers. Under section 36 of the act the SEC must enjoin as gross misconduct or gross abuse of trust any doubtful management arrangement, including excess management fees. It is a little difficult to follow the philosophy expressed by the authors of "Mutual Fund Litigation—New Frontiers for the Investment Company Act," since the SEC has tacitly approved the one-half of 1 percent fee for 20 years. Of most particular concern to me is the fact there are some 50 lawsuits pending against various mutual funds alleging that the standard one-half of 1 percent is excessive, and as such constitutes a gross abuse of trust, despite prior approval by the SEC. Some of these lawsuits were instigated by former SEC personnel immediately upon their resignation from the Commission.

These lawsuits are an extremely serious matter for the millions of shareholders in mutual funds for two reasons. First, they shake the public confidence in mutual funds as a vehicle for small investors to pool the risk of security investment. Second, they subject the mutual funds to extremely expensive litigation, interference with management and day-to-day operations, and all of the other side effects which attend complicated lawsuits. There should be no private right of litigation until after application has been made to the SEC to act under section 36 of the act.

Section 36 of the Investment Company Act of 1940 is now as follows:

SEC. 36. The Commission is authorized to bring an action in the proper district court of the United States or United States court of any Territory or other place subject to the jurisdiction of the United States, alleging that a person serving or acting in one or more of the following capacities has been guilty after the enactment of this title and within five years of the commencement of the action, of gross misconduct or gross abuse of trust in respect of any registered investment company for which such person so serves or acts: (1) as officer, director, member of an advisory board, investment adviser, or depositor; or (2) as principal underwriter, if such registered company is an open-end company, unit, investment trust, or face-amount certificate company. If the Commission's allegations of such gross misconduct or gross abuse of trust are established, the court shall enjoin such person from acting in such capacity or capacities either permanently or for such period of time as it in its discretion shall deem appropriate.

I propose the following amendment:

Provided, That no court of the United States or United States court of any place or territory subject to the jurisdiction of the United States shall entertain any private cause of action based on liability implied under this section unless and until the Commission has exercised jurisdiction under said section, and successfully obtained an injunction whether or not upon application of an interested party.

Therefore, I have introduced a bill which will limit the jurisdiction of the courts of the United States from entertaining any private cause of action based on implied liability under this section until the Commission has exercised its jurisdiction upon its own application or that of an interested party.

Opinions of Leaders in Industry

EXTENSION OF REMARKS

OF

HON. FRANCES P. BOLTON

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 18, 1962

Mrs. BOLTON. Mr. Speaker, all of us want to know what our people back home are thinking. In February of this year I sent an opinion poll to the homes of all registered voters in my district, and later gave you a report of the results. Recently, I took a special poll of industrial leaders in the Greater Cleveland area. I asked if they favored the proposed legislation to reduce tariffs through reciprocal trade agreements with the European Common Market and other free countries of the world.

Questionnaires were sent to the top officials of approximately 500 industrial firms in the Cleveland area who employ over 100 employees each. Replies were received from 262 industries, 144 of which are engaged in export business, whereas 118 reporting firms had no direct foreign trade.

Of the 144 industries engaging in export trade, the percentage of such export business to total business ranged from a fraction of 1 percent to 50 percent—with the average industry export sales being 7½ percent.

Sixty industries indicated that if U.S. tariffs were reduced or abolished on foreign competitive products they would require some type of protection by the U.S. Tariff Commission or assistance by the Federal Government to prevent a serious loss of business, and a resultant reduction in employment. Eighty-nine industries were unable to predict at this time whether such trade protection or Federal adjustment assistance would be required, while 113 industries indicated they would need no protection or assistance in competing with foreign imports.

There has been a decided split of opinion in the business community as to the wisdom of entering into reciprocal tariff agreements with other countries whereby certain tariffs can be abolished and others reduced up to 50 percent of their present rates. Many industries have very definite opinions on the proposed tariff legislation, while others are undertaking a thorough study of its effects on their products and have not as yet reached a decision whether to support or oppose this legislation. This situation is clearly reflected in the results received on the question: "In general, do you favor enactment of the proposed trade legislation?" A favorable vote was received from 98 industrial leaders, a negative vote from 75, while 89 industry officials stated that they were undecided.

It is interesting to compare the results of this industry poll with the percentage results received on a similar trade-tariff question asked on my February 1962 opinion poll sent to the homes of all registered voters in the 22d Congressional District.

	For	Against	Undecided
	Percent	*Percent*	*Percent*
Industry poll	37.4	28.6	34.0
1962 voter opinion poll	68.0	15.0	17.0

These results seem to indicate that the men who run our industries have far greater reservations about the beneficial effects of reduced tariffs and a freer flow of trade among the non-Communist countries of the world than does the average citizen.

Fallout Protection: What To Know and Do About Nuclear Attack—Preparation for Civil Defense

EXTENSION OF REMARKS

OF

HON. VICTOR WICKERSHAM

OF OKLAHOMA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 18, 1962

Mr. WICKERSHAM. Mr. Speaker, the people of Oklahoma have a vital interest in learning the facts about the effects of a nuclear attack and what might be done to prepare for such an attack. The location of the military bases, such as Altus and Clinton-Sherman Air Force Bases, Fort Sill, and the Atlas missile sites within the State makes it imperative that all the people of Oklahoma alert themselves to the dangers of attack and the precautions which can be taken now to lessen the effects of potential disaster. It is obvious that those military installations would be targets for attack in the event of the outbreak of war. While the entire policy of our Government is directed toward the peaceful course of events, it is wise to prepare now for the possibility of nuclear attack.

I have received many requests from interested citizens for information to protect themselves and their families in the event of nuclear attack. I want to bring to their attention and for their use the Department of Defense booklet titled "Fallout Protection: What To Know and Do About Nuclear Attack." In this booklet the dangers of a thermonuclear attack and the national defense program are described. The basic vocabulary of nuclear blast and its aftermath is defined, and the effects of such a blast are discussed. Programs of shelter building which might be undertaken by communities or individuals are outlined; shelter supplies are listed in detail. I strongly believe that the maximum number of citizens must be given this information.

Danger from nuclear attack is not limited to target areas. The blast of the explosion is followed by a huge and violent wind which carries upward a tremendous amount of earth vaporized or contaminated with radioactivity. When this material reaches the cold upper air, it condenses and falls back to earth. Fallout is dangerous far beyond the target zone and is a hazard wherever the winds may blow it.

Since fallout constitutes the chief hazard of nuclear attack in rural areas, the booklet will be of special interest to the Oklahoma farmer in two ways. First, the booklet contains general instructions on building a family fallout shelter which is the only practical solution to the fallout problem in sparsely settled areas. The last page of the booklet gives a list of references for those interested in the details of family shelter building.

Secondly, the problems of prefallout preparations for the protection of livestock and produce are discussed at some length along with post fallout cleanup. There are many precautions which may be taken to guard against fallout and remedy the after effects. A general rule is to place as much livestock, produce, and equipment under cover as possible. That which is exposed to fallout should be washed or brushed off. Animals which have been exposed to fallout can be slaughtered; muscle meat but not internal organs may be eaten. Chickens raised under cover and eggs could continue to be important sources of food supply. Potatoes, corn, and other field crops would be safe after threshing; washing the grain would reduce the danger of radioactivity even further. Seeds are resistant to radiation and would not need special protection.

County agents could be of great assistance in helping the farmer decide which crops, pasturage, and decontamination methods will be best to use. I hope that appropriate steps will be taken by the Department of Agriculture to assist the farmer in his efforts to protect himself, his family, his crops, and his livestock from the evil effects of fallout.

In conclusion I urge that citizens become aware of the sensible measures which can be undertaken for their protection and which are fully explained in the literature on civil defense. Time spent in preparations now could make the difference in lives later.

Dedication of National Guard Armory, Chesterfield, S.C.

EXTENSION OF REMARKS

OF

HON. ROBERT T. ASHMORE

OF SOUTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 18, 1962

Mr. ASHMORE. Mr. Speaker, we are much concerned with the plight of the National Guard and the cutback which we think will weaken the defense of our country.

In this connection I wish to include under leave given to me to extend my remarks in the RECORD, a speech given by my colleague, the Honorable ROBERT W. HEMPHILL at the dedication services of the National Guard Armory, Chesterfield, S.C., on April 15, 1962:

REMARKS OF CONGRESSMAN ROBERT W. HEMPHILL, OF THE FIFTH SOUTH CAROLINA DISTRICT, AT THE DEDICATION SERVICES OF THE NATIONAL GUARD ARMORY, CHESTERFIELD, S.C., APRIL 15, 1962

Mr. Chairman, General Pinckney, ladies, and gentlemen, all of us should be happy to be here today and grateful for the privilege of participating in this celebration, characteristic of our freedom, symbol of our strength. I am sure we are mindful as we stand here of the heritage we possess, and recollect with understandable pride the exemplary service always given by guardsmen, reflected in the pages of our history, saluted as the lifelines of our freedom. We are reminded, too, of many instances of noble sacrifice, or noble services, but I would channel your thoughts momentarily to another April in 1775, when Paul Revere, one of the first guardsmen, made his immortal ride. His alertness on that 19th day of another April was the kind of alertness that we know and love in our National Guard today.

In a world that yesterday and today faces determined, continuous and deadly communistic aggression, and may face tomorrow the ravages of an atomic war, we accept all too casually the strength of our guard. Rest assured that the enemies of our freedom know the strength, the disposition, the state of alertness of every unit, and I am happy in the fact that our state of alertness is such that the National Guard is a major deterrent force today. I would not take from the Strategic Air Command any of the glory it deserves, but I would not, for one moment, minimize the necessity of an active, alert, National Guard. To the officers and men gathered here, I express not only my personal gratitude but the gratitude of a great nation, proud of this great reserve force.

We are now faced with the potentials, the probabilities, good or bad, which may flow from the "realinement" policy of our Defense Department. Although the threat of communism, the mobilizations of the nation of Satan, have not diminished in any degree, we find that eight divisions of our reserve forces may be eliminated, and drastic changes and reductions are proposed.

This is no new thing. We in the Congress have long had on our current and continuing agenda the fight to preserve the National Guard, its numbers as well as its strength. We in the Congress know the necessity of the preservation of this great and ready force. We have long wondered whether the malicious attacks on the National Guard, the constant threat of reduction and dissipation, are products of those in our own Nation who are jealous of the stature of these troops, or whether some enemy from without has so infiltrated our system as to be able to persuade our policymakers to do away with the Army National Guard.

To reduce the National Guard strength by 10 percent will weaken our defenses, hurt our morale, accelerate the evolution which some desire: the disposition of the National Guard. If we do not have a strong National Guard, we cannot have a strong Army. With the exception of the Strategic Army Corps, the National Guard composes the only combat-ready Army strength of any importance in the U.S. Army today. I know this is a bold statement, but I challenge those of authority to deny it. I make these statements because of the seriousness of the question before us, the seriousness of our desire, the necessity of realistic approach to the plans and problems of realinement.

Under the announced plan, South Carolina will lose its association as part of the Rattlesnake, a division known, admired, and feared. To be sure, we will be assigned other groups, but those of us who have had any experience at all with the military know that in the regrouping will come the necessity of retraining, reduction of combat effectiveness, of the 5,000 or more units of the guard, its potential weakened or lessened. These and other problems and considerations we have facing us as we stand here today to dedicate this building, to do honor to these privileged men, to recognize their place and importance on the front lines of freedom. We think of our great State, conscious of the importance of these 5 acres, happy in the contribution of $38,127 toward the acquisition and construction. To be sure the Federal Government contributed almost $100,000 ($99,918) but this property is owned by the State of South Carolina and you who are gathered here today should be proud of the deed and the title.

We come to dedicate this new edifice as a monument for peace, a symbol of our desire for freedom, a place of refuge and help and preservation of the lives and property of local citizens. We dedicate it to the minutemen of yesterday, the patriots of the Revolution, the Confederates at Shiloh, the heroes at San Juan, and the silent voices from Chateau Thierry. We do not want war ever again, but we do not fear war, we do not fear death. Thanks to a strong National Guard we do not fear or expect defeat. We therefore dedicate also to victory, over tyranny, for freedom, to peace.

Independent Retailing Must Be Saved

EXTENSION OF REMARKS

OF

HON. MILTON W. GLENN

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 18, 1962

Mr. GLENN. Mr. Speaker, in my State of New Jersey, there are a good many people who would join me here today in expressing support of Senate Joint Resolution 159. These people have had some grueling experience with marketplace conditions with which this bill deals.

You will recall that perhaps the worst gasoline price war in our modern history took place in my State. The time was just a few years ago. Month after month, for more than a year, gasoline was being sold at subbankruptcy prices. There was an outcry from the independent gasoline station owners who saw their livelihood, their savings, and their businesses rapidly disappearing. One might say motorists had a field day. They did. They got gasoline cheaper by far than the dealer could buy it from the refiner, cheaper perhaps than the refiner could produce it.

The constructive good offices of the Senate Select Committee on Small Business were brought into play to stop the gasoline price war, and in the nick of time, too. I shudder to think what might have happened to the independent gasoline dealers, to gasoline distribution, in

New Jersey, if the price war had not stopped when it did. The independent gasoline dealer would surely have disappeared. Would we have wound up with gasoline distribution in the hands of two or three great distributors and thus exposed ourselves to monopoly pricing—that most dangerous threat to the welfare of the consumer?

Unfortunately, it is not only the gasoline dealer who has suffered from a kind of selective, monopoly-producing price cutting known as customer-bait pricing. Independent retailers in all fields are being relentlessly liquidated.

What is happening to independent retailing will, I am sure, be brought out in the hearings before the Senate committee. I have had called to my attention a few statistics which tend to show what is happening and what may likely happen to independent retailers.

A comparison of independent and chain drugstores shows that in 1955 the independents accounted for 81 percent of drugstore sales volume; in 1961, they accounted for only 76 percent. This is not good for independent druggists. It can get worse, however, if the experience of independent grocers is any guide. In 1955, the independent grocers accounted for 60 percent of total grocery store sales; in 1961, they accounted for only 53 percent. And even this figure does not quite tell the full story because a substantial portion of this 53 percent was accounted for by giant independent supermarkets.

Concededly, there are any number of reasons for the decline of independent retailing. But I think the inability of the small storekeeper to sell—at a fair profit—the famous brand name products which are his bread and butter, must come at, or near, the top of these reasons.

Senate Joint Resolution 159 will not cure customer-bait pricing entirely, but its enactment will help to curb it.

In urging approval of this legislation, may I say that the bill reflects free enterprise at its enlightened best. It enables manufacturers, if they wish, to guard the reputation of their trademarks, brand and trade names. In so doing, the bill, if enacted, would restore fair competitive pricing in the marketplace. Senate Joint Resolution 159 would cost neither the Government nor consumers a single penny.

Must Accelerate Determination Under the Antidumping Act

EXTENSION OF REMARKS

OF

HON. JOHN H. DENT

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 18, 1962

Mr. DENT. Mr. Speaker, under leave to extend my remarks in the RECORD, I would like to take this opportunity to present my statement given to the House Ways and Means Committee on H.R. 10081, the amendment to the Antidumping Act of 1921, for the information of the Members of Congress:

STATEMENT OF HON. JOHN H. DENT, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF PENNSYLVANIA

I appreciate your courtesy in extending to me the privilege of expressing my views on the bill I have introduced, H.R. 10081.

The purpose of my proposed amendment to the Antidumping Act of 1921 is to insure reasonable speed in its administration. These remarks are intended to set forth the need for this bill and to explain its provisions. It is my sincere hope that the proposed amendment can be approved promptly by the Ways and Means Committee and enacted, if time permits, at this session of the Congress.

Before proceeding further, I should like to stress the nonpartisan nature of H.R. 10081. It is noteworthy that since the introduction of the original bill earlier this session by our esteemed colleague, Representative FRANCIS E. WALTER, a number of Democratic and Republican Members of the House of Representatives have introduced bills identical to mine, all of which vary in only a minor technical way from H.R. 10021 introduced by Mr. WALTER. The Representatives and the number of the bill each has introduced, excluding those of Mr. WALTER and myself, are as follows: Representative CARLETON J. KING, Republican, of New York, H.R. 10057; Representative J. ERNEST WHARTON, Republican, of New York, H.R. 10076; Representative DOMINICK V. DANIELS, Democrat, of New Jersey, H.R. 10118; Representative STANLEY R. TUPPER, Republican, of Maine, H.R. 10479; Representative WILLARD S. CURTIN, Republican, of Pennsylvania, H.R. 10534, and Representative PHILIP J. PHILBIN, Democrat, of Massachusetts, H.R. 10626.

In addition, I should like to call your attention to views expressed recently by one of the members of your committee, Representative THOMAS B. CURTIS. His excellent statement on this subject in the CONGRESSIONAL RECORD of April 3 is attached herewith. Indeed, the measure merits broad and nonpartisan support which I hope it will receive both from the Ways and Means Committee and the Congress:

"JUSTICE DENIED

"Extension of remarks of Hon. THOMAS B. CURTIS, of Missouri, in the House of Representatives, Tuesday, April 3, 1962

"Mr. CURTIS of Missouri. Mr. Speaker, there is an old expression in the legal profession that 'justice delayed is justice denied.' There is very much truth in this, as indeed there seems to be in many common expressions if analyzed. The administrative processes of our Federal Government often give a justice that is long delayed.

"One of the examples of this administrative delay is in the handling of actions under the Antidumping Act of 1921. The provisions of this act are to come into play when it is found that imported goods are being sold in the United States at prices below those at which they are sold abroad—when foreign products are being dumped on the American market. The remedy under this act to such dumping, and the resultant injury to American domestic industry, is the imposition of a differential duty, a special tariff merely to cover the differential in prices and eliminate the dumping aspect of the sales in this country. This is not protectionism in the classical sense of this word, but rather a shield against unfair competitive practices on an international scale.

"The situations calling for the application of this act are fairly clear; the procedures for invoking its protection are, on the surface, relatively easy. Two steps are taken as preliminary factfinding in the administration of this act. First, the Treasury Department must find the existence of price differentials; then, this matter is reported to the Tariff Commission to determine if there is any injury to American industry. If there is an affirmative finding as to both the existence of suspected dumping and of injury, it is returned to the Treasury Department for the assessment of the differential duty.

"The Tariff Commission is required to act in its function under the bill in 3 months. No time limits are placed on the Treasury, either in its factfinding role or in the suspension of regular tariffs, awaiting the determination of the possible special dumping duties, or in the assessment of them. As a result of there being no limits set for the time within which the Treasury Department may act, there has been great delay in the determination of these cases, the delay which denies justice. The delay affects both the domestic industry and the exporters, injecting confusion and uncertainty into the international trade field to the detriment of international commerce.

"Legislation has been introduced by various members of this body to correct this situation by providing time limitations on the functions of the Treasury Department in such cases. I would certainly commend this proposal to the attention of the Congress."

As you know, under the Antidumping Act, sales in the United States of an imported product at a price below the price at which that product is sold abroad result in the imposition of a special dumping duty if the sales involved injure an industry in the United States. This special dumping duty is limited to the amount of the price differential and serves no purpose other than to insure that the product is not sold in the United States below its foreign price. If that price is lower than the price at which competitive American-made goods are sold, that is of no concern under the act. The Antidumping Act, therefore, protects against nothing other than injurious price cutting and is not involved in the question of protectionism versus free trade.

As indicated, two steps are involved in a dumping investigation: price differentials must be established, and resulting injury to an American industry must be proved. Under the act the function of investigating price differentials is the responsibility of the Treasury. If Treasury finds dumping prices, it refers the case to the Tariff Commission, which then has the responsibility of determining within 3 months whether resulting injury has or is likely to occur. H.R. 10081 is directed to the first step, namely Treasury investigations to ascertain whether price differentials exist.

In contrast to the Tariff Commission, which Congress has decreed shall conclude injury investigations within 3 months, the Treasury has had no time limit imposed upon it in connection with price investigations. A careful review of the time taken by Treasury to conclude such investigations in recent years will show that Treasury decisions have taken far too long, have as a result exposed importers and domestic producers to unjustifiably large financial contingencies and should now be subjected to a statutory time limit.

The need for reasonably prompt Treasury processing of dumping investigations is clear. Dumping, of course, is a very serious matter. Imposition of dumping duties is designed to affect pricing of foreign products in the United States and those intending to sell such products here are entitled to know what their prices will have to be. From the domestic side, competitive industries should be entitled to prompt protection from injurious dumping.

Clearly, this view does not represent a partisan position. The fact that a number of Members of the House of Representatives from both political parties are supporting the proposed amendment to the Antidumping Act is one indication. Another is the

fact that the Treasury Department itself, in testimony delivered in 1957 by then Assistant Secretary David W. Kendall before the Committee on Ways and Means at hearings on H.R. 6006, 6007 and 5120 stated:

"If there is dumping going on, it is only fair that we get at it as swiftly as possible and come to a final determination as swiftly as possible, both for the protection of the domestic fellow and for the protection of the importer whose funds are tied up, and who does not know the full answer until a final solution has been made."

The need for reasonable speed is emphasized by another feature of the Antidumping Act. If, in the course of its investigation, Treasury concludes as a preliminary matter that there is reason to believe or suspect that dumping is going on, it is authorized to order the withholding of final duty assessments on the product involved. Such a preliminary decision has the effect of insuring that if special dumping duties are ultimately assessed, they will be assessed on such imports caught by the withholding order. This means that such imports entering the United States during the course of Treasury's investigation and with respect to which the importer is making contracts, may themselves become the subject of special dumping duties, thereby completely disrupting an importer's cost calculations. If the importer wishes to continue to sell the products involved, he must post a bond to cover the potential special dumping duty. The disrupting effect of these withholding orders has been repeatedly recognized in testimony before the House Ways and Means Committee and the Senate Finance Committee by both importers and domestic producers, as well as Treasury itself. It is to the interest of all concerned that the period of uncertainty created by these orders be as short as possible.

In the face of the admitted need for reasonable speed, Treasury's record in recent years is thoroughly disappointing. A study completed in January of this year and based on information available from the Federal Register disclosed that in 39 dumping investigations terminated by Treasury since August 1958, in which withholding orders were issued after that date, an average of 8 months elapsed during which such withholding orders were in effect. There is no way of ascertaining from public information how much time elapsed from the dates of complaint to final decisions in these cases. In 9 investigations uncompleted by January and in which withholding orders were issued after August 1958, such orders were in effect an average of 13 months.

An even more detailed study involving 13 cement dumping complaints brought on behalf of Pennsylvania and other northeast cement producers discloses the practical consequences of Treasury's delays, both for the importers involved and for the relevant domestic industry. Of the nine such cement dumping investigations thus far completed by Treasury, the fastest processing involved 7 months from the date of complaint to the date of final determination; the slowest took 25 months; the average for all 9 cases was 15 months. Of the four such remaining investigations still undecided, one has been pending 2 years and 8 months. The complainants and the importers have thus far had to wait an average of over 14 months without final Treasury action on any of these 4 cases.

In virtually every one of the 13 cases Treasury issued the withholding order mentioned above, with the result that over 1,700,000 barrels of cement were caught by such orders—an enormous contingent liability which, this study indicates, would have been materially reduced had Treasury—like the Tariff Commission—been required to render final determinations within a reasonable period of time.

Viewed from the standpoint of the domestic industry, during the time from the filing of the respective complaints to final Treasury determinations, or through December in the case of three investigations not yet terminated, a total of over 2 million barrels of cement has been entered at northeastern coast ports and sold in competition with domestically produced cement. All this barrelage had either been determined to have been sold at dumping prices, or in the case of unfinished investigations, Treasury has found reason to relieve or suspect sale of this cement at such prices. This study also confirms that if Treasury had been required to act within a reasonable time, this figure would have been materially reduced, thus sparing the domestic industry, to some extent at least, from unfair price competition.

The time consumed in Treasury processing of dumping investigations has been brought to the attention of Congress before. The problem was raised at the House Ways and Means Committee hearings on H.R. 9476, the Customs Simplification Act of 1954, by which Congress transferred responsibility for injury determinations from Treasury to the Tariff Commission. Data submitted by Treasury to the Ways and Means Committee at that time did not disclose the time consumed by Treasury in reaching its final determinations under the act prior to 1954. Those data, however, did include 16 dumping cases that had not been completed at the time. Of those, two had been pending for more than 4 years, two for approximately 2 years, two for 16 months, and four for about 6 months.

Treasury's stated excuse at that time was that it had proved difficult to assemble information as to past injury. Nonetheless, Congress provided that the injury determining function which it transferred to the Tariff Commission had to be completed within 3 months of the date a dumping case was referred to the Commission by Treasury with a determination of dumping prices. At that time the Senate Finance Committee, in Senate Report No. 2326, concluded that thereafter in conducting the pricing investigation that was left in its hands, the Treasury "should ordinarily make its determination within a period of 90 days and believes that it will conform to such a time limitation to the full extent practicable."

As summarized above, Treasury's record since the 1954 amendment demonstrates that the expectations of Congress have not been fulfilled. Accordingly, it was concluded that only appropriate amendment of the Antidumping Act will insure the prompt processing of dumping investigations by Treasury, and that is the principal purpose of H.R. 10081. Congress has imposed time limits on injury investigations in dumping cases; it should do the same for the pricing investigations.

Rather than the 90-day period envisaged by the Senate Committee, H.R. 10081 would require Treasury decisions within a period of 4 months from the date a dumping complaint is filed. It is believed this is a reasonable time limitation, especially in view of the 3-month limit now imposed on the Tariff Commission.

As stated previously, the principal purpose of my bill is to insure reasonably speedy Treasury action in cases arising under the Antidumping Act. In reviewing the recent administration of that measure, however, another matter has come to light which involves an old problem for the Congress; namely, the preservation of fair competition from unwarranted price discriminations masquerading as so-called quantity discounts.

The Antidumping Act, of course, is a measure comparable to the Robinson-Patman Act. Both acts are directed against price discrimination, the Robinson-Patman Act being primarily concerned with interstate commerce and the Antidumping Act being concerned with our foreign commerce. Under the Robinson-Patman Act a domestic producer is allowed to charge a lower price to a customer buying in relatively large quantities only if he can show that such larger quantities result in cost savings to him that are being passed along to his customer. It is believed that foreign producers selling in the United States in competition with American producers who face the burden of cost justifying quantity discounts, should in fairness also be subject to the same burden. As presently administered by Treasury, foreign producers escape that burden. H.R. 10081 would insure equal treatment of both foreign and domestic producers.

It is a fairly common occurrence that goods are sold to the United States in quantities that are considerably greater than the quantities in which those goods are sold abroad. It may well be that production and sales of such larger quantities result in significant savings in manufacturing, selling, or other costs. Under such circumstances the Antidumping Act realistically allows such cost savings to be passed along to customers in the United States—and does not condemn the resulting lower prices to the United States as dumping prices. Instead, section 202(b)(1) authorizes Treasury to make "due allowance" for price differences resulting from differing quantities in which goods are sold.

This "due allowance" is comparable to the act's provision for due allowances for other differences in circumstances of sale and for the fact that sales abroad and in the United States of similar but not identical merchandise are being compared. It is perfectly clear, however, that in these two cases the "due allowance" is limited to an amount justified from cost information.

Thus, the Ways and Means Committee Report No. 1261 recommending enactment of the 1958 amendments to the act authorizing "due allowance" for "other differences in circumstances of sale" explicitly states that "examples would be differences in terms of sale, credit terms, and advertising and selling costs." Similarly, that report in connection with the 1958 amendment authorizing "due allowance" for the fact that similar but not identical merchandise was under consideration, gave as an example the comparison of long-handled shovels sold to the United States and otherwise identical but short-handled shovels sold abroad and stated that the price comparison would then be made after "allowance for the fact that the long handles cost more than the short handles." Identical statements respecting both kinds of "due allowance" appear in the 1958 Senate Finance Committee Report No. 1619.

H.R. 10081 is designed to insure that, as in the case of comparing similar but not identical merchandise and "other differences in circumstances of sale," any "due allowance" for sales of relatively larger quantities to the United States is justified in terms of cost savings. For this purpose H.R. 10081 borrows verbatim the relevant language of the Robinson-Patman Act and would limit due allowances for differing quantities of sale to "differences in the cost of manufacture, sale, or delivery" resulting from the difference in quantities. By this amendment there would be imposed on foreign producers the same burden to cost justify quantity discounts as is now imposed on their competitors in the United States, the domestic producers, by the Robinson-Patman Act.

In conclusion, I urge the Ways and Means Committee to give endorsement to the provisions of and the need for H.R. 10081. This nonpartisan bill amending the Antidumping Act of 1921 is clearly in the public interest. In fairness and equity, it deserves wholehearted support and enactment at the earliest possible moment.